



# MCA-Honduras

*Reduciendo La Pobreza vía Crecimiento Económico*

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**DE\_091406\_001**

Tegucigalpa, MDC. September 14<sup>th</sup>, 2006.

Millennium Challenge Corporation  
Attention: John Hewko  
Vice President for Operations  
875 Fifteenth Street, NW  
Washington DC 20005  
United States of America  
Facsimile: 202-521-3700  
Email: [VPCountryPrograms@mcc.gov](mailto:VPCountryPrograms@mcc.gov)

**Re: Millennium Challenge Compact – Honduras.  
Disbursement Request for the Period: August 01-  
December 31, 2006.**

Dear Mr. Hewko:

On behalf of MCA Honduras, attached you will find for your approval the Second Disbursement request of MCC funding for the referenced period. The amount requested for the period is for Three Million Six Hundred Twenty Four Thousand Six Hundred Thirty Three Dollars (US\$ 3,624,633.00), as indicated in the attached documentation. Support information includes the Spending Plan, the Work Plan, and Multi Year Financial Plan for the period.

Pursuant to the Disbursement Agreement, Sections 1.1(a)(ii), 3.2(a), and 3.3 (a) and (b), attached you will find the following complementary information:

- Exhibit A: MCA Honduras Implementation Work Plan. Document presents MCA Honduras overall implementation work plan, including the revised Multi Annual Procurement Plan, Monitoring and Evaluation Plan and Audit Plan.
- Exhibit B: MCA Honduras Progress Report No.1. Document summarizes overall program implementation progress, for the period of September 2005 to August 2006. Document highlights Compact's projects and activities results, program management and governance implementation impediments and mitigation measures adopted.



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In addition, pursuant to the Disbursement Agreement, Section 3.5 and Schedule 1, please find attached a breakdown of Conditions Precedent met and a request for deferral of certain conditions originally scheduled for the referenced period, hereafter identified as Exhibit C.

  
Sincerely,  
Martin Humberto Ochoa  
General Director



cc: J. Wingle, J. Brooks, C. Elwin, MCC Honduras Country Office  
cc: Y. Rosenthal, SDP; R. Santos, SEFIN  
cc: admin.

## NOTE

- 1) Original request from MCA-Honduras, sent to MCC on September 14, 2006 (DE\_091406\_001) for US\$ 3,624,633.00
- 2) Amount approved on September 27, per letter dated September 25, 2006 by MCC US\$ 3,425,256.00, difference due to reduction on the Rural Development Project Manager budget, while situation with FONADERS was clear out.

## MCC DISBURSEMENT REQUEST

| Section 1. Request Summary  |                                  |
|---|----------------------------------|
| <b>Country</b>  | Honduras                         |
| <b>Projects</b>   | Rural Development                |
| <b>Compact Date/ Entry into Force</b>   | June 13, 2005/September 29, 2005 |
| <b>Compact Number (noted on exchange of letters for Entry into Force)</b>   | COM04HND05002                    |
| <b>Management Entity</b>  | MCA-Honduras                     |
| <b>Fiscal Agent</b>   | Honduran Ministry of Finance     |
| <b>Request Date</b>   | September 21, 2006               |
| <b>Disbursement Period Beginning Date</b>   | 01/10/2006                       |
| <b>Disbursement Period End Date</b>   | 12/31/2006                       |
| <b>Disbursement Request Number</b>  | 2                                |
| <b>Currency</b>   | US Dollars                       |
| <b>A. Disbursement Request:</b> On behalf of Government of the Republic of Honduras, the undersigned hereby requests the Millennium Challenge Corporation to disburse funds under the Compact as follows:   |                                  |
| 1. Cash requested from the Millennium Challenge Corporation (amount in USD):  | \$3,425,256                      |
| 2. Amount requested in words (in USD):  |                                  |
| <b>B. Compliance.</b> On behalf of the Government of the Republic of Honduras, the undersigned confirms that the MCC Disbursement requested hereby is in accordance with the terms and conditions set forth in the Compact, the Disbursement Agreement (defined below) and each Compact Document (as defined in the Disbursement Agreement), including, the limitations on the use or treatment of MCC Funding set out in Section 2.3 of the Compact. |                                  |
| <b>C. Authorization:</b> The undersigned acknowledges that funds disbursed in accordance with this request will be deposited in the Permitted Account, in accordance with the wiring instructions provided pursuant to Section 1.1(a)(iii) of the Disbursement Agreement.   |                                  |
| <b>D. Certificates:</b> Attached hereto are the certificates required under Article III of the Disbursement Agreement.  |                                  |

**MCA-Honduras,  
On behalf of the  
Government of Republic of Honduras**

**By: MCA-Honduras**

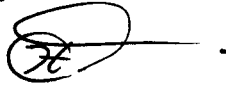
**Name: Ricardo Arias**



**Title: MCA-Honduras Acting Chairmain of the Board**

**By: Secretary of Finance**

**Name: Hugo Castillo**



**Title: Secretariat of Finance  
Acting Secretary - Ministry of Finance**

**Date:** \_\_\_\_\_

**Wiring Instructions to Special Account**

**Please, see over**

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## INSTRUCTIONS FOR INTERNATIONAL TRANSFERS

To transfer external funds to Banco de Honduras, S.A., a Citibank subsidiary in Honduras, the sender must provide his/her bank with the following information:

