

**CONFORMED COPY**

**LOAN NUMBER 7522-GU**

# **Loan Agreement**

**(Additional Financing for the Third Integrated Financial  
Management Technical Assistance Project)**

**between**

**REPUBLIC OF GUATEMALA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated March 6, 2009**

## **LOAN AGREEMENT**

Agreement dated March 6, 2009, between REPUBLIC OF GUATEMALA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purposes of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Borrower and the Bank 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 — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twenty million Dollars (\$20,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.

- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- 2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account, which in the aggregate equal twenty million Dollars (\$20,000,000), shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objective of the Project, and, to this end, shall carry out the Project through MOF (in accordance with the Administrative Arrangement), with due diligence and efficiency and in conformity with appropriate administrative, financial management and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE BANK**

- 4.01 The Additional Event of Suspension consists of the following, namely that, CGO and/or the Borrower, through MOF, shall have failed to perform any of their obligations under the Administrative Arrangement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in 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 Bank to the Borrower.

**ARTICLE V — EFFECTIVENESS**

- 5.01. 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 the eighteen (18) months after the Bank's approval of the Loan which expire on September 28, 2009.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Minister of Public Finance.
- 6.02. The Borrower's Address is:

For the Borrower:

Ministerio de Finanzas Públicas  
8a Avenida 20-87 zona 1  
Centro Cívico  
Ciudad de Guatemala, Guatemala

Facsimile:

+011 (502) 22485003 (502) 22485084

6.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

**REPUBLIC OF GUATEMALA**

**By /s/ José Francisco Villagrán de León**  
**Authorized Representative**

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By /s/ Laura Frigenti**  
**Authorized Representative**

## SCHEDULE 1

### Description of the Project

The objective of the Project is to extend and deepen the Borrower's financial sector reforms being pursued under the Original Project with the aim of increasing the effectiveness, efficiency, and transparency of public financial management.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### Part A: Consolidating and Institutionalizing Integrated Financial Management Systems within MOF

1. Provision of technical assistance, training and equipment as necessary to: (A) continue expanding SIAF coverage throughout the Borrower's central government to include all decentralized entities, social funds and the Congress of the Republic; (B) expand the reach of SIAF down to the Borrower's budget execution units within ministries and entities; (C) consolidate the medium-term expenditure framework implemented under the Original Project; (D) deepen the Borrower's budget reform (as designed and being implemented under the Original Project) through the strengthening of macro-budget controls; (E) review and update SIAF modules in order to make them consistent with international accounting, debt and budget standards; (F) enhance the coverage of e-procurement procedures and consolidate and deepen GUATECOMPRAS; and (G) provide support to MOF for the development of a strategic plan for the institutionalization of SIAF.

2. Support a gradual transference to the MOF of the administration, operation, maintenance and the development and upgrade of SIAF operational modules.

#### Part B: Strengthening Municipal Governments Financial Management

Provision of technical assistance, training and equipment necessary to support the expansion and implementation of SIAF at the municipal level, including *inter alia*: (i) design and implementation of simplified financial management systems for all municipalities; (ii) organizational restructuring of municipalities and design and preparation of related procedural manuals to implement the above mentioned systems; (iii) design and implementation of a training program for municipal-level staff; (iv) development and implementation of further specific applications to support financial management related processes in all municipalities; and (v) strengthening of MOF's capacity to provide technical support to municipalities.

Part C: Strengthening of the Comptroller's General Office

Provision of technical assistance, training and equipment to continue with the institutional strengthening of the CGO (being implemented under the Original Project) through *inter alia*: (i) consolidation of previous achievements under the Original Project in the area of public financial control; (ii) strengthening of specialized non-financial auditing capabilities; and (iii) strengthening of CGC's functions and promotion of public participation in the public financial management oversight.

Part D: Strengthening and Integrating Planning and Public Investment Procedures and Systems

Provision of technical assistance, training and equipment to strengthen SEGEPLAN's public investment system by supporting its integration with the SIAF and the implementation of a new operational model based upon two strategic pillars: (i) strengthening of the investment planning and management capacity at the municipal level; and (ii) conceptual analysis of SNIP and its integration/coordination with SIAF.

Part E: Design and Institutionalization of a Permanent Knowledge Management System in the Area of Public Expenditure Management

Development and implementation of a knowledge management system, with the participation of public and private institutions geared to disseminate and train public officials at all government levels, on topics related to planning, monitoring and evaluation, financial management, public procurement, human resource management and auditing.

