Dear Prime Minister:

Re: GRENADA: CR 4993-GD (Safety Net Advancement Project)
First Amendment to the Financing Agreement

We refer to the Financing Agreement for the above-captioned Project between Grenada (the "Recipient") and the International Development Association (the "Association"), dated September 20, 2011, (the "Financing Agreement"). Please note that capitalized terms used in this letter (the "Amendment Letter") and not defined herein have the meaning ascribed to them in the Financing Agreement.

We also refer to your letters dated December 19, 2014, and April 9, 2015, requesting the Association to amend the Financing Agreement by:

(a) modifying the Project development objectives;
(b) adjusting the activities in Part I and Part 2 to achieve the revised objectives of the Project;
(c) revising Section 1, Part A of Schedule 2;
(d) reallocating Credit proceeds among the disbursement Categories included in the table of Section IV, Part A, paragraph 2 of Schedule 2;
(e) revising the Disbursement Linked Indicators in Section IV, Part B, paragraph 4 of Schedule 2;
(f) eliminating paragraphs 2 and 3 of Section IV, Part B of Schedule 2;
(g) extending the Project's Closing Date by 24 months from December 31, 2015, to December 31, 2017;
(h) revising the definitions in the Appendix.

We are pleased to inform you that the Association acknowledges your request and agrees to amend the Financing Agreement as follows:

1. Schedule 1 to the Financing Agreement (Project Description) is hereby amended to read in its entirety as follows:

   "Schedule 1

   "Project Description

   "The objectives of the Project are to strengthen the basic architecture of the SEED Program and the capacity of the MOSD to implement it.

   The Project consists of the following parts:

   "Part 1: Improving the SEED Program

   Strengthening the SEED Program's capacity to provide Cash Transfers to Beneficiaries."
“Part 2:  Improving Implementation Capacity of MOSD

Strengthening the capacity of MOSD to support the implementation of the SEED Program by providing technical assistance to MOSD on coordination, management, and supervision, as well as monitoring and evaluation of the SEED Program.”

2. The terms “Conditional Cash Transfer Program” and “CCT Program” are replaced throughout the Financing Agreement by the term “SEED Program”.

3. Schedule 2, Section I, Part D, paragraph 3 is hereby amended to read in its entirety:

“3. Without limitation to the provisions of paragraphs A and B of Section II of this Schedule, the Recipient shall have an external auditor verify, as part of the annual audits referred to in Section II.B.3 of this Schedule and under terms of reference and with a minimum coverage satisfactory to the Association, that the provision of Cash Transfers to Beneficiaries meet the eligibility criteria set forth in the Operations Manual.”

4. The table in Section IV, Part D, paragraph 2 of Schedule 2 to the Financing Agreement is hereby amended to read as set forth below:

<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) Cash Transfers under Part 1 of the Project</td>
<td>2,550,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(2) Consultant Services, Goods, Non-consulting Services, Training and Operating Costs for Part 2 of the Project</td>
<td>650,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,200,000</td>
<td></td>
</tr>
</tbody>
</table>

5. Section IV, Part B, paragraphs 2 and 3 of Schedule 2 to the Financing Agreement are deleted in their entirety.
Section IV, Part B, paragraph 4 (new paragraph 2) of Schedule 2 to the Financing Agreement is hereby amended to read in its entirety as follows:

"2. Disbursement Linked Indicators shall be as follows:

