

April 17, 2006

Mr. Noel Jacobs
Regional Director
PCU - Barrier Reef System Project
Coastal Resources Multiplex Building,
Princess Margaret Drive
Belize City
Belize

Dear Noel:

*MULT 27739: Mesoamerican Barrier Reef Systems Project
Review of Audit Report for the Period Ending December 31, 2005*

We have reviewed the audit report prepared by Deloitte & Touche, covering the funds managed by the Project Coordinating Unit (PCU) on behalf of the Central American Commission for Environment and Development (CCAD) for the period from January 1, 2005 to December 31, 2005 under the Conservation and Sustainable Use of the Mesoamerican Barrier Reef Systems Project (MBRS). The audit report can be considered acceptable to the World Bank, as it provides all the information required.

Pertaining to the Auditors

The auditors issued Unqualified (Clean) opinions on: (i) the MBRS Cumulative Sources and Uses of Funds Statements for the years ending December 31, 2005 and 2004; (ii) Special Account Statements for the year ending December 31, 2005 and 2004; (iii) Statement of Expenditures for the years ending December 31, 2005 and 2004; and (iv) on Internal Control.

Pertaining to the Audit

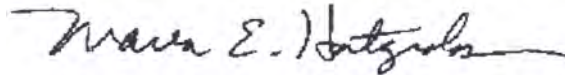
There were no major issues identified in the audit report.

Request on Interest Income

The size of the interest income indicated in the financial statements would appear to be incommensurate with the balances of MBRS bank accounts and would appear to have been generated solely by funds to UNDP. Can you please advise us of the conditions and terms applicable to the PCU-managed Special Account and the Operating Account for our records?

Finally, we commend MBRS for the agreement of the Sources of Funds balance in its financial statements and the Total Disbursements balance in the World Bank's Client Connection as of December 31, 2005, with only about a US\$1.00 discrepancy, out of over US\$8.4 million in total disbursements.

Sincerely,

A handwritten signature in black ink, appearing to read "Marea E. Hatzios". The signature is fluid and cursive, with a long horizontal stroke at the end.

Marea Hatzios
Task Team Leader
Environment Department