



LOAN NUMBER 8575-BR

# Loan Agreement

**(Piauí Pillars of Growth and Social Inclusion Project -  
*Piauí – Pilares de Crescimento e Inclusão Social (SWAP)*)**

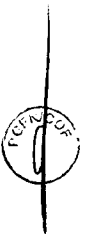
**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**THE STATE OF PIAUI**

**Dated** *April 27* , 2016



**LOAN AGREEMENT**

AGREEMENT dated April 27, 2016 between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and the STATE OF PIAUI (“Borrower”). The Bank and the Borrower 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 one hundred and twenty million Dollars (\$120,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 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:
  - (a) for Part 1 of the Project for reimbursement of Eligible Expenditures incurred by the Borrower and pre-financed from its own resources, as part of the Eligible Expenditure Programs; and
  - (b) for Part 2 of the Project for reimbursement for Eligible Expenditures incurred by the Borrower, or as advances for Eligible Expenditures.

The Borrower’s representative for the purposes of taking any action required or permitted to be taken pursuant to this Section is its Secretary of Finance or any person whom he or she shall designate.

- 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 Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower



shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower, the Guarantor and to other borrowers guaranteed by the Guarantor that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
  - (ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Guarantor which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
  - (iii) "Total Exposure" means for any given day, the Bank's total financial exposure to the Guarantor, as reasonably determined by the Bank.

2.06. 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 Variable 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.

2.07. The Payment Dates are March 15 and September 15 in each year.

2.08. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.09. (a) The Borrower may at any time, in each case with the prior no objection of the Guarantor, through the Secretariat of the National Treasury of the Guarantor's Ministry of Finance, 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.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall:

- (a) through SEDUC, carry out Part 1.1. and Part 2.3. (a) of the Project;
- (b) through SESAPI, carry out Parts 1.2. and Part 2.3. (b) of the Project;
- (c) through SEMAR, carry out Parts 1.3. and Part 2.2. (a) of the Project;
- (d) cause INTERPI to carry out Part 1.4. and Part 2.2. (b) of the Project, in accordance with the relevant Cooperation Agreement;
- (e) through SDR, carry out Part 1.5. and Part 2.2. (c) of the Project;
- (f) through SEPLAN, carry out Part 2.1. (a) and (f) of the Project;
- (g) through SEFAZ, carry out Part 2.1. (b) of the Project;
- (h) cause TCE to carry out Part 2.1. (c) of the Project, in accordance with the relevant Cooperation Agreement;
- (i) through SEAD, carry out Part 2.1. (d) of the Project;
- (j) through CGE, carry out Part 2.1. (e) of the Project;
- (k) through CEPM, carry out Part 2.3. (c) of the Project; and



(l) through OGE, carry out Part 2.3. (d) of the Project.

all under the coordination of SEPLAN and 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; TERMINATION**

- 4.01. The Additional Legal Matter consists of the following, namely, that the Loan has been duly registered with the Central Bank of Brazil.
- 4.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

#### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is its Governor.
- 5.02. The Borrower's Address is:

Secretaria de Estado do Planejamento  
Av. Miguel Rosa, 3190 – Centro/Sul  
64001-490 – Teresina – PI

Facsimile: 55 86 3221 1660

With copy to:

Secretaria da Fazenda do Estado do Piauí  
Av. Pedro Freitas, s/n – Bloco C  
Bairro São Pedro – Centro Administrativo  
64.018-200 – Teresina - PI

Facsimile: 55 86 3216 9605

Secretaria de Assuntos Internacionais - SEAIN  
Ministério do Planejamento, Orçamento e Gestão Esplanada dos Ministérios Bloco K-5º andar  
70040-906 Brasília, DF  
Brazil

Facsimile: 55-61-2020-5006.



5.03. The Bank's Address is:

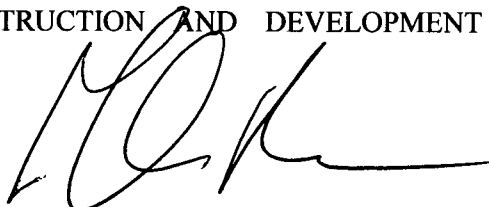
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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

AGREED at Brasilia, Federative Republic of Brazil, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

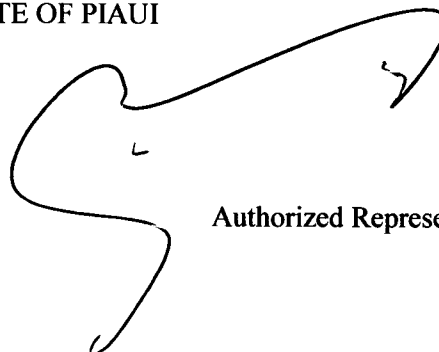
By



Authorized Representative

STATE OF PIAUI

By



Authorized Representative



## SCHEDULE 1

### Project Description

The objective of the Project is to: (a) reduce dropout of students in public secondary education; (b) increase access to diagnosis and treatment for patients with chronic diseases; (c) expand the registration of groundwater users in rural areas and land tenure regularization; and (d) increase the participation of rural family farmers in rural productive value chains.

The Project consists of the following parts:

**Part 1: Provision of support for the implementation of EEPs in the following areas: (a) public secondary education, (b) health care for patients with chronic diseases, (c) water resources management, (d) land management, and (e) rural productive chains**

#### **Subcomponent 1.1: Improving retention in public secondary education**

Carrying out activities aimed at improving retention in public secondary education through, *inter alia*: (a) expanding the Youth Savings Program for public secondary education students in targeted municipalities; (b) expanding the full-time school model in secondary education; (c) expanding secondary technical education; (d) expanding distance learning for general secondary education; and (e) reestablishing a student assessment in the Borrower's public schools.