For credit to Account No. **3601-8835**

In the name of Banco de Honduras, S.A., Tegucigalpa, Honduras with Citibank,  
N.A.111 Wall Street, New York, 10043

ABA **021000089**  
SWIFT **CITIUS33**

**Final Beneficiary: MCA HONDURAS**

**Account # 11247016**

**Note:** If final beneficiary does not have an account with Banco de Honduras, S.A.,  
pleas provide His/her telephone number. Telephone: \_\_\_\_\_

Para crédito a la Cuenta No. **3601-8835**

A nombre del Banco de Honduras, S.A., (Subsidiaria del Citibank, N.A.) con Citibank,  
N.A. 111 Wall Street, New York, 10043

ABA **021000089**  
SWIFT **CITIUS33**

**Beneficiario Final: MCA HONDURAS**

**Account # 11247016**

**Nota:** Si el beneficiario final no tiene cuenta en Banco de Honduras, S.A., indicar  
el número de teléfono local. Teléfono: \_\_\_\_\_



## B. Multi-year Financial Plan Adjustment Request Form

|   | Original<br>Multi-Year<br>Financial Plan in<br>Compact<br>1 | Current<br>Multi-Year<br>Financial Plan<br>2 | Proposed<br>Adjustments |               | Proposed Adjusted<br>Multi-year<br>Financial Plan<br>(2 + 3 - 4)<br>5 |
|---|---|--|-------------------------|---------------|---|
|   |   |  | Increase<br>3           | Decrease<br>4 |   |
| <b>Re-Disbursements funded directly from MCC Disbursements</b>                              |   |  |                         |               |   |
| <b>1. Rural Development Project</b>   | <b>72,196</b>   | <b>72,196</b>                                |                         |               | <b>72,196</b>   |
| (a) Farmer Training and Development   | 27,415  | 27,415                                       |                         |               | 27,415  |
| (b) Farmer Access to Credit   | 13,773  | 13,773                                       |                         |               | 13,773  |
| (c) Farm to Market Roads  | 21,500  | 21,500                                       |                         |               | 21,500  |
| (d) Agricultural Public Goods Grant Facility  | 8,000   | 8,000  |                         |               | 8,000   |
| Rural Development Project Manager   | 1,509   | 1,509  |                         |               | 1,509   |
| <b>2. Transportation Project</b>  | <b>125,700</b>  | <b>125,700</b>                               |                         |               | <b>125,700</b>  |
| (a) Highway CA-5  | 96,412  | 96,412                                       |                         |               | 96,412  |
| (b) Secondary Roads   | 21,280  | 21,280                                       |                         |               | 21,280  |
| (c) Weight Control System   | 4,730   | 4,730  |                         |               | 4,730   |
| Transportation Project Manager  | 3,279   | 3,279  |                         |               | 3,279   |
| <b>3. Monitoring and Evaluation</b>   | <b>4,983</b>  | <b>4,983</b>                                 |                         |               | <b>4,983</b>  |
| <b>4. Program Administration and Control</b>  | <b>12,122</b>   | <b>12,122</b>                                |                         |               | <b>12,122</b>   |
| (a) Program Administration  | 9,268   | 9,268  |                         |               | 9,268   |
| (b) Audit   | 2,855   | 2,855  |                         |               | 2,855   |
| <b>Source of Funds:</b>   |   |  |                         |               |   |
| <b>MCC CONTRIBUTION</b>   | <b>215,000</b>  | <b>215,000</b>                               |                         |               | <b>215,000</b>  |
| <b>Re-Disbursements funded from loan repayment (Financial Institutions to MCA-Honduras)</b> |   |  |                         |               |   |
| <b>1. Rural Development Project</b>   |   |  |                         |               |   |
| (a) Farmer Training and Development   | 3,000   | 3,000  |                         |               | 3,000   |
| (b) Farmer Access to Credit   | 2,000   | 2,000  |                         |               | 2,000   |
| (c) Farm to Market Roads  |   |  |                         |               |   |
| (d) Agricultural Public Goods Grant Facility  | 1,000   | 1,000  |                         |               | 1,000   |
| <b>Sub-Total</b>  | <b>6,000</b>  | <b>6,000</b>                                 |                         |               | <b>6,000</b>  |
| <b>Source of Funds:</b>   |   |  |                         |               |   |
| <b>Repayment of Loans (Farmer Access to Credit)</b>   | <b>6,000</b>  | <b>6,000</b>                                 |                         |               | <b>6,000</b>  |

