Mr. Wilfredo Cerrato  
Minister  
Ministry of Finance  
Tegucigalpa, M.D.C.  
Republic of Honduras  

Re: Honduras: JSDF Grant for Piloting New Forms of Community-administered Education for Socially Vulnerable Communities Project (Grant No. TF094670).  
Second Amendment to the Grant Agreement  

Dear Mr. Cerrato,  

We refer to the Grant Agreement between the International Development Association (the “World Bank”) and the Republic of Honduras (the “Recipient”) dated March 26, 2010 and countersigned on April 12, 2010, with respect to the above-captioned Project, as amended as of March 15, 2011 (“Agreement”). Capitalized terms used in this amendment letter (the “Amendment Letter”) and not defined herein have the meaning ascribed to them in the Agreement.  

In accordance with the letter received from your Ministry, dated April 8, 2014, wherein a request is made to amend the Agreement, we are pleased to inform you that the World Bank agrees to your request and consequently proposes to amend the Agreement as follows:  

1. Section 1.02. of Article I to the Annex to the Agreement is hereby amended as follows:  

   (a) The following definition is hereby deleted (and the existing definitions are consequently renumbered): “Advisory Committee”.  

   (b) The following definition is added, placed in alphabetical order, (and the existing definitions are consequently renumbered to keep the alphabetical order) to read as follows:  

   “Project Management Unit” or “PMU” means the oversight Unit as referred to in Section 2.03 (e) of the Annex to this Agreement. Therefore throughout this Agreement wherein a sentence reads “SE” it shall read “PMU”.
2. Part I (b) (i) of Section 2.01. of the annex to the Agreement is hereby deleted:

“(b)(i) The carrying out of training for current and new teachers in Selected Schools, with appropriate pedagogical and subject-specific skills.”

3. Part III (d) of Section 2.01. of the Annex to the Agreement is hereby incorporated:

“(d) Provision of financing for the Project Management Unit.”

4. Section 2.02. of the Annex to the Agreement is hereby amended to read in its entirety as follows:

“2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through the PMU within the Ministry of Education, shall carry out the Project in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”); (c) this Article II; (d) the ESMF; (e) the respective IPP; (f) the respective EMP; and (g) the Operational Manual.”

5. Section 2.03. (e) of the Annex to the Agreement is hereby amended to read:

“(e) The Recipient shall maintain throughout Project implementation a PMU with personnel, functions and responsibilities satisfactory to the World Bank and as set forth in the Operational Manual; said PMU shall have a minimum of 6 Recipient’s dedicated staff to work with Project implementation.”

6. Section 2.03. of the Agreement is hereby amended to incorporate a new sub-paragraph (f) to read as follows:

“(f) The Recipient shall ensure that progress reports for the Project are prepared and furnished to the World Bank not later than 30 days after the completion of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.”

7. Paragraphs (i), (ii) and (iii) of Section 2.05 (a) of the Annex to the Agreement are hereby amended to incorporate the new guidelines and shall read as follows:

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18. of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan")."

8. Section 2.05. (d) of the Annex to the Agreement is hereby amended as follows:

"(d) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be."

9. The table on Section 3.01. of the Annex to the Agreement is hereby amended to reallocate funds among the disbursement Categories to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in U.S. $)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>152,867</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants' services</td>
<td>309,739</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Workshops</td>
<td>27,165</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Works</td>
<td>858,049</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Sub-grants</td>
<td>296,543</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Operating Costs</td>
<td>69,937</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>1,714,300</strong></td>
<td></td>
</tr>
</tbody>
</table>

The provisions of this Amendment Letter shall become effective upon:

(a) the receipt by the World Bank of a countersigned copy of this Amendment Letter; and
(b) the receipt by the World Bank of an updated Operational Manual incorporating the necessary modifications as a result of the amendments set forth in this Amendment Letter, and satisfactory to the World Bank.

Please confirm your agreement with the foregoing amendment by signing and dating this letter in the spaces provided below. This Amendment Letter shall be executed in two counterparts, each of which shall be an original. All other provisions of the Agreement, except as amended through this letter shall remain in full force and effect.

Please also note that the Restructuring Paper dated April 11, 2014 will be disclosed on the World Bank’s external website.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

C. Felipe Zarazillo
Director
Latin America and the Caribbean Region

AGREEED:

REPUBLIC OF HONDURAS

By:  
Authorized Representative

Name: Evelyn Lizeth Barahona Garza

Title: Secretary of Finance by Law

Date: May 07, 2014