



September 30, 2019

William Pleites
Executive Director
FOMILENIO II
Blvd. Orden de Malta, Av. El Boquerón
No. 4-A Edificio Zafiro Nivel 1,
Urbanización Santa Elena, Antiguo Cuscatlán
San Salvador
Republic of El Salvador

Re: Program Funding Disbursement Request and Quarterly Reports for the Period beginning October 1, 2019 and ending December 31, 2019

Dear Mr. Pleites:

This letter is in response to the MCC Disbursement Request and quarterly reports (“*Disbursement Request*”) submitted on September 10, 2019 on behalf of the Government of the Republic of El Salvador (“*Government*”) acting through the Private Secretary of the Presidency pursuant to (i) the Compact between the United States of America, acting through the Millennium Challenge Corporation (“*MCC*”), and the Government, acting through the Ministry of Foreign Affairs, executed on September 30, 2014 (“*Compact*”), and (ii) the Program Implementation Agreement dated May 15, 2015 between the Government and MCC (the “*PIA*”). Capitalized terms not defined in this letter have the meanings given to such terms in the Compact or the PIA, as applicable.

- a. Amount of MCC Disbursement. Pursuant to Section 3.4 of the PIA, the Government has requested the Disbursement of Program Funding up to an amount of \$43,847,031.89 for the period from October 1, 2019 through December 31, 2019 (“*Disbursement Period*”). MCC approves the full amount. These funds will be made available through the Common Payment System during the Disbursement Period.
- b. Approval of Reports. MCC approves the following documents submitted by the Government:
 - (i) Disbursement Request form, submitted on September 10;
 - (ii) Quarterly Financial Report, submitted on September 10;
 - (iii) Detailed Financial Plan, submitted on September 10;
 - (iv) Fiscal Agent Disbursement Certificate, submitted on September 10;
 - (v) Narrative Report, submitted on September 10;
 - (vi) Procurement Performance Report, submitted on September 10;
 - (vii) Procurement Agent Certificate, submitted on September 10;

- (viii) Indicator Tracking Table submitted on September 10;
 - (ix) Conditions Precedent Report, submitted on September 10; and
 - (x) Government Disbursement Certificate, submitted on September 10.
- c. Conditions Precedent. MCC approves the Government’s request to defer the following Conditions Precedent as described below. MCC agrees to defer these funds with the expectation that they will be fully satisfied by Compact Q18 (March 2020).
- (i) The Human Capital Project/Activity 1 condition precedent set forth below and in Part C(ii) of Annex II of the PIA until the end of Compact Q18 (March 2020).

“Prior to the Disbursement of any Program Funding for the National Education Evaluation Unit (*“Evaluation Unit”*) within MINED under the Strengthening the National Education System Sub-Activity, MINED will have adopted a plan (*“Evaluation Unit Funding Plan”*), satisfactory to MCC under the terms of the Compact, to absorb an increasing amount of the costs for the Evaluation Unit, initially using the Government Contribution destined for this Sub-Activity and progressively transitioning to fund from its national budget, separate from the Government Contribution, so that by the end of the fourth year of the Compact, the Government will fully fund the Evaluation Unit pursuant to that plan. The Disbursement of Program Funding for the Evaluation Unit during the Compact will be subject to continued satisfaction of the Government’s funding commitments pursuant to the Evaluation Unit Funding Plan.”

- (ii) The Human Capital Project/Activity 2 condition precedent set forth below and in Part C(iii) of Annex II of the PIA until the end of Compact Q18 (March 2020).

“Prior to the Disbursement of any Program Funding for the staff, consultants, advisors for the operation and technical assistance to the Technical Education and Professional Training Coordination Council (*“Council”*) under the Integrated Technical Education and Professional Training Systems Sub-Activity, an adequate legal or public policy instrument, satisfactory to MCC, will have been executed, passed, or adopted for the creation of the Council no later than May 31, 2019. Continued disbursements to support the Council will be subject to the Council having adopted a plan, satisfactory to MCC, by the end of the fourth year of the Compact to absorb an increasing amount of costs so that by the end of the Compact, the Council will be fully financially sustainable and operational pursuant to that plan.”

Should you have any questions regarding the foregoing, please do not hesitate to contact MCC’s Resident Country Mission in El Salvador.

Sincerely,

A handwritten signature in blue ink, appearing to be 'AW', written in a cursive style.

Anthony Welcher

Vice President

Department of Compact Operations

cc: Ernesto Castro, Private Secretary of the Presidency of the Republic of El Salvador
Martha Keays, Resident Country Director, MCC El Salvador
Richard Mora, Deputy Resident Country Director, MCC El Salvador