Loan Agreement

(Subnational Institutional Strengthening Project)

between

REPUBLIC OF COLOMBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated December 24, 2013
LOAN AGREEMENT

Agreement dated December 24, 2013, between REPUBLIC OF COLOMBIA ("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 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 seventy million Dollars ($70,000,000), 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 the Reference Rate 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 (e) of the General Conditions.

2.05. The Payment Dates are February 15 and August 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: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference 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.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through DNP, shall carry out the Project 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, through DNP, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Subsidiary Agreement has been executed by the parties thereto.

4.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Borrower,
through DNP, and FINDETER and is legally binding upon the Borrower, through DNP, and FINDETER in accordance with its terms.

4.03. 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 June 17, 2015.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Borrower’s Address is:

Ministry of Finance and Public Credit
Carrera 8 No. 6C-38
Piso 3
Bogotá, D.C.
Colombia

Facsimile:
(571) 350-9344

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

Washington, D.C.
 AGREED at Bogota, Republic of Colombia as of the day and year first above written.

REPUBLIC OF COLOMBIA

By

[Signature]

Authorized Representative

Name: Mauricio Cidrao Santamari

Title: Ministro de Hacienda y Créditos Públicos

By

[Signature]

Authorized Representative

Name: Tatiana Orozco

Title: Directora General DNP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Gius M. Gandolfini

Title: Director
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve SNGs’ performance in core public management areas; and (ii) strengthen the capacity of the Borrower’s central government to manage the Decentralization and Territorial Management Framework.

The Project consists of the following parts:

**Component 1: Structuring Regional and Local Projects and Designing Long-term Territorial Strategic Planning Tools**

1. Providing support to DNP to strengthen the Borrower’s capacity to: (i) establish territorial strategic planning mechanisms; and (ii) formulate policies that reconcile sectoral and territorial objectives, including, *inter alia*, the following activities: (A) the identification and analysis of existing trends, challenges and opportunities so as to identify methods for achieving a more balanced and equal regional development; (B) the design of different models of territorial development under a long term perspective; and (C) the definition of alternative regional development strategies for the purpose of, *inter alia*, improving efficiency and reducing socioeconomic conflicts; and (D) the establishment, at the national level, of permanent coordination mechanisms for territorial strategic planning so as to ensure harmonization and consistency of the Borrower’s actions over its territory.

2. Providing support to DNP to improve its access to information relevant for regional planning decisions through, *inter alia*: (i) the compilation of an inventory of basic territorial information, including statistics, administrative registries data and census surveys; (ii) the definition of strategies for making information available in a timely and user-friendly manner at the subnational level; (iii) the design of a territorial statistical systems to incorporate and analyze data at the municipal level; and (iv) the creation of a territorial observatory on regional public management.

3. Providing support to DNP and SNGs to identify potential sources of regional development financing, through, *inter alia*: (i) the creation of mechanisms (including public-private partnership schemes) to identify and structure regional investment strategic projects; (ii) the assessment of options to prioritize financing resources based on territorial strategic plan’s objectives; (iii) the analysis of the normative framework relating to investment resources so as to identify potential areas of improvement; and (iv) the establishment of a financing mechanism to carry out feasibility studies for strategic regional projects.
Component 2: Applying Incentives for Territorial Management

1. Assessing SNGs’ public management capacity development to carry out, *inter alia*, the following activities: (i) the assessment of the existing inventory of statistical information regarding performance indicators, and the design, implementation and dissemination of appropriate monitoring indicators based on the results of said assessment; (ii) the implementation of information technology tools to survey the performance of SNGs’ public management; and (iii) the improvement and harmonization of existing tools for measuring subnational management performance.

2. Establishing of good practice standards in several areas of subnational public management (including tax administration, strategic planning, public financial management, administrative control, financial reporting and procurement) through, *inter alia*: (i) the analysis and compilation of successful cases and ‘good practice’ examples (both at the national and international level); (ii) the definition and implementation of methodologies to document said standards and to make them operational at the SNGs level; and (iii) the definition of a horizontal cooperation framework to promote and disseminate said standards.

