His Excellency  
Mr. Dorval Carias  
Minister of Public Finance  
Ministry of Public Finance  
Guatemala City, Guatemala  

Re: GUATEMALA: Loan No.8000-GT (Enhancing Micro, Small and Medium Enterprise Productivity Project)  
Amendment to the Loan Agreement  

Excellency:  

We refer to the Loan Agreement for the above-captioned Project between the Republic of Guatemala (the Borrower) and the International Bank for Reconstruction and Development (the Bank) dated November 29, 2012 (the Loan Agreement). Please note that capitalized terms used in this letter (the Amendment Letter) and not defined herein have the meaning ascribed in them in the Loan Agreement.  

Pursuant to your letter dated March 31, 2014, wherein a request is made to the Bank to amend the Loan Agreement, we are pleased to inform you that the Bank agrees with your request and proposes to amend the Loan Agreement as follows:

1. Component 2 of Schedule 1 to the Loan Agreement is amended to read as follows:  
   “Improving the competitiveness and productivity of MSMEs through the provision of: (a) technical assistance and Training to Beneficiaries; and (b) Sub-grants to Beneficiaries operating in the Selected Value Chains for the carrying out of Sub-projects.”  

2. Section I.A.2 of Schedule 2 to the Loan Agreement is amended to read as follows:  
   “2. The Borrower, through MINECO, shall establish a committee (the Advisory Committee) with composition, functions and responsibilities satisfactory to the Bank and detailed in the Operational Manual.”  

3. Section I.A.3 of Schedule 2 to the Loan Agreement is amended to read as follows:  
   “3. The Borrower, through MINECO, shall submit to the Bank for its no objection, the proposed Selected Value Chains, before providing any Sub-grant to the Beneficiaries.”
4. Section I.C.1 (a) (i) of Schedule 2 to the Loan Agreement is amended to read as follows:

"(i) each applicant Beneficiary shall be a member of a Selected Value Chain (including, inter alia, cooperatives, foundations, non-government organizations, professional associations, public entities) and/or MSMEs, or private companies (including BDS providers); and"

5. Section I.C.1 (b) of Schedule 2 to the Loan Agreement is amended to read as follows:

"(b) a review and recommendation by the Advisory Committee of each of the Sub-grant proposals, on the basis of a detailed evaluation of the PIU, pursuant to eligibility criteria and procedures acceptable to the Bank as further specified in the Operational Manual, which shall include the following:"

6. Section I.C.1 (b) (ii) of Schedule 2 to the Loan Agreement is amended to read as follows:

"(ii) unless otherwise agreed by the Bank, the total amount of the proposed Sub-grant or Sub-grants benefitting the same Value Chain shall be no more than two million Dollars ($2,000,000) equivalent;"

7. Section I.E.2 (iii) of Schedule 2 to the Loan Agreement is amended to read as follows:

"(iii) the eligibility criteria for the participation of MSMEs"

8. Section I.F.2 (b) of Schedule 2 to the Loan Agreement is amended to read as follows:

"(b) except as otherwise agreed with the Bank, submitted to the Bank for review and no objection; and"

9. Section IV.B.1 (b) of Schedule 2 to the Loan Agreement is amended to read as follows:

"(b) under Category 2(b) above, until the Borrower, through MINECO, has established the Advisory Committee in a manner satisfactory to the Bank."

10. The Section I of the Appendix is amended as follows:

(i) a new definition of "Advisory Committee" is added to the Appendix to read as follows (as a result of this change, the remaining definitions are renumbered to maintain the alphabetical order):

""Advisory Committee" means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement."
the following definitions are amended to read as follows:

"Beneficiary" means a member of a Selected Value Chain (including, inter alia, cooperatives, foundations, non-government organizations, professional associations, public entities) and/or MSMEs, or private companies (including BDS providers), all which meet the criteria set forth in the Operational Manual.

"Selected Value Chains" means the value chains to be identified as strategic by the PIU and selected through a procedure acceptable to the Bank and set forth in the Operations."

(iii) The definition of "Steering Committee" is deleted.

Please confirm your agreement to the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. This Amendment Letter will be executed in two counterparts, each of which shall be an original. The provisions set forth in this Amendment Letter will become effective as of the date of countersignature, upon receipt by the Bank of one fully executed original of this Amendment Letter.

Please also note that the approved restructuring paper dated July 11, 2014 shall be disclosed on the Bank's external website.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: J. Humberto Lopez
Country Director
Central America
Latin American and the Caribbean Region

AGREED:

REPUBLIC OF GUATEMALA

By: Authorized Representative

Name: Dorval Carías Sama quota
Title: Ministro de Finanzas Públicas
Date: August, 11 2014