Loan Agreement

(Rural Economic Development Project)

between

REPUBLIC OF GUATEMALA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated October 22, 2007
LOAN AGREEMENT

Agreement dated October 22, 2007, between REPUBLIC OF GUATEMALA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). 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 the Loan 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 thirty million Dollars ($30,000,000), 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.

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, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time; 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 May 15 and November 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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 2.08 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 to thirty million Dollars ($30,000,000) 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, through SEGEPLAN, declares its commitment to the objectives of the Project and the Program and, to this end, shall carry out the Project jointly with CIV/FONDETEL, MINECO and FONAPAZ and, shall coordinate, through SEGEPLAN, the implementation of the Project, all in accordance with the provisions of Article V of the General Conditions.

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—EFFECTIVENESS

4.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is November 28, 2007.
ARTICLE V—REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister of Public Finance.

5.02. The Borrower’s Address is:

Ministerio de Finanzas Públicas
8a Avenida y 21 Calle
Centro Cívico, Zona 1
Guatemala, Guatemala, C.A.

Telephone:     Fax:
(502) 22485002  (502) 22485005
(502) 22485003  (502) 22485084
(502) 22485080

5.03. 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       248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)
AGREED at the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GUATEMALA

By /s/ Mefi Rodríguez García

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Jane Armitage

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to assist the Borrower in: (i) improving the competitiveness of rural productive supply chains with strong indigenous participation; and (ii) strengthening the institutional capacity of the public entities participating in the Program for the adoption of a participatory territorial management model with indigenous involvement.

Part 1: Investment in Productive Supply Chains

Increasing the competitiveness of productive supply chains that have a rural base and strong indigenous participation in the Selected Departments through:

1.1. (a) the establishment by MINECO, in cooperation with private professional associations and relevant service providers, including NGOs, of entrepreneur development services allowing rural productive organizations to access markets and link up with productive supply chains; and (b) the carrying out of Investment Subprojects by or for Beneficiaries;

1.2. (a) the strengthening of MINECO’s capacity to assist rural enterprises in accessing financial services; (b) the provision of technical advisory services to, and support for, tailoring the services of financial institutions to the needs of rural productive organizations, and, in relation thereto; (c) the building of the required capacity in the rural productive organizations for accessing the services of the financial institutions; and (d) the provision of credit facilities to be extended to selected financial institutions in furtherance thereof;

1.3. the carrying out by FONAPAZ of public rural infrastructure and collective investments in economic infrastructure to support the development of new supply chain partnerships and the improvement of existing ones, through the provision of financing for the implementation of Investment Subprojects; and

1.4. the provision of support, including technical advisory services and capacity building, by CIV through FONDETTEL, for the development of the productive use of ICT infrastructure, networks and services, including the roll-out and the installation of public pay phones, mobile phone networks and services and a network of internet points of presence and telecenters, to be carried out in priority in the Selected Departments and, as needed, in other areas of the Borrower’s territory.

Part 2: Strengthening of the Territorial Public Management Capacities for Competitiveness

Enhancing overall institutional capacity for public management with the introduction of territorial development-based public management models best able to facilitate better informed public policy, public and/or private sector decision making processes and investments programs, including, in respect of SEGEPLAN:

2.1. the development of the new territorial management model for rural development based on participatory principles and the fostering of public/private partnerships;
2.2. the implementation of the model in the Selected Departments; 

2.3. the access to territorial strategic information through an integrated and decentralized territorial strategic information system; and 

2.4. the disclosure, awareness and training in relation thereto. 

Part 3: Management, Monitoring and Evaluation

Ensuring optimal implementation of the Project by strengthening management capacity of SEGEPLAN and the other Co-Executing Agencies participating in the Investment Coordination Committee with the Borrower’s commission against discrimination and racism, through the establishment and operation of a general management system that would include an efficient monitoring and evaluation system of the Program.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. (a) The Borrower, through SEGEPLAN, shall furnish to the Bank a Project operational manual, satisfactory in form and substance to the Bank, setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:

(i) the detailed description of: (A) Project activities; and (B) institutional arrangements in respect thereof;

(ii) the detailed membership required of all entities to be set up for purposes of the Project, including inter alia, the Management Board and the Investment Coordination Committee;

(iii) the administrative, financial, accounting, auditing, procurement and disbursement procedures for the implementation of the Project by all Executing Entities, including the relevant standard documents in relation thereto;

(iv) the selection criteria for: (i) the NGOs and other service providers, including the standard service agreements for the contracting of their services, (ii) the Beneficiaries and (iii) the Investment Subprojects under Part 1.1 and 1.3 of the Project;

(v) the Environmental Management Framework disclosed to the general public on January 12, 2006, therein setting forth the guidelines and the framework for mitigating potential harmful effects of Project implementation and including an IPDF prepared for the Project; and

(vi) the plan for the monitoring, evaluation and supervision of the Project, including the Performance Indicators.

(b) The Borrower, through SEGEPLAN, shall: (i) maintain the OM throughout Project implementation; (ii) take all measures necessary to ensure that the Project is carried out in conformity with the OM; and (iii) only amend the OM, from time to time, with the Bank’s prior written consent.

(c) In the event of any conflict between the provisions of the OM and any one under this Agreement, the provisions of this Agreement will prevail.
2. The Borrower shall ensure that SEGEPLAN:

(a) is maintained in structure and with personnel, including procurement and financial management specialists, adequate in number and having terms of reference, functions and resources satisfactory to the Bank at all times during Project implementation;

(b) remains responsible for the effective coordination of the overall Project, including the coordination of procurement, financial management, auditing, monitoring and evaluation aspects in relation thereto; and

(c) submits annual work plans and budget for review and comments to the Bank and, for approval, to the Management Board.

3. The Borrower shall:

(a) establish, for purposes of the Project, an investment coordination committee and a management board with membership as set forth in the OM; and thereafter

(b) maintain, through SEGEPLAN, during Project implementation, the said investment coordination committee and the management board in conformity with the specifications set forth in the Operational Manual.

4. The Borrower shall ensure that:

(a) SEGEPLAN:

(i) enters into an agreement (the Framework Agreement) with each of the other Co-Executing Agencies of the Project, therein setting forth the respective obligations of the parties thereunder, notably with respect to the implementation and the financing of the relevant parts of the Project, including the provision of technical advisory services, the acquisition of goods and the carrying out of works in relation thereto, and the appraisal of Investment Subprojects, all in accordance with the guidelines set forth in the OM;

(ii) exercise its rights and carry out its obligations under each such agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive or fail to enforce any such agreement or any provision thereof;
(b) MINECO and FONAPAZ respectively enter into agreements with the Beneficiaries wherein the modalities for the implementation of the Investment Subprojects shall be specified, all in accordance with the provisions set forth in the OM; and

(c) Each other Co-Executing Agency to appoint and maintain, throughout Project implementation, key staff, including procurement and financial management specialists with qualifications, experience, terms of reference, resources and functions satisfactory at all times to the Bank.

5. The Borrower, through SEGEPLAN, shall:

(a) ensure that the Investment Subprojects carried out under MINECO and FONAPAZ, respectively, are identified, appraised, approved, implemented, managed and evaluated in accordance with the procedures set forth or referred to in the OM;

(b) carry out, on an annual basis, under terms of reference satisfactory to the Bank an independent technical audit of physical activities and procurement review of the implementation of the Investment Subprojects by the Beneficiaries, focusing on the adherence to the guidelines and procedures set forth in the OM; and

(c) ensure that:

(i) a review of the Project’s performance and outcome is carried out no later than 2 years after the Effective Date;

(ii) no later than 3 months thereafter, the ensuing report is furnished to the Bank for its review; and

(iii) thereafter, all measures required to ensure the efficient completion of the Program and the achievement of the objectives of the Project, based on the conclusions and recommendations of the said report and the Bank’s views on the matter, are taken.

Section II. Project Monitoring, Reporting, Evaluation.

A. Project Reports

1. The Borrower, through SEGEPLAN, 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 Performance 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 45 days after the end of the period covered by such report.

1. The Borrower, through SEGEPLAN, 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. The Borrower, through SEGEPLAN, shall prepare and furnish to the Bank as part of the Project Report not later than 45 days after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower, through SEGEPLAN, shall have its consolidated Financial Statements in respect of the Project 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 four months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works 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 Schedule.

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 Schedule.

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 Works

1. International Competitive Bidding.

   (a) Except as otherwise provided in paragraph 2 below, goods, works and related non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

   (b) Notwithstanding the foregoing, concerning the implementation of Part 1.4 of the Project, goods and works shall be procured under contracts awarded on the basis of Performance-Based Procurement.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to using: (i) Standard Bidding Documents agreed with the Bank; and (ii) Performance-Based Procurement with respect to Part (1.4) of the Project</td>
</tr>
<tr>
<td>(b) Shopping, subject to using Standard Bidding Documents agreed with the Bank</td>
</tr>
<tr>
<td>(c) Community Participation</td>
</tr>
<tr>
<td>(d) Direct Contracting, subject to the Bank’s prior consent</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Least Cost Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Quality-Based Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection, subject to the Bank’s prior consent</td>
</tr>
<tr>
<td>(f) Services rendered by Individual Consultants</td>
</tr>
</tbody>
</table>
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.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower to: (a) finance the Front-end Fee in accordance with Section 2.07 (b) of the General Conditions; and (b) 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 Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and consultants’ services (including for Investment Subprojects) in respect of Part 1.1 of the Project</td>
<td>5,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works and consultants’ services (including for Investment Subprojects) in respect of Part 1.3 of the Project</td>
<td>6,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works and consultants’ services in respect of Part 1.4 of the Project</td>
<td>15,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods and consultants’ services in respect of Part 2 of the Project</td>
<td>1,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods and consultants’ services in respect of Part 3 of the Project</td>
<td>900,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (expressed in USD)</td>
<td>Percentage of Expenditures to be financed</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>(6) Front-end Fee</td>
<td>75,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>1,225,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>30,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made from the Loan Account for payments made:

   (a) prior to the date of this Agreement except that withdrawals, in an aggregate amount not exceeding two million Dollars ($2,000,000) may be made on account of payments made for expenditures within 12 months before that date but in no case before February 06, 2006; or

   (b) under Category 1, until and unless a Framework Agreement satisfactory in form and substance to the Bank has been entered into between SEGEPLAN and MINECO, and has become effective; or

   (c) under Category 3, until and unless a Framework Agreement satisfactory in form and substance to the Bank has been entered into between SEGEPLAN and CIV, and has become effective.

2. The Closing Date is January 31, 2013.
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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>Beginning May 15, 2012 through May 15, 2023</td>
<td>4.17 %</td>
</tr>
<tr>
<td>On November 15, 2023</td>
<td>4.09 %</td>
</tr>
</tbody>
</table>

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: (i) 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 (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
APPENDIX

Section I. Definitions

1. “Beneficiary” means either: (i) a municipality, for Investment Subprojects under Part 1.3 of the project exclusively; or (ii) a cooperative, producer organization, trade intermediary, association or private firm, which all meet the selection criteria, set forth in the OM.

2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. “CIV” means Ministerio de Comunicaciones, Infraestructura y Vivienda, the Borrower’s Ministry of Communications, Infrastructure and Housing.

4. “Co-Executing Agencies” means collectively SEGEPLAN, CIV, FONDETEL, MINECO and FONAPAZ, responsible for the implementation of the Project.


6. “Environmental Management Framework” means the Borrower’s framework for the management of environmental aspects of the Project referred to in Section I.1 (a) (v) of Schedule 2 to this Agreement.

7. “FONAPAZ” means Fondo Nacional para la Paz, the Borrower’s National Fund for Peace established pursuant to the Borrower’s Acuerdo Gubernativo No. 408-91 dated June 28, 1991, and Acuerdo Gubernativo No. 244-92 dated April 13, 1992, as such accords have been amended and are in effect as of the date of this Agreement.

8. “FONDETEL” means Fondo para el Desarrollo de la Telefonía, the Borrower’s Telecom Fund.

9. “Framework Agreement” means an agreement referred to in Section I.4 (a) (i) of Schedule 2 to this Agreement.


11. “ICT” means all Information and Communication Technologies.

12. “Investment Coordination Committee” means the committee referred to in Section I.3 of Schedule 2 to this Agreement.

13. “Investment Subproject” means:

   (a) (i) either a specific investment in collective or local public productive infrastructure; or
(ii) any technical assistance in relation to a Subproject, including the costs associated with legal incorporation of the Beneficiary, and prepared pursuant to Part 1.1 or Part 1.3 of the Project;

(b) determined to be eligible under the OM; and

(c) to be carried out through the provision of grants therefor, by, or for the benefit of, such Beneficiary, utilizing the proceeds of the Loan.

14. “IPDF” means the Borrower’s Indigenous Peoples’ Development Framework for the Project referred to in Section I.1(a)(v) of Schedule 2 to this Agreement.

15. “Management Board” means the Borrower’s management board for the Program referred to in Section I.3 of Schedule 2 to this Agreement, as further specified in the OM.

16. “MINECO” means Ministerio de Economía, the Borrower’s Ministry of the Economy.

17. “NGO” means a non-governmental organization operating under the laws of the Borrower.

18. “Operational Manual” and “OM” mean the manual referred to in Section I.1 (a) of Schedule 2 to this Agreement.

19. “Performance Indicators” means the indicators for Project monitoring and evaluation set forth in the OM and referred to in Section II.A.1 of Schedule 2 to this Agreement.


21. “Procurement Plan” means the Borrower’s procurement plan for the Project, signed and dated February 23, 2006 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.

22. “Program” means “Programa Desarrollo Economico desde lo Rural”, the Borrower’s program adopted in March 2005, designed to support income generation for the poorest through, inter alia, employment generation in productive activities by prioritizing the use of public/private partnerships and strengthening territorial planning and implementation mechanisms.

23. “SEGEPLAN” means Secretaría de Planificación y Programación de la Presidencia, the Borrower’s Presidential Secretariat for Planning and Programming responsible for the coordination of the Project.

24. “Selected Departments” means the departments of San Marcos, Huehuetenango, Sololá, Quetzaltenango, Totonicapán, Chimaltenango, Sacatepéquez and Alta Verapaz in the Borrower’s territory where Project implementation is intended to take place.