His Excellency
Carlos Enrique Cáceres Chávez
Ministro de Hacienda
Ministerio de Hacienda
Boulevard de los Héroes No. 1231, San Salvador
República de El Salvador

Re: Republic of El Salvador: Loan No. 8110-SV (Education Quality Improvement Project) - First Amendment to the Loan Agreement

Excellency:

Please refer to the Loan Agreement entered into between the Republic of El Salvador (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) dated March 14, 2012 (the “Loan Agreement”). In this Amendment Letter, all the terms defined in the Loan Agreement have the same meaning as therein set forth.

We are pleased to inform you that pursuant to your letter dated August 30, 2012 requesting to modify some parts of the Loan Agreement to reflect: (i) the institutional changes within MINED; and (ii) the addition of a Project management sub-component, the Bank hereby proposes to amend the Loan Agreement as follows:

1. Part B.5 of Schedule 1 to the Loan Agreement is hereby added to read in its entirety as follows:

   “5. Supporting the management, financial and technical aspects of the Project.”

2. Section I.A.1.(a) of Schedule 2 to the Loan Agreement is hereby amended and replaced to read in its entirety as follows:

   “(a) a project coordination unit reporting directly to the Vice Minister of Education and responsible for the day-to-day management of Project activities, including, inter alia: (i) the coordination and definition of technical activities; (ii) the coordination of the annual operational plans; (iii) development and implementation of an administrative and monitoring system; and (iv) the monitoring and evaluation of Project results;”

3. Section V of Schedule 2 to the Loan Agreement is hereby amended and replaced to read in its entirety as follows:

   “Section V. Other Undertakings

   Without limitation to the provisions of Section I.A.1 of this Schedule, and for purposes of carrying out the Project, the Borrower, through MINED, shall: (a) not later than 60 days after the Effective Date, hire for the UFI the following full-time staff: (i) a budget specialist; (ii) an accountant; and (iii) a treasurer; (b) not later than 90 days after the Effective Date, hire for the UACI two full-time procurement specialists; and (c) hire a project coordinator, all with terms of reference, qualifications and experience acceptable to the Bank”
4. The following definitions or Section I of the Appendix to the Loan Agreement: "Dirección Nacional de Educación" and "DPEIFTS", are hereby deleted and as a result, the remaining definitions are renumbered to maintain alphabetical order.

5. The following definition is added to Section I of the Appendix to the Loan Agreement to read in its entirety as follows:

"Vice Minister of Education" means Viceministro de Educación, the Borrower's Vice Minister of Education."

Please indicate your agreement with the foregoing by countersigning and dating the form of confirmation on the two original copies of this letter provided to you and returning one countersigned original to us. Thereafter, all the provisions of the Loan Agreement, except as amended through this Amendment Letter, shall remain in full force and effect.

The provisions of this Amendment Letter will become effective as of the date of this letter upon receipt by the Bank of one fully executed original of this Amendment Letter.

Please also note that the restructuring paper dated January 23, 2013 will be disclosed on the Bank's external website.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By C. Felipe Jaramillo
Director
Central America
Latin America and the Caribbean Region

AGREED AND CONFIRMED:

REPUBLIC OF EL SALVADOR

By: (Authorized Representative)

Name

Title

Date: 11 de febrero de 2013