January 6, 2016

His Excellency
Mr. Carlos Alberto Richa
Governor
Government of the State of Paraná
Praça Nossa Senhora de Salete, S/N – Palácio Iguaçu
80530-909, Curitiba, PR
Brazil

SWAp for Paraná Multi-sector Development Project
Projeto Multissetorial para o Desenvolvimento do Paraná
Loan No. 8201-BR
Amendment and Restatement of the Loan Agreement

Excellency:

We refer to the Loan Agreement entered into between the International Bank for Reconstruction and Development (the Bank) and the State of Paraná (the Borrower), with a guarantee from the Federative Republic of Brazil (the Guarantor), dated December 12, 2013, for the above-captioned Project (the Loan Agreement). Please note that capitalized terms used in this letter (Amendment Letter) and not defined herein have the meanings ascribed to them in the Loan Agreement.

We are pleased to inform you that pursuant to the request for amendment contained in the Comunicado from the Tesouro Nacional, dated November 20, 2015, to COFIEX’s letter of recommendation No. 08/0263, dated July 22, 2015, and to PGFN’s legal opinion PGFN/COF No. 1861/2015, dated December 22, 2015, the Bank hereby agrees to amend the Loan Agreement. Consequently, the Loan Agreement is hereby amended and restated as set forth in the Annex hereto.

Please confirm your agreement with the foregoing amendment by signing and dating all the originals of this Amendment Letter in the spaces provided below, and return one fully signed original to us. This Amendment Letter shall become effective as of the date of its countersignature, upon receipt by the World Bank of a fully executed original of this Amendment Letter. All other provisions of the Loan Agreement, except as amended through this Amendment Letter, shall remain in full force and effect.
Please note that it is the World Bank’s policy to make publicly available this Amendment Letter and any information related thereto, after this Amendment Letter has become fully signed. The Restructuring Paper approved on December 31, 2015, will be disclosed on the Bank’s external website.

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:  
Martin Raiser  
Country Director  
Brazil Country Management Unit  
Latin America and the Caribbean Region

AGREED BY:
STATE OF PARANÁ
By:  
Authorized Representative
Name: CARLOS ALBERTO RICHA
Title: GOVERNOR
Date: JANUARY 13, 2016

AGREED BY:
FEDERATIVE REPUBLIC OF BRAZIL
By:  
Authorized Representative
Name: FABIANI FADEL BORIN
Title: ATTORNEY OF THE NATIONAL TREASURY
Date: JANUARY 20, 2016
cc: Mr. Antonio Henrique Pinheiro Silveira, Executive Director for Brazil, The World Bank
Ms. Rosalia V. de Leon, Alternate Executive Director for Brazil, The World Bank
Mr. Rodrigo Estrela de Carvalho, Secretary of International Affairs, SEAIN/MP, seain@planejamento.gov.br
Mr. Dyogo Henrique de Oliveira, Executive Secretary, Ministry of Finance, gabinete.se.df@fazenda.gov.br
Mr. Miguel Ragone de Mattos, Chief of Staff, Ministry of Finance, sec.chgabin.gmf@fazenda.gov.br
Mr. Paulo Roberto Riscado Júnior, Attorney General, PGFN/MF, apoioconf.df.pgfn@pgfn.gov.br
Mr. Otávio Ladeira de Medeiros, Acting Secretary, National Treasury, STN/MF, gab.df.stn@fazenda.gov.br
Mr. Luis Antonio Baldulino Carneiro, Secretary, SAIN/MF, gabinete.df.sain@fazenda.gov.br
Mr. Francisco Gaetani, Executive Secretary, Ministry of Planning, gabinete-se@planejamento.gov.br
ANNEX

Amendment and Restatement of the Loan Agreement

LOAN NUMBER 8201-BR

Loan Agreement

(SWAp for Paraná Multi-sector Development Project - Projeto Multissetorial para o Desenvolvimento do Paraná)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

STATE OF PARANÁ

Dated December 12, 2013
As amended and restated on January 5, 2016
LOAN AGREEMENT

Agreement dated December 12, 2013, between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the STATE OF PARANÁ ("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 three hundred and fifty million Dollars ($350,000,000), 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 cost of 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) in respect of Part 1 of the Project to reimburse the Eligible Expenditures incurred by the Borrower under the Eligible Expenditure Programs; and

(b) in respect of Part 2 of the Project to reimburse the Borrower for Eligible Expenditures incurred or as advances to the Borrower's designated account identified in the instructions referred to in Section IV.A.1 of Schedule 2 to this Agreement, all to finance Eligible Expenditures incurred by the Borrower under the Project.

The Borrower’s representative for the purposes of taking any action required or permitted to be taken pursuant to this Section is the Secretary of Finance.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to 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.

2.05. The Payment Dates are April 15 and October 15 in each year.

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

2.07. (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) Under the overall coordination of SEPL, carry out:

(i) Part 1.1(a) of the Project through SEAB with the assistance of:

(A) EMATER with respect to all parts of Part 1.1(a) of the Project;

(B) ITCG with respect to land regularization under Part 1.1(a) (ii) (B) of the Project;

(C) Municipalities in respect of Part 1.1 (a) (ii) (c) of the Project; and

(D) Associations with respect to Part 1.1(a)(iii) of the Project.