#### **Subcomponent 1.2: Expanding access to health care for patients with chronic diseases**

Carrying out activities aimed at expanding access to diagnosis and treatment for patients with chronic diseases through, *inter alia*: (a) the setting up and operationalization of five SCCDs; and (b) the elaboration and enforcement of state protocols and medical regulation.

#### **Subcomponent 1.3: Expanding the registration of groundwater users**

Carrying out activities aimed at implementing the CERH through, *inter alia*: (a) elaborating and implementing information and communication campaigns for registering groundwater users in the CERH; and (b) carrying out verification of registration of groundwater users.

#### **Subcomponent 1.4: Strengthening real property rights**

Carrying out activities aimed at supporting the implementation of the Land Tenure Regulation Program and strengthening real property rights through, *inter alia*: (a) strengthening and modernizing INTERPI; (b) carrying out the identification, demarcation and registration of state land; (c) carrying out the Land Tenure Regularization Program; and (d) supporting the operationalization of the Land Tenure Regularization Center.

#### **Subcomponent 1.5: Strengthening participation of rural family farmers in rural productive value chains**

Carrying out activities aimed at increasing the participation of rural family farmers, including, *inter alia*, women and *Quilombola* communities, in productive value chains by: (a) financing Productive



Investment Plans; and (b) building capacity on technical and managerial assistance, as well as on institutional organization and logistics.

## **Part 2: Provision of technical assistance to strengthen the Borrower's public management**

### **Subcomponent 2.1: Modernize expenditure and investment management in the public sector**

Provision of technical assistance to modernize expenditure and investment management practices in the public sector, including, *inter alia*: (a) the strengthening of the process of planning, monitoring and evaluation of investment projects in a single results-based system; (b) the carrying out of a study on the Borrower's public expenditure and financial accountability and the strengthening of the Borrower's capacity to implement streamlined financial management processes and an accrual accounting system in line with national accounting norms and International Public Accounting Standards; (c) the provision of training on the adoption of standards of the International Organization of Supreme Audit Institutions; (d) the modernization of the Borrower's procedures and processes to carry internal audit; (e) the designing and implementation of the Borrower's procurement information and contract management system; and (f) Project management, including financing of the costs of key project staff, the Independent Verification Entity and Operating Costs.

### **Subcomponent 2.2: Build the Borrower's capacity for water resources management, land management and rural development**

Provision of technical assistance to strengthen the Borrower's capacity to carry out the water resources cadaster, land tenure regularization and rural development including, *inter alia*: (a) the operationalization and maintenance of the CGEO; (b) the piloting of an integrated real estate registration system for notaries; and (c) the establishment of a computerized monitoring, information and management system for PROGERE II.

### **Subcomponent 2.3: Generate evidence to support policy-making and practice in education, health, gender and citizen engagement**

Provision of technical assistance to generate evidence supporting policy-making in education, health, gender and citizen engagement including, *inter alia*: (a) carrying out of an impact evaluation and studies of secondary education; (b) elaborating a State Health Regulation Plan and carrying out an impact evaluation and studies on Neglected Diseases; (c) carrying out of studies on gender in the Borrower's territory; and (d) capacity building for the Borrower's Ombudsman Office.





## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

##### 1. The Borrower shall:

- (a) No later than two (2) months after the Effective Date, the Borrower shall create and thereafter operate and maintain, until the completion of the Project, a coordination unit within SEPLAN, to be responsible for the overall coordination of the Project (the "PCU"), all as set forth in the Project Operational Manual. The PCU shall bear primary responsibility for Project implementation and coordination, including, *inter alia*: (i) ensuring general coordination with the Bank and among the Participating Entities; (ii) participating in Project Management Committee meetings; (iii) ensuring timely implementation of all Project activities and monitoring these activities and Project performance indicators; (iv) providing assistance to the Participating Entities to prepare terms of reference and bidding documents, and ensuring procurement is carried out pursuant to the provisions of Section III of this Schedule; and (v) leading the preparation of any necessary time-bound action plan as described in Section IV.B.4 of this Schedule.
- (b) No later than one (1) month after the Effective Date, establish and thereafter maintain, until the completion of the execution of the Project, at least two Special Bidding Committees, for purposes of assisting the Participating Entities in carrying out its procurement activities under the Project, with structure and functions satisfactory to the Bank, as set forth in the Project Operational Manual.
- (c) No later than eighteen (18) months after the Effective Date, for purposes of carrying out the technical audits referred to in Section I.B.3 of this Schedule, select and contract an entity, independent from the Borrower (the Independent Verification Entity) with experience and qualifications acceptable to the Bank, pursuant to the provisions of Section III of this Schedule and in accordance with terms of reference satisfactory to the Bank.
- (d) No later than two (2) months after the Effective Date, create and thereafter maintain, until the completion of the execution of the Project, a Project Management Committee, with representatives of all the Participating Entities involved in the Project to be responsible for overseeing implementation, monitoring and evaluation of all Project activities, which shall meet at least twice a year, and provide recommendations based on the review of the progress reports and other relevant documents prepared for the Project, and with structure and functions satisfactory to the Bank, as set forth in the Project Operational Manual.