### C. Summary Report of Approved Adjustments to Multi-year Financial Plan

|   | Original<br>Multi-Year<br>Financial Plan in<br>Compact<br><br>1 | (Date Approved)<br>Approved<br>Adjustments<br><br>2 | (Date Approved)<br>Approved<br>Adjustments<br><br>3 | (Date Approved)<br>Approved<br>Adjustments<br><br>4, etc. | Approved Multi-year<br>Financial Plan<br><br>1 +/- Adjustments |
|---|---|---|---|---|--|
| <b>Re-Disbursements funded directly from MCC Disbursements</b>                              |   |   |   |   |  |
| <b>1. Rural Development Project</b>   | <b>72,196</b>   |   |   |   | <b>72,196</b>  |
| (a) Farmer Training and Development   | 27,415  |   |   |   | 27,415   |
| (b) Farmer Access to Credit   | 13,773  |   |   |   | 13,773   |
| (c) Farm to Market Roads  | 21,500  |   |   |   | 21,500   |
| (d) Agricultural Public Goods Grant Facility  | 8,000   |   |   |   | 8,000  |
| Rural Development Project Manager   | 1,509   |   |   |   |  |
| <b>2. Transportation Project</b>  | <b>125,700</b>  |   |   |   | <b>125,700</b>   |
| (a) Highway CA-5  | 96,412  |   |   |   | 96,412   |
| (b) Secondary Roads   | 21,280  |   |   |   | 21,280   |
| (c) Weight Control System   | 4,730   |   |   |   | 4,730  |
| Transportation Project Manager  | 3,279   |   |   |   | 3,279  |
| <b>3. Monitoring and Evaluation</b>   | <b>4,983</b>  |   |   |   | <b>4,983</b>   |
| <b>4. Program Administration and Control</b>  | <b>12,122</b>   |   |   |   | <b>12,122</b>  |
| (a) Program Administration  | 9,268   |   |   |   | 9,268  |
| (b) Audit   | 2,855   |   |   |   | 2,855  |
| <b>Source of Funds:</b>   |   |   |   |   |  |
| <b>MCC CONTRIBUTION</b>   | <b>215,000</b>  |   |   |   | <b>215,000</b>   |
| <b>Re-Disbursements funded from loan repayment (Financial Institutions to MCA-Honduras)</b> |   |   |   |   |  |
| <b>1. Rural Development Project</b>   |   |   |   |   |  |
| (a) Farmer Training and Development   | 3,000   |   |   |   | 3,000  |
| (b) Farmer Access to Credit   | 2,000   |   |   |   | 2,000  |
| (c) Farm to Market Roads  |   |   |   |   | 0  |
| (d) Agricultural Public Goods Grant Facility  | 1,000   |   |   |   | 1,000  |
| <b>Sub-Total</b>  | <b>6,000</b>  |   |   |   | <b>6,000</b>   |
| <b>Source of Funds:</b>   |   |   |   |   |  |
| <b>Repayment of Loans (Farmer Access to Credit)</b>   | <b>6,000</b>  |   |   |   | <b>6,000</b>   |

### D. Quarterly Financial Plan Adjustment Request Form

|   | Current Approved<br>Cumulative Quarterly<br>Financial Plan through<br>Current Period | Proposed Adjustments to Cumulative<br>Quarterly Financial Plan through Next<br>Disbursement Period |          | Proposed Cumulative<br>Quarterly Financial Plan<br>through Next<br>Disbursement Period |
|---|--|--|----------|--|
|   |  | Increase   | Decrease | 4  |
|   | 1  | 2  | 3        | 1+2-3  |
| <b>Re-Disbursements funded directly from MCC Disbursements</b>                              |  |  |          |  |
| <b>1. Rural Development Project</b>   | 283,392  | 3,123,981  | 61,858   | 3,345,515  |
| (a) Farmer Training and Development   | 185,284  | 3,123,981  |          | 3,309,265  |
| (b) Farmer Access to Credit   |  |  |          |  |
| (c) Farm to Market Roads  |  |  |          |  |
| (d) Agricultural Public Goods Grant Facility  |  |  |          |  |
| Rural Development Project Manager   | 98,108   |  | 61,858   | 36,250   |
| <b>2. Transportation Project</b>  | 273,383  |  | 4,383    | 269,000  |
| (a) Highway CA-5  |  |  |          |  |
| (b) Secondary Roads   |  |  |          |  |
| (c) Weight Control System   |  |  |          |  |
| Transportation Project Manager  | 273,383  |  | 4,383    | 269,000  |
| <b>3. Monitoring and Evaluation</b>   | 0  | 0  | 0        | 0  |
| <b>4. Program Administration and Control</b>  | 589,770  | 367,488  | 0        | 957,258  |
| (a) Program Administration  | 589,770  | 339,488  |          | 929,258  |
| (b) Audit   |  | 28,000   |          | 28,000   |
| <b>Source of Funds:</b>   |  |  |          |  |
| <b>MCC CONTRIBUTION</b>   | 1,146,545  | 3,491,469  | 66,241   | 4,571,773  |
| <b>Re-Disbursements funded from loan repayment (Financial Institutions to MCA-Honduras)</b> |  |  |          |  |
| <b>1. Rural Development Project</b>   |  |  |          |  |
| (a) Farmer Training and Development   |  |  |          |  |
| (b) Farmer Access to Credit   |  |  |          |  |
| (c) Farm to Market Roads  |  |  |          |  |
| (d) Agricultural Public Goods Grant Facility  |  |  |          |  |
| <b>Sub-Total</b>  |  |  |          |  |
| <b>Source of Funds:</b>   |  |  |          |  |
| <b>Repayment of Loans (Farmer Access to Credit)</b>   |  |  |          |  |