(ii) Part 1.1(b) of the Project through SEAB with the assistance of:

(A) EMATER with respect to Parts 1.1(b) (i) and (ii) of the Project;

(B) ÁGUASPARANÁ with respect to Part 1.1(b) (iii) (D)

(C) Municipalities and Associations of selected micro-catchments areas with respect to Parts 1.1(b) (iii) (B); and

(D) Producers Associations with respect to part 1.1 (b) (iii) (C) of the Project.

(iii) Part 1.2(a) of the Project through SEMA with the assistance of IAP and ÁGUASPARANÁ in the areas of responsibilities of the agencies concerned.
(iv) Part 1.2(b) of the Project through SEMA with the assistance of Civil Defense, IAP and ÁGUASPARANÁ in the areas of responsibilities of the agencies concerned.

(v) Part 1.3 (a) and (b) of the Project through SEED, with the assistance of Municipalities.

(vi) Part 1.3 (c) of the Project through SEED or FUNDEPAR.

(vii) Part 1.4 of the Project through SESA with the assistance of: (A) Municipalities and Health Service Providers with respect to Part 1.4(a) of the Project; and (B) Municipalities with respect of Part 1.4(b) of the Project.

(b) Carry out Part 2 of the Project through SEPL with the assistance of the Project Secretariats and the Project Agencies mentioned in the preceding paragraphs in the activities under their respective jurisdictions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely that any of the Participating Entities shall have failed to perform any of their obligations under the corresponding Implementation Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely a Project Operational Manual satisfactory to the Bank has been adopted by the Borrower.

5.02. The Additional Legal Matter consists of the following, namely that the Loan has been duly registered with the Guarantor’s Central Bank of Brazil.

5.03. 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 May 6, 2014.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Borrower’s Representative is its Governor.

6.02. 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 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)

6.03. The Borrower’s Address is:

Palácio Iguaçu,
Praça Nossa Senhora de Salette S/N
Centro Cívico
80530-909 Curitiba, Paraná
Brazil

Facsimile: 55-41-3313-6333

With copy to:
Secretaria do Planejamento e Coordenação Geral
Palácio das Araucárias, 4to andar
Rua Jacy Loureiro de Campos S/N
Centro Cívico
80530-915 Curitiba, Paraná
Brazil

Facsimile: 55-41-3313-6285

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

Facsimile: 55-61-2020-5006
AGREED at Brasília, Federative Republic of Brazil, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[signed] By Authorized Representative

STATE OF PARANÁ

[signed] By Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to make access to economic and human development opportunities more equitable and environmentally sustainable in the Borrower’s territory through the modernization of the Borrower’s public sector and revenue management.

Part 1: Fostering Equitable and Environmental Sustainable Economic and Human Development

Carrying out of the Eligible Expenditure Programs (EEPs) as follows:

1.1 Sustainable Rural Development

(a) Territorial Economic Development (Pro-Rural)

Improvement of the competitiveness of small rural producers in the Central Region, including the following:

(i) capacity building of small rural producers in the Central Region, including vulnerable groups such as indigenous people and Quilombolas, and capacity building of strategic partners involved in Project implementation, such as EMATER, territorial and municipal councils, local leaders and non-governmental organizations;

(ii) strengthening the provision of public support services in: (A) research and innovation; (B) land regularization; and (C) rural roads rehabilitation; and

(iii) support for sustainable business initiatives of groups of small rural producers through the provision of Grants to Associations to carry out selected activities to foster greater integration of producers groups with remunerative value-chains.

(b) Improved Water and Soil Management in Micro-catchments

Fostering sustainable agriculture in selected micro-catchment areas most susceptible to environmental degradation through:

(i) the adoption of improved methodologies and techniques for the sustainable management of rural areas;

(ii) environmental education; and
(iii) the promotion of the adoption of sustainable agricultural and natural resource management practices by rural producers in selected micro-catchment areas through:

(A) the preparation of micro-catchment development plans;

(B) the provision of Grants to Associations or Municipalities for the benefit of groups of rural producers for implementation of priority activities identified in the micro-catchment development plans prepared under the Project;

(C) the provision of Grants to Producer Associations for the implementation of agro-ecological business initiatives; and

(D) improved access to potable water for poorer communities in priority areas.

1.2 Environmental and Disaster Risk Management

(a) Modernization of the Environmental Licensing System

Adoption of new techniques and procedures for environmental licensing, and capacity-building of the Borrower’s environmental agencies to strengthen environmental compliance and enforcement.

(b) Natural and Man-Made Disaster Risk Management

Carrying out of activities to strengthen the Borrower’s system for prevention and response to disasters and capacity-building of the Project Secretariats and Project Agencies involved.

1.3 Education

(a) Learning Assessment System

Implementation of SEED’s student learning assessment system and carrying out of tests and dissemination activities.

(b) Teacher Development Program
Improvement of the skills and proficiency of teachers in the Borrower’s schools network (rede pública estadual), through in-service and university-based teacher training for such teachers.

(c) Upgrading of State School Facilities (Renova Escola)

Rehabilitation, repairs and, in some cases, expansion of the existing Borrower’s (escolas estaduais) schools, science laboratories, libraries and computer laboratories, and the provision of school furniture and some equipment.

