Mr. Froilán Rolando Hernández Lara  
Director General de Administración  
Instituto Nacional de Estadística y Geografía (INEGI)  
Avenida Héroes de Nacozari Sur, 2301  
Fracc. Jardines del Parque  
C.P. 20276 Aguascalientes, Aguascalientes  
México

Mr. Armando Jose Baqueiro  
Subsecretario de Planeacion y Presupuesto  
Secretaria de Planeacion y Presupuesto  
Gobierno del Estado de Yucatán  
Calle 59 Poniente, Modulo 3  
Entre Itzaes y 90  
C.P. 97000 Merida Yucatan

Re: Mexico: TFSCB Grant for Strengthening Information in the State of Yucatán Project  
Grant No. TF096286

Dear Sires,

In response to the request for financial assistance made on behalf of the Instituto Nacional de Estadística y Geografía -INEGI (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided under the Trust Fund for Statistical Capacity Building (“Donor”), proposes to extend to the Recipient for the benefit of the State of Yucatán (“Beneficiary”) which is part of the United Mexican States (“Member Country”), a grant in an amount not to exceed one hundred sixteen thousand nine hundred United States Dollars (U.S.$116,900) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

The Beneficiary represents, by confirming its agreement below, that entering into this Agreement and undertaking the obligations related to the execution of the Project set forth in the Annex of this Agreement does not contravene Article 117, paragraph VII of the Member Country’s National Constitution.
Please confirm the Recipient’s and the Beneficiary’s agreement to the foregoing by having an authorized official of the Recipient and of the Beneficiary sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of a countersigned copy of this Agreement, this Agreement shall become effective as of the date of countersignature by the Recipient; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the copy of this Agreement countersigned by the Recipient and the Beneficiary within ninety days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Gloria M. Grandolini
Director
Country Management Unit
Colombia and Mexico

AGREED:

INSTITUTO NACIONAL DE ESTADÍSTICA Y GEOGRAFÍA (INEGI)

By /s/ Froilán Rolando Hernández Lara

Title:  Director General de Administración
        Authorized Representative

Date:  October 5, 2010

ESTADO DE YUCATÁN

By /s/ Armando José Baqueiro Cárdenas

Title:  Secretario de Planeación y Presupuesto
        Authorized Representative

WITNESSES

By /s/ Ricardo Ernesto Ochoa Rodríguez

Title:  Jefe Unidad de Asuntos Internacionales de Hacienda
        Secretaría de Hacienda y Crédito Público
By /s/ Alberto Ortega y Venzor

Title: Director General de Vinculación Estratégica

INEGI

Date: October 5, 2010

By /s/ Norberto de Jesús Roque Díaz de León

Title: Director General de Coordinación

INEGI

Date: October 5, 2010

Enclosures:


Article I

Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II

Project Execution

2.01. Project Objectives and Description. The objective of the Project is to increase the availability, quality and use of statistics at the Member Country’s local level. The Project consists of the following parts:

(a) Propose quality standards for statistical production at the State level, with an emphasis on the definition of a methodology to measure quality standards for statistical information derived from administrative records.

(b) Provide training in the application of the methodology for the analysis and evaluation of administrative records for staff from the Beneficiary’s Secretary of Planning and Budget (SPP), the Beneficiary’s Secretary of Public Education, the Beneficiary’s Secretary of Public Health, and the Agency for the Integral Development of the Family, or others.

(c) Evaluate the quality of the principal administrative records in the education and health sectors, considering the system of information at the municipal, state and federal levels.

(d) Implement improvements in the principal administrative records evaluated in the education and health sectors.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project:

(a) in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section I of the Appendix to this Agreement; and (iii) this Article II; and

(b) under the instructions and technical direction of the Beneficiary, through SPP.
2.03 Technical Support. The Beneficiary declares its commitment to the objectives of the Project. To this end, the Beneficiary shall collaborate with the Recipient in the carrying out of the Project by providing, through SPP, instructions and technical direction to the Recipient.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Donor Visibility and Visit. (a) The Recipient and the Beneficiary shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Beneficiary shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor or of the World Bank to visit any part of the Member Country’s territory (including the State of Yucatán) for purposes related to the Project.

2.07. Procurement

(a) General. All services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Sections I (excluding paragraph 1.16) of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”) in the case of non-consultant services;

(ii) Section I (excluding paragraph 1.24) and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and
(iii) the provisions of this Section.

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Consultant Guidelines.

(c) Particular Methods of Procurement of Non-Consultant Services

Non-consultant services shall be procured under contracts awarded by shopping.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection of Individual Consultants; and (B) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: the first contract to be awarded in accordance with each procurement method. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
For purposes of this paragraph the term “Training” means the reasonable expenditures incurred by the Recipient in connection with the carrying out of training activities under the project, including, inter alia, renting of facilities (including food and audiovisual equipment), training materials, and travel and lodging per diem of trainers and trainees.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2011.

### Article IV
Recipient's Representative; Addresses

4.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Director General de Administración.

4.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Instituto Nacional de Estadística y Geografía (INEGI)
Avenida Héroes de Nacozaí Sur, 2301
Fracc. Jardines del Parque
C.P. 20276 Aguascalientes, Aguascalientes
México
Facsimile:
52-449-918-1487

4.03. World Bank’s Address. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
APPENDIX

Modifications to the Anti-Corruption Guidelines

Section I. The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“…(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“…(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”