Re: Grenada: Credit No. 4985-GD (Regional Disaster Vulnerability Reduction Project)
Second Amendment to the Financing Agreement

Excellency:

We refer to the Financing Agreement between Grenada (the Recipient) and the International Development Association (the Association) dated September 20, 2011, as amended on June 3, 2013 (the Financing Agreement). We also refer to the Bank team’s discussions with the Recipient’s authorities with respect to amending the Financing Agreement as set forth below. Capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Financing Agreement.

We are pleased to inform you that the Association agrees with the Recipient’s request and proposes to amend the Financing Agreement as follows:

1. Section IV. A.2 of Schedule 2 to the Financing Agreement is hereby amended to read in its entirety as follows:

   “2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit to each Category and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Non-consulting Services, Consultants' Services, Training and Operating Costs for Parts A, B and D of the Project</td>
<td>3,304,600</td>
<td>32% for expenditures incurred prior to August 12, 2015, 100% for expenditures incurred thereafter</td>
</tr>
<tr>
<td>(2) Goods, Works, Non-consulting Services, and Consultants' Services for Emergency Recovery and Reconstruction Subprojects under Part C of the Project</td>
<td>620,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>950,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(4) Payments of CCRIF Insurance Premiums for the period May 30, 2013 to May 30, 2015 under Part E of the Project.</td>
<td>1,325,400</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>6,200,000</td>
<td></td>
</tr>
</tbody>
</table>

Expenditures incurred under the Operating Costs Category shall be deemed “Eligible Expenditures” effective from November 1, 2011.

For the purpose of the table set forth immediately above, the term:

(a) “CCRIF Insurance Premiums” means the cost arising pursuant to the Insurance Agreement for the Recipient’s CCRIF insurance policy.

(b) “Operating Costs” means the incremental expenses incurred on account of Project management, including office rent, leasehold improvements, office furniture, equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel and *per diem*, excluding the salaries of the Recipient’s civil service.

(c) “Training” means the cost associated with the training and workshops approved by the World Bank, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.”
2. Section IV.B.1 of Schedule 2 to the Financing Agreement is hereby amended to read in its entirety as follows:

"1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement; or

(b) under Category (2) in respect of any given Emergency Recovery and Reconstruction Subproject unless the Recipient has: (i) met the requirement referred to in Section I.C.1 of this Schedule 2; and (ii) the relevant Emergency Recovery and Reconstruction Subproject is included in the Agreed Action Plan of Activities, together with a budget and a financing plan for said subproject, all in form and substance satisfactory to the Association; or

(c) under Category (4) unless the Recipient has submitted to the Association evidence of the Recipient’s choice of insurance policy option, said insurance policy option outlining the policy coverage parameters and associated costs."

3. Section IV.B.3 of Schedule 2 to the Financing Agreement is hereby amended to read in its entirety as follows:

"3. The Closing Date is December 31, 2018."

Except as stated herein, all the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing amendments by signing and dating this Amendment Letter in the spaces provided below. Henceforward, 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. This Amendment Letter shall become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By ____________________________
Sophie Sirtaine
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region
AGREED AND CONFIRMED:
GRENADA

By: [Signature]
Authorized Representative

Name: TIMOTHY ANTOINE
Title: PERMANENT SECRETARY
Date: August 26, 2015