Part F: Project Coordination

Strengthening of the operational capacity of MOF through the provision of training, technical assistance (including audit services) and the acquisition of equipment required therefore in order to ensure that MOF carries out its tasks efficiently.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. Except as modified pursuant to this Agreement, all Borrower obligations referred to in Article III of the Original Loan Agreement shall apply to the execution of the Project.
2. Without limitation upon the provisions of paragraph 1 of this Section, the Borrower, through MOF, shall carry out the Project in accordance with the Project Operational Manual and on the basis of the indicators set forth in the Additional Financing Implementation Letter. In case of any conflict between the terms of this Agreement and those of the Project Operational Manual, those of this Agreement shall prevail.

##### B. Anti-Corruption

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

#### Section II. Project Monitoring Reporting and Evaluation

##### A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the monitoring indicators agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six months after the Closing Date.

##### B. Financial Management, Financial Reports and Audits

1. The Borrower, through MOF, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower, through MOF, shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower, through MOF, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Non-Consultant Services.** All goods and non-consultant services required for the Project and to be financed out of the proceeds of the Loan 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.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan 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.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank 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 non-consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
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 non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b><u>Procurement Method</u></b>
(a) National Competitive Bidding
(b) Shopping

**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 the 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.

<b><u>Procurement Method</u></b>
(a) Quality-based Selection
(b) Least Cost-based Selection
(c) Fixed Budget Based Selection
(d) Consultant's Qualification Based Selection
(e) Single Source Selection
(f) Individual Consultants

**D. Review by the Bank of Procurement Decisions**

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

**E. Special Procurement Provisions**

1. **Procurement of Goods and Non-Consultant Services.** Without limitation upon other provisions of this Section or the Procurement Guidelines, the following additional provisions shall apply to all goods and non-consultant services procured for the Project under contracts awarded on the basis of National Competitive Bidding ("NCB Contracts"):
  - (a) The Borrower shall submit (or cause to be submitted) all forms and models of requests for quotations and bidding documents that the Borrower proposes to use for the procurement of goods and non-consultant services under NCB Contracts (the "Standard Bidding Documents") to the Bank for its approval before the Borrower issues its first invitation for bids for any of the NCB Contracts for the Project.

Except as the Bank shall otherwise agree, the Borrower shall not amend, revise or otherwise modify or change the Standard Bidding Documents that have been approved by the Bank in accordance with the foregoing sentence (the “Approved Bidding Documents”).

- (b) Each bid shall be evaluated and the corresponding contract awarded to the responsive bidder: (i) who meets the appropriate technical and financial standards or capabilities; and (ii) whose bid has been determined to be the lowest evaluated bid. Such determination shall be made exclusively on the basis of the specifications, conditions and evaluation criteria stipulated in the Approved Bidding Documents. If the bid evaluation will consider any factor other than the amount or amounts of each bid, the Approved Bidding Documents will precisely stipulate and describe each such factor, including, *inter alia*, the manner in which such factor will be quantified and given a relative weight for purposes of determining the lowest evaluated bid. The award of goods and non-consultant service contracts shall be based exclusively on price and, whenever appropriate, shall also take into account factors similar to those referred to in paragraph 2.52 of the Procurement Guidelines; provided, however, that the bid evaluation shall always be based on factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid. For purposes of bid evaluation and comparison, the only bid amount or amounts to be used as a factor shall be the bid amount or amounts as quoted in the corresponding bid, as such bid may be corrected by the Borrower for arithmetic errors.
- (c) Foreign bidders shall be allowed to participate and shall not, as a condition for participating in the bidding process, be required to:
  - (i) be registered in the Borrower’s territory;
  - (ii) have a representative in the Borrower’s territory;
  - (iii) enter into a joint venture agreement with local bidders; or
  - (iv) legalize their bids or any documentation related to such bids with an embassy or consulate of the Borrower, the Borrower’s Ministry of Foreign Affairs, or any other governmental authority or representative of the Borrower, as a pre-condition to participating in the bidding process.
- (d) No reference value shall be required for publication in the bidding documents and call for bids.

- (e) Any standards and technical specifications (quoted in the bidding documents) which are at least substantially equivalent to the standards and technical specifications of the Borrower shall be acceptable.
- (f) No minimum number of responsive proposals shall be required prior to awarding a contract for goods or non-consultant services.
- (g) No margin of preference shall be granted for any particular category of bidders.
- (h) The Borrower shall open, or cause the opening of, all bids at the stipulated time and place in accordance with a procedure satisfactory to the Bank.
- (i) No other procurement rules or regulations of the Borrower shall apply without the prior review and approval of the Bank.

