

ADMINISTRATIVE ARRANGEMENT

April 24, 2007

With reference to the Cooperation Framework Arrangement (the "Framework Agreement") dated as of October 3, 2004 between the Government of the United Kingdom of Great Britain and Northern Ireland (the "U.K.") represented by the Department for International Development ("DFID"), and the Inter-American Development Bank (the "IDB"), I am pleased to inform you of the intention of DFID to make available a contribution (the "Contribution") of seventy-seven thousand, four hundred Pounds Sterling (£77,400.00), to be administered by the IDB for the project: "Harmonization of Investments of PRAF and Red Solidaria in Honduras" (IDB project No. HO-X1010)" (the "Project").

The provisions of the Framework Agreement will apply to this Administrative Arrangement. The IDB will administer the Contribution in accordance with the provisions of the Framework Agreement, except as otherwise provided herein. The financial reporting will be expressed in U.S. dollars.

The Contribution is for COFAB and will be used exclusively for the purposes set out in the attached Project document.

Special reporting requirements: pursuant to the Framework Agreement (provisions 5.1.2 (a) and (b)), the IDB will not provide audited financial statements for the Project. Nevertheless, DFID may request that the IDB have its external auditors issue a special report related to this Administrative Arrangement, based on agreed-upon procedures and paid according to the second paragraph of provision 4.2.6 of the Framework Agreement.

DFID will deposit the Contribution, upon written request from the IDB, in one single installment, into the account indicated by the IDB promptly following the date hereof, in accordance with the following schedule:

£77,400.00 (seventy-seven thousand four hundred Pounds Sterling):

Upon signature of this Administrative Arrangement.

The payment schedule may be amended with DFID's written approval dependent on actual expenditure and need.

The officers responsible for coordination of all matters related to this Administrative Arrangement are:

For DFID:

LACD Programme and Policy Manager
Department for International Development

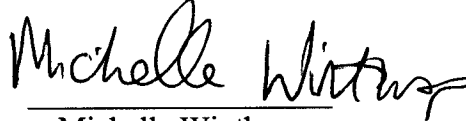
For the IDB:

Chief, Cofinancing Division
Financial Support Services Subdepartment
Regional Operations Department 2
(RE2/FSS/CEP)

The IDB's commitment to use the Contribution as contemplated herein is subject to the IDB's formalization of all internal approvals necessary for the Project.

I would like to propose that this letter, upon your confirmation where indicated below, constitutes an arrangement under the Framework Agreement between DFID and the IDB.

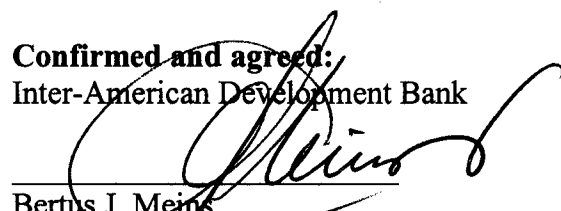
Sincerely yours,



Michelle Winthrop

LACD Programme and Policy Manager
Department for International Development

Confirmed and agreed:
Inter-American Development Bank



Bertus J. Meins
Chief, Cofinancing Division
Financial Support Services Subdepartment
Regional Operations Department 2



File Classification: COFAB HO-X1010
RE2/FSS-CEP-013-07

June 4, 2007

Ms. Michelle Winthrop
LACD Programme and Policy Manager
Department for International Development (DFID)
Abercrombie House, Room AH5E
Eaglesham Road
East Kilbride
Glasgow G75 8EA
Scotland
United Kingdom

Re.: Amendment to Administrative Arrangement dated as of April 24, 2007 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Inter-American Development Bank

Dear Ms. Winthrop:

I refer to the Administrative Arrangement between representatives of the Department for International Development ("DFID") of the Government of the United Kingdom of Great Britain and Northern Ireland (the "U.K."), and the Inter-American Development Bank (the "IDB") dated April 24, 2007, in respect of a contribution (the "Contribution") of seventy-seven thousand four hundred Pounds Sterling (£77,400.00) in connection with IDB Project "Harmonization of Investments of PRAF and Red Solidaria in Honduras"- H0-X1010 (the "Administrative Arrangement").

Notwithstanding the provisions of the Administrative Arrangement, DFID and the IDB have determined that DFID will deposit the Contribution in three installments in accordance with the following schedule:

50% of the Contribution or £38,700 upon execution of this amendment;
25% of the Contribution or £19,350 on October 24, 2007;
25% of the Contribution or £19,350 on January 24, 2008.

Terms not specifically defined herein will have the same meaning ascribed to them in the Administrative Arrangement.

For the avoidance of doubt, all other provisions of the Administrative Arrangement not expressly modified herein will remain in full force and effect.

If this letter accurately reflects your understanding on this matter, please acknowledge your acceptance by signing in the space provided below, faxing back a copy to , and mailing one of the originals of this letter to my attention.

This letter of understanding will enter into force as from June 4, 2007, and will constitute an amendment to, and form an integral part of, the Administrative Arrangement.

On behalf of the IDB, I would like to extend the IDB's sincere gratitude for the U.K.'s continued cooperation and support.

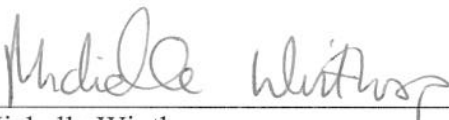
Sincerely,



Bertus J. Meins
Chief, Cofinancing Division
Financial Support Services Sub-department
Regional Operations Department 2

ACKNOWLEDGED AND APPROVED

On behalf of the Government of the United Kingdom of Great Britain and Northern Ireland:

By: 
Michelle Winthrop
LACD Programme and Policy Manager
Department for International Development

Date: June 7th, 2007