Loan Agreement

(Education Quality Improvement Project)

between

REPUBLIC OF EL SALVADOR

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated MARCH 14, 2012
LOAN AGREEMENT

Agreement dated March 14, 2012, between REPUBLIC OF EL SALVADOR ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of sixty million Dollars (US$60,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.

2.05. The Payment Dates are February 15 and August 15 in each year.

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

2.07. The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of
the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or 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 applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal or exceed six million Dollars (US$6,000,000) shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through MINED, shall carry out the Project in accordance with the provisions of Article V of the General Conditions.

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

ARTICLE IV — TERMINATION

4.01. 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 expires on June 13, 2013.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Ministry of Finance.
5.02. The Borrower’s Address is:

Boulevard de los Héroes 1231
San Salvador
El Salvador

Facsimile:

(503) 2225 7491

5.03. The Bank’s Address is:

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

Cable address: Telex: Facsimile:

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

AGREED at San Salvador, Republic of El Salvador, as of the day and year first above written.

REPUBLIC OF EL SALVADOR

By

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve access, retention and graduation rates for students in the Lower Secondary Education and the Upper Secondary Education of the Borrower's public schools adopting the IFTS Model.

The Project consists of the following parts:

Part A: Adoption of the IFTS Model

Supporting the implementation of the IFTS Model through the following activities:

1. Supporting the production of training materials and the carrying out of different types of training in the Eligible Schools, including, inter alia: (i) certified training plans for teachers, school directors and MINED's technical staff; (ii) orientation training for teachers and school directors of said Eligible Schools; and (iii) specifically designed training for MINED's technical staff.

2. Supporting the acquisition of educational materials and equipment for classrooms, laboratories, libraries and teachers' rooms in the Participating Schools, including, inter alia: (i) information technology and communications equipments; and (ii) special additional equipment for students with special needs or disabilities.

3. Supporting the improvement of learning facilities in the Participating Schools through the carrying out of one or more of the following activities: (i) the renovation and construction of educational facilities (including, inter alia, classrooms, staff rooms, dining rooms, laboratories, specialized classrooms and workshops facilities, and arts and sports facilities); (ii) the acquisition of new furniture; and (iii) the provision of technical assistance in designing and supervising the activities under points (i) and (ii) herein.

4. Supporting the extension of the teaching schedule from 30 to 50 class hours per week in the Lower Secondary Education and the Upper Secondary Education of the Participating Schools through, inter alia, the financing of teachers' Sobresueldo.

5. (A) Carrying out of the following investments and/or activities in the Participating Schools: (i) the acquisition of general equipment for recreation, sport, art, culture and civic education; and (ii) the provision of transportation to: (a) students in the Lower Secondary Education whose residence is not within walking distance from their school; and (b) students in the Lower Secondary Education and the Upper Secondary Education, to allow them to use academic facilities of other nearby schools; and (B) carrying out of minor maintenance activities of school facilities and structures in the Eligible Schools.
Part B: Improvement of MINED’s Institutional Capacity and the Schooling System’s Governance

1. Strengthening of MINED’s policy-making, planning, implementation and monitoring capacity through, *inter alia:* (i) the development of new policies and regulations to make the Borrower’s education management system more efficient, including the development of a teacher policy to regulate, *inter alia,* the recruitment, appointment, and evaluation process of public schools’ teachers; (ii) the development and publication of education standards for school management, teaching activities and teachers’ training; (iii) the improvement of monitoring and evaluation systems, including the design of web-based educational indicators which can be accessed by the general public; (iv) the creation of new strategies and instruments for assessing the students’ performance, including, *inter alia,* the adoption of annual standardized tests for students to collect data on education quality and learning outcomes; and (v) the design and implementation of a communication strategy to increase the support and involvement of local communities in schools’ activities.

2. Supporting the carrying out of a pilot program in selected Eligible Schools located in the Borrower’s departments of Usulután, Sonsonate and La Libertad (in accordance with the criteria set forth in the Project Operations Manual), which program is intended to introduce a new governance model based on clusters of schools to oversee the functioning of the Borrower’s public primary and secondary schools.

3. Providing technical assistance to MINED and its departmental directorates to strengthen their monitoring and evaluation systems.