**B. Implementation Arrangements for Part 1 of the Project**

1. The Borrower shall, through SEPLAN, furnish to the Bank on or about February 28 and August 31 of each year during Project implementation, starting on the first such date after the Effective Date, regular reports about the expenditures incurred under EEPs (the EEP Spending Reports) prepared in accordance with the provisions of the Project Operational Manual and the Additional Instructions.
2. The Borrower, through SEPLAN, shall:
  - (a) have all the Project procurement records and documentation for each calendar year of the Project audited, in accordance with appropriate procurement auditing principles by independent auditors acceptable to the Bank;
  - (b) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the procurement audit report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
  - (c) furnish to the Bank such other information concerning said procurement records and documentation and the procurement audit thereof as the Bank shall from time to time reasonably request.
3. The Borrower, through SEPLAN, shall:
  - (a) cause the Independent Verification Entity to carry out at least two technical audits during Project implementation, which shall verify compliance with the DLIs;
  - (b) furnish to the Bank as soon as available, but in any case prior to the fourth Loan withdrawal and prior to the eighth Loan withdrawal for payments under Category (1) set forth in the table in Section IV.A.3 of this Schedule, respectively, the two audit reports of the Independent Verification Agency verifying compliance with the DLIs achieved during the period preceding to issuance of such reports; and said reports shall be prepared of such scope and in such detail as the Bank shall have reasonably requested; and
  - (c) furnish to the Bank such other information concerning said technical audits and documentation as the Bank shall from time to time reasonably request.
4. The Borrower shall ensure that the amounts of expenditures and the budget codes assigned to EEPs comply with the eligibility criteria and procedures set forth in the Project Operational Manual.
5. The Borrower shall ensure that the budget code number indicated in Schedule 4 to this Agreement shall conform to the Borrower's annual budget law. The Borrower and the Bank agree that such budget code number may change under the Borrower's budget law provided, however, that there is no change in the corresponding EEP described in Schedule 4 of this Agreement and in the underlying activities to be financed by the Bank under such EEP.



6. The Borrower, through SEPLAN, and the Bank may jointly review, once every year, the amounts assigned per budget code to the EEPs detailed in Schedule 4 to this Agreement, all in a manner satisfactory to the Bank.
7. Prior to the fifth Loan withdrawal under Category (1) as referred to in the Project Operational Manual and the Additional Instructions, the Borrower shall:
  - (a) carry out a mid-term review with the Bank to evaluate the overall progress in the execution and on the accomplishment of the Project;
  - (b) review whether any adjustments or replacement of the existing DLIs are needed; and
  - (c) thereafter make the required adjustments, all in a manner acceptable to the Bank.

**C. Cooperation Agreements**

1. The Borrower shall, through SEPLAN:
  - (a) prior to initiating any activities under Parts 1.4 and 2.2(b) of the Project, enter into a Cooperation Agreement with INTERPI for the implementation of said activities, under terms and conditions satisfactory to the Bank;
  - (b) prior to initiating any activities under Part 2.1(c) of the Project, enter into a Cooperation Agreement with TCE for the implementation of said activities, under terms and conditions satisfactory to the Bank; and
  - (c) ensure that the Cooperation Agreements referred to in paragraphs (a) and (b) above shall include, *inter alia*, the relevant Participating Entity's obligation to comply as applicable with the Safeguards Documents, the Anti-Corruption Guidelines, and as applicable, the provisions set forth in Section III of this Schedule 2.
2. The Borrower shall exercise its rights and carry out its obligations under each of the Cooperation Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, terminate, waive or fail to enforce any provision of any of the Cooperation Agreements. In case of any conflict between the terms of any of the Cooperation Agreements and those of this Agreement, the terms of this Agreement shall prevail.

**D. Anti-Corruption**

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

**E. Safeguards**

1. The Borrower shall, with the assistance of the pertinent Participating Entity, implement the Project in accordance with the provisions of the Environmental and Social Management

Framework (EMF), the Environmental Management Plan (EMP); the Health Waste Management Plan (HWMP) and the Resettlement Policy Framework (RPF), all prepared by the Borrower and approved by the Bank.

2. The Borrower, through SEPLAN shall ensure, and/or cause the Participating Entities to ensure, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the applicable Bank Safeguards Policies, as applied to the advice conveyed through such technical assistance.

**F. Project Operational Manual**

1. The Borrower shall, with the assistance of the Participating Entities, implement the Project in accordance with the Project Operational Manual, acceptable to the Bank, which includes, *inter alia*:
  - (a) the performance indicators;
  - (b) the procedures for the carrying out of monitoring and evaluation of the Project;
  - (c) the detailed criteria for the monitoring of the DLIs;
  - (d) the procurement and financial requirements of the Project;
  - (e) the roles and responsibilities of each Participating Entity;
  - (f) the ESMF, EMP, RPF, and HWMP; and
  - (g) the Project chart of accounts and internal controls, reporting procedures and the format of the Interim unaudited financial reports referred to in Section II.B.2 of this Schedule;

In case of any conflict between the terms of the Operational Manual and this Agreement, the provision of this Agreement will prevail.

2. Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operational Manual or any provision thereof.

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

**A. Project Reports**

1. The Borrower, through SEPLAN, 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. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than sixty (60) days after the end of the period covered by each such report.



2. Without limitation to the provisions of paragraph 1 of this Section, the Borrower, through SEPLAN, shall include the following information in each Project Report:

- (a) the Borrower's compliance with the DLIs; and
- (b) a section describing any condition which interferes or that could potentially interfere with Project implementation, including any environmental/social issues that may arise during Project implementation.

