

ADMINISTRATIVE ARRANGEMENT

December 13th, 2007

With reference to the Cooperation Framework Arrangement (the "Framework Agreement") 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 thirty three thousand Pounds Sterling (£33,000.00), to be administered by the IDB for the project: "Support for the Bank's Country Strategy with Guatemala" (IDB project No. GU-X1004)" (the "Project").

The provisions of the Framework Agreement will apply to this Administrative Arrangement, except as otherwise provided herein. The financial reporting will be expressed in U.S. dollars.

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

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

DFID will deposit the Contribution, upon written request from the IDB, in one single installment upon signature of this Administrative Arrangement.

The officers responsible for coordination of all matters related to this Administrative Arrangement are:

For DFID:

Maria Jose Jarquin
Governance Adviser
DFID Central America
Tel: (505) 270-2985
Fax: (505) 270-2988
Residencial Bel-Air No. 77
Centro LAFISE 35 mts. Al Oeste
Managua, Nicaragua

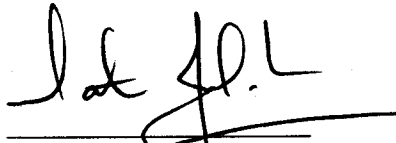
For the IDB:

Marguerite S. Berger
Chief, Grants and Cofinancing
VPC/GCM
Tel: 202 623 1774
Fax: 202 623 3489
1300 New York Ave. N.W.
Washington DC 20577

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

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

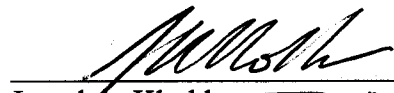
Sincerely yours,



Martin Johnston
Head, DFID Central America

Confirmed and agreed:

Inter-American Development Bank



Jamal A. Khokhar
Office of Outreach and Partnerships, Advisor