3. Design and implementation of an incentive framework to reward SNGs’ management performance through, *inter alia*: (i) adjustments to improve the distribution of the SGP; (ii) identification and structuring of non-financial incentives to good territorial management; and (iii) non-financial incentives comprised of technical assistance packages to reward good performance of SNGs.

Component 3: Providing Technical Assistance Support to SNGs

1. Strengthening SNGs’ management capacity through, *inter alia*: (i) the provision of support in selected aspects of territorial management (including investment action plan formulation and monitoring and evaluation); (ii) the design and development of a standard methodology for carrying out investment action plans and assessments in selected SNGs; (iii) the definition of a large-scale implementation strategy for the standard methodology referred to in (ii) herein; (iv) the implementation of the standard methodology referred to in (ii) herein in selected SNGs; and (v) the carrying out of an impact evaluation of the implementation referred to in (iv) herein.

2. Design and implementation of the TMM through, *inter alia*: (i) the conceptual design of the TMM, including the design and development of technical tools (including methodologies, procedures and information systems) to be used for its implementation and monitoring; (ii) the definition of a relevant service delivery scheme; (iii) the implementation of the TMM in selected SNGs, based on an on-
site support strategy; and (iv) the definition of methodologies for carrying out assessments, management and training activities on the TMM.

3. Strengthening DNP’s and MHCP’s technical, operational and managerial capacity to ensure full implementation and adequate maintenance of the TMM through, \textit{inter alia}: (i) the signing and implementation of inter-institutional collaboration agreements with SNGs to ensure proper and efficient operation of the TMM; and (ii) the integration of the TMM (including its information and reporting systems) with DNP’s and MHCP’s current management systems.

4. Improving citizen participation and social control in the public management cycle’s processes through, \textit{inter alia}: (i) the development of a repository of successful (national and international) methodologies and approaches to achieve greater citizen participation and social control in said processes; and (ii) the development of tools and applications to increase transparency and facilitate citizen participation and control in territorial management.

\textbf{Component 4: Strengthening Control and Monitoring of Territorial Management}

1. Strengthening DNP and MHCP’s administrative control over budget spending through, \textit{inter alia}, the following activities: (i) the review and assessment of DNP’s and MHCP’s current internal control management system; (ii) the formulation and implementation of adjustments to improve, \textit{inter alia}, the efficiency and scope of said systems; (iii) the development of an information management model for management at the SNGs’ level; (iv) the improvement of DNP’s and MHCP’s internal control processes; and (v) the issuance of recommendations to the Borrower’s Comptroller’s Office (\textit{Contraloría General de la Nación}), the Borrower’s Audit Office (\textit{Auditoría General de la Nación}) to enable the adaptation of their processes to the new TMM.

2. Strengthening DNP’s and MHCP’s public management capacity through, \textit{inter alia}, the following activities: (i) the definition of risk maps to ensure appropriate use of public resources; (ii) the assessment and improvement of existing public management indexes and control metrics; and (iii) the identification of good practices and quality standards for territorial management.

\textbf{Component 5: Project Management and Administration}

Providing support to DNP and FINDETER for the carrying out of Project coordination and management activities, including \textit{inter alia}: administrative, financial management, procurement, monitoring and evaluation, reporting, auditing and other operational activities required for effective Project implementation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through DNP, with the assistance of MHCP and FINDETER, shall carry out the Project in accordance with this Agreement, the Subsidiary Agreement and the Project Operational Manual.

2. The Borrower, through DNP, shall not amend, suspend, abrogate, repeal or waive any provision of the Project Operational Manual without the prior written approval of the Bank.

3. The Borrower, through DNP, shall maintain until completion of the Project a Project management team (the PMT) with functions and responsibilities acceptable to the Bank, including adequate resources and assisted by professional and administrative staff, all in numbers and with terms of reference and qualifications and experience acceptable to the Bank, including a Project coordinator.

