

ADMINISTRATIVE ARRANGEMENT

December 17, 2009

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 (the "Contribution") of four hundred sixty-eight thousand seven hundred fifty Pounds Sterling (£468,750.00), to be administered by the IDB for the project: "Skills Development for Global Competitiveness in the Caribbean", IDB project No. (RG-X1075) (the "Project").

The provisions of the Framework Arrangement will apply to this Administrative 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 out in the Project document, substantially in the form set forth in Annex A attached hereto, including for the eligible countries listed therein (the provisions of Sub-paragraph 2.3 of the Framework Arrangement notwithstanding). Pursuant to Sub-paragraph 5.1.1 of the Framework Arrangement, the IDB and DFID agree that the IDB will *not* provide progress reports for the Project.

Special reporting requirements: pursuant to the Framework Arrangement (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 Arrangement.

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:

£468,750.00 (four hundred sixty-eight thousand seven hundred fifty 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:

Jan Wimaladharma
Private Sector Development Advisor
DFID Caribbean
Tel.: + 592 226 5883/4 Ext 2041
Fax: + 592 226 3366
E-mail: j-wimaladharma@dfid.gov.uk

For the IDB:

- a. All communications pertaining to Donors relations and resource mobilization will be directed to:

Attention: Advisor
Office of Outreach and Partnerships
Inter-American Development Bank
1300 New York Ave., NW
Washington, D.C. 20577 U.S.A.
Tel: 202 623 2107
Fax: 202 623 4072
E-mail: partnerships@iadb.org

- b. Day-to-day communications regarding the implementation of this Administrative Arrangement shall be directed to:

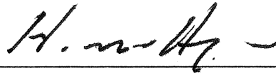
Attention: Chief, Grants and Co-financing Management Unit
Vice Presidency for Countries
Inter-American Development Bank
1300 New York Ave., NW
Washington, D.C. 20577 U.S.A.
Tel: 202 623 1774
Fax: 202 623 3171
E-mail: vpc-gcm@iadb.org

The IDB's commitment to use the Contribution as 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, DFID and the IDB may make this Administrative Arrangement 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,



Harry Hagan
Head of Office
DFID Caribbean
Department for International Development

Confirmed and agreed:

Inter-American Development Bank



Marguerite S. Berger
Chief, Grants and Co-financing Management Unit
Vice Presidency for Countries

Date: _____

12/17/09