CONFORMED COPY

February 3, 2011

His Excellency
Dionisio Borda
Minister of Finance
Ministry of Finance
Chile 128, Asunción
Republic of Paraguay

Re: Republic of Paraguay: IDF Grant for Strengthening Congressional Legislative Process and Budget Oversight Capacity Project (IDF Grant No. TF094249) Amendment to the Grant Agreement

Excellency:

Please refer to the Grant Agreement (the “Grant Agreement”) between the International Bank for Reconstruction and Development (the “World Bank”) and the Republic of Paraguay (the “Recipient”), dated May 18, 2009 for the above-referenced Project. Capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Grant Agreement.

We are pleased to inform you that, pursuant to the letter of request sent by the Republic of Paraguay’s National Congress dated December 28, 2010, the World Bank hereby agrees to amend the Grant Agreement to read as follows:

Component 3 in Section 2.01 of the Grant Agreement is amended and replaced to read in its entirety as follows:

“Component 3: Increase the Transparency and Efficiency of the Administration of Congress

(a) Upgrading the NC’s payroll system, and thereafter linking the said system with the Recipient’s human resources system (SINARH) and financial management system (SIAF) to promote transparency and efficiency in the management of NC’s resources; and (b) upgrading the NC’s current goods and merchandise stock control system, and thereafter linking said system with the SIAF.”
Please confirm your agreement with the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. Thenceforward, the provisions set forth in this Amendment Letter shall become effective as of the date of the countersignature and all other provisions of the Grant Agreement, except as amended through this Amendment Letter, shall remain in full force and effect. This Amendment Letter shall be executed in two counterparts, each of which shall be an original. Upon confirmation, please return one fully executed original to us.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Penelope J. Brook
Country Director
Country Management Unit
Argentina, Paraguay and Uruguay

AGREED:

REPUBLIC OF PARAGUAY

By /s/ Dionisio Borda
Authorized Representative
Title: *Ministro*
Date: April 14, 2011