

June , 2006

FORM OF ADMINISTRATIVE ARRANGEMENT

With reference to the Cooperation Framework Arrangement (the "Framework Arrangement") 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 of Sixty Five Thousand Pounds Sterling (£65,000) (the "Contribution"), to be administered by the IDB for the Support for Indigenous Entrepreneurial Development Technical Cooperation (RS-X1045)(the "Project").

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

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

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

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

£65,000 (sixty five thousand Pounds Sterling)	Upon signature of this Administrative Arrangement
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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:
Head of DFID Central America Office
Latin America and Caribbean Department

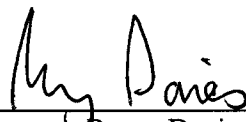
For the IDB:
Cofinancing Division Chief
Financial Support Services Subdepartment
Regional Operations Department 2 (RE2)

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

Subject to their respective policies and procedures with respect to the disclosure of information, the Participants may make this Administrative Arrangement hereunder publicly available.


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

Sincerely yours,

By 
Penny Davies
Head, DFID Central America Office
Latin America and Caribbean Department

Confirmed and accepted:

Inter-American Development Bank


Bertus Meins
Cofinancing Division Chief
Financial Support Services Subdepartment
06/01/06