

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.  
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May 5, 2010

His Excellency  
Hugo Martinez  
Minister of Foreign Affairs  
Ministry of Foreign Affairs  
Calle El Pedregal, Blvd. Cancillería  
Ciudad Merliot, Antiguo Cuscatlán  
La Libertad, El Salvador, C.A.

Re: GEF Grant No. TF055925-SV (Protected Areas Consolidation and Administration Project)  
First Amendment to the Grant Agreement

Excellency:

Please refer to the agreement between the Republic of El Salvador (the Recipient) and the International Bank for Reconstruction and Development (the Bank) dated May 15, 2006, with regard to the above-captioned Project (the Grant Agreement). Capitalized terms used in this amendment letter and not defined herein have the meaning ascribed to them in the Grant Agreement.

**Section I. Grant Agreement**

Based on discussions between the Recipient and the Bank and in accordance with your letter dated December 7, 2009 wherein a request is made to amend the Grant Agreement, to allow for financing implementation of Community Subprojects under Part B.3 of the Project, we are pleased to inform you that the Bank hereby agrees to your request and consequently proposes to amend the Grant Agreement as follows:

1. The following definitions are included in Section 1.02 of the Grant Agreement, placed in alphabetical order, (and the existing definitions are consequently renumbered to keep the alphabetical order) to read as follows:

“Beneficiaries” means any individual, group of individuals or a non-government organization, all of which have met the criteria set forth in the Operational Manual to be benefited by a Community Grant (as defined below).

“Community Grant” means a grant made out of the proceeds of the Grant to finance a Community Subproject (as defined below) of an amount up to twenty five thousand dollars (US\$25,000).

“Community Subproject” means any of the demand-driven investments mentioned in Part B.3 of the Project.

“Community Subproject Agreement” means any of the agreements referred to in Section 3.01 (e) (i) (A) to this Agreement.

“Involuntary Physical Relocation” means a mandatory movement of people, when no choice whether to stay or leave is given to said people, or when their choice to stay is not appropriately taken into consideration.

“Process Framework” means the framework dated September 2, 2005 and duly adopted by the Recipient, which sets out the mitigation measures to be taken under the Project with respect to involuntary restriction of access to resources under the Project, including the formulation of projects for substitute economic activities, as such framework may be revised from time to time with the agreement of the Bank.

2. A new Section 3.01 (e) is included in the Grant Agreement to read as follows:

“(i) Upon approval of a Community Subproject, the Recipient shall:

(A) make available, on a grant basis, part of the proceeds of the Grant allocated to Category (3) (the Community Grant) to the corresponding Beneficiary under a community subproject agreement (the Community Subproject Agreement) to be entered into between the Recipient and said Beneficiary under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 5 to this Agreement;

(ii) (A) The Recipient shall exercise its rights and carry out its obligations under each Community Subproject Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant; and

(B) except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Community Subproject Agreement or any provision thereof.”

3. A new Section 3.01 (f) is included in the Grant Agreement to read as follows:

“The Recipient shall ensure, and cause MARN, CNR and ISTA to ensure, that any Project activity, including any activity financed under the Community Subprojects, does not involve any Involuntary Physical Relocation of people.”

4. Section 3.03 (a) to the Grant Agreement is hereby amended to read as follows:

“ The Recipient, through MARN, shall issue an operational manual (the Operational Manual), satisfactory to the Bank, setting forth rules and procedures for the carrying out of the Project, such manual to include, *inter alia*:

(i) the duties and responsibilities of MARN, ISTA and CNR in Project implementation;

- (ii) the technical, legal, administrative, financial, procurement and monitoring procedures for Project implementation;
- (iii) the Process Framework;
- (iv) the Environmental Procedures;
- (v) the updated management plans referred to in Part B.3 of the Project; and
- (vi) the criteria and procedures for selecting Beneficiaries and approving Community Subprojects.”

5. The table set forth in Section A.1 of Schedule 1 to the Grant Agreement is hereby amended to read as set forth in Annex I to this Amendment Letter.

