June 29, 2010

CONFORMED COPY FOR PUBLIC DISCLOSURE

Licenciado Alberto Fuentes Knight
Ministro de Finanzas Públicas
Ministerio de Finanzas Públicas
8 Av. 20-87, Zona 1
Ciudad de Guatemala, Guatemala

Re:  Guatemala: Loan No. 7417-GU (Land Administration II Project)
First Amendment to Loan Agreement

Dear Sir,

We refer to the Loan Agreement between International Bank for Reconstruction and Development (the “Bank”) and the Republic of Guatemala (the “Borrower”) dated February 26, 2008, with respect to the above-captioned Project (“Loan Agreement”). Please note that capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Loan Agreement.

Pursuant to your letter dated June 9, 2010, wherein a request is made to amend the Loan Agreement, we are pleased to inform you that the Bank proposes to amend the Loan Agreement as follows:

(1) Paragraph 1 in Part 2 of Schedule 1 to the Loan Agreement is hereby amended to read as follows:

“1. Establishment of Municipal Cluster Offices in the Cadastral Zones for the purpose of supporting: (a) the institutional tasks of the RIC; and (b) the supervision of the processes of establishing and maintaining the cadastre.”

(2) Paragraph 3 in Part 2 of Schedule 1 to the Loan Agreement is hereby amended to read as follows:

“3. Provision of technical assistance and training by the RIC to certain Municipalities identified in the Operational Manual for the following purposes: (a) the formulation by such Municipality of land use plans; (b) the management of cadastral information at the municipal level by such Municipality; and (c) strengthen local capacity to administer and collect property taxes.

(3) The heading in Part 3 of Schedule 1 to the Loan Agreement is hereby amended to read as follows:
“Part 3: Institutional Strengthening for Land Administration”

(4) Paragraph 1 in Part 3 of Schedule 1 to the Loan Agreement is hereby deleted and replaced to read as follows:

“This. Provision of technical assistance and training to the RIC for the preparation of the Specific Regulation on Communal Lands.”

(5) Paragraph A in Section I of Schedule 2 to the Loan Agreement is hereby amended to read as follows:

“A. Subsidiary Agreement.

1. To facilitate the carrying out of the Project, the Borrower shall:

   (a) transfer, on a grant basis, the proceeds of the Loan to the RIC pursuant to a subsidiary agreement (the “Subsidiary Agreement”) to be entered into between the Borrower and the RIC, under terms and conditions acceptable to the Bank, that shall include, *inter alia*, the RIC’s obligation to enable the Borrower to comply with its obligations under this Agreement with respect to the Project;

   (b) pursuant to the Subsidiary Agreement, promptly transfer, or cause the transfer of, any proceeds of the Loan to the RIC that may be deposited by the Bank in the Designated Account from time to time during the implementation of the Project as specified in this Agreement;

   (c) through the MPF, pursuant to the Subsidiary Agreement, assist RIC in the implementation of Part 2.3 (c) of the Project;

   (d) take or cause to be taken all actions, including, *inter alia*, the provision of funds, facilities, services and other resources, necessary or appropriate to enable the RIC to carry out the Project; and

   (e) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project by the RIC.

(6) Paragraph B.3 in Section I of Schedule 2 to the Loan Agreement is hereby deleted and replaced to read as follows:

“3. The Borrower shall cause the RIC, through the Subsidiary Agreement:

   (a) for purposes of facilitating the implementation of the Project, to establish, and thereafter maintain until the completion of the Project, a project technical committee (the “Project Technical Committee”) within RIC, with structure, functions and responsibilities set forth in the Operational Manual; and
(b) for purposes of facilitating the coordination among the Participating Agencies, to establish and thereafter maintain, until the completion of the Project, a project coordination committee (the “Project Coordination Committee”), integrated by representatives of all Participating Agencies, with functions and responsibilities set forth in the Operational Manual.”

(7) Paragraph A.1 in Section II of Schedule 2 to the Loan Agreement is hereby amended to read as follows:

“1. The Borrower shall cause the RIC, through the Subsidiary Agreement, to monitor and evaluate the progress of the Project and to prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the Indicators. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.”

(8) Paragraph B.2 in Section II of Schedule 2 to the Loan Agreement is hereby amended to read as follows:

“2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause the RIC, through the Subsidiary Agreement, to prepare and furnish to the Bank not later than 45 days after the end of each calendar semester, interim un-audited financial reports for the Project covering the immediately preceding semester, in form and substance satisfactory to the Bank.”

(9) Paragraph B.8 in Section I of Schedule 2 to the Loan Agreement is hereby amended to include a new paragraph (j) to read as follows:

“(j) the structure, functions and responsibilities of the Project Technical Committee and the Project Coordination Committee”.

(10) The table in Paragraph A.2 in Section IV of Schedule 2 to the Loan Agreement is hereby amended as set forth in the Annex to this Amendment letter.

(11) Section I (Definitions) of the Appendix to the Loan Agreement is hereby amended as follows:

(a) The definition of the term “Draft Land Regularization Law” is hereby deleted.

(b) The following definition is added, placed in alphabetical order, (and the existing definitions are consequently renumbered to keep the alphabetical order) to read as follows:

““MPF” means Ministerio de Finanzas Públicas, the Borrower’s Ministry of Public Finance.”

Please confirm your agreement with the foregoing amendment by signing and dating this letter in the spaces provided below. This amendment letter shall be executed in two counterparts, each of which shall be an original. The provisions of this Amendment will become effective upon receipt by the World Bank of: (a) a fully executed original of this letter amendment and (b)
evidence satisfactory to the World Bank that the Subsidiary Agreement (as defined in the Loan Agreement) has been amended and fully executed in accordance with the provisions of this Amendment Letter.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Laura Frigenti
Director
Central America Country Management Unit
Latin America and the Caribbean Region

AGREED:

REPUBLIC OF GUATEMALA

By: Edgar Alfredo Balsells Conde
Authorized Representative

Title: Ministro de Finanzas Públicas

Date: June 9, 2010
Annex

“2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants’ services, Non-Consulting Services, Registration Costs, Operating Costs, and Training under Part 1 of the Project</td>
<td>16,383,306</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Technical Services under Parts 1.3 through 1.7 of the Project</td>
<td>22,357,750</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, consultants’ services, Non-Consulting Services, Operating Costs, and Training under Part 2 of the Project</td>
<td>12,142,667</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, consultants’ services, Non-Consulting Services, Operating Costs, and Training under Part 3 of the Project</td>
<td>5,093,237</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works, consultants’ services, Non-Consulting Services, Operating Costs, and Training under Part 4 of the Project</td>
<td>6,167,290</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Front-end Fee</td>
<td>155,750</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>-0-</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>62,300,000</strong></td>
<td></td>
</tr>
</tbody>
</table>