June 3, 2013

Dr. The Right Hon. Keith Mitchell
Prime Minister of Grenada
Minister for National Security, Public
Administration, Disaster Management,
Home Affairs and Implementation
Ministerial Complex
Botanical Gardens
St. George’s
Grenada W.I.

Re: Grenada: Credit No. 495-GD (Regional Disaster Vulnerability Reduction Project)
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 (the Agreement). We also refer to your letter dated April 11, 2013, requesting for amendment to the Agreement.

We are pleased to inform you that the Association agrees with your request, and proposes to amend the Agreement as set forth in this letter (the Amendment).

1. Article IV of the Agreement shall be renumbered as Article V, and Sections 4.01 through 4.03, respectively, shall be renumbered as Sections 5.01 through 5.03, respectively.

2. Article V of the Agreement shall be renumbered as Article VI, and Sections 5.01 through 5.03, respectively, shall be renumbered as Sections 6.01 through 6.03, respectively.

3. Article IV shall be inserted to the Agreement as follows:

"4.01. The Additional Events of Suspension consist of the following:

(a) "The Insurance Agreement is amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF."

(b) "The legal instruments establishing, and/or the regulatory license issued to, the CCRIF have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF."
“(c) "The financial condition of, and/or management of, and/or membership in, the CCRIF has become of a nature such as to affect materially and adversely, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF."

4. Schedule I to the Agreement shall be amended by inserting Part E of the Project, as follows:

"Part E: Payment of CCRIF Insurance Premiums"

Provision of financing for the payment of 100 percent of the Recipient’s annual catastrophe risk insurance premiums for the period May 30, 2013 to May 30, 2015 of its participation in the CCRIF."

5. The table set forth in Section IV.A.2 of Schedule 2 to the Agreement shall be replaced with the table set forth in the Annex to this Amendment.

6. The Appendix to the Agreement shall be amended as follows:

(a) Paragraph 5 of the Appendix to the Agreement shall be replaced with the following:


(b) Paragraph 19 of the Appendix to the Agreement shall be amended as follows:


(c) Paragraphs 29 and 30 shall be inserted under the Appendix to the Agreement as follows:

"29. "CCRIF" means the Caribbean Catastrophe Risk Insurance Facility, an insurance facility established and operating as a limited liability company under the laws of the Cayman Islands for the purpose of providing catastrophe risk insurance to governments in the Caribbean region, including the Recipient’s government."

"30. "Insurance Agreement" means the agreement between the Recipient and the CCRIF, which shall be issued to the Recipient by CCRIF as the basis upon which the Recipient makes insurance premium payments to the CCRIF, and upon which the Recipient shall make the proceeds of the Financing allocated to Category (4) in the table set forth in Section IV.A.2 of the Agreement to the CCRIF for Part E of the Project."
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 Amendment by signing and dating this Amendment in the spaces provided below. This Amendment will be executed in two counterparts, each of which shall be deemed and original and one of which shall be returned to us. Upon receipt by the Association of the countersigned copy of this Amendment, the Amendment shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]
Franchise Clottes
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED AND CONFIRMED:

GRENADA

By [Signature]
Authorized Representative
Ministry of Finance
Grenada

Name: [Signature]
Title: Permanent Secretary
Date: 4th June 2013
"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%</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) Payment 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><strong>6,200,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. For the purpose of the table set forth immediately above, the term, "CCRIF Insurance Premiums" means the cost arising pursuant to the Insurance Agreement for the Recipient’s CCRIF insurance policy.

2. The Recipient shall, prior to the payment of the proceeds of the Financing allocated under Category (4) in the table set forth above, submit to the Association evidence of the Recipient’s choice of insurance policy option. Said insurance policy outlining the policy coverage parameters and associated costs. “