4. Supporting the design and implementation of a Project impact evaluation system.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Until completion of the Project the Borrower, through MINED, shall maintain the following units within MINED with staff (including the staff mentioned in Section V of this Schedule), structure and functions satisfactory to the Bank, all as described in the Project Operations Manual:

   (a) a project coordination unit (the DPEIFTS) reporting directly to the Dirección Nacional de Educación and responsible for the day-to-day management of Project activities, including, *inter alia*: (i) the coordination and definition of technical activities; (ii) the coordination of the annual operational plans; (iii) development and implementation of an administrative and monitoring system; and (iv) the monitoring and evaluation of Project results;

   (b) an institutional procurement and contracting unit (the UAC), reporting directly to the Minister of MINED and responsible for carrying out of the procurement activities under the Project, including: (i) the preparation and updating as necessary of the Procurement Plan, based on the corresponding POA; (ii) the purchasing of goods; and (iii) the hiring of consultants based on the technical specifications provided by the DPEIFTS and in accordance with the pertinent provisions set forth in Section II of this Schedule; and

   (c) an institutional financing unit (the UFI), reporting directly to the Minister of MINED and responsible for the financial management aspects of the Project, including: (i) budget formulation and monitoring; (ii) cash flow management, including processing payments and submitting loan withdrawal applications to the Bank; (iii) preparation and submission of in-year and year-end financial reports; and (iv) coordination of financial and operational audits.

2. Upon selection of any given Eligible School or Participating School, and prior to the carrying out of any Subproject within the administrative jurisdiction of said Eligible School or Participating School, the Borrower, through MINED, shall:

   (a) make available, on a grant basis, a portion of the proceeds of the Loan to said Eligible School or Participating School under an arrangement (the School Subsidiary Arrangement) to be entered between the Borrower, through MINED, and said Eligible School or Participating School on terms and conditions approved by the Bank as reflected in the model form of a School Subsidiary Arrangement set forth in the Project Operations Manual, establishing, *inter alia*, that each Eligible School or Participating School shall, on behalf of the Borrower, through MINED: (i) carry out the pertinent Subproject with due diligence and efficiency and in accordance with sound technical, economic,
financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the pertinent provisions of this Agreement, the provisions of the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Borrower, the Environmental Management Framework and the Indigenous Peoples Plan; (ii) provide, promptly as needed, the resources required for the carrying out of said Subproject; and (iii) maintain adequate financial management procedures and records, in accordance with consistently applied accounting standards acceptable to the Bank; and

(b) exercise its rights and carry out its obligations under the School Subsidiary Arrangements in such manner as to protect the interests of the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through MINED, shall not assign, amend, abrogate, waive, terminate or fail to enforce any School Subsidiary Arrangement or any provisions thereof.

3. The Borrower, through MINED, shall: (a) prepare and furnish to the Bank, not later than December 31 of each year, an annual operational plan (the POA) acceptable to the Bank, which plan must include the detailed description of the Project activities to be carried out during the calendar year following the date of presentation of said POA; and (b) immediately thereafter, carry out, or cause to be carried out, the pertinent POA in accordance with its terms and in a manner acceptable to the Bank.

B. Anti-Corruption.

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


The Borrower, through MINED, shall carry out, and/or cause the Eligible Schools and the Participating Schools to carry out, the Project activities under their responsibilities in accordance with the provisions of:

(a) the Environmental Management Framework;

(b) the Indigenous Peoples Plan; and

(c) a manual (the Project Operations Manual) that shall include, inter alia: (i) the rules, methods, guidelines, standard documents and procedures for the carrying out, monitoring and evaluation of the Project; (ii) the indicators to be used for Project monitoring and evaluation; (iii) the organizational structure of the Project, including the duties and responsibilities of personnel of the DPEIFTS, the UACI and the UFI; (iv) the Project procurement and financial management requirements and procedures (including the format of the Project’s financial reports); (v) the Project’s disbursement and auditing procedures; (vi) the model form of the School Subsidiary Arrangement; (vii) the list of the Eligible Schools; (viii) the criteria to select the Participating Schools; (ix) the procedures to
calculate, monitor, report and pay teachers' Sobresueldo; and (x) the prior review mechanism of the School Subsidiary Arrangements. In case of any inconsistency between any provision of the Project Operations Manual and this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports.

1. The Borrower, through MINED, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth below in the Project Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one calendar month after the end of the period covered by such report.


1. The Borrower, through MINED, 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 MINED, shall prepare and furnish to the Bank not later than one calendar month after the end of each calendar semester, interim unaudited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Bank.

3. The Borrower, through MINED, 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 with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

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 procedures.