6. Part B.3 of Schedule 2 to the Grant Agreement is hereby amended to read as follows:

“Development and implementation of participatory management plans in priority portions of the Pilot Protected Areas, including the provision of Community Grants, to carry out demand-driven conservation-compatible investments.”

7. Section I.A of Schedule 3 to the Grant Agreement is hereby amended to read as follows:

“All goods, works and services (other than consultants’ services) shall be procured in accordance with the provisions of Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 (the Procurement Guidelines), and with the provisions of this Schedule.”

8. Section I.B of Schedule 3 to the Grant Agreement is hereby amended to read as follows:

“All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 (the Consultant Guidelines), and with the provisions of this Schedule.”

9. A new Section II.B.3 is included in Schedule 3 to the Grant Agreement to read as follows:

“Community Participation. Goods, works and Non-Consultant Services under Community Subprojects shall be procured under contracts awarded on the basis of Community Participation procedures.”

10. Section II.B of Schedule 3 to the Grant Agreement is hereby amended to read as follows:

“Other Methods of Procurement of Consultants’ Services. The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be

used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Quality-based Selection
(b) Individual Consultants
(c) Consultants' Qualifications Selection
(d) Least Cost Selection
(e) Single Source Selection (with prior no objection from the Bank)

11. A new Schedule 5 is included in the Grant Agreement to read as set forth in Annex 2 to this Amendment Letter.

## **Section II. Effectiveness**

This Amendment Letter will become effective after the following conditions have been met:

- (a) The Recipient has amended the Operational Manual, and said revised manual has been found satisfactory to the Bank.
- (a) The Recipient has countersigned this Amendment Letter.

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. Thenceforward, all other provisions of the Grant Agreement, except as amended through this letter shall remain in full force and effect.

Upon confirmation, please return one fully executed original to us. Once this amendment letter has been countersigned by you, and the rest of the effectiveness conditions mentioned in Section II of this Amendment Letter are met, the provisions set forth herein shall become effective as of the date of countersignature.

Very truly yours,

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Humberto Lopez  
Acting Director  
Central America Country Management Unit  
Latin America and the Caribbean Region

AGREED:

**REPUBLIC OF EL SALVADOR**

By: /s/ Hugo Martínez  
Authorized Representative

Name: Hugo Martínez

Title: *Ministro de Relaciones Exteriores*

Date: August 16, 2010

**Annex 1**

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consultant Services, consultants' services training and operating costs, except those covered in Categories (2) and (3) below.	2,000,000	100%
(2) Goods, works, non-consultant Services, consultants' services, training and operating costs under Part B of the Project, except those covered in Category (3) below.	2,600,000	100%
(3) Goods, works, Non-Consultant Services and/or consultants' services financed by Community Grants	200,000	100%
(4) Unallocated	200,000	
<b>TOTAL AMOUNT</b>	<b>5,000,000</b>	

**Annex 2****SCHEDULE 5****Terms and Conditions of Community Subproject Agreements**

Each Community Subproject Agreement shall contain, *inter alia*, the following provisions:

- (a) the obligation of the Recipient to promptly disburse to each Beneficiary the proceeds of the corresponding Community Grant to finance the cost of the pertinent Community Subproject, and in a manner acceptable to the Bank;
- (b) the right of the Recipient to take remedial actions against the pertinent Beneficiary in case said Beneficiary shall have failed to comply with any of its obligations under the pertinent Community Subproject Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the Community Grant (as the case may be), all as previously agreed with the Bank); and
- (c) the obligation of each Beneficiary:
  - (i) to carry out the pertinent Community Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, social and cultural property practices, and in accordance with the pertinent provisions of the Operational Manual, the Environmental Procedures and the Process Framework (as applicable);
  - (ii) to use the Community Grant for purposes of partially financing the carrying out of the pertinent Community Subproject;
  - (iii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Community Subproject Agreement or any provision thereof unless previously agreed by the Recipient and Bank; and
  - (iv) to take or permit to be taken all action to enable the Recipient to comply with its obligations referred to in this Agreement, as applicable to the carrying out of Community Subprojects.