

ADMINISTRATIVE ARRANGEMENT

September 26, 2006

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 thirty thousand Pounds Sterling (£30,000.00), to be administered by the IDB for the project: "Monitoring and Mid-Term Evaluation of the Bank's Country Program in Guatemala (IDB project No. [GU-X1003])" (the "Project").

The provisions of the Framework Agreement will apply to this Administrative Arrangement. The IDB will administer the Contribution in accordance with the provisions of the Framework Agreement, 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 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:

£30,000.00 (thirty thousand Pounds Sterling):	Upon signature of this Administrative Arrangement.
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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:
Head, DFID Central America
and First Secretary of Development

For the IDB:
Chief, Cofinancing Division
Financial Support Services Subdepartment
Regional Operations Department 2
(RE2/FSS/CEP)

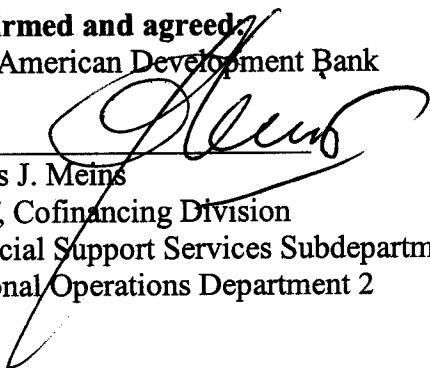
I would like to propose that this letter, upon your confirmation where indicated below, constitutes an arrangement under the Framework Agreement between DFID and the IDB.

Sincerely yours,



Martin Johnston
Head, DFID Central America
and First Secretary of Development

Confirmed and agreed:
Inter-American Development Bank



Bertus J. Meins
Chief, Cofinancing Division
Financial Support Services Subdepartment
Regional Operations Department 2