

CONFORMED COPY

CREDIT NUMBER 4381-HO

Financing Agreement

(Education Quality, Governance and Institutional Strengthening Project)

between

REPUBLIC OF HONDURAS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 2, 2008

CREDIT NUMBER 4381-HO

FINANCING AGREEMENT

AGREEMENT dated July 2, 2008, entered into between REPUBLIC OF HONDURAS (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to nine million eight hundred thousand Special Drawing Rights (SDR 9,800,000) (variously, the Credit and the Financing) to assist in financing the project described in Schedule 1 to this Agreement (the Project).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are June 1 and December 1 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is United States Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through SE in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) Key personnel in SE shall have been replaced so as to affect, in the opinion of the Association, materially and adversely, the implementation of the Project.
 - (b) Decree No. 266-98 or any provision thereof shall have been amended, suspended, abrogated, repealed, waived or not enforced in such a manner so as to affect materially and adversely, in the opinion of the Association, the ability of the Recipient to carry out to the Project.
- 4.02. The Additional Events of Acceleration consist of the following:
 - (a) The event specified in paragraph (a) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.
 - (b) The event specified in paragraph (b) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The ECU has been adequately staffed as set forth in paragraph 2 (b) of Section I.A of Schedule 2 to this Agreement; and
 - (b) The Operational Manual has been adopted by the Recipient.
- 5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Association's approval of the Credit which expire on July 24, 2009.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of SEFIN.
- 6.02. The Recipient's Address is:

Secretaría de Estado en el Despacho de Finanzas
Dirección General de Crédito Público
Avenida Cervantes
Tegucigalpa, M.D.C.
Honduras, C.A.

Cable:	Telex:	Facsimile:
HACIENDA Tegucigalpa	1308 FINANZAS HO	(504) 237-4142 (504) 220-5661

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Tegucigalpa, Honduras, as of the day and year first above written.

REPUBLIC OF HONDURAS

By /s/ Rebeca P. Santos

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Adrian Fozzard

Authorized Representative

Witness of Honor

**By /s/ Manuel Zelaya Rosales
President**

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient to increase the coverage, quality, accountability and governance of its basic education system.

Part 1: Enhancing and Scaling-Up Interventions that Address the Education Needs of the Poor

A. Supporting the establishment of approximately 800 CCEPREBs in existing infrastructure acceptable to the Association and maintaining their operational capacity through the provision of pedagogical and fungible materials, the recruitment of, training of, and provision of stipends to volunteers and the supervision of service delivery.

B. Improving the quality of education in multi-grade PROHECO Schools and PROHECO-IBE Schools using pedagogical techniques internationally proven to increase the quality of the services delivered in multi-grade settings, through teacher training and provision of pedagogical materials.

Part 2: Community Participation in School Management

A. Supporting the consolidation and institutionalization of the Recipient's school management system through:

1. the carrying out of a review of the Recipient's existing modalities of school management to consolidate them into operational manuals for community participation in school management;

2. the strengthening of school management systems and teaching staff management of the PROHECO;

3. the strengthening of the PROHECO through: (a) technical assistance to institutionalize PROHECO as a regular program of the SE; (b) technical assistance to assess alternatives for improving labor income and benefits for PROHECO teachers; and (c) activities aimed at strengthening the financial management capabilities of AECOs;

4. the evaluation and strengthening of the Recipient's traditional schools' management system; and

5. the strengthening of the social management of the Recipient's school management entities to promote partnerships with other institutions that support the Recipient's education sector.

B. Strengthening the Recipient's school planning capacity and resource allocation for quality education, through:

1. the provision of technical assistance to support the implementation of a single educational model for the PECs;
2. the provision of technical assistance to teachers, parents and directors in rural school networks to improve the preparation of PERs;
3. the development and implementation of monitoring and school feedback systems for the PEC's implementation outcomes;
4. the development of training programs for PROHECO's teachers;
5. the strengthening of input and educational resources allocation strategies at the school level and the development of efficient distribution and reception systems that include community participation; and
6. the strengthening of the allocation and settlement system for financial transfers to school management modalities.

