



MARIANNE FAY  
Director  
Bolivia, Chile, Ecuador and Peru

March 19, 2020

His Excellency  
Mr. Richard Iván Martínez Alvarado  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Av. Amazonas entre Pereira y  
Unión Nacional de Periodistas  
Plataforma Gubernamental de Gestión Financiera  
Pisos 10 y 11, Quito 170507  
Ecuador

Excellency:

**Subject: Amendment Letter: Financing of Value Added Taxes under Ecuador Loan Agreements Nos. 8542 and 8667**

We refer to the Ministerial Agreement No. 0001 issued by the Ministry of Economy and Finance of the Republic of Ecuador (the "Borrower") on January 2, 2020, enabling government entities to finance value added tax (VAT) (*Impuesto al Valor Agregado (IVA)*) with loan resources under international agreements, and to the subsequent letter from the Borrower dated February 18, 2020 (Reference: *Oficio No. MEF-SFP-2020-0171-O*) requesting to include the financing of VAT with loan funds under the above referenced loan agreements entered into with the International Bank for Reconstruction and Development ("Bank").

We are pleased to inform you that after careful consideration of the above modification, the Bank has acceded to the said request. Consequently, the following Loan Agreements shall be amended to include the possibility of financing the corresponding VAT cost(s):

Loan No.	Project Name
8542	Supporting Education Reform in Targeted Circuits Project
8667	Transformation of the Tertiary Technical and Technological Institutes Project

Consequently, the table included in Section IV (Withdrawal of Loan Proceeds) of Schedule 2 to each of the above-mentioned Loan Agreements shall be modified to read "(inclusive of value added tax-VAT)" under the Percentage of Expenditures to be financed for Eligible Expenditures in each Category.

The procurement plans for each Project shall be amended, if necessary, to reflect this change.

Please confirm your agreement to the foregoing amendment by signing and dating the confirmation on the enclosed copy of this Amendment Letter and returning it to us. This amendment will come into force and effect as of January 2, 2020, upon receipt by the Bank of one countersigned original of this Amendment Letter.

Sincerely,

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

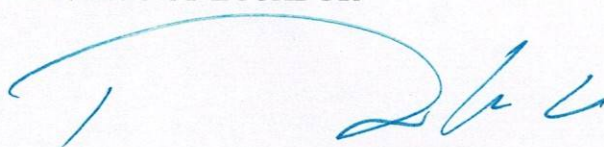


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CONFIRMED AND AGREED:

**REPUBLIC OF ECUADOR**



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By: Mr. Richard Iván Martínez Alvarado

Title: Minister of Economy and Finance

Date: 25 / 03 / 20

cc: Mrs. Monserrat Creamer, Minister, Ministry of Education  
Mr. Agustín Albán, Minister, Secretary of Higher Education, Science and Technology (SENESCYT)  
Mr. Fabian Carrillo, Vice Minister of Finance, Ministry of Economy and Finance  
Mr. Juan Hidalgo, Undersecretary of Public Financing, Ministry of Economy and Finance  
Mr. Mauricio Ullrich, Coordinator, Ministry of Economy and Finance  
Mr. Juan Carlos Alvarez, Resident Representative of Ecuador to The World Bank