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

- 1. The Borrower 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 SEPLAN, shall prepare and furnish to the Bank not later than sixty (60) 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 SEPLAN, 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, Works and Non-Consulting Services.** All goods, works 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 in accordance with the provisions of this Schedule as the case may be.
- 2. **Consultant Services.** All 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 Sections I and IV of the Consultant Guidelines, and in accordance with the provisions of this Schedule, as the case may be.
- 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, Works and Non-Consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-Consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-Consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) National Competitive Bidding (including in respect of goods, non-consultant services and works, <i>convite, tomada de preços</i> and <i>concorrência</i> set forth in the Guarantor's Law No. 8.666 of June 21, 1993 as well as procurement in accordance with the method known as " <i>pregão eletrônico</i> ", as provided in the Guarantor's Law No. 10.520, of July 17, 2002, under any e-procurement system approved by the Bank), subject to the following additional procedure, namely, that the bidding documents shall be acceptable to the Bank.
(b) Shopping
(c) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies 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>Procurement Method</b>
(a) Selection based on Consultant's Qualifications
(b) Quality-based Selection
(c) Least Cost Selection
(d) Selection under a Fixed Budget
(e) Procedures set forth in Section V of the Consultants Guidelines for the Selection of Individual Consultants
(f) Single Source Selection

**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 (Disbursement Letter) 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 3 below.
2. Without limitation to the provisions of paragraph 1 of this Section, withdrawals of the Loan may be made as:
  - (a) reimbursements of expenditures for Parts 1 and 2 of the Project; or
  - (b) advances to the Borrower's designated account identified in the instructions referred to in said paragraph 1 in respect of Part 2 of the Project.
3. 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of taxes)
(1) Eligible Expenditure Programs under Part 1 of the Project	105,000,000	80% of aggregate EEP expenditures
(2) Goods, consultants' services, non-consulting services, Training and Operating Costs under Part 2 of the Project	14,700,000	100%
(3) Front-end Fee	300,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(4) Premium for Interest Rate Caps or Interest Rate Collars	0	Amount due pursuant to Section 2.09 (c) of this Agreement
<b>TOTAL AMOUNT</b>	<b>120,000,000</b>	

4. For the purposes of this Section the term:



- (a) "Training" means expenditures (other than for consultants' services) incurred in connection with the carrying out of training, seminars, and workshops under the Project, including, *inter alia*: logistics, the reasonable travel cost (including transportation and lodging), and *per-diem* of the trainers and trainees, tuition fees, as well as training materials; and
- (b) "Operating Costs" means the reasonable incremental operational costs (which would not have been incurred absent the Project), related to the management, monitoring and supervision of the Project, including, *inter alia*: (i) operation and maintenance of vehicles; (ii) incremental office equipment and supplies; (iii) shipment costs (whenever these costs are not included in the cost of goods); (iv) rent for office facilities; (v) utilities; (vi) travel and *per diem* costs for technical staff carrying out supervisory and quality control activities; (vii) communication costs including advertisement for procurement purposes; and (viii) administrative and operational support staff (excluding the Borrower's civil servants).

**B. Withdrawal Conditions; Withdrawal Period**

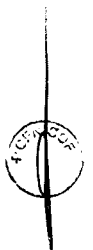
1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed USD 21,000,000 equivalent may be made under Category (1) for reimbursements of payments made by the Borrower for Eligible Expenditures under EEPs prior to this date but on or after March 1, 2015 (but in no case more than one year from the date of this Agreement) provided that the Borrower shall have submitted the relevant EEP Spending Report for the referred period and such report shall have been found satisfactory by the Bank, in accordance with the provisions of the Project Operational Manual and the Additional Instructions; and
  - (b) for payments made under Category (1) unless:
    - (i) a relevant EEP Spending Report covering the period preceeding to a respective withdrawal request, shall have been submitted to, and found satisfactory by, the Bank, in accordance with the provisions of the Project Operational Manual and the Additional Instructions; and
    - (ii) all other conditions referred to in the Project Operational Manual and in the Additional Instructions, including compliance with any applicable DLI (for the respective semester as referred to in Schedule 5 to this Agreement) shall have been met by the Borrower in form and substance satisfactory to the Bank.
2. Withdrawals under Category (1) shall be made in 9 installments (including the first withdrawal referred to in Section B.1 (a) above. The subsequent eight withdrawals shall be made in the months of February and August of each year upon: (a) submission of a respective EEP Spending Report confirming actual expenditures for the EEPs incurred in the previous six-month period, or any other period defined in the Additional Instructions; and (b) evidence of





compliance with the respective DLIs as described below and further detailed in the Additional Instructions.

3. If the Bank has not received evidence of full compliance with the quantitative DLIs (DLI #1, DLI #3 through DLI #5, and DLI #7 through DLI #15) listed in Schedule 5 to this Agreement, in respect to any Loan withdrawal under Category (1) other than the first Loan withdrawal (as referred to in the Project Operational Manual and in the Additional Instructions), then:
  - (a) the Bank shall disburse the Loan amount of the corresponding withdrawal attributable to each DLI, in proportion to the respective degree of execution of each DLI and in accordance with the Additional Instructions;
  - (b) the Borrower shall prepare and furnish to the Bank a satisfactory time-bound action plan specifying the measures to achieve full compliance of such DLI or DLIs in a manner satisfactory to the Bank; and
  - (c) as soon as the Bank is satisfied that said action plan has been implemented, the Bank shall authorize the withdrawal of unwithdrawn Loan amount by which the corresponding Loan withdrawal had been reduced in the withdrawal period following the date of implementation of said action plan, all as further detailed in the Additional Instructions.
  
4. If the Bank has not received evidence of full compliance with the qualitative DLIs (DLI #2 and DLI #6) listed in Schedule 5 to this Agreement, with respect to any Loan disbursement under Category (1) (as referred to in the Project Operational Manual and in the Additional Instructions), then:
  - (a) the Bank shall withhold the corresponding withdrawal attributable to each DLI not complied with;
  - (b) the Borrower shall prepare and furnish to the Bank a satisfactory time-bound action plan specifying the measures to achieve full compliance of such DLI or DLIs in a manner satisfactory to the Bank; and
  - (c) as soon as the Bank is satisfied that said action plan has been implemented, the Bank shall authorize the withdrawal of unwithdrawn Loan amount by which the corresponding Loan withdrawal had been reduced in the withdrawal period following the date of implementation of said action plan, all as further detailed in the Additional Instructions.
  