C. Supporting the development and implementation of a participatory monitoring and evaluation system for school management, through:

1. the development and implementation of school institutional evaluation, integrating the PECs and the PERs;
2. the strengthening of the participatory monitoring for learning outcomes and teachers' performance evaluation;
3. the strengthening and integration of data collecting and feedback systems for educational statistics; and
4. the development of a capacity building program for improved school performance for communities and parent associations to foster dialogue and accountability in education.

Part 3: Governance and Institutional Strengthening of the SE

- A. 1. Building capacity within the SE at the central and departmental levels and creating a web-based technological platform to allow for improved decision-making and monitoring of performance.
2. Generating information about performance of the Recipient's education sector at all levels (national, departmental, district and schools) accessible for the general public and used in decision-making at all levels.

3. Upgrading and strengthening the education statistics unit of the SE to implement a system of reliable and consistent educational statistics for all levels (national, departmental, district and schools).

4. Expanding, strengthening, updating and maintaining the SIARHD at central and sub-national levels to provide reliable information on teachers at all levels (national, departmental, districts and schools), including information on teacher absenteeism and tardiness at the school level, and integrating SIARHD into SIAFI.

5. Strengthening the capacity for educational planning and the use of information for decision-making at the Recipient's central and departmental levels.

B. Promoting the participation of the Recipient in international standardized assessments of students' learning and strengthening the institutional capacities of the SE to use the information for monitoring of learning outcomes and decision-making, and to increase overall transparency through dissemination of the results.

C. Supporting the improvement and implementation of critical human resource management processes and procedures for a more effective personnel system for teachers.

Part 4: Project Administration

Supporting the SE in the implementation, monitoring and evaluation of the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient, through SE, shall establish and maintain throughout Project implementation a steering committee responsible for Project oversight and coordination, comprised of the Minister of SE, the Vice-Ministers of SE, their technical advisers, the chair of UPEG and the heads of line departments of the SE (or other composition agreed with the Association and set forth in the Operational Manual), chaired by the Minister of SE or his delegate, and which duties shall include:
 - (a) compiling annual implementation and procurement plans for the Project;
 - (b) leading and coordinating the dialogue on specific policies necessary for Project implementation; and
 - (c) monitoring the implementation of the annual plans for the Project and the fulfillment of targets.

2.
 - (a) The Recipient, through SE, shall maintain, throughout Project implementation, the EFA coordination unit (ECU), with composition, functions and responsibilities acceptable to the Association and set forth in the Operational Manual, including the administration of the Project and the EFA-PF.

 - (b) The Recipient shall ensure that the ECU is at all times during Project implementation headed by a coordinator and assisted by staff in adequate numbers (including *inter alia*, a procurement specialist, a financial management specialist, a monitoring specialist and procurement and financial management assistants), all with qualifications and experience satisfactory to the Association. The Recipient undertakes that, unless the Association may otherwise agree, ECU personnel shall only be hired based on professional criteria and shall only be replaced for reasons related to performance.

B. Implementation Documents

1.
 - (a) The Recipient, through SE, shall adopt a Project operational manual, satisfactory to the Association, therein setting forth rules, methods, guidelines, and standard documents for the carrying out of the Project, including the following:

- (i) (A) the detailed description of Project implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto; and (B) the detailed institutional arrangements in respect thereof;
 - (ii) the Project's administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto;
 - (iii) the IPP for the Project;
 - (iv) the plan for the monitoring and supervision of the Project, including all economic and social aspects in relation thereto; and
 - (v) the performance indicators for the Project.
- (b) The Recipient, through SE, shall carry out the Project in accordance with the Operational Manual.
 - (c) The Operational Manual may be amended from time to time with the prior approval of the Association. In the case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

The Recipient, through SE, shall ensure that the Project is carried out in accordance with the IPP prepared for the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the Performance Indicators. Each Project Report shall cover the period of one semester, and shall be furnished to the Association not later than forty-five days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association, as part of the Project Reports, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
4. No later than 90 days after the Effective Date, the Recipient, through SE, shall have carried out the action plan agreed with the Association dated March 8, 2007 for the strengthening of SE's financial management for the Project.

Section III. Procurement

A. General

1. Goods and Non-Consultant Services.

(a) All goods and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

(b) Without any limitations to any other provisions set forth in this Section or in the Procurement Guidelines, the following shall expressly govern the procurement of goods and services (other than consultant services) under this Section:

(i) Contracts shall be awarded to the lowest evaluated bid in accordance with criteria set forth in the bidding documents, and without taking into account, in the evaluation, the financial cost of foreign exchange components.