**E. Commitment and Expenditure Report (as of 08/29/2006)**

|  | Cumulative Actual Re-disbursements as of the Beginning of the Current Period | Projected Re-disbursements for the Current Period | Projected Cumulative Re-disbursements through the Current Period | Projected Unliquidated commitments as of the End of the Current Period | Projected Cumulative Commitment and Re-disbursements as of the End of the Current Period | Cumulative Approved Multi-year Financial Plan | Projected Balance of Multi-year Financial Plan as of the End of the Current Period |
|--|--|---|--|--|--|---|--|
|  | 1  | 2   | 1+2  | 4  | 3+4  | 6   | 6-5  |
|  | 1  | 2   | 3  | 4  | 5  | 6   | 7  |
| <b>Re-Disbursements funded directly from MCC Disbursements</b> |  |   |  |  |  |   |  |
| <b>1. Rural Development Project</b>                            | <b>0</b>   | <b>1,099,250</b>                                  | <b>1,099,250</b>   | <b>21,304,600</b>  | <b>22,403,850</b>  | <b>72,195,500</b>                             | <b>49,791,650</b>  |
| (a) Farmer Training and Development                            |  | 1,088,000   | 1,088,000  | 21,304,600   | 22,392,600   | 27,414,500                                    | 5,021,900  |
| (b) Farmer Access to Credit                                    |  |   | 0  |  |  | 13,772,500                                    | 13,772,500   |
| (c) Farm to Market Roads                                       |  |   | 0  |  |  | 21,500,000                                    | 21,500,000   |
| (d) Agricultural Public Goods Grant Facility                   |  |   | 0  |  |  | 8,000,000                                     | 8,000,000  |
| Rural Development Project Manager                              |  | 11,250  | 11,250   |  | 11,250   | 1,508,500                                     | 1,497,250  |
| <b>2. Transportation Project</b>                               | <b>0</b>   | <b>0</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>125,699,500</b>                            | <b>125,699,500</b>   |
| (a) Highway CA-5   |  |   | 0  |  |  | 96,411,500                                    | 96,411,500   |
| (b) Secondary Roads  |  |   | 0  |  |  | 21,279,500                                    | 21,279,500   |
| (c) Weight Control System                                      |  |   | 0  |  |  | 4,729,500                                     | 4,729,500  |
| Transportation Project Manager                                 |  |   | 0  | 0  | 0  | 3,279,000                                     | 3,279,000  |
| <b>3. Monitoring and Evaluation</b>                            | <b>0</b>   | <b>0</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>4,983,000</b>                              | <b>4,983,000</b>   |
| <b>4. Program Administration and Control</b>                   | <b>0</b>   | <b>411,603</b>                                    | <b>411,603</b>   | <b>333,249</b>   | <b>744,852</b>   | <b>12,122,000</b>                             | <b>11,377,148</b>  |
| (a) Program Administration                                     |  | 411,603   | 411,603  | 333,249  | 744,852  | 9,267,500                                     | 8,522,648  |
| (b) Audit  |  |   | 0  | 0  | 0  | 2,854,500                                     | 2,854,500  |
| <b>Source of Funds:</b>  |  |   |  |  |  |   |  |
| <b>MCC CONTRIBUTION</b>  | <b>0</b>   | <b>1,510,853</b>                                  | <b>1,510,853</b>   | <b>21,637,849</b>  | <b>23,148,702</b>  | <b>215,000,000</b>                            | <b>191,851,298</b>   |

| <b>Re-Disbursements funded from loan repayment (Financial Institutions to MCA-Honduras)</b> |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|
| <b>1. Rural Development Project</b>   |  |  |  |  |  |  |  |
| (a) Farmer Training and Development   |  |  |  |  |  |  |  |
| (b) Farmer Access to Credit   |  |  |  |  |  |  |  |
| (c) Farm to Market Roads  |  |  |  |  |  |  |  |
| (d) Agricultural Public Goods Grant Facility  |  |  |  |  |  |  |  |
| <b>Source of Funds:</b>   |  |  |  |  |  |  |  |
| <b>Repayment of Loans (Farmer Access to Credit)</b>   |  |  |  |  |  |  |  |