2. **Selection of Consultant Services**

Without limitation upon other provisions of this Section or the Consultant Guidelines, the following additional provisions shall apply to all consultants' services procured for the Project:

- (a) Foreign consultants will be allowed to participate and will not, as a condition for participating in the selection process, be required to:
  - (i) be registered in the Borrower's territory;
  - (ii) have a representative in the Borrower's territory;
  - (iii) enter into a joint venture agreement with local consultants, unless the conditions stated in paragraph 1.12 of the Consultant Guidelines are met; or
  - (iv) legalize their proposals or any documentation related to such proposals with an embassy or consulate of the Borrower, the Borrower's Ministry of Foreign Affairs, or any other governmental authority or representative of the Borrower, as a pre-condition to participating in the selection process.
- (b) No minimum number of responsive proposals shall be required prior to awarding a contract for consulting services.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to (a) finance 100% (inclusive of Taxes) of Eligible Expenditures, consisting of goods, consultant and non-consultant services, and Training under the Project up to an aggregate of \$19,455,000; and (b) finance 50% (inclusive of Taxes) of Eligible Expenditures consisting of Operational Costs under the Project, up to an aggregate of \$545,000.

For purposes of this paragraph the terms:

- (i) “Training” means expenditures incurred by the Borrower in connection with the carrying out of the training activities described under Parts A, B, C, D, E and F of Schedule 1 to this Agreement, including travel costs and per diem of trainers and trainees, rental of training facilities and equipment, and training materials; and
- (ii) “Operational Costs” means expenditures incurred (other than for consultant services) by MOF and its support staff in connection with the carrying out of its functions and responsibilities for the carrying out of the Project, including: office supplies, utilities and office rent but excluding salaries (which expenditures would not have been incurred absent the Project).

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$ 2,000,000 equivalent may be made for payments made within twelve (12) months of this Agreement, but in no case prior to December 1, 2007, for Eligible Expenditures. Furthermore, no withdrawals shall be made from the Loan Account until the Bank has received payment in full of the Front-End Fee referred to in Section 2.03 of this Agreement.
2. The Closing Date is June 30, 2011.

**SCHEDULE 3**

**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each March 15 and September 15: Beginning March 15, 2017 through September 15, 2032	3.03%
On March 15, 2033	3.04%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (a) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Definitions

1. “Additional Financing Implementation Letter” means the letter of even date herewith from the Borrower to the Bank setting forth the Project monitoring indicators referred to in Section II. A. 1 of Schedule 2 to this Agreement.
2. “Administrative Arrangement” means the contractual arrangement No. 4-95, dated April 6, 1995, entered into between MOF and CGO which stipulates, *inter alia*, the terms under which MOF and CGO have agreed to coordinate the execution of the Project, as such arrangement may be amended as provided in Section 3.05 of the Original Loan Agreement
3. “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.
4. “CGO” means Office of the Borrower’s Comptroller General (*Contraloría General de Cuentas*) established pursuant to the provisions of Chapter III of Title V of the Borrower’s Constitution.
5. “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.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
7. “GUATECOMPRAS” means the Borrower’s automated public procurement system.
8. “MOF” means the Borrower’s Ministry of Finance (*Ministerio de Finanzas Públicas*).
9. “Original Loan Agreement” means the loan agreement dated February 10, 2003 (Loan Number 7104-GU) between the Borrower and the Bank for the purposes of financing the Original Project (as hereinafter defined), as amended to the date of this Agreement.
10. “Original Project” means the project described in Schedule 2 of the Original Loan Agreement.

11. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
12. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 28, 2008 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.
13. “Project Operational Manual” means the Borrower’s manual dated February 20, 2008, as shall be subsequently amended in terms acceptable to the Bank pursuant to Section I.A.2. of Schedule 2 to this Agreement, which sets forth, *inter alia*: (a) the administrative functions and responsibilities within MOF for the carrying out of the Project; (b) the Project’s chart of accounts, internal controls, and budgeting, accounting and financial reporting systems; (c) the format of: (i) the interim unaudited financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (ii) the Financial Statements; (d) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (e) the Project’s flow of funds structure; (f) the Anti-Corruption Guidelines (as defined above); and (g) the Project’s administrative and procurement procedures; as said manual may be amended from time to time with the agreement of the Bank.
14. “SAG” means the Borrower’s national audit system.
15. “SEGEPLAN” means the Borrower’s Presidential Planning and Programming Secretariat (*Secretaría de Planificación y Programación de la Presidencia de la Republica*).
16. “SIAF” means the Borrower’s Integrated Financial Management System (*Sistema Integrado de Administración Financiera*), a system to improve the efficiency, accountability and transparency of financial management of the Borrower’s public sector.
17. “SNIP” means the Borrower’s National Public Investment System (*Sistema Nacional de Inversión Pública*).