5. If the Borrower fails to provide satisfactory evidence of sufficient Eligible Expenditures incurred under a respective EEP in respect to any withdrawal request under Category (1) (as referred to in the Project Operational Manual and in the Additional Instructions), then the correspondent undisbursed amount due to the lack of Eligible Expenditures shall be carried forward to the subsequent withdrawals and may be paid only if evidence of enough Eligible Expenditures are presented under the subsequent withdrawal request.



6. In the event that the Bank has not approved a full withdrawal by the Borrower of the Loan proceeds under Category (1) due to partial evidence of compliance with the DLIs, and /or lack of documentation of Eligible Expenditures, or lack of satisfactory performance by the Borrower under an action plan referred to in paragraphs 3 and 4 above, the Bank may, by notice to the Borrower, cancel the corresponding amount of the Loan after the last Loan withdrawal (as referred to in the Project Operational Manual and in the Additional Instructions).
7. If, at any time, the Bank determines that: (a) any portion of the Loan Proceeds was used for items improperly procured in violation of Section III to this Schedule; or (b) was not used for Eligible Expenditures; or (c) in case of the EEPs under Part 1 of the Project, was not supported by evidence of actual spending by the Borrower under said Eligible Expenditure Programs and/or (d) by evidence of satisfaction of other criteria set forth in this Agreement or in the Project Operational Manual, the Borrower shall promptly refund any such portion to the Bank as the Bank shall specify by notice to the Borrower.
8. The Closing Date is December 31, 2020. The Bank may grant an extension of the Closing Date only after the Guarantor's Ministry of Finance has informed the Bank that it agrees with such extension.



**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, 2020 through March 15, 2035	3.13 %
On September 15, 2035	2.97 %

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.
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.



**SCHEDULE 4**

**Eligible Expenditure Programs  
(Expressed in R\$)**

<b>Budget Code</b>	<b>Eligible Expenditure Programs (EEP)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
<b>Sub-component 1.1: Improving retention in state public secondary education</b>								
14102.12362122.078	Support for <i>Educarando</i> Program – Secondary Education (SE)	70,114,532						70,114,532
14102.12362122.120			34,356,095	37,791,705	41,570,875	45,727,962	50,300,759	209,747,396
14102.12368121.120	Infrastructure Expansion and Improvement – Democratization of Access to Basic Education	120,829,807						120,829,807
14102.12368122.312	Restructuring and maintenance of information technology in the schools of the network		12,942,250	14,236,772	15,660,449	17,226,494	18,949,144	79,015,379
14102.12366122.115	Expansion and restructuring of the state network of youth and adult education		4,270,000	4,697,000	5,166,700	5,683,370	6,251,707	26,068,777
1410.201368122.120	Expansion and improvement of the full-time schools		28.131.473	30.944.620	34.039.082	37.442.991	41.187.290	171.745.456
1410.212362121.120	Youth Savings Program of Piauí		14,718,000	16,189,800	17,808,780	19,589,658	21,548,624	89,854,862
14102.12362121.121	Expansion of SE, including the use of technological mediation	12,570,000						12,570,000
14102.123681122.130			170.507.672	187.558.439	206.314.283	226.945.711	249.640.283	1.040.966.388
14102.12363112.232	Expansion and maintenance of the E-Tec network		1.565.000	1.721.500	1,893,650	2,083,015	2,291,317	9,554,482
14102.12368122.081		5,302,500						5,302,500



Budget Code	Eligible Expenditure Programs (EEP)	2015	2016	2017	2018	2019	2020	Total
14102.12368122.114	Implementation of state student assessment system for basic education - SAEPI		6,910,000	7,601,000	8,361,100	9,197,210	10,116,931	42,186,241
14102.12368122.079	Maintenance of the state network for basic education	134,689,047						134,689,047
14102.12363121.122	Expansion and improvement of technical (professional) education utilizing technological mediation	21,610,000						21,610,000
14102.12363112.234			53,371,805	58,708,986	64,579,884	71,037,872	78,141,660	325,840,207
<b>Sub-total</b>	<b>SEDUC</b>	<b>365,115,886</b>	<b>326,772,565</b>	<b>359,449,822</b>	<b>395,394,804</b>	<b>343,934,284</b>	<b>478,427,712</b>	<b>2,360,095,073</b>

**Sub-component 1.2: Expanding access to healthcare for patients with chronic diseases**

17101.10122031.360	Strengthening the state financing policy through the public health co-financing system	42,000,000						42,000,000
17101.10301032.132			47,200,398	51,920,438	57,112,482	62,823,730	69,106,103	288,163,150
17101.10301032.288	High and medium complexity support in ambulances and hospitals	111,910,000						111,910,000
17101.10301032.220			149,544,435	164,498,879	180,948,766	199,043,643	218,948,007	912,983,730
<b>Sub-total</b>	<b>SESAPI</b>	<b>153,910,000</b>	<b>196,744,833</b>	<b>216,419,316</b>	<b>238,061,248</b>	<b>261,867,373</b>	<b>288,054,110</b>	<b>1,355,056,880</b>

**Sub-component 1.3: Expanding the registration of groundwater users**

28101.18544171.320	Creation of the cadaster and users of water resources	29,603,750						29,603,750
28101.18542171.128			1,965,000	2,161,500	2,377,650	2,615,415	2,876,957	11,996,522
28101.18544171.071	Elaboration of studies and projects, and creation of instruments to support water resources managements		1,709,990	1,880,989	2,069,088	2,275,997	2,503,596	10,439,660



Budget Code	Eligible Expenditure Programs (EEP)	2015	2016	2017	2018	2019	2020	Total
28101.18544172.172	Implementation and operationalization of monitoring networks of water resources of the State		3,304,160,	3,634,576	3,998,034	4,397,837	4,837,621	20,172,227
<b>Sub-total</b>	<b>SEMAR</b>	<b>29,603,750</b>	<b>6,979,150</b>	<b>7,677,065</b>	<b>8,444,772</b>	<b>9,289,249</b>	<b>10,218,174</b>	<b>72,212,159</b>
<b>Budget Code</b>	<b>Eligible Expenditure Programs (EEP)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>