**F. Projected Program Cash Requirements for Next Disbursement Period (as of 12/31/2006)**

|   | Projected Cumulative Re-disbursement through the Current Period<br>(Sch. E - Col 3) | (10/01 - 12/31)<br>Projected Cash Requirements for Next Disbursement Period | Projected Re-disbursements through Next Disbursement Period |
|---|---|---|---|
|   | 1   | 2   | 1+2<br>3  |
| <b>Re-Disbursements funded directly from MCC Disbursements</b>                              |   |   |   |
| <b>1. Rural Development Project</b>   | <b>1,099,250</b>  | <b>2,246,265</b>  | <b>3,345,515</b>  |
| (a) Farmer Training and Development   | 1,088,000   | 2,221,265   | 3,309,265   |
| (b) Farmer Access to Credit   | 0   |   |   |
| (c) Farm to Market Roads  | 0   |   | 0   |
| (d) Agricultural Public Goods Grant Facility  | 0   |   | 0   |
| Rural Development Project Manager   | 11,250  | 25,000  | 36,250  |
| <b>2. Transportation Project</b>  | <b>0</b>  | <b>269,000</b>  | <b>269,000</b>  |
| (a) Highway CA-5  | 0   |   | 0   |
| (b) Secondary Roads   | 0   |   | 0   |
| (c) Weight Control System   | 0   |   | 0   |
| Transportation Project Manager  | 0   | 269,000   | 269,000   |
| <b>3. Monitoring and Evaluation</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| <b>4. Program Administration and Control</b>  | <b>411,603</b>  | <b>545,683</b>  | <b>957,286</b>  |
| (a) Program Administration  | 411,603   | 517,683   | 929,286   |
| (b) Audit   | 0   | 28,000  | 28,000  |
| <b>Source of Funds:</b>   |   |   |   |
| <b>MCC CONTRIBUTION</b>   | <b>1,510,853</b>  | <b>3,060,948</b>  | <b>4,571,801</b>  |
| <b>Re-Disbursements funded from loan repayment (Financial Institutions to MCA-Honduras)</b> |   |   |   |
| <b>1. Rural Development Project</b>   | 0   |   |   |
| (a) Farmer Training and Development   | 0   |   |   |
| (b) Farmer Access to Credit   | 0   |   |   |
| (c) Farm to Market Roads  | 0   |   |   |
| (d) Agricultural Public Goods Grant Facility  | 0   |   |   |
| <b>Sub-Total</b>  |   |   |   |
| <b>Source of Funds:</b>   |   |   |   |
| <b>Repayment of Loans (Farmer Access to Credit)</b>   | <b>0</b>  |   |   |

### Section 3. Cash Reconciliation

|             |   |                           |                                |
|-------------|---|---------------------------|--------------------------------|
| <b>1</b>    | <b>Cash Balance From Beginning of Current Period</b>            |                           | <b><u>\$0</u></b>              |
| <b>2.a.</b> | <b>Add: MCC Disbursement Received and Date Received</b>         | <b><u>\$1,646,545</u></b> | 22-Feb-06                      |
| <b>2.b.</b> | <b>Interest Earned and Received</b>                             | <b><u>\$13,758</u></b>    |                                |
| <b>2.c.</b> | <b>Amount and Source of Other Cash Received</b>                 | <b><u>\$0</u></b>         |                                |
| <b>3</b>    | <b>Total Sources of Cash This Period, Lines 2.a + 2.b + 2.c</b> |                           | <b><u>\$1,660,303</u></b>      |
| <b>4</b>    | <b>Total Cash Available, Lines 1 + 3</b>                        |                           | <b><u>\$1,660,303</u></b>      |
| <b>5.a.</b> | <b>Less: Total Program Re-Disbursements</b>                     | <b><u>\$1,510,853</u></b> |                                |
| <b>5.b.</b> | <b>Interest Returned to the US Government</b>                   | <b><u>\$10,609</u></b>    |                                |
| <b>6</b>    | <b>Total Uses of Cash This Period, Lines 5.a+b+c</b>            |                           | <b><u>\$1,521,462</u></b>      |
| <b>7</b>    | <b>Cash Balance at End of Disbursement Period, Lines 4 - 6</b>  |                           | <b><u><u>\$138,840</u></u></b> |

### Section 4. Disbursement Request

|          |  |                           |                                  |
|----------|--|---------------------------|----------------------------------|
| <b>1</b> | <b>Total Forecasted Program Cash Requirements - Sch F, Col 2</b>   | <b><u>\$3,060,948</u></b> |                                  |
| <b>2</b> | <b>Interest Accrued in the Current Period to be Returned to the US Government Next Disbursement Period</b> | <b><u>\$3,148</u></b>     |                                  |
| <b>3</b> | <b>Working Capital Balance</b>   | <b><u>\$500,000</u></b>   |                                  |
| <b>4</b> | <b>Total, Lines 1 + 2 + 3</b>  |                           | <b><u>\$3,564,096</u></b>        |
| <b>5</b> | <b>Cash Balance at End of Current Period - Section 3, Line 7</b>   |                           | <b><u>\$138,840</u></b>          |
| <b>6</b> | <b>Disbursement Request From MCC 4 - 5</b>   |                           | <b><u><u>\$3,425,256</u></u></b> |

**Section 5. Interest Summary**

|  |                                 |
|--|---------------------------------|
| <b>1 Cumulative Interest Earned and Received as of Beginning of Current Period</b>     | <u><b>\$13,758</b></u>          |
| <b>2 Interest Projected to be Earned and Received during the Current Period</b>        | <u><b>\$0</b></u>               |
| <b>3 Total Interest and Earned as of End of Current Period, Lines 1 + 2</b>            | <u><b>\$ 13,757.59</b></u>      |
| <b>4 Cumulative Interest Returned as of Beginning of Current Period</b>                | <u><b>\$10,609</b></u>          |
| <b>5 Interest Projected to be Returned during the Current Period</b>                   | <u><b>\$0</b></u>               |
| <b>6 Projected Cumulative Interest Returned During the Current Period, Lines 4 + 5</b> | <u><b>\$ 10,609.37</b></u>      |
| <b>7 Interest Due to Be Returned during the Current Period, Line 3 - 6</b>             | <u><u><b>\$3,148.22</b></u></u> |

## SPENDING PLAN August 1 to December 31-2006

Period: August 1 to December 31-2006

|   |                  | <b>DESCRIPTION AND JUSTIFICATION</b><br>( MCA-Honduras re-disbursements started up on April 28 of the 2006)  |
|---|------------------|--|
| <b>Re-Disbursements funded directly from MCC Disbursements</b>                |                  |  |
| <b>1. Rural Development Project</b>   | <b>3,264,136</b> | <p>The Budget request of \$ 3.1 Million corresponds to payments to be made from August to December-2006 for the Consulting Services Farmer Training and Development Activity Plus payments for Small Grants-Lead Farmers to start along with the FTDA Consulting Services</p> <p>Expected payments to be made on behalf of FONADERS (Procurement Agent) covering payments for the Director and staff to work, plus recurrent expenses and office operations.</p> <p>The initial request under TPM was of \$ 273.3 Thousand for our 1st Disbursement, and no money was re-disbursed on this subject, although MCA-H is in the process of receiving and evaluation proposals for the TPM and a first re-disbursement of approximately for \$ 269.0 Thousand (out of \$ 5.4 Millions), is expected to be paid between November and December-2006</p> <p>This amount will complete the expected amount of \$ 929.2 Thousand to be spent from the start-up of the Program to December-2006 against the amount of \$ 589.7 Thousand of our 1st Disbursement. Our figure covers mostly payments to be made to staff, recurrent costs, complete the purchase of Office Equipment and Furniture, other works in facilities, plus payments for requirements of Consultant Services as needed</p> |
| (a) Farmer Training and Development   | 3,123,981        |  |
| (b) Farmer Access to Credit   |                  |  |
| (c) Farm to Market Roads  |                  |  |
| (d) Agricultural Public Goods Grant Facility                                  |                  |  |
| Rural Development Project Manager   | 140,155          |  |
|   |                  |  |
| <b>2. Transportation Project</b>  | <b>(4,383)</b>   |  |
| (a) Highway CA-5  |                  |  |
| (b) Secondary Roads   |                  |  |
| (c) Weight Control System   |                  |  |
| Transportation Project Manager  | (4,383)          |  |
|   |                  |  |
| <b>3. Monitoring and Evaluation</b>   | <b>0</b>         |  |
|   |                  |  |
| <b>4. Program Administration and Control</b>                                  | <b>367,488</b>   |  |
| (a) Program Administration  | 339,488          |  |
| (b) Audit   | 28,000           |  |
|   |                  |  |
| <b>Source of Funds:</b>   |                  |  |
| <b>MCC CONTRIBUTION</b>   | <b>3,627,241</b> |  |
| <b>Re-Disbursements funded from loan repayment (Financial Institutions to</b> |                  |  |
| <b>1. Rural Development Project</b>   |                  |  |
| (a) Farmer Training and Development   |                  |  |
| (b) Farmer Access to Credit   |                  |  |
| (c) Farm to Market Roads  |                  |  |
| (d) Agricultural Public Goods Grant Facility                                  |                  |  |
| <b>Sub-Total</b>  |                  |  |
|   |                  |  |
| <b>Source of Funds:</b>   |                  |  |
| <b>Repayment of Loans (Farmer Access to Credit)</b>                           |                  |  |

