October 28, 2010

His Excellency Aiuba Cuerencia
Minister of Planning and Development
Ministry of Planning and Development
Maputo,
Republic of Mozambique

REPUBLIC OF MOZAMBIQUE: Dutch Grant for the Co-financing of Technical and Vocational Education and Training Project (Grant No. TF056866)
Amendment No. 1 to the Letter Agreement

Honorable Minister,

We refer to the Letter of Agreement (the Agreement) dated June 29, 2006, between the International Development Association (IDA) (acting as an administrator of grant funds provided by the Netherlands Minister for Development Cooperation (the Donor)) and the Republic of Mozambique (the Recipient) for the co-financing of the above mentioned Project (the Project). We also refer to a: (a) letter from the Donor, dated September 21, 2010, requesting IDA to reduce their contribution by an amount of US$ 790,900 and extend the Closing Date of the Project from October 30, 2010 to December 31, 2011; and (b) your letter dated September 28, 2010, requesting IDA to extend the Closing Date of the Project.

In light of the above mentioned requests, IDA proposes to amend the Agreement in respect of the provisions below:

1. First paragraph of the Agreement is amended to read as follows:

“I am writing on behalf of the International Development Association (IDA) to indicate IDA’s agreement, as administrator of grant funds provided by the Netherlands Minister for Development Cooperation (the Donor), to make a grant in an amount not exceeding six million five hundred and seventy four thousand nine hundred and eighteen United States Dollars (US$ 6,574,918) (the Grant) to the Republic of Mozambique (the Recipient).”

2. The table in paragraph 4.2 of the Annex to the Agreement is deleted in its entirety and is replaced with the Attachment to this amendment letter.

3. Paragraph 4.03 (c) of the Annex to the Agreement is revised to read as follows:

“(c) No withdrawals shall be made from the Grant Account after October 31, 2011, or such later date that IDA shall establish by notice to the Recipient (the Closing Date). However, withdrawals may be made after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by IDA within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled.”
Please confirm your agreement to the foregoing amendment by signing and dating the two originals of this amendment letter and returning one fully signed original to us. The provisions set forth in this amendment letter will become effective, as of the date of this letter, upon receipt by IDA of one fully executed original of this amendment letter.

Sincerely,

/s/ Olivier Gordon

___________________________
Olivier Gordon
Acting Country Director for Mozambique
Africa Region

AGREED:

REPUBLIC OF MOZAMBIQUE

/s/ Aiuba Cuerencia

By: _____________________
Authorized Representative

Name: ______ Minister ______

Date: _____29/10/10_________
### Revised Table in Section 4.02 of the Annex to the Agreement

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (in U.S. Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants Services (including audits) and Training and Workshops</td>
<td>4,899,690</td>
<td>100%</td>
</tr>
<tr>
<td>under Parts A(1), A(3), A(4), B(2), B(3), D(3) and D(4) of the Project as set forth in Attachment I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) FUNDEC Dutch Grants under Part D (1) of the Project (including goods, works, and consultant services) as set forth in Attachment I</td>
<td>1,675,228</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,574,918</strong></td>
<td></td>
</tr>
</tbody>
</table>
Cleared by and CC: M. Nadeem (LEGAF); C. J. Nieuwoudt; CTRDM; R. Chidambran (TACT)