



**MILLENNIUM**  
CHALLENGE CORPORATION  
UNITED STATES OF AMERICA

Mr. Martín Ochoa  
Executive Director  
La Cuenta del Desafío del Milenio  
Condominio Los Castaños, 5 y 6 piso (antiguo local del BID)  
Colonia San Carlos, Bulevar Morazán,  
Tegucigalpa, Honduras

April 16, 2010

**Re: MCC Disbursement Request and Quarterly Reports for the Period Year 5, Quarter 3**

Dear Mr. Ochoa:

This letter is in response to the MCC Disbursement Request submitted by La Cuenta del Desafío del Milenio (“*MCA-H*”) on March 12, 2009 pursuant to the Disbursement Agreement dated December 23, 2005 among MCC, MCA-H, and the Ministry of Finance. Capitalized terms that are not defined in this letter have the meanings given to such terms in the Disbursement Agreement.

MCC Disbursement. MCA-H has requested a Common Payment System (CPS) spending authority of \$36,318,024 for the period referenced above. MCC hereby approves spending authority for the full requested amount.

Approval of Reports. MCC approves the following reports submitted by MCA-H:

- a. Quarterly Financial Report and Detailed Financial Plan;
- b. Procurement Performance Report;
- c. Conditions Precedent Report (amended);
- d. Indicator Tracking Table; and
- e. Narrative Report.

Conditions Precedent. MCA-H has submitted a report on the conditions precedent (CP) to MCC Disbursement for the current disbursement period. MCA-H has requested the deferral of the following conditions:

1. SOPTRAVI in consultation with MCA-H develops a Weight Control System Work Plan and supporting documentation acceptable to MCC for one or more contractors to build and operate the weight control system on the national highway network. This should include a timeline for construction, public awareness and information campaign, roles and responsibilities for enforcement, responsibility for maintenance, revenue flow, technical and financial audits.
2. MCC is satisfied with the progress of the Government of Honduras in implementing the Weight Control Work Plan.


3. Less than 7% of vehicles are overweight on sections of highway adjacent to weigh stations.
4. Under the Access to Credit Activity, less than 4-6% of MCA-Honduras loan portfolio is at risk.

MCC hereby waives CPs numbers 1 and 3 and requests their removal from the next quarter's Conditions Precedent Report. CP number 2 is reformulated as "MCC is satisfied that the Government of Honduras is making satisfactory progress toward the implementation of a vehicle weight control system." CP number 4 is deferred until the upcoming quarter.

Should you have any questions regarding the foregoing, please do not hesitate to contact MCC's representatives in Honduras.

Sincerely,

MILLENNIUM CHALLENGE CORPORATION

By:   
Frances Reid  
Acting Vice President  
Compact Implementation

cc: Jonathan Brooks, Resident Country Director, MCC