1.4 Health

(a) Emergency Care

Expansion and consolidation of the emergency health care network, through:

(i) the provision of in-service management training, improving management capacity for referral hospitals and other health facilities with focus on scaling-up, care deliveries flows, logistics and managerial processes;

(ii) the provision of technical care training, developing and implementing care guidelines based on scientific evidence;

(iii) expansion of trauma care, aero medical transport and specialized health services for treating multiple trauma, myocardial infarction and stroke;

(iv) expansion of pre-hospital emergency health care;

(v) implementation of performance-based contracts; and

(vi) the strengthening of the Borrower’s patient referral system.

(b) Infant and Maternal Healthcare Network

(i) expansion of infant and maternal health care; and

(ii) construction, expansion and equipping of primary care units of selected Municipalities.
Part 2: Technical Assistance for More Efficient and Effective Public Management

2.1 Fiscal Quality

Provision of technical assistance to support the design and implementation of a unified information technology system for the Borrower’s tax administration functions.

2.2 Institutional Modernization

(a) review of organizational structures and procedures for the modernization of the Borrower’s public administration;
(b) strengthening of budget processes;
(c) introduction of results-based management and strengthening of monitoring and evaluation capacity; and
(d) strengthening of internal control procedures.

2.3 More Strategic and Efficient Human Resources Management

(a) strengthening of controls over personnel expenditures;
(b) improving attraction and retention of personnel, in particular, in center-of-government institutions;
(c) modernization of the Borrower’s Human Resource Management Directorate and its units statewide;
(d) modernization of the Borrower's occupational health service; and
(e) strengthening of the Borrower’s School of Government and promoting a performance-based public administration.

2.4 Mitigating the Environmental Impact of the Agricultural Sector

(a) review of existing studies on the impact of key agricultural subsectors on the environment (in particular on water, soil, biodiversity and greenhouse gas emissions), as well as carrying out of complementary analysis as needed;
(b) analysis of options available to address the negative impacts of sub-sector activities identified under (a) above; and

(c) analysis of financing instruments available to mitigate the impact of the agricultural sector on the environment and how they could be used at the state, municipal and other administrative subdivision levels.

2.5 Support to the Modernization of the Environmental Licensing System

(a) carrying out studies and analysis related to environmental monitoring and enforcement;

(b) modernization of the information technology systems; and

(c) training related to the strengthened environmental management approach developed under Part 1.2 (a) of the Project.

2.6 Support to the Development of a State Disaster Risk Management System

(a) carrying out studies for the development of diagnostics, methodologies, plans and procedures for the management of risk and disaster in the Borrower’s territory; and

(b) capacity building related thereto.

2.7 Education

(a) design and setting up of a new learning assessment system;

(b) evaluate the impact of selected education programs in the Borrower’s territory; and

(c) development of an integrated system for the management of the Borrower’s schools infrastructure and equipment.

2.8 Health

(a) design and structuring automated and standardized clinical and management processes to monitor the health care networks implementation, including planning, budgeting, epidemiological indicators and monitoring and evaluations modules;
(b) designing and implementing an information technology system to integrate regional systems and to enable the electronic exchange of data and clinical documents; and

c) carrying out of training, impact evaluation studies and selected scientific researches to evaluate and improve the quality of services provided by Health Service Providers.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. 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) a coordination unit within SEPL, to be responsible for the overall coordination of the Project (the “PCU”). Such unit shall have staff in adequate numbers and with qualifications and experience satisfactory to the Bank including a Project coordinator, a deputy coordinator, a procurement specialist, a financial management specialist, a safeguards specialist and other personnel needed for the effective implementation of the Project, all as set forth in the Project Operational Manual; and

   (b) a Project Management Committee, with representatives of all the Project Secretariats and Project Agencies involved in the Project to be responsible for overseeing implementation, monitoring and evaluation of all Project activities 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. Inter-Institutional Agreements

1. The Borrower shall, prior to initiating Project activities for which a Participating Entity is responsible, and following the model in the Project Operational Manual, enter into separate implementation agreements (the Implementation Agreements), satisfactory to the Bank:

   (a) through SEAB, with EMATER and ITCG for implementation of their respective Parts of Part 1.1(a) of the Project;

   (b) through SEAB, with EMATER, ÁGUASPARANÁ, and Producer Associations for implementation of their respective Parts of Part 1.1(b) of the Project;

   (c) through SEMA, with IAP and ÁGUASPARANÁ for implementation of their respective Parts of Part 1.2(a) of the Project;
(d) through SEMA, and Civil Defense with IAP and ÁGUA SPARANÁ for implementation of their respective Parts of Part 1.2(b) of the Project;

(e) through SEED, or through FUNDEPAR, with Municipalities for implementation of their respective parts of Part 1.3 (c) of the Project;

(f) through SESA, with Municipalities and Health Service Providers for implementation of their respective parts of Parts 1.4 (a) and (b) of the Project;

(g) through SEAB, with each Municipalities and/or Association, as the case may be, for the implementation of their respective parts under Part 1.1(a) of the Project; and

(h) through SEAB, with each Municipality, Association and/or Producer Association, as the case may be, for the implementation of their respective parts under Part 1.1(b) of the Project.

setting forth, *inter alia:*

(a) the relevant Participating Entity’s obligation: (A) to comply, as applicable, with the Safeguards Documents, the Anti-Corruption Guidelines, and the provisions set forth in Section III of this Schedule 2; and

(b) financial management provisions detailing the flow of information and/or flow of funds between SEPL and the relevant Participating Entity in order for the Borrower to comply with its obligations under Section II of this Schedule 2.

