Agreement

Amending Guarantee Agreement

(Chixoy Power Project)

between

REPUBLIC OF GUATEMALA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 22, 1985
AGREEMENT AMENDING
GUARANTEE AGREEMENT

AGREEMENT, dated March 22, 1985, between REPUBLIC OF GUATEMALA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Bank and Instituto Nacional de Electrificación (hereinafter called the Borrower) have executed and delivered a loan agreement (Chixoy Power Project) dated July 21, 1978 for an amount in various currencies equivalent to seventy-two million dollars ($72,000,000) (hereinafter called the Loan Agreement) for the purpose of assisting in the financing of the Project described in Schedule 2 to the Loan Agreement (hereinafter called the Project), and the Guarantor and the Bank have executed and delivered a guarantee agreement (Chixoy Power Project) of even date therewith (hereinafter called the Guarantee Agreement) whereby the Guarantor has agreed to guarantee the obligations of the Borrower under the Loan Agreement on the terms and conditions set forth in the Guarantee Agreement;

(B) the Borrower has requested the Bank to provide additional assistance towards the financing of the Project by increasing the amount made available under the Loan Agreement by an amount in various currencies equivalent to forty-four million six hundred thousand dollars ($44,600,000); whereas the Bank has agreed, on the basis inter alia of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in the Agreement Amending the Loan Agreement; and

(C) by the Agreement Amending the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank and the Borrower have agreed to amend the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such Loan as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The Guarantor concurs with the entering by the Borrower into the Agreement Amending the Loan Agreement, and hereby agrees that the Guarantee Agreement, as hereby amended,
shall remain in full force and effect in respect of the Loan Agreement.

ARTICLE II

Section 2.01. The words "equivalent to seventy-two million dollars ($72,000,000)" in the second whereas provision is replaced by "equivalent to one hundred sixteen million six hundred thousand dollars ($116,600,000)."

Section 2.02. Section 1.01 is amended to read as follows:

"Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to the Loan and the Guarantee Agreements of the Bank, dated January 1, 1985, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions), provided, however, that in respect of the First Tranche (as defined in Section 2.01 of the Loan Agreement), the provisions of Articles III and IV of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated March 15, 1974 shall apply."

Section 2.03. Section 2.02 is amended as follows: In paragraph (a), the sixth through eighth lines are deleted and replaced by the following:

"to the equivalent of not less than $36,000,000, $23,000,000, $19,000,000, $17,000,000, $17,000,000 and $88,600,000 during fiscal years 1978, 1979, 1980, 1981, 1982 and 1983, respectively, provided, however, that".

Section 2.04. Section 3.01 is deleted and Sections 3.02 through 3.10 are renumbered as Sections 3.01 through 3.09.

Section 2.05. (a) Paragraph (a) of former Section 3.03 is deleted and replaced by the following:

"(a) Except as the Bank shall otherwise agree, the Guarantor shall take or cause the Power Sector to take, from time to time, all such measures (including but not limited
to, adjustments in the rates for the sales of electricity by the Power Sector) as shall be required to provide the Power Sector with revenues sufficient to yield in 1985, 1986, 1987, 1988, 1989, 1990 and thereafter, an annual rate of return of not less than 3%, 5%, 5%, 6%, 7% and 8% of the aggregate average value of net fixed assets in operation."

(b) A new paragraph (d) is added to former Section 3.03 to read as follows:

"(d) The Guarantor shall, not later than October 31, 1985, prepare and furnish to the Bank for review a report on the aggregate average value of net fixed assets in operations of the Power Sector."

Section 2.06. Paragraph (a) of former Section 3.07 is amended as follows: the date "December 31, 1978" is replaced with "December 31, 1987"; and the following words are added at the end of such paragraph: "; provided, however, that by December 31, 1986 such accounts receivable shall not exceed the sum of $15,500,000 equivalent."

Section 2.07. Former Section 3.09 is amended as follows: (i) reference to Section 3.06 of the Loan Agreement in paragraph (a) is replaced by reference to Section 3.03 of the Loan Agreement; and (ii) reference to Section 3.07 (b) of the Guarantee Agreement in paragraph (b) is replaced by reference to Section 3.06 (b) of the Guarantee Agreement.

Section 2.08. Reference to Section 3.04 of the Guarantee Agreement in Schedule 1 thereto is replaced by reference to Section 3.03 of the Guarantee Agreement.
IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GUATEMALA

By /s/ Leonardo Figueroa Villate
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ André J. S. Lies
Acting Regional Vice President
Latin America and the Caribbean
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Bank for Reconstruction and Development.

In witness whereof I have signed this Certificate and affixed the Seal of the Bank thereunto this 22nd day of March, 1985.

FOR SECRETARY