<b>Sub-component 1.4: Strengthening real property rights</b>								
15201.21127231.193	Land regularization through isolation of state land	25,523,960						25,523,960
15201.21127241.236	Management of state public land for fulfillment of the social function of rural property		30,292,279	33,321,507	36,653,658	40,319,023	44,350,926	184,937,393
15201.21127231.190	Land regularization and formalization of informal settlements	7,476,040						7,476,040
<b>Sub-total</b>	<b>INTERPI</b>	<b>31,000,000</b>	<b>30,292,279</b>	<b>33,321,507</b>	<b>36,653,658</b>	<b>40,319,023</b>	<b>44,350,926</b>	<b>215,937,393</b>

<b>Sub-component 1.5: Strengthening participation of rural family farmers in rural productive chains</b>								
15101.20244051.290	Institutional development/PROGERE	413,926						413,926
15101.20244052.210	Development and implementation of rural poverty programs	10,656,395						10,656,395
15101.20244052.249	Elaboration and execution of programs combating rural poverty		8,660,000	9,526,000	10,478,600	11,526,460	12,679,106	52,870,166
15101.20244052.219	Administration, supervision, monitoring and assessment of PROGERE	12,875,321						12,875,321



15101.20601222.210	Strengthening of family agriculture		12,745,000	14,019,500	15,421,450	16,963,595	18,659,955	77,809,500
15101.20602221.269	Restructuring of rural productive chains, sheep and goat farming, fish farming, pig, beekeeping, poultry farming, dairy farming, fruit growing, etc.		13,365,000	14,701,500	16,171,650	17,788,815	19,567,697	81,594,662
15101.20244252.283	Administration, supervision, monitoring and evaluation		1,881,000	2,069,100	2,276,010	2,503,611	2,753,972	11,483,693
<b>Sub-total</b>	<b>SDR/PROGERE II</b>	<b>23,945,552</b>	<b>36,651,000</b>	<b>40,316,100</b>	<b>44,347,710</b>	<b>48,782,481</b>	<b>53,660,729</b>	<b>247,703,662</b>
<b>Total Eligible Expenditure Programs (R\$)</b>		<b>603,575,278</b>	<b>597,439,827</b>	<b>657,183,810</b>	<b>722,902,191</b>	<b>795,192,410</b>	<b>874,711,651</b>	<b>4,251,005,166</b>
<b>Total – Eligible Expenditure Programs (US\$)</b>		<b>158,835,600</b>	<b>157,221,007</b>	<b>172,943,108</b>	<b>190,237,419</b>	<b>209,261,160</b>	<b>230,187,277</b>	<b>1,118,685,570</b>
<b>Bank Financing for Component 1 (US\$)</b>		<b>21,000,000</b>	<b>5,000,000</b>	<b>21,000,000</b>	<b>23,000,000</b>	<b>24,000,000</b>	<b>11,000,000</b>	<b>105,000,000</b>
<b>% Bank Financing</b>		<b>13.2%</b>	<b>3.2%</b>	<b>11.0%</b>	<b>12.6%</b>	<b>11.9%</b>	<b>4.8%</b>	<b>9.4%</b>

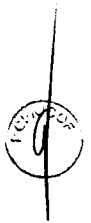




**SCHEDULE 5**

**Disbursement Linked Indicators (DLIs) – Baseline and Targets**

#	DLIs	Unit of Measure	Disbursement Targets									Protocol for Verification/Source of Information
			2	3	4	5	6	7	8	9		
<b>Sub-component 1.1: Improving retention in public secondary education</b>												
1	Students enrolled in the YSP who pass to the next grade	Number	n.a.	8,900	n.a.	18,900	n.a.	30,700	n.a.	43,400	Number of students registered in the program successfully completing the school year (noncumulative)	
2	Tutoring activities for and monitoring of attendance of SE students enrolled in the YSP	Text	Yes	n.a	Yes	n.a	Yes	n.a	Yes	n.a	SEDUC will carry out qualitative survey on a small set of SE schools (no less than 5) to report on types of intervention carried out by the schools and regional education departments aimed at supporting retention and passing rate of students enrolled in YSP	
3	Secondary FTS certified	Number	n.a.	6	n.a	12	n.a	18	21	24	Schools meeting all the conditions to operate as FTS according to the state council for education	



4	Students enrolled in STE (integrated and concomitant)	Number	20,000	n.a.	41,000	n.a.	65,000	n.a.	92,000	n.a.	Students enrolled in STE schools, excluding enrollment in e-Tec (federal program providing technical education through distance learning) and ETI (general SE)
5	Students enrolled in ETI	Number	1,800	n.a.	4,700	n.a.	8,700	n.a.	13,500	n.a.	Number comprises SE students studying entirely through ETI and students who will only have ETI classes for specific subject matters. Figure provided by the Piauí Educational Management System (SIGGEP) three months after the beginning of the school year
6	Learning assessment tests carried out in public SE and results disseminated at the school level	Text	n.a.	First state learning assessment test carried out in SE		First test results disseminated at state and school level	n.a.	Second state learning assessment test carried out in SE		Second test results disseminated at state and school level and to parents	SEDUC will carry the state assessment test for at least 2 subject matters and in at least one grade in SE on a census basis
<b>Sub-component 1.2: Expanding access to health care for patients with chronic diseases</b>											
7	SCCDs operational to	Number	n.a.	1	n.a.	2	n.a.	4	n.a.	5	SCCDs are operational when the civil works,



	receive patients for diagnosis, treatment and follow up																					rehabilitation, and equipping of the centers is complete; it can perform specialist consultation, lab and image tests for patients; and can cover related operating costs
8	Clinical protocols developed	Number	2	4	5	8	10	13	17	n.a												Protocols proposed in the beginning of the project, as listed in the POM, that have been developed and are in use by the regulation units. Seventeen protocols have been identified by SESAPI for implementation
9	FHTs and health specialists who have been trained in the use of clinical protocols	Percentage	n.a.	n.a.	20	50	60	75	90	95												FHTs per municipality is included in the POM and will need to be updated annually. The first trainings will take place in year 2 of the project and will be on the first 4 protocols developed in year 1. The trainings will be updated annually to include the new protocols developed