2. The Borrower shall exercise its rights and carry out its obligations under each of the Implementation 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 Implementation Agreements. In case of any conflict between the terms of any of the Implementation Agreements and those of this Agreement, the terms of this Agreement shall prevail.

C. Implementation Arrangements for Part 1 of the Project

1. The Borrower shall, through SEPL, furnish to the Bank on or about February 28 and August 31 of each year, starting on the first such date after the Effective Date, regular reports (the EEP Spending Reports) prepared in accordance with the provisions of the Project Operational Manual and the additional instructions referred to in Section IV.A. of this Schedule.
2. The Borrower shall, through SEPL:

(a) have all the Project procurement records and documentation for each calendar year of Part 1 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 calendar 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 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 subsequent annual budget laws, 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.

4. The Borrower 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, and the Borrower shall adjust as needed the budget amounts of any EEP with the prior written agreement of the Bank.

5. The Borrower shall not later than twenty-five (25) months after the Effective Date, carry out a mid-term review with the Bank on the overall progress in the execution of Part 1 of the Project and on the accomplishment of said Part of the Project and shall agree with the Bank whether it will be necessary to modify any existing DLIs or incorporate new ones, all in a manner acceptable to the Bank.

6. If, at any time, the Bank determines that any portion of the Loan proceeds was used for items improperly procured in violation of Section III to this Schedule, was not used for Eligible Expenditures or, in case of the Eligible Expenditure Programs under Part 1 of the Project, was not supported by evidence of actual spending by the Borrower under said Eligible Expenditure Programs and/or 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.
7. To facilitate the carrying out of FUNDEPAR’s respective part of Part 1.3 (c) of the Project, the Borrower shall enter into a Cooperation Agreement with FUNDEPAR, under terms and conditions approved by the Bank, which shall include, inter alia, the following:

(a) the obligation of the Borrower to support the implementation of Part 1.3 (c) of the Project by providing FUNDEPAR with all the required goods, consultant services and non-consulting services to carry out the Project activities under FUNDEPAR’s responsibility; and

(b) the obligation of FUNDEPAR to: (i) carry out of Part 1.3 (c) of the Project under FUNDEPAR’s responsibility, with due diligence and efficiency in conformity with appropriate administrative, technical, environmental and social standards and practices, and in accordance with the terms of this Agreement, the Cooperation Agreement, the Project Operational Manual, the Anti-Corruption Guidelines; (ii) enter into Implementation Arrangements with Municipalities, following the model in the Project Operational Manual; and (iii) take or permit to be taken all action to enable the Borrower to comply with its obligations under this Agreement;

8. The Borrower shall exercise its rights and carry out its obligations under the Cooperation Agreement 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 assign, amend, abrogate, terminate, waive or fail to enforce the Cooperation Agreement or any of its provisions. In the event of any inconsistency between the provisions of the Cooperation Agreement and the provisions of this Agreement, the provisions 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, through the Project Secretariats, implement and cause the Project Agencies and other Participating Entities to implement the Project in accordance with the provisions of the Environmental Management Framework (EMF) (including with the provisions of each Environmental Management Plan as approved by the Bank), and the Indigenous Peoples Framework (including with the provisions of each Indigenous Peoples Plan as approved by the Bank).

2. The Borrower shall ensure that Project activities do not involve any Resettlement. In the event that any Resettlement was to take place, implement and cause the
Project Agencies and other Participating Entities to implement the Project in accordance with the Involuntary Resettlement Framework (including with the provisions of each Resettlement Plan as approved by the Bank).

F. Project Operational Manual

1. The Borrower shall, with the assistance of the Participating Entities, implement the Project in accordance with a manual, satisfactory to the Bank (the Project Operational Manual), which shall include, inter alia:

   (a) the Performance Indicators;

   (b) the procedures for the carrying out and monitoring 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 Project Secretariat and Project Agencies and other Participating Entities;

   (f) the Environmental Management Framework;

   (g) the Involuntary Resettlement Framework;

   (h) the Indigenous Peoples Planning Framework;

   (i) 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;

   (j) a model of Implementation Agreements; and

   (k) the specific requirements for disbursements under EEPs including the Budget Execution Rule, the DLIs applicable to each withdrawal and the format of the EEP Spending Report.

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

3. 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 SEPL, 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 90 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 shall, through SEPL, 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 to the provisions of Part 1 of this Section, the Borrower, through SEPL, shall prepare and furnish to the Bank as part of each Project Report, interim unaudited financial reports and customized statement of expenditures, as defined in the Project Operational Manual, for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.

3. The Borrower, through SEPL, 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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding (including in respect of goods, non-consulting services and works, <em>convite</em>, <em>tomada de preços</em> and <em>concorrência</em> 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 “pregão eletrônico”, as provided in the Guarantor’s Law No. 10.520, of July 17, 2002, under an e-procurement system approved by the Bank), subject to the following additional procedure, namely that the bidding documents shall be acceptable to the Bank.</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Community Participation following procedures acceptable to the Bank, as described in the Project Operational Manual.</td>
</tr>
</tbody>
</table>
C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(b) Quality-based Selection</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(e) Procedures set forth in Section V of the Consultants Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Single Source Selection (SSS)</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 (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 in respect of Parts 1 and 2 of the Project; or (b) advances to the Borrower’s designated account identified in the instructions referred to in paragraph 1 above 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.