(ii) Foreign bidders shall not, as a condition for submitting bids, be required to: (A) be registered in the Recipient's territory; (B) have a representative in the Recipient's territory; (C) be associated with suppliers or contractors of the Recipient's territory; and (D) certify that,

in their country of origin, suppliers or contractors of the Recipient's territory are allowed to participate in competitive bidding procedures under equal conditions with other bidders.

(iii) Contracts shall not be divided for the sole purpose of reducing contract amounts.

2. Consultants' Services.

(a) All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

(b) Without limitation to any other provisions set forth in this Section or the Consultant Guidelines, the following shall expressly govern the procurement of consultants' services under this Section:

(i) foreign consultants shall be permitted to participate in the selection process even if there is availability of consultants of the Recipient's territory for the services being procured; and

(ii) foreign consultants shall not be required to be registered with associations of the Recipient's territory or to be associated with consulting firms of the Recipient's territory as a condition for participating in any selection process.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-Consultant Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and services (other than consultants' services) shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-Consultant Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and services (other than consultants' services). The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-based Selection
(b) Least Cost Selection
(c) Selection based on Consultants’ Qualifications
(d) Single-source Selection
(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Sole Source Procedures for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to

this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, consultant's services, Non-Consultant Services and Training for Part 1 of the Project	4,000,000	100%
(2) Goods, consultant's services, Non-Consultant Services and Training for Part 2 of the Project	2,250,000	100%
(3) Goods, consultant's services, Non-Consultant Services, Training and Operating Costs for Part 3.A of the Project	2,650,000	100%
(4) Goods, consultant's services, Non-Consultant Services and Training for Part 3 of the Project other than those covered by Category (3) above	450,000	100%
(5) Goods, consultant's services, Training and Operating Costs for Part 4 of the Project	450,000	100%
TOTAL AMOUNT	9,800,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made in respect of:
 - (a) payments made for expenditures prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$300,000 equivalent in the aggregate may be made for: (i) payments made prior to this date but on or after June 1, 2007 (but in no case more than one year from the date of this Agreement), for Eligible Expenditures under Parts 1 and 4 of the Project; and (ii) payments made prior to this date but on or after the condition set forth in paragraph (b) below has been fulfilled (but in no case more than one year from the date of this Agreement), for Eligible Expenditures under Part 3 of the Project; or
 - (b) payments made for expenditures covered by Category 3 in the table in paragraph 1 above, unless the SIARHD has been updated on the basis of a teachers' census and post audit results, and the accuracy of the updated SIARHD has been tested by way of random audits, all in a manner satisfactory to the Association; or
 - (c) payments made for expenditures covered by Category 2 in the table in paragraph 1 above, unless the amount of Lp 35,915,610 has been deposited in an account, satisfactory to the Association, for the benefit of PROHECO teachers entitled to pension payments since January 1, 1999, all in a manner satisfactory to the Association.
2. The Closing Date is June 30, 2013.

Section V. Other Undertakings

1. No later than September 30, 2008, the Recipient, through SE, shall determine the entitlements for each PROHECO teacher with respect to the pension payments such teacher and the employer have made since January 1, 1999, all in a manner satisfactory to the Association.
2. No later than December 31, 2008, the Recipient, through SE, shall hire a private firm regulated by the Recipient's National Banking and Insurance Commission, satisfactory to the Association, to manage a pension fund for the PROHECO teachers.
3. No later than March 1, 2009, the Recipient, through SE, shall deposit in the pension fund referred to in paragraph 2 above the amount of Lp 49,258,272 (including the amount deposited in an account pursuant to paragraph (c), Section IV.B.1 of Schedule 2 to this Agreement), which fund shall in detail account for

the specific entitlements of each PROHECO teacher employed since January 1, 1999 to the date on which the deposit is made (as such entitlements were determined pursuant to paragraph 1 of this Section V).