<table>
<thead>
<tr>
<th>Disbursement Linked Indicators</th>
<th>Maximum amount to be reimbursed for each DLI for applicable Period* (in SDR Equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. The Recipient has taken steps to further consolidate SEED Program through: (a) approval of a special warrant creating a budget line dedicated to the SEED Program; (b) approval of a reallocation warrant to transfer funds to the SEED Program from two existing social safety net programs; and (c) establishment of the Cash Transfer Unit within the MOSD with structure, functions and responsibilities, as well as resources, acceptable to the Association.</td>
<td>160,000</td>
</tr>
<tr>
<td>b. Unified management information system is established and single payment cycle is used for effecting Cash Transfer to Beneficiaries under the CCT Program.</td>
<td>160,000</td>
</tr>
<tr>
<td>c. 70 percent of Beneficiaries have received critical information about the CCT Program including: eligibility criteria, enrollment procedures, conditions for payments, appeals and complaints procedures and exit from the CCT program.</td>
<td>150,000</td>
</tr>
<tr>
<td>d. Beneficiary Management Information System (BMIS) is operational: (i) targeting instrument application and scoring process calibrated in BMIS; (ii) Database of households that the targeting instrument has been applied and stored into BMIS; (iii) reporting, payment and co-responsibility modules in BMIS are fully functional.</td>
<td>170,000</td>
</tr>
<tr>
<td>e. The Appeals Committee is operational: (i) Cabinet approval of Appeals Committee composition and structure; (ii) description of Appeals Committee functions and responsibilities in the SEED Operational Manual; (iii) Letters of Appointment to Appeals Committee members and (iv) Official minutes of first Appeals Committee meeting together with expert support of MOSD Permanent Secretary.</td>
<td>210,000</td>
</tr>
<tr>
<td>f. (i) 30 percent of Beneficiaries are identified as eligible to receive SEED through the new targeting tool.</td>
<td>150,000</td>
</tr>
<tr>
<td>(ii) 60 percent of Beneficiaries are identified as eligible to receive SEED through the new targeting tool.</td>
<td>170,000</td>
</tr>
<tr>
<td>(iii) 80 percent of Beneficiaries are identified as eligible to receive SEED through the new targeting tool.</td>
<td>210,000&quot;</td>
</tr>
</tbody>
</table>
7. Section IV, Part B, paragraph 5 of Schedule 2 to the Financing Agreement is hereby amended to read in its entirety as follows:

   "2. The Closing Date is December 31, 2017."

8. The Appendix to the Financing Agreement is hereby deleted in its entirety and replaced by the Annex to this Amendment Letter.

   Please confirm your agreement with the foregoing amendment by signing and dating the two originals of this Amendment Letter in the spaces provided below. Henceforward, all the provisions of the Financing Agreement except as amended through this Amendment Letter shall remain in full force and effect.

   Upon confirmation, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective as of the date first above written upon receipt by the Association of one fully executed original of this Amendment Letter.

   Please also note that the approved Restructuring Paper dated November 9, 2015, which is attached to this Amendment Letter, will be disclosed on the Association's external website.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Karin Kemper
Acting Country Director
Latin American and the Caribbean Region

AGREED:

GRENADA

By:

Authorized Representative

Name: KEITH MITCHELL
Title: MINISTER OF FINANCE
Date: 10th December 2015
APPENDIX

Section I. Definitions


2. “Beneficiary” means any individual who meets the eligibility criteria set forth in the Operations Manual to receive Cash Transfers under Part 1 of the Project and is registered under the SEED Program.

3. “Cash Transfer” means a non-refundable grant made by the Recipient to a Beneficiary under the SEED Program in accordance with the provisions of this Agreement and the Operations Manual.

4. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.


6. “Disbursement Linked Indicators” or “DLIs” means any of the indicators or milestones set forth in Section IV.B.2 of Schedule 2 to this Agreement and in Section IV of the additional instructions (referred to in Section IV.A.1 of Schedule 2 to this Agreement).

7. “Fiscal Year” or “FY” means each fiscal year of the Recipient commencing on January 1 and ending December 31.


9. “Inter-Ministerial Technical Committee” means the committee established by the Recipient in June 2010 and referred to in Section I.A.2 of Schedule 2 to this Agreement.

10. “Inter-Sectoral Steering Committee” means the committee established by the Recipient’s Cabinet on January 4, 2010 and referred to in Section I.A.1 of Schedule 2 to this Agreement.

11. “Ministry of Education” or “MOE” means the Recipient’s ministry responsible for education or any successor thereto.

12. “Ministry of Finance” or “MOF” means the Recipient’s ministry responsible for finance or any successor thereto.

13. “Ministry of Health” or “MOH” means the Recipient’s ministry responsible for health or any successor thereto.
14. "Ministry of Social Development" or "MOSD" means the Recipient’s ministry responsible for social development or any successor thereto.

15. "Operational Rules" means the norms and procedures adopted by the Recipient for the implementation of the SEED Program by the Recipient as these may be amended from time to time in agreement with the Association.

16. "Operations Manual" means the manual, dated April 29, 2011, approved by the Association on the same date for the operation of the Project and referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Association.


18. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 29, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. "Project Coordination Unit" means the Project coordination unit maintained within the Recipient’s Ministry of Finance and referred to in Section I.A.4 of Schedule 2 to this Agreement.

20. "SEED Program" or "Support for Education, Empowerment and Development (SEED)" means the Recipient’s program, adopted by the Recipient’s Cabinet on April 11, 2011, aimed at assisting members of poor households through provision of Cash Transfers conditional on compliance with conditions referred to in the Operations Manual.