<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) Eligible Expenditure Programs under Part 1 of the Project</td>
<td>314,125,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, consultants’ services, non-consulting services, Training and Operating Costs under Part 2 of the Project</td>
<td>35,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>875,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Premium for Interest Rate Caps or Interest Rate Collars</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>350,000,000</td>
<td></td>
</tr>
</tbody>
</table>

4. For the purposes of this Section:

(a) the term “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) the term “Operating Costs” means the following management and supervision costs, to the extent they would not have been incurred absent the Project, including, inter alia: maintenance of office space, furniture and equipment; rental of office space; communication costs; processing fees for land regularization, per diem and travel expenditures of the Borrower’s and of selected Project Secretariats and Project Agencies’ staff as specified in the Operational Manual, all as approved annually by the Bank.
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 $50,000,000 equivalent may be made for payments made up to twelve months prior to such date but on or after January 1, 2012, for Eligible Expenditures under Category (1); and

   (b) for payments made under Category (1) unless:

       (i) the relevant EEP Spending Report, as referred to in Section I. C.1. of this Schedule, 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 referred to in Section IV.A.1 of this Schedule; and

       (ii) the applicable Budget Execution Rule, and any applicable Disbursement-Linked Indicators have been met by the Borrower in form and substance satisfactory to the Bank, all as set forth in the Project Operational Manual and in the additional instructions referred to in Section IV.A.1 of this Schedule.

2. If the Bank has not received evidence of full compliance with the Budget Execution Rule, in respect to any Loan withdrawal under Category (1), for the third, fifth, and seventh application for withdrawal (as referred to in the Project Operational Manual and additional instructions referred to in Section IV.A.1 of this Schedule) then, the planned disbursement amount shall be reduced in proportion with the percentage of EEP budget amount spent; all as set forth therein.

3. If the Bank has not received evidence of full compliance with the DLIs, in respect to any Loan withdrawal under Category (1), other than for the first application for withdrawal then, the planned disbursement amount for the third, fourth, fifth, sixth and seventh application for withdrawal (as referred to in the Project Operational Manual and additional instructions referred to in Section IV.A.1 of this Schedule) shall be disbursed in accordance with the DLI Formula.

4. Without limitation to the provisions in paragraphs 2 and 3 above, if the Budget Execution Rule is only partially met, and/or the Bank has received only partial evidence of compliance under the DLIs, and/or the Borrower has not presented enough Eligible Expenditures under the EEPs to disburse the full planned disbursement amounts, the Bank may, at its option, authorize that the unwithdrawn
portion of the Loan resulting from this lack of evidence be carried forward to the subsequent withdrawals.

5. The amounts carried forward for subsequent withdrawals shall be disbursed as follows:

(a) the amounts carried forward due to noncompliance with the Budget Execution Rule may be disbursed only if, at the time of the following withdrawal:
   (i) the Budget Execution Rule has been met; and
   (ii) the Borrower has submitted documentation of Eligible Expenditures in the amount of the withdrawal amount requested;

(b) the amounts carried forward due to the non-achievement of DLIs may be disbursed, only if at the time of the subsequent withdrawal:
   (i) the applicable DLIs have subsequently been achieved; and
   (ii) the Borrower has submitted documentation of Eligible Expenditures in the amount of the withdrawal amount requested; and

(c) the amounts carried forward due to lack of documentation of Eligible Expenditures in the amount requested for withdrawal, may be disbursed at the time of the subsequent withdrawal only if such amount of Eligible Expenditures is then submitted;

all in accordance with the provisions set forth or referred to in the Project Operational Manual and the additional instructions referred to in Section IV.A.1 of this Schedule.

6. If any amount remains to be withdrawn from the Loan Account after the seventh application for withdrawal (as referred to in the Project Operational Manual and additional instructions referred to in Section IV.A.1 of this Schedule) due to partial evidence of compliance with the Budget Execution Rule and/or the DLIs and/or lack of documentation of Eligible Expenditures, the Bank may, at its option, authorize such remaining amount to be disbursed as an exceptional disbursement, prior to the Closing Date, in accordance with the DLI Formula (as referred to in the Project Operational Manual and additional instructions referred to in Section IV.A.1 of this Schedule) and provided the Borrower has submitted documentation of Eligible Expenditures in the amount of the withdrawal amount requested.
7. The Closing Date is November 30, 2017. 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. Subject to the provisions of paragraph 2 of this Schedule, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each April 15 and October 15, the first installment to be payable on the eleventh (11th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the thirtieth (30th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-twentieth (1/20) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.

2. If any one or more installments of principal of the Disbursed Amount would, pursuant to the provisions of paragraph 1 of this Schedule, be payable after October 15, 2031, the Borrower shall also pay on such date the aggregate amount of all such installments.

3. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.