<b>Sub-component 1.3: Expanding the registration of groundwater users</b>											
10	Self-registered groundwater users in the CERH electronic database	Number	800	2,000	3,500	5,000	7,500	10,000	12,000	15,000	List of groundwater users who complete the registration form in the CERH electronic database
11	Field visits carried out by SEMAR to verify the registration of groundwater users	Number	n.a.	20	30	40	60	100	120	150	Field visits for registration and verification of groundwater use in accordance with the water use right granted
<b>Sub-component 1.4: Strengthening real property rights</b>											
12	Teams in place to execute the land tenure regularization activities	Number	n.a.	6	6	8	8	10	10	10	Number of field teams operational and working on land tenure regularization and state land demarcation
13	Requests filed by small-scale farmers for land titles through the state LTRP	Number	n.a.	5,000	6,000	7,000	8,000	9,000	10,000	11,000	Includes both pending and completed requests registered by INTERPI since the adoption of the State Law 6,127/2011. Small-scale farmers are those who possess and cultivate less than 100 ha
<b>Sub-component 1.5: Strengthening participation of rural family farmers in rural productive chains</b>											
14	PIPs proposed by producer organizations led	Number	n.a.	n.a.	4	9	19	27	33	36	PIPs are business plans for agricultural activities implemented



15	by and mostly comprising poor rural women or <i>Quilombola</i> communities	PIP's benefiting poor rural women or <i>Quilombola</i> communities monitored using PROGERE's new Information Management System	Percentage	n.a.	10	20	30	40	50	55	60	by farm cooperatives. Preparation, approval, and financing of PIPs are described in the POM
												Ratio of PIPs benefiting poor rural women or <i>Quilombola</i> communities with information registered and analyzed through the SIG and the total number of PIPs approved that benefit poor rural women or <i>Quilombola</i> communities





## APPENDIX

### Section I. Definitions

1. “Additional Instructions” means the additional instructions included in the Disbursement Letter and referred to in Section IV.A.1 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Bank Safeguards Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 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](http://www.worldbank.org/opmanual).
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CEPM” means *Coordenadoria Estadual de Políticas Para Mulheres*, the Borrower’s Coordination Agency for Women Policies created by the Borrower’s Law No. 6.465 dated December 19, 2013, or any successor thereof.
6. “CERH” means *Cadastro Estadual de Fontes e Usuários de Recursos Hídricos*, the Borrower’s Water Resources Users Registry created by the Borrower’s Law No. 6.474 dated December 23, 2013.
7. “CGE” means *Controladoria Geral do Estado do Piauí*, the Borrower’s Comptroller General, created by the Borrower’s Complementary Law No. 28, dated June 9, 2013.
8. “CGEO” means *Centro de Geotecnologia Fundiária e Ambiental do Estado do Piauí*, the Borrower’s Land and Environmental Geotechnical Center, created by the Borrower’s Decree No. 16.192, dated September 22, 2015, or any successor thereof.
9. “Cooperation Agreement” means any of the agreements referred to in Section I.C of Schedule 2 to this Agreement.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated January 2011, revised July 2014.
11. “Disbursement-Linked Indicator” or “DLI” means any of the indicators set forth in Schedule 5 of this Agreement.
12. “Eligible Expenditure Program” or “EEP” means a set of defined investment and selected recurrent expenditures (including works, goods, non-consulting services, consultants’ services, Operating Costs, Training and grants (YSP and PPI) incurred by the Borrower under the budget lines set forth in Schedule 4 to this Agreement (and thus said set of



expenditures constitute a subset of the Eligible Expenditures defined in the General Conditions).

13. "EEP Spending Report" means any report prepared by the Borrower in accordance with the Project Operational Manual and referred to in Section I.B.1 of Schedule 2 to this Agreement on the spending status of the Eligible Expenditures Programs under Part 1 of the Project.
14. "Environmental and Social Management Framework" or "ESMF" means the framework prepared by the Borrower, dated November 3, 2015, acceptable to the Bank, published and available to the public at [www.seplan.pi.gov.br](http://www.seplan.pi.gov.br), as the same may be updated from time to time with the prior written agreement of the Bank, which sets out the environmental and social protection measures in respect of the Project, including: (a) the guidelines to be followed in connection with the finding of cultural property; (b) the guidelines for the carrying out of environmental assessments under the Project and the preparation of any necessary environmental management plans; (c) the guidelines to address impacts on natural habitats; (d) the Pest Management Plan; and (e) the procedures for the environmental supervision, monitoring and evaluation of the Project, as such framework may be amended from time to time with prior written agreement of the Bank.
15. "Environmental Management Plan" or "EMP" means the Borrower's plan dated October 23, 2015 acceptable to the Bank, for management of the environmental impacts that may result from the carrying out of Part 1.5 of the Project (PROGERE II), published and available to the public at [www.seplan.pi.gov.br](http://www.seplan.pi.gov.br).
16. "FTS" means full time schools.
17. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.
18. "Health Waste Management Plan" or "HWMP" means the framework prepared by the Borrower, acceptable to the Bank, dated June 30, 2014, and published and available to the public at [www.seplan.pi.gov.br](http://www.seplan.pi.gov.br), which sets out the procedures to address health waste handling and disposal under Part 1.2 of the Project.
19. "Independent Verification Entity" means the entity referred to in Section I.A.1 (c) of Schedule 2 to this Agreement.
20. "INTERPI" means *Instituto de Terras do Piauí*, the Borrower's Land Institute created by the Borrower's Law No. 3.783 dated December 16, 1980 and modified by Law No. 6.709 dated September 28, 2015, or any successor thereof.
21. "Land Tenure Regularization Center" means a center established within the Office of the Inspector General of the Borrower's Secretariat of Justice to mediate land disputes, monitor





and supervise notary public activities, and prepare studies and strategies for land tenure regularization or any successor thereof.