# Annual Spending Plan

## MCA-HONDURAS MULTI-YEAR FINANCIAL PLAN

| Re-Disbursements funded directly from MCC Disbursements   |              |                          |               |              |               |               |                     |              |                |
|---|--------------|--------------------------|---------------|--------------|---------------|---------------|---------------------|--------------|----------------|
| Component   | Year 1       |                          | Year 2        |              | Year 3        | Year 4        | Year 5 <sup>1</sup> | Post Compact | Total          |
|   | Year 1       | Q4                       | Year 2        | Q1           | Year 3        | Year 4        | Year 5              | PC           |                |
| <b>1. Rural Development Project<sup>2</sup></b>           |              |                          |               |              |               |               |                     |              |                |
| (a) Farmer Training and Development <sup>3</sup>          | 1,859        | 1,859                    | 5,404         | 1,450        | 6,319         | 7,844         | 5,989               |              | 27,415         |
| (b) Farmer Access to Credit <sup>5</sup>                  | 0            |                          | 3,679         |              | 7,121         | 1,255         | 1,718               |              | 13,773         |
| (c) Farm to Market Roads <sup>6</sup>                     |              |                          | 4,300         |              | 8,600         | 4,300         | 4,300               |              | 21,500         |
| (d) Agricultural Public Goods Grant Facility <sup>7</sup> |              |                          |               |              | 6,000         | 2,000         |                     |              | 8,000          |
| Rural Development Project Manager                         | 167          | 167                      | 289           | 72           | 309           | 289           | 453                 |              | 1,508          |
| <b>Sub-Total</b>  | <b>2,026</b> | <b>2,026</b>             | <b>13,672</b> | <b>1,523</b> | <b>28,350</b> | <b>15,688</b> | <b>12,460</b>       |              | <b>72,195</b>  |
| <b>2. Transportation Project<sup>8</sup></b>              |              |                          |               |              |               |               |                     |              |                |
| (a) Highway CA-5 <sup>9</sup>                             | 0            |                          | 15,705        |              | 35,157        | 36,278        | 9,273               |              | 96,412         |
| (b) Secondary Roads <sup>10</sup>                         |              |                          |               |              | 5,320         | 15,960        | 0                   |              | 21,280         |
| (c) Weight Control System <sup>11</sup>                   | 0            |                          | 125           |              | 2,342         | 2,263         |                     |              | 4,730          |
| Transportation Project Manager                            | 0            |                          | 724           | 269          | 828           | 828           | 900                 |              | 3,279          |
| <b>Sub-Total</b>  | <b>0</b>     |                          | <b>16,554</b> | <b>269</b>   | <b>43,646</b> | <b>55,328</b> | <b>10,172</b>       |              | <b>125,700</b> |
| <b>3. Monitoring and Evaluation<sup>12</sup></b>          | 0            |                          | 695           |              | 698           | 408           | 3,182               |              | 4,983          |
| <b>Sub-Total</b>  | <b>0</b>     |                          | <b>695</b>    |              | <b>698</b>    | <b>408</b>    | <b>3,182</b>        |              | <b>4,983</b>   |
| <b>4. Program Administration and Control</b>              |              |                          |               |              |               |               |                     |              |                |
| (a) Program administration                                | 411          | 289                      | 2,031         | 518          | 1,987         | 1,987         | 2,851               |              | 9,268          |
| (b) Audit   | 0            |                          | 177           | 28           | 1,045         | 1,006         | 627                 |              | 2,855          |
| <b>Sub-Total</b>  | <b>411</b>   | <b>289</b>               | <b>2,209</b>  | <b>547</b>   | <b>3,032</b>  | <b>2,993</b>  | <b>3,478</b>        |              | <b>12,122</b>  |
| <b>Source of Funds:</b>                                   |              |                          |               |              |               |               |                     |              |                |
| <b>MCC CONTRIBUTION<sup>13</sup></b>                      | <b>2,437</b> | <b>2,315<sup>1</sup></b> | <b>33,130</b> | <b>2,337</b> | <b>75,726</b> | <b>74,417</b> | <b>29,292</b>       |              | <b>215,000</b> |

| Re-Disbursements funded from loan repayment (Financial Institutions to MCA-Honduras) |        |    |        |    |        |              |                     |              |              |
|--|--------|----|--------|----|--------|--------------|---------------------|--------------|--------------|
| Component  | Year 1 |    | Year 2 |    | Year 3 | Year 4       | Year 5 <sup>1</sup> | Post Compact | Total        |
|  | Year 1 | Q4 | Year 2 | Q1 | Year 3 | Year 4       | Year 5              | PC           |              |
| <b>1. Rural Development Project<sup>2</sup></b>                                      |        |    |        |    |        |              |                     |              |              |
| (a) Farmer Training and Development <sup>3</sup>                                     |        |    |        |    |        |              | 296                 | 2,704        | 3,000        |
| (b) Farmer Access to Credit <sup>5</sup>   |        |    |        |    |        |              | 2,000               |              | 2,000        |
| (c) Farm to Market Roads <sup>6</sup>  |        |    |        |    |        |              |                     |              |              |
| (d) Agricultural Public Goods Grant Facility <sup>7</sup>                            |        |    |        |    |        | 1,000        |                     |              | 1,000        |
| <b>Sub-Total</b>   |        |    |        |    |        | <b>1,000</b> | <b>2,296</b>        | <b>2,704</b> | <b>6,000</b> |
| <b>Source of Funds:</b>  |        |    |        |    |        |              |                     |              |              |
| <b>Repayment of Loans (Farmer Access to Credit)</b>                                  |        |    |        |    |        | <b>1,000</b> | <b>5,000</b>        |              | <b>6,000</b> |