4. Notwithstanding the provisions of paragraphs 1 through 3 of this Schedule, in the event of a Currency Conversion of all or any portion of a Disbursed Amount 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.
## SCHEDULE 4

### Eligible Expenditure Programs

(Expressed in RS)

<table>
<thead>
<tr>
<th>Axis/Project Sector/EEP</th>
<th>Executor Co-Executor</th>
<th>Budget Code</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable Rural Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Territorial Economic Development – PRO-RURAL</td>
<td>SEAB EMATER SEMA/ITCG</td>
<td>3028 3033 3034</td>
<td>47,022,183 46,912,157 36,936,562</td>
<td>-</td>
<td>130,870,902</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved Water and Soil Management in Micro-Catchments</td>
<td>SEAB EMATER AguasParaná</td>
<td>3027 3029 3037</td>
<td>21,639,776 34,705,205 34,235,330</td>
<td>-</td>
<td>90,580,311</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environmental and Disaster Risk Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Licensing System Modernization</td>
<td>SEMA IAP AguasParaná</td>
<td>3045 3035 3046</td>
<td>800,000 12,860,000 3,520,000</td>
<td>-</td>
<td>17,180,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and Man-Made Disaster Risk Management</td>
<td>IAP SEMA AguasParaná CM</td>
<td>3044 3043 3036 3008</td>
<td>12,750,000 10,467,500 4,537,500</td>
<td>-</td>
<td>27,755,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Learning Assessment System</td>
<td>SEED</td>
<td>3018</td>
<td>5,232,800</td>
<td>4,670,000</td>
<td>5,520,000</td>
<td>-</td>
<td>15,422,800</td>
</tr>
<tr>
<td>Teacher Development Program</td>
<td>SEED</td>
<td>3017</td>
<td>32,030,670</td>
<td>31,980,000</td>
<td>31,980,000</td>
<td>-</td>
<td>95,990,670</td>
</tr>
<tr>
<td>Upgrading of school facilities (Renova Escola)</td>
<td>SEED/FUNDEPAR</td>
<td>4094</td>
<td>61,052,550</td>
<td>97,000,000</td>
<td>103,600,000</td>
<td>-</td>
<td>261,652,550</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Care</td>
<td>SESA</td>
<td>4161</td>
<td>142,179,420</td>
<td>134,410,000</td>
<td>63,790,000</td>
<td>16,830,000</td>
<td>357,209,420</td>
</tr>
<tr>
<td>Infant and Maternal Health Care Network (Mãe Paranaense)</td>
<td>SESA</td>
<td>4162</td>
<td>115,408,900</td>
<td>108,115,000</td>
<td>86,279,000</td>
<td>50,015,000</td>
<td>359,817,900</td>
</tr>
</tbody>
</table>
## SCHEDULE 5
Disbursement Linked Indicators (DLIs) – Baseline and Targets

<table>
<thead>
<tr>
<th>#</th>
<th>Disbursement linked Indicators</th>
<th>Unit of Measure</th>
<th>Disbursement Targets1</th>
<th>Protocol for verification/ source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of business proposals approved and to be financed (cumulative)</td>
<td>Number</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Number of Micro-catchment action plans elaborated (cumulative)</td>
<td>Number</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>3</td>
<td>Implementation of a Water Resources Subsystem of the Integrated Environmental Management and Water Resources System</td>
<td>Text</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Establishment of State Disaster Risk Management (DRM) Policy Framework</td>
<td>Text</td>
<td>Official order for the establishment of a work group on Disaster Risk Management</td>
<td>Draft DRM Policy found satisfactory by the Bank</td>
</tr>
<tr>
<td>5</td>
<td>Student Learning Assessment System operational</td>
<td>Text</td>
<td>Pilot Assessment carried out.</td>
<td>First Assessment carried out.</td>
</tr>
</tbody>
</table>

1 The dates of the disbursements were adjusted to the delay in effectiveness and were moved backwards 1 year (i.e. the second disbursement was estimated for August 2013 in the original PAD)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Teachers participating in Peer-to-peer in-service Teacher Training</td>
<td>Percentage</td>
<td>80%</td>
<td>80%</td>
<td>85%</td>
<td>85%</td>
<td>90%</td>
<td>90%</td>
<td>For disbursements occurring in <strong>February</strong>: verification of the teacher’s training participation will consider the average number of teachers participating in the training sessions of the 1st and 2nd semester of the year, divided by the average number of teachers employed as recorded on payroll during the 1st and 2nd semesters of the year. For disbursements occurring in <strong>August</strong>: verification of the teacher’s training participation will consider the average number of teachers participating in the training sessions of the 2nd semester of the previous year and the 1st semester of the year and the average number of teachers employed as recorded on payroll during the month when the trainings took place.</td>
</tr>
<tr>
<td>7</td>
<td>State Schools Rehabilitation and/or expanded (cumulative)</td>
<td>Number</td>
<td>50</td>
<td>85</td>
<td>160</td>
<td>205</td>
<td>300</td>
<td>340</td>
<td>Rehabilitation and/or expansions: Works completed with a certificate signed by the Secretary of SEED with the company and the architect to indicate the works are finished.</td>
</tr>
<tr>
<td>8</td>
<td>Percentage of pregnant women identified with high risk of complications referred by primary care units to a hospital that is part of the Borrower’s Infant and Maternal Healthcare Network (Mãe Paranaense)</td>
<td>Percentage</td>
<td>5.5%</td>
<td>10%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>Report that compares data from the following systems: <em>Sistema de Informações de Nascidos Vivos</em> (SINASC, Information system on live births) and Hospital Information System.</td>
</tr>
<tr>
<td>9</td>
<td>Proportion of live births to pregnant women who attended more than 7 ante-natal check-ups</td>
<td>Percentage</td>
<td>80%</td>
<td>82%</td>
<td>80%</td>
<td></td>
<td>80%</td>
<td></td>
<td><em>Sistema de Informações de Nascidos Vivos</em> (SINASC, Information system on live births)</td>
</tr>
<tr>
<td>#</td>
<td>Disbursement Linked Indicators</td>
<td>Unit of measurement</td>
<td>Disbursement Targets²</td>
<td>Protocol for verification/source of information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>-----------------------------------------------</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Enhancing core competencies of civil servants</td>
<td>Text</td>
<td>Hiring of consultant services for the strategic training of hired civil servants.</td>
<td>Disbursement 4: Contract</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Competencies Development Plan prepared, including timelines, activities, and methodology.</td>
<td>Disbursement 5: Competencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8,000 civil servants are certified through the participation in the face-to-face and online training modules.</td>
<td>Development Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4,000 civil servants are certified through the participation in the face-to-face and online training modules.</td>
<td>Disbursement 6: Number of civil servants trained, reported by gender;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Disbursement 7: Number of civil servants trained, reported by gender, not accumulated with the previous one.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Strengthening of Internal Control Systems</td>
<td>Text</td>
<td>Consultant for development of Internal Control Methods hired</td>
<td>Disbursement 2: TORs;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assessment report on the capability of the internal control function.</td>
<td>Disbursement 3: Consultant Contract;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Strategic Plan for the CGE (Controlador ia General de Estado) approved.</td>
<td>Disbursement 5: Assessment Report;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Information system for the internal control systems implemented</td>
<td>Disbursement 6: Strategic Plan;</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Disbursement 7: Information system implemented</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