22. “Land Tenure Regularization Program” or “LTRP” means a program set forth in the Borrower’s Law No. 6.709, dated September 28, 2015, implemented by INTERPI whereby state land is granted to small-scale farmers.
23. “Neglected Diseases” means a diverse group of diseases with distinct characteristics that thrive mainly among the poorest populations in regions with poor health care, particularly chagas disease, hanseniasis, tuberculosis, leishmaniasis and geohelminthiasis.
24. “OGE” means *Ouvidoria Geral do Estado do Piauí*, the Borrower’s Ombudsperson Office, created by the Borrower’s Complementary Law No. 83 of April 12, 2007, or any successor thereof.
25. “Participating Entity” means SEPLAN, SEFAZ, SEDUC, SESAPI, SEMAR, INTERPI, TCE, CGE, SDR, SEAD, CEPM and OGE.
26. “PCU” means *Unidade de Coordenação do Projeto*, the unit referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.
27. “Performance Indicators” means the Project monitoring and evaluation indicators set forth in the Project Operational Manual.
28. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, revised July 2014.
29. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 19, 2015 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.
30. “Productive Investment Plan” means business plans prepared by productive cooperatives and organizations under Part 1.5. of the Project related to pre-identified productive chains (bee-keeping, cashew production, artisan crafts, sheep and goat farming, cassava production, and the production of grains and vegetables) eligible for financing out of the proceeds of the Loan by the Borrower through grants, according to the eligibility criteria and procedures set forth in the Project Operational Manual.
31. “PROGERE II” means the second phase of the *Programa Estadual de Geração de Emprego e Renda no Meio Rural*, the Borrower’s program for employment and income generation in rural areas created by the Borrower’s Decree No. 14.626 dated October 31, 2011, modified by the Borrower’s Decree No. 15,664 dated June 13, 2014.



32. "Project Management Committee" means the committee referred to in Section I.A.1 (d) of Schedule 2 to this Agreement.
33. "Project Operational Manual" means the manual dated November 19, 2015 and referred to in Section I.F.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Bank.
34. "*Quilombola*" means any of the Afro-Brazilian communities living in the Borrower's territory which maintain specific cultural and religious traditions and which are recognized as such by the Guarantor.
35. "R\$" means Brazilian Reais, the Guarantor's currency.
36. "Resettlement" means the impact of: (i) an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) income source or means of livelihood adversely affected (whether or not the affected persons must move to another location); (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; or (ii) an involuntary restriction of access to natural resources in legally designated parks and protected areas (including reserves) which causes an adverse impact on the livelihoods of the affected persons.
37. "Resettlement Policy Framework" or "RPF", means means the framework prepared by the Borrower, acceptable to the Bank, dated October 23, 2015 and published and available to the public at [www.seplan.pi.gov.br](http://www.seplan.pi.gov.br), which sets out: (a) the procedures to be followed during the implementation of the Project to address any Resettlement; (b) the requirement for preparation of any necessary resettlement plans; and (c) the monitoring of any Resettlement under the Project; as such framework may be amended from time to time with prior written agreement of the Bank.
38. "Safeguard Documents" means collectively the ESMF, EMP, RPF, and the HWMP.
39. "SCCD" means the Borrower's Specialized Centers for Chronic Diseases established pursuant to the relevant project document issued by SESAPI in July 2015, or any successor thereof.
40. "SDR" means *Secretaria do Desenvolvimento Rural*, the Borrower's Secretariat of Rural Development, or its successor or successors thereto acceptable to the Bank.
41. "SEAD" means *Secretaria de Administração*, the Borrower's Secretariat of Administration, or its successor or successors thereto acceptable to the Bank.



42. “SEDUC” means *Secretaria da Educação e Cultura*, the Borrower’s Secretariat of Education and Culture, or its sucessor or sucessors thereto acceptable to the Bank.
43. “SEFAZ” means *Secretaria de Fazenda*, the Borrower’s Secretariat of Finance, or its sucessor or sucessors thereto acceptable to the Bank.
44. “SEMAR” means *Secretaria de Meio Ambiente e Recursos Hídricos*, the Borrower’s Secretariat of Environment and Water Resources, or its sucessor or sucessors thereto acceptable to the Bank.
45. “SEPLAN” means *Secretaria de Planejamento*, the Borrower’s Secretariat of Planning, or its sucessor or sucessors thereto acceptable to the Bank.
46. “SESAPI” menas *Secretaria de Saúde*, the Borrower’s Secretariat of Health, or its sucessor or sucessors thereto acceptable to the Bank.
47. “State Health Regulation Plan” means the Borrower’s plan to be elaborated under the Project and defining the norms and organization under which patients in the Borrower’s territory will have access to health services.
48. “TCE” means *Tribunal de Contas do Estado do Piauí*, the Borrower’s Court of Auditors.
49. “Youth Savings Program” or “YSP” means the Borrower’s *Poupança Jovem*, a financial incentive program for students enrolled in public secondary schools in the poorest municipalities to complete secondary education, created by the Borrower’s Law No. 6.706, dated September 14, 2015.

