October 14, 2010

CONFORMED COPY

The Honorable Nazim Burke
Minister of Finance, Planning and Economy
Energy, Foreign Trade and Cooperatives
Financial Complex
The Carenage, St. George’s
Grenada

Re: Credit No. 4137-GD (Public Sector Modernization Technical Assistance Project)
Amendment to the Financing Agreement

Dear Minister

We refer to the Financing Agreement between Grenada (the Recipient) and the International Development Association (the Association) dated April 26, 2006 (the Agreement). We also refer to your letters from Timothy N.J. Antoine dated May 31, 2010, and August 6, 2010, respectively, requesting for amendment to the Agreement.

We are pleased to inform you that the Association concurs with your request and hereby amends the Agreement as follows:

1. Schedule 1 to the Agreement is amended as follows:

(a) the objective of the Project is restated as follows:

“The objective of the Project is to assist the Recipient in the process of modernizing its public sector, with a focus on improving public sector efficiency in service delivery and management, enhancing private sector collaboration in support of developing small businesses, and promoting regionalization initiatives.”

(b) Part 1 of the Project is amended to read as follows:

“Part 1. Enhanced Departments and Public Sector Performance Management”
“A. Carrying out the conversion of selected government functions through the establishment of the Deeds and Land Registry and the Corporate Affairs Intellectual Property Office, and implementation of public sector performance management, including; (i) preparation of detailed, modernization and financing plans for each proposed conversion in areas such as reporting structures, information technology systems, procurement and business processes, budgetary and financial management strategies, and human resources management; (ii) design and implementation of informational campaigns and training courses for governmental staff on the policy framework and modernization plan for each enhanced department; (iii) review of constitutional and legal issues, including preparation of draft legislation for presentation to the Recipient’s cabinet and legislature in accordance with the Recipient’s legal framework; and (iv) design of policies and procedures on outsourcing and commercialization and an action plan for implementing performance management across the public sector.”

“B. Conversion of select government functions into the two enhanced departments under an approved legislative framework, including the purchase of equipment for the functioning of the departments, and carrying out of minor civil works for existing facilities.”

(c) Part 3 of the Project is amended to read as follows:

“Part 3. Regional Initiatives”

“A. Pooled Procurement

(i) Preparation of a pooled procurement scheme through: (a) identification of specific goods and/or services that the Recipient would seek to jointly procure with at least one member of the OECS; (b) design of an organizational structure for the implementation of a pooled procurement scheme, including consultation with, and seeking the agreement of, other OECS members; (c) promotion of the benefits and methods of pooled procurement with other OECS members through outreach activities; and (d) identification of relevant national training needs and creation of training modules for the Recipient’s public and private sectors.

(ii) Implementation of a pooled procurement scheme through: (a) identification and analysis of relevant regional training needs and creation of related training modules; (b) training to facilitate the implementation of regional pooled procurement; (c) design of a regional pilot procurement payment and inventory management system; and (d) drafting of relevant legislation and procurement documents, including standard bidding documents.”
“B. Technical Assistance for Regionalization Efforts

Provision of technical assistance to the Recipient, through CARICAD, to conduct a diagnostic review and prepare an action plan to address the technical needs of the Public Sector Reform Unit, and to provide follow-up support in furtherance of the Recipient’s regionalization efforts.”

(d) Part 4 of the Project is amended to read as follows:

“Part 4. Capacity Building for the Public Sector Reform Unit and Project Administration”

“A. Provision, to the Public Sector Reform Unit, of: (i) technical assistance and training in areas such as public sector modernization, project management, human resources management, and communication strategies; (ii) support staff; and (iii) basic office equipment.”

“B. Provision, to the Project Coordination Unit, of: (i) technical assistance and training in areas such as procurement and records management and annual audits; and (ii) basic office equipment.”

2. The table set forth in Section IV.A.2 of Schedule 2 to the Agreement is deleted and replaced with the table set forth in the Attachment to this Letter.

3. Section IV.2.B.1 of Schedule 2 to the Agreement is amended by inserting “and”’ at the end of paragraph 1(a), deleting paragraph 1(b), and renumbering paragraph 1(c) as 1(b).

4. The date June 30, 2012, is established as the later date for the purpose of Section IV.B.2 of Schedule 2 to the Agreement.

5. The Appendix to the Agreement is amended by:

(a) deleting paragraph 5, renumbering the subsequent paragraphs as 5 through 14; and

(b) inserting paragraphs 15 and 16, respectively, to read as follows:

“15. “Corporate Affairs Intellectual Property Office” means the department established and operating pursuant to the Corporate Affairs and Intellectual Property Act No. 21 of the 2009, of the laws of the Recipient.”


All other provisions of the Agreement, as amended herein, shall remain in full force and effect.
Please indicate your agreement with the foregoing amendment to the Agreement on behalf of the Recipient by countersigning and dating the two original copies of this letter and returning one countersigned original to us. The amendments to the Agreement shall become effective as of the date of countersignature of this letter.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By pp Christina E. Malmberg Calvo
Yvonne M. Tsikata
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

GRENADA

By /s/ Nazim Burke
(Authorized Representative)

Title: Minister of Finance

Date: October 21, 2010
Attachment

SCHEDULE 1

Withdrawal of the Proceeds of the Financing

A. General

The following table below sets forth the Categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocation of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditure in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, training, works, and consultants’ services for the Project, with the exception of Parts 1(B) and 3(A)(ii)</td>
<td>1,634,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods and works for Part 1(B) under the Project</td>
<td>368,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services for Part 3(A)(ii) under the Project</td>
<td>93,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Expenditure</td>
<td>162,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>243,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,500,000</td>
<td></td>
</tr>
</tbody>
</table>