² The dates of the disbursements were adjusted to the delay in effectiveness and were moved backwards 1 year (i.e. the second disbursement was estimated for August 2013 in the original PAD)
<table>
<thead>
<tr>
<th>#</th>
<th>Disbursement Linked Indicators</th>
<th>Unit of measurement</th>
<th>Disbursement Targets³</th>
<th>Restructuring 2015</th>
<th>Protocol for verification/source of information</th>
</tr>
</thead>
</table>

³ The dates of the disbursements were adjusted to the delay in effectiveness and were moved backwards 1 year (i.e. the second disbursement was estimated for August 2013 in the original PAD)
APPENDIX

Section I. Definitions

1. "ÁGUASPARANÁ" means Instituto das Águas do Paraná, the Borrower’s Water Institute established pursuant to the Borrower’s Law Number 16.242, dated October 13, 2009, or any successor thereto acceptable to the Bank.


3. “Association” means an association or other form of legal organization of a group of farmers or producers eligible to receive a Grant under Parts 1(a) (iii) and (b) (iii) (B) of the Project respectively.

4. “Budget Execution Rule” means the condition required to be met by the Borrower for disbursements of Loan proceeds under Category (1) for the third, fifth and seventh application for withdrawal consisting of a minimum of 70% of the overall budget amount spent during the twelve (12) month period of the calendar year prior to the March date in which the withdrawal is made as specified in Schedule 4 of this Agreement.

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

6. “Central Region” means the Borrower’s region comprised by approximately 131 municipalities, as specified in the Project Operational Manual.

7. “Civil Defense” means Casa Militar-Defesa Civil, the Borrower’s office of civil defense within its Presidency, or any successor thereto acceptable to the Bank.


9. “Cooperation Agreement” means the agreement to be entered into pursuant to the provisions of Section I.C.7 of Schedule 2 to this Agreement.

10. “Disbursement-Linked Indicator” or “DLI” means any of the indicators set forth in Schedule 5 of this Agreement.

11. “DLI Formula” means the formula consisting of the total number of DLIs complied, divided by the total number of DLIs.

12. “EEP Spending Report” means any report prepared by the Borrower in accordance with the Project Operational Manual and referred to in Section I.C.1 of Schedule 2 to this Agreement on the spending status of the Eligible Expenditures Programs under Part 1 of the Project.
13. “Eligible Expenditure Program” or “EEP” means a set of defined investment and recurrent expenditures (including works, goods, non-consulting services, consultants’ services, Operating Costs, and Grants, incurred by the Borrower under the budget codes 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).

14. “EMATER” means Instituto Paranaense de Assitência Técnica e Extensão Rural—EMATER, the Borrower’s agency for rural technical assistance and extension established pursuant to the Borrower’s law No. 6969 dated December 26, 1977 as modified as an autonomous entity (autarquia) pursuant to the Borrower’s Law No. 14.832, dated September 22, 2005, or any successor thereto acceptable to the Bank.

15. “Environmental Management Framework” or “EMF” means the framework prepared by the Borrower, acceptable to the Bank, dated January, 2012, published and available to the public on February 9, 2012 at www.sepl.pr.gov.br, which sets out the environmental 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 the pertinent EMPs; (c) the guidelines to address impacts on natural habitats (screening of selected activities and sustainable management of affected preservation areas to improve natural habitats); and (d) the guidelines for pest management and to address any impact on forests); 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.

16. “Environmental Management Plan” or “EMP” means any plan prepared by the Borrower and approved by the Bank, as the same may be amended from time to time with the prior written agreement of the Bank.

17. FUNDEPAR means Instituto Paranaense de Desenvolvimento Educacional, an autonomous legal entity created pursuant to the Borrower’s Law No. 18.418, dated and published in the Borrower’s official gazette on December 29, 2014.