4. The Borrower, through DNP, shall cause FINDETER to hire not later than 30 days after the Effective Date a procurement specialist with terms of reference and qualifications and experience acceptable to the Bank.

B. Subsidiary Agreement

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through DNP, shall cause FINDETER to: (i) carry out financial management and procurement activities under the Project; and (ii) provide DNP with technical support for the carrying out of selected activities under the Project, pursuant to an agreement (the Subsidiary Agreement) to be entered into between DNP and FINDETER under terms and conditions acceptable to the Bank, which shall include, inter alia:

   (a) the roles and responsibilities of DNP and FINDETER in connection with Project implementation;

   (b) the obligation of DNP to carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines;

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(c) the obligation of DNP to make the proceeds of the Loan available to FINDETER for the purposes of carrying out procurement under the Project;

(d) the right of DNP to take remedial actions against FINDETER in case FINDETER shall have failed to comply with any of its obligations under the Subsidiary Agreement, all as previously agreed with the Bank;

(e) the obligation of FINDETER:

(i) (A) to carry out, on behalf of DNP, the procurement under the Project with due diligence and efficiency and in accordance with the provisions set forth in Section III of this Schedule, and with sound technical, economic, financial and managerial practices, as specified in the Project Operational Manual; and (B) to hire the procurement specialist referred to in Section I.A.4 of this Schedule;

(ii) to assist DNP to comply with its obligations set forth in Section II of this Schedule 2 to this Agreement;

(iii) to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines (by, for example, allowing Bank inspection and audit rights under paragraph 9 (d) of the Anti-Corruption Guidelines);

(iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof, unless previously agreed with the Bank; and

(v) if applicable, to comply, or cause to be complied, with the obligations referred to in Sections 5.06, 5.07, 5.10 and 5.11 of the General Conditions (relating to use of goods, works and services, maintenance of facilities, plans, documents and records, cooperation and consultation and visits, respectively) in respect of the Project.

2. The Borrower, through DNP, shall: (a) exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (b) except as the Bank shall otherwise agree, the Borrower, through DNP, shall not assign, amend, abrogate, terminate, waive or fail to enforce the Subsidiary Agreement or any provision thereof.
3. In case of any conflict between the terms of the Subsidiary Agreement and those of this Agreement, the terms of this Agreement shall prevail.

C. Anti-Corruption

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

D. Safeguards

The Borrower, through DNP, shall adopt terms of reference for non-consulting services and for consultants’ services under the Project in accordance with the requirements of the Bank Safeguards Policies then in force and as applicable, all in a manner satisfactory to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through DNP, 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 indicators acceptable to the Bank and set forth in the Project Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank 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 Borrower, through DNP, 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 DNP, shall prepare and furnish to the Bank as part of the Project Reports, interim unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.

3. The Borrower, through DNP, 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.

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Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.


(a) Procurement of goods and non-consulting services and consultant’s services shall be carried out using the harmonized bidding documents and standard request for proposals (as the case may be) approved by the World Bank for Colombia.

(b) The Borrower, through DNP, shall: (ai) supply the SEPA with the information contained in the initial Procurement Plan within forty-five (45) days after the date of this Agreement; and (bii) update the Procurement Plan at least once a year, or as needed through the duration of the Project, to reflect the actual Project implementation needs and progress and supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

B. Particular Methods of Procurement of Goods and non-consulting services

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

2. Other Methods of Procurement of Goods. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used.
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) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(e) Single-source Selection</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines for the selection of 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 Article II of the General Conditions, this Section, and such additional instructions as the Bank shall 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 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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Component 1 of the Project</td>
<td>10,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Component 2 of the Project</td>
<td>11,560,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Component 3 of the Project</td>
<td>32,530,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Component 4 of the Project</td>
<td>5,720,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Component 5 of the Project</td>
<td>10,190,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>70,000,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this paragraph:

