Re: Republic of Paraguay: IDF Grant for Strengthening Congressional Legislative Process and Budget Oversight Capacity Project (IDF Grant No. TF094249)
Second 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 June 11, 2009, as amended on April 14, 2011, 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.

In response to the Borrower’s letter to the World Bank dated April 3, 2012, requesting the World Bank to: (i) reallocate funds among disbursement Categories; (ii) modify certain Project activities; and (iii) modify the definition of “Training/Workshops”, I am pleased to inform you that the World Bank concurs with your request and therefore proposes to amend the Grant Agreement as follows:

1. Component 1 in Section 2.01 of Article II of the Grant Agreement is amended and replaced to read in its entirety as follows:

“Component 1: Capacity Building for Budget Commission to Analyze, Monitor and Evaluate Main Budgetary Goals

(a) Strengthening the operational capacity of NCBC’s technical unit of budget evaluation and monitoring, through, inter alia, the re-design of the balanced scorecard information system to control and evaluate budget’s programs and the preparation of a new manual for said unit (which manual shall contain the organizational structure, functions and procedures of said unit); (b) provision of on-the-job training on: (i) assessing fiscal issues during the formulation of the Recipient’s annual budget; and (ii) analyzing and assessing sub-national budget accounts within the Recipient’s annual budget; (c) carrying out of: (i) an analysis of the Recipient’s public expenditure program for 2011; and (ii) [intentionally left blank]; and (d) dissemination of the evaluation reports carried out by the NCBC.”
2. Component 3 in Section 2.01 of Article II 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; (b) upgrading the NC’s current goods and merchandise stock control system, and thereafter linking said system with the SIAF; and (c) strengthening of the institutional capacity of the General Directorate of Internal Audits of the Senate and the Human Resources General Directorates of both chambers of the NC through the provision of technical assistance for improving their organizational capacity to carry out their functions, including the provision of necessary information technology equipment."

3. Component 4 in Section 2.01 of Article II of the Grant Agreement is amended and replaced to read in its entirety as follows:

"Component 4: Increase Parliamentary Transparency and Efficiency

(a) Strengthening of the General Secretariats of the Senate and the Chamber of Representatives of the NC; (b) supporting the newly created Center for Legislative Research, including the acquisition of equipment and promotional materials such as brochure on what they do and how to contact them; (c) strengthening of the institutional capacity of NC's Committees and Permanent Adviser Committees; (d) strengthening of the institutional capacity of the NC's Center of Documentation and of the National Library of Congress; and (e) supporting the incorporation of information in Global Legal Information Network Paraguay Station.”

4. Section 2.04 of Article II of the Grant Agreement is replaced in its entirety to read as follows:

"2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient, through the PIE, shall monitor and evaluate the progress of the Project and, upon the World Bank's request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank's request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) by December 31, 2012, the balanced score card informational system of control and evaluation has been re-designed and is operational for evaluating and monitoring of social programs;
by December 31, 2012, the new methodology referred to under Component 2 in Section 2.01 of this Annex has been designed; and

by June 10, 2013, the NC's new payroll system and merchandise control system has been upgraded and is operational in both chambers of the NC.”

5. Section 3.01 of Article III of the Grant Agreement is replaced in its entirety to read as follows:

“3.01. Eligible Expenditures. The Recipient, through the PIE, may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>87,180</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants' Services</td>
<td>264,200</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training/Workshops</td>
<td>84,520</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>435,900</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training/Workshops” means non-consultant expenditures incurred by the Recipient in connection with the carrying out of training Activities under the Project, conducted inside or outside the territory of the Recipient, including reasonable purchase and publication of materials, rental of facilities, course fees, and travel, lodging and per diem of trainers and trainees.”

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

Penelope J. Brook
Director
Argentina, Paraguay and Uruguay
Latin American and the Caribbean Region

AGREED:

REPUBLIC OF PARAGUAY

By: [Signature]

Authorized Representative

Name: Manuel Ferreira Busquets

Title: Minister

Date: 29 AGO. 2012