2,315<sup>1</sup> Includes \$ 51.0 For July expenses already paid

# Annual Spending Plan

## MCA-HONDURAS MULTI-YEAR FINANCIAL PLAN

| Re-Disbursements funded directly from MCC Disbursements   |              |          |           |            |              |               |              |               |               |                     |                |
|---|--------------|----------|-----------|------------|--------------|---------------|--------------|---------------|---------------|---------------------|----------------|
| Component   | Year 1       |          |           |            |              | Year 2        |              | Year 3        | Year 4        | Year 5 <sup>1</sup> | Total          |
|   | Year 1       | Q1       | Q2        | Q3         | Q4           | Year 2        | Q1           | Year 3        | Year 4        | Year 5              |                |
| <b>1. Rural Development Project<sup>2</sup></b>           |              |          |           |            |              |               |              |               |               |                     |                |
| (a) Farmer Training and Development <sup>3</sup>          | 1,859        |          |           |            | 1,859        | 5,404         | 1,450        | 6,319         | 7,844         | 5,989               | 27,415         |
| (b) Farmer Access to Credit <sup>4</sup>                  | 0            |          |           |            |              | 3,679         |              | 7,121         | 1,255         | 1,718               | 13,773         |
| (c) Farm to Market Roads <sup>5</sup>                     | 0            |          |           |            |              | 4,300         |              | 8,600         | 4,300         | 4,300               | 21,500         |
| (d) Agricultural Public Goods Grant Facility <sup>7</sup> |              |          |           |            |              |               |              | 6,000         | 2,000         | 0                   | 8,000          |
| Rural Development Project Manager                         | 167          |          |           | 58         | 108          | 289           | 72           | 309           | 289           | 453                 | 1,509          |
| <b>Sub-Total</b>  | <b>2,026</b> |          |           | <b>58</b>  | <b>1,967</b> | <b>13,672</b> | <b>1,523</b> | <b>28,350</b> | <b>15,688</b> | <b>12,460</b>       | <b>72,196</b>  |
| <b>2. Transportation Project<sup>8</sup></b>              |              |          |           |            |              |               |              |               |               |                     |                |
| (a) Highway CA-5 <sup>9</sup>                             | 0            |          |           |            |              | 15,705        |              | 35,157        | 36,278        | 9,273               | 96,412         |
| (b) Secondary Roads <sup>10</sup>                         | 0            |          |           |            |              |               |              | 5,320         | 15,960        | 0                   | 21,280         |
| (c) Weight Control System <sup>11</sup>                   | 0            |          |           |            |              | 125           |              | 2,342         | 2,263         | 0                   | 4,730          |
| Transportation Project Manager                            | 0            |          |           |            |              | 724           | 269          | 828           | 828           | 900                 | 3,279          |
| <b>Sub-Total</b>  | <b>0</b>     |          |           |            |              | <b>16,554</b> | <b>269</b>   | <b>43,646</b> | <b>55,328</b> | <b>10,172</b>       | <b>125,700</b> |
| <b>3. Monitoring and Evaluation<sup>12</sup></b>          | <b>0</b>     |          |           |            |              | <b>695</b>    |              | <b>698</b>    | <b>408</b>    | <b>3,182</b>        | <b>4,983</b>   |
| <b>Sub-Total</b>  | <b>0</b>     |          |           |            |              | <b>695</b>    |              | <b>698</b>    | <b>408</b>    | <b>3,182</b>        | <b>4,983</b>   |
| <b>4. Program Administration and Control</b>              |              |          |           |            |              |               |              |               |               |                     |                |
| (a) Program administration                                | 411          | 5        | 22        | 95         | 289          | 2,031         | 518          | 1,987         | 1,987         | 2,851               | 9,268          |
| (b) Audit   | 0            |          |           |            |              | 177           | 28           | 1,045         | 1,006         | 627                 | 2,855          |
| <b>Sub-Total</b>  | <b>411</b>   | <b>5</b> | <b>22</b> | <b>95</b>  | <b>289</b>   | <b>2,208</b>  | <b>546</b>   | <b>3,032</b>  | <b>2,993</b>  | <b>3,478</b>        | <b>12,122</b>  |
| <b>Source of Funds:</b>                                   |              |          |           |            |              |               |              |               |               |                     |                |
| <b>MCC CONTRIBUTION<sup>13</sup></b>                      | <b>2,437</b> | <b>5</b> | <b>22</b> | <b>154</b> | <b>2,256</b> | <b>33,129</b> | <b>2,337</b> | <b>75,726</b> | <b>74,417</b> | <b>29,292</b>       | <b>215,000</b> |

| Re-Disbursements funded from loan repayment (Financial Institutions to MCA-Honduras) |        |    |    |    |    |        |    |        |              |                     |              |
|--|--------|----|----|----|----|--------|----|--------|--------------|---------------------|--------------|
| Component  | Year 1 |    |    |    |    | Year 2 |    | Year 3 | Year 4       | Year 5 <sup>1</sup> | Total        |
|  | Year 1 | Q1 | Q2 | Q3 | Q4 | Year 2 | Q1 | Year 3 | Year 4       | Year 5              |              |
| <b>1. Rural Development Project<sup>2</sup></b>                                      |        |    |    |    |    |        |    |        |              |                     |              |
| (a) Farmer Training and Development <sup>3</sup>                                     |        |    |    |    |    |        |    |        |              | 3,000               | 3,000        |
| (b) Farmer Access to Credit <sup>4</sup>   |        |    |    |    |    |        |    |        |              | 2,000               | 2,000        |
| (c) Farm to Market Roads <sup>5</sup>  |        |    |    |    |    |        |    |        |              |                     | 0            |
| (d) Agricultural Public Goods Grant Facility <sup>7</sup>                            |        |    |    |    |    |        |    |        | 1,000        |                     | 1,000        |
| <b>Sub-Total</b>   |        |    |    |    |    |        |    |        | <b>1,000</b> | <b>5,000</b>        | <b>6,000</b> |
| <b>Source of Funds:</b>  |        |    |    |    |    |        |    |        |              |                     |              |
| <b>Repayment of Loans (Farmer Access to Credit)</b>                                  |        |    |    |    |    |        |    |        | <b>1,000</b> | <b>5,000</b>        | <b>6,000</b> |