(a) the term “Training” means reasonable expenditures (other than those for consultants’ services), as approved by the Bank, incurred for the carrying out of training activities under the Project, including, *inter alia*, reasonable costs of travel and *per diem* of trainers and trainees, cost of workshops, rental of training facilities and equipment and training materials; and

(b) the term “Operating Costs” means the reasonable incremental expenditures incurred by DNP and FINDETER on account of Project implementation, management, monitoring and supervision, including *inter alia*, salaries of DNP and FINDETER staff assigned to work in the Project, office supplies, office equipment maintenance, utilities, communication, local travel, vehicles operation and maintenance.

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: (a) from the Loan Account until the Bank has received payment in full of the Front-End Fee; and (b) for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2021.
SCHEDULE 3

Amortization Schedule

The Borrower shall repay the principal amount of the Loan in full on August 15, 2031.
APPENDIX

Section I. Definitions


2. “Bank Safeguards Policies” means the Bank’s operational policies and procedures, set forth in the Bank’s operational manual and identified as OP/BP 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, as said manual is published under www.WorldBank.org/opmanual.

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


6. “DNP” means Departamento Nacional de Planeación, the Borrower’s National Planning Department, and any successor or successors thereto.

7. “FINDETER” means Financiera de Desarrollo Territorial, a partially government-owned public limited company, organized as a credit institution, assigned to MHCP, subject to supervision of the Superintendencia Financiera de Colombia, as established and governed pursuant to the Borrower’s Law No. 57 of November 14, 1989, as modified by the Borrower’s Decree No. 4167, dated November 3, 2011.


9. “MHCP” means Ministerio de Hacienda y Crédito Público, the Borrower’s Ministry of Finance and Public Credit, and any successor or successors thereto.
10. "PMT" means the Project Management Team to be established by the Borrower within DNP for purposes of day-to-day management, monitoring and evaluation of Project implementation.


12. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated October 31, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 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 Manual de Operaciones, the Project operational manual adopted by the Borrower, through DNP, on October 31, 2013, containing detailed procedures and guidelines for the carrying out of the Project, including, inter alia: (i) the functions and staffing of the PMT; (ii) detailed procedures and timetable for the establishment and maintenance of financial management, disbursement, flow of funds, accounting and auditing systems under DNP, MHCP and FINDETER; (iii) guidelines, procedures, requirements and standard contractual terms for the procurement of goods, consultants’ services and Non-Consultant Services financed under the Loan; (iv) procedures and mechanisms established to ensure adequate inter-institutional coordination; (v) procedures and mechanisms to deal with conflicts of interest and fraud and corruption; (vi) procedures for the monitoring and evaluation of Project implementation, including the monitoring indicators; and (vii) the duties, functions and responsibilities of MHCP in connection with Project implementation.

14. "SEPA" means the World Bank’s publicly accessible procurement plans execution system.

15. "SGP" means Sistema General de Participaciones, the Borrower’s system which regulates the transfer of resources from the Borrower’s central government to, inter alia, the SNGs (as defined below) to finance the provision of health, education, water and basic sanitation services, pursuant to articles 356 and 357 of the Borrower’s Political Constitution.

16. "SNGs" means the Borrower’s regional government entities (entes territoriales), including departments (departamentos), districts (distritos), municipalities (municipios) and indigenous territory (territorios indigenas), as the same are defined in Article 286 of the Borrower’s Constitution.
17. "Subsidiary Agreement" means the agreement to be entered into between DNP and FINDETER under terms and conditions acceptable to the Bank, referred to in Section 1.B of Schedule 2 to this Agreement.

18. "TMM" means the Territorial Management Model establishing the procedures, standards and regulations for carrying out planning activities, administrative and financial management and monitoring and evaluation tasks at the SNGs level, which model shall be designed, developed and implemented pursuant to Part B.2 of the Project.