19. “Grant” means the non-reimbursable financing made available to an Association, Producer Association or Municipality to finance the cost of goods, works, consultants’ services and Operating Costs, as the case may be, of activities implemented by such Associations, Producer Association or Municipalities.

20. “Health Service Provider” means a legally established hospital eligible to provide health services under Parts 1.4(a)(v) and 2.8 (c) of the Project as per the requirements of the Project Operational Manual.

21. “IAP” means Instituto Ambiental do Paraná, the Borrower’s Environmental Institute established by the Borrower’s Law No. 10.066 dated July 27, 1992 as amended by the Borrower’s Law No. 11.352 dated February 13, 1996 or any successor thereto acceptable to the Bank.
22. "Implementation Agreement" means any of the agreements to be entered into pursuant to the provisions of Section 1.B of Schedule 2 to this Agreement.

23. "Indigenous Peoples Planning Framework" or "IPPF" means the framework prepared by the Borrower, acceptable to the Bank, dated April, 2012 and published and available to the public on April 19, 2012 at www.sepl.pr.gov.br, which sets out the procedures to be followed during the implementation of the Project to address any impact on indigenous peoples and Quilombolas in the Borrower's territory including the culturally appropriate measures to be implemented; (b) the requirement for preparation Indigenous Peoples Plans as per the terms of the IPPF; and (c) the monitoring requirements; as such framework may be amended from time to time with prior written agreement of the Bank.

24. "Indigenous Peoples Plans or "IPP" means any plan prepared by the Borrower in accordance with the IPPF and approved by the Bank, as the same may be amended from time to time with the prior written agreement of the Bank.

25. "Involuntary Resettlement Framework" or "RF" means the framework prepared by the Borrower, acceptable to the Bank, dated April, 2012 and published and available to the public on April 19, 2012 at www.sepl.pr.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 Resettlement Plans as per the terms of the RF; 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.

26. "ITCG" means Instituto de Terras, Cartografia e Geociencias, the Borrower's Institute of Lands, Cartography and Geoscience, established pursuant to Lei nº 14889, dated November 4, 2005, or any successor thereto acceptable to the Bank.

27. "Municipality" means any Municipality or groups of municipalities located in the Borrower's territory participating in Parts 1.1 (a) (ii) (C), 1.1(b), 1.1 (iii) (B), 1.3 (c), and 1.4 of the Project under the terms of an Implementation Agreement.


29. "PCU" or "Project Coordination Unit" means Unidade de Implementação do Projeto, the unit referred to in Section 1. A.1 (a) of Schedule 2 to this Agreement.


32. "Procurement Plan" means the Borrower's procurement plan for the Project, dated September 5, 2012 and referred to in paragraph 1.16 of the Procurement Guidelines and
paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

33. “Producer Association” means a an association, cooperative or other legally established form of organization of rural producers eligible for participation in Part 1.1 (b) (iii) (C) of the Project as per the terms of the Project Operational Manual.

34. “Project Agency” means collectively IAP, EMATER, ÁGUASPARANÁ, FUNDEPAR, and ITCG.

35. “Project Management Committee” means the committee referred to in Section I.A.1 (b) of Schedule 2 to this Agreement.

36. “Project Operational Manual” means the manual 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.

37. “Project Secretariats” means collectively Civil Defense SEED, SEPL, SEFA, SEAP, SEAB, SEMA and SESA.

38. “Project Sector” means any of the following sectors of the Borrower; Sustainable Rural Development, Environmental and Disaster Risk Management, Education and Health, as per the codes set forth in the table on Schedule 4 of this Agreement.

39. “Quilombola” means any community of African descendants living in the Borrower’s territory and recognized as such by the Guarantor.

40. “R$” means Brazilian Reais, the Borrower’s currency.

41. “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); or (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; or (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.

42. “Resettlement Plan” or “RP” means any plan prepared following the requirements of the Involuntary Resettlement Framework and approved by the Bank, as the same may be amended from time to time with the prior written agreement of the Bank.

44. “SEAB” means *Secretaria de Estado da Agricultura e do Abastecimento*, the Borrower’s secretariat of Agriculture and Supplies, or its successor or successors thereto acceptable to the Bank.

45. “SEAP” means *Secretaria de Estado da Administração e Previdência*, the Borrower’s secretariat of Administration and Social Security, or its successor or successors thereto acceptable to the Bank.

46. “SEED” means *Secretaria de Estado da Educação*, the Borrower’s secretariat of Education, or its successor or successors thereto acceptable to the Bank.

47. “SEFA” means *Secretaria de Estado da Fazenda*, the Borrower’s secretariat of Finance or its successor or successors thereto acceptable to the Bank.

48. “SEMA” means *Secretaria de Estado do Meio Ambiente e Recursos Hídricos*, the Borrower’s secretariat of Environment and Water Resources, or its successor or successors thereto acceptable to the Bank.

49. “SEPL” means *Secretaria de Estado do Planejamento e Coordenação Geral*, the Borrower’s secretariat of Planning and General Coordination, or its successor or successors thereto acceptable to the Bank.

50. “SESA” means *Secretaria de Estado da Saúde*, the Borrower’s secretariat of Health, or its successor or successors thereto acceptable to the Bank.