4. The Recipient shall maintain and operate, according to rules satisfactory to the Association, throughout Project implementation, the pension fund referred to in paragraph 3 above.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1, commencing June 1, 2018 to and including December 1, 2027:	5%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “AECO” means *Asociación Educativa Comunitaria*, a non-profit association (comprised of representatives of parents of students attending a PROHECO school) vested with legal personality and empowered to administer the provision of Pre-school Education and/or Lower Basic Education in said school, as provided in Decree No. 266-98 and Executive Agreement No. 007-99.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “CCEPREB” means *Centro Comunitario de Educación Prebásica*, a community-based Pre-school Education center for five-year old children in rural areas of the Recipient acceptable to the Association.
6. “Decree No. 266-98” means *Decreto No. 266-98* of the Recipient dated October 30, 1998, duly published in its Official Gazette on December 9, 1998, which established the legal basis for the creation of AECOs, and such term also includes the regulations to such Decree, as such Decree and regulations have been amended to the date of this Agreement.
7. “ECU” means the EFA coordination unit within the SE, reporting directly to the Minister of SE.
8. “EFA” means the Recipient’s sub-sector program in basic education approved by the Honduran Congress and published by the SE in September 2002.
9. “EFA-PF” means the pooled fund support for EFA pursuant to the Memorandum of Understanding dated June 11, 2004 between the Recipient, the Federal Republic of Germany/KfW, Sweden and the Association, as the same may have been amended to the date of this agreement.
10. “Executive Agreement No. 007-99” means *Acuerdo Ejecutivo No. 007-99* of the Recipient dated February 17, 1999, duly published in its Official Gazette on February 17, 1999, containing the special regulation for AECOs.

11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
12. “IPP” or “Indigenous People’s Plan” means the Recipient’s Indigenous People’s Plan for the Project dated September 14, 2007, as may be amended from time to time with the prior approval of the Association.
13. “Lempira” and “Lp” each means the lawful currency of the Recipient.
14. “Lower Basic Education” means the education services provided to children attending grades one through six in public schools in accordance with the Recipient’s education system.
15. “Non-Consultant Services” means in respect of the table in Section IV.A.2 of Schedule 2 to this Agreement, expenditures for reproduction, promotion and distribution of educational materials to students and communities.
16. “Operating Costs” means in respect of the table in Section IV.A.2 of Schedule 2 to this Agreement, the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel and per diem costs related to the supervision of the Project, supervision costs, stipends for school volunteers under Part 1.A. of the Project, and salaries of locally contracted employees.
17. “OM” or “Operational Manual” means a manual for Project implementation as referred to in Section I.B.1 of Schedule 2 to this Agreement.
18. “PEC” means *Proyecto Educativo de Centro*, a plan for school improvement activities prepared annually by AECOs.
19. “PER” means *Proyecto Educativo de Red*, a plan for school improvement activities prepared annually by a rural school network of the Recipient.
20. “Performance Indicators” means the indicators for Project monitoring and evaluation set forth in the Operational Manual.
21. “Pre-school Education” means the education services provided to children between three and five years of age in public schools in accordance with the Recipient’s education system.
22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.

23. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 26, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. “PROHECO” means *Programa Hondureño de Educación Comunitaria*, the Recipient’s Community-Based Education Program of the SE created pursuant to the Recipient’s Executive Decree No. 006-99 dated February 17, 1999.
25. “PROHECO School” means a public school administered by an AECO in which Pre-School Education and/or Lower Basic Education are provided.
26. “PROHECO-IBE School” means a PROHECO School with intercultural bilingual education.
27. “SE” means *Secretaría de Estado en el Despacho de Educación*, the Recipient’s Ministry of Education.
28. “SEFIN” means *Secretaría de Estado en el Despacho de Finanzas*, the Recipient’s Ministry of Finance.
29. “SIAFI” means *Sistema Integrado de Administración Financiera*, the Recipient’s integrated financial management system.
30. “SIARHD” means *Sistema Integrado de Administración de Recursos Humanos Docentes*, the Recipient’s integrated human resources management system for teachers.
31. “Training” means, in respect of the table in Section IV.A.2 of Schedule 2 to the Agreement: (i) reasonable travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under said Section IV.A.2 of Schedule 2 to this Agreement.
32. “UPEG” means *Unidad de Planeación y Evaluación de la Gestión*, the Recipient’s management planning and evaluation unit within SE.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Paragraph (b) of Section 3.03 is hereby deleted in its entirety.