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</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</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) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. **Review by the Bank of Procurement Decisions.**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV.  Withdrawal of Loan Proceeds

A.  General.

1.  The Borrower, through MINED, may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2.  The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) (A) Goods, works, Consultants’ services and Training under Part A.1; A.2; and A.3 of the Project</td>
<td>42,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(1) (B) Sobresueldo under Part A.4 of the Project</td>
<td>700,000</td>
<td>33%</td>
</tr>
<tr>
<td>(2) Goods, works, Consultants’ services, Operating Costs and Training under Part A.5 of the Project</td>
<td>11,850,000</td>
<td>57%</td>
</tr>
<tr>
<td>(3) Goods, works, Consultants’ services, Operating Costs and Training under Part B of the Project</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>150,000</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>(5) Unallocated</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>60,000,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this paragraph:

(a) the term “Training” means reasonable expenditures (other than those for consultants’ services) for: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with training activities and by training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.

(b) the term “Operating Costs” means the reasonable expenditure (none of which would have been incurred by the Borrower absent the Project), incurred by the Borrower for the implementation, management, coordination and supervision of the Project, including operation and maintenance of office equipment, maintenance and repair of vehicles, minor maintenance of Eligible Schools’ facilities, transportation cost of students, rental of offices, utilities, nondurable and/or consumable office materials.

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $12,000,000 equivalent may be made for payments made prior to this date but on or after September 16, 2011 (but in no case more than one year prior to the date of this Agreement), for Eligible Expenditures under Categories (1), (2) and (3).

2. The Closing Date is December 31, 2017.

Section V. Other Undertakings

Without limitation to the provisions of Section I.A.1 of this Schedule, and for purposes of carrying out the Project, the Borrower, through MINED, shall: (a) not later than 60 days after the Effective Date, hire for the UFI the following full-time staff: (i) a budget specialist; (ii) an accountant; and (iii) a treasurer; and (b) not later than 90 days after the Effective Date, hire for the UACI two full-time procurement specialists, all with terms of reference, qualifications and experience acceptable to the Bank.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
</table>
| On each February 15 and August 15  
Beginning February 15, 2017  
through August 15, 2041 | 2.00% |

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.
Appendix

Section I. Definitions


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


4. “Dirección Nacional de Educación” means MINED’s National Directorate of Education, referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.

5. “DPEIFTS” means Departamento de Proyectos de Ejecución de Escuelas Inclusivas de Tiempo Pleno, MINED’s Department of Project Execution of the IFTS Model, referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.

6. “Eligible School” means each primary and secondary public school listed in the Project Operations Manual which has been selected, in accordance with criteria acceptable to the Bank, to benefit from the carrying out of Parts A.1 and A.5 (B) of the Project.

7. “Environmental Management Framework” means the Borrower’s framework, acceptable to the Bank, dated September 2011, published in the Bank’s InfoShop on October 6, 2011 and on MINED’s website on October 3, 2011, as such plan may be amended from time to time with the prior approval of the Bank, which sets forth, inter alia: (i) the environmental mitigation and monitoring measures to be taken during Project implementation; (ii) waste disposal measures; (iii) construction site management criteria, including proper safety protocols for construction workers; and (iv) institutional arrangements for supervision and oversight of environmental measures.


9. “IFTS Model” means the Inclusive Full Time School Model established by MINED through the Plan Social Educativo 2009 – 2014 and implemented through MINED’s Executive Agreement No. 15-1256 dated September 30, 2011, which model consists of introducing, inter alia: (i) an extensive pedagogical reform, incorporating new academic and extra-curricular activities, and including the extension of the teaching schedule from 30 hours to 50 hours a week; and (ii) a new model of school governance which emphasizes strong educational leadership by the school director, team work by teachers and partnership of school staff with the local community.
10. "Indigenous Peoples Plan" means the Borrower's plan, acceptable to the Bank, dated October 2011, published in the Bank's InfoShop on October 6, 2011 and on MINED's website on October 3, 2011, as such plan may be amended from time to time with the prior approval of the Bank, which sets forth, *inter alia*: (i) the necessary procedures to ensure that the principles outlined under the Bank's operational policy and procedures OP/BP 4.10 (i.e. screening, social assessment, consultation and participation, etc.) are taken into account during Project preparation and implementation; and (ii) the principles and objectives governing the preparation and implementation of indigenous plans.

11. "Lower Secondary Education" means grades 7th to 9th of the Borrower's public secondary schools.

12. "MINED" means Ministerio de Educación, the Borrower's Ministry of Education.

13. "Participating Schools" means any Eligible School which has been selected, in accordance with the criteria set forth in the Project Operations Manual, to participate in, and/or benefit from, the carrying out of Parts A.2; A.3; A.4 and A.5 (A) of the Project.

14. "POA" means any of the annