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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
LOCAL GOVERNMENT STRENGTHENING PROJECT
LOAN
JUNE 1, 2010

TO THE

REPUBLIC OF EL SALVADOR

JULY 14, 2010

Central America Country Management Unit
Environmentally and Socially Sustainable Development Sector Management Unit
Latin America and the Caribbean

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EL SALVADOR
LOCAL GOVERNMENT STRENGTHENING PROJECT

The only proposed change is a reallocation of the loan's expenditure categories in order to accommodate the request of the National Legislative Assembly to reallocate US$3.9 million from the Support to Decentralization Policy and Project Management Components to the Strengthening of Local Governments Component. The request is to focus more resources from the loan on increasing municipal management capacity.

Attachment: ANNEX 1 Proposed Reallocations

ANNEX 1:

Reallocation of Proceeds

Current Category of Expenditure	Current Allocation (USD)	% Financing	Proposed Category of Expenditure	Proposed Allocation (USD)	% Financing
(1) Subproject Grants under Part A of the Project	52,750,000	100%	(1) Subproject Grants under Part A of the Project	52,750,000	100%
(2) Goods, Non-Consultant Services, consultants' services, Operating Costs, and Training under Part B of the Project	19,720,000	100%	(2) Goods, Non-Consultant Services, consultants' services, Operating Costs, and Training under Part B of the Project	23,800,019	100%
(3) Goods, Non-Consultant Services, consultants' services, Operating Costs, and Training under Part C of the Project	1,630,000	100%	(3) Goods, Non-Consultant Services, consultants' services, Operating Costs, and Training under Part C of the Project	699,200	100%
(4) Goods, Non-Consultant services, consultants' services, Operating Costs, and Training under Part D of the Project	5,100,000	100%	(4) Goods, Non-Consultant services, consultants' services, Operating Costs, and Training under Part D of the Project	2,083,414	100%
(5) Front-end Fee	200,000	100%	(5) Front-end Fee	200,000	100%
(6) Unallocated	600,000		(6) Unallocated	467,367	
TOTAL AMOUNT	80,000,000		TOTAL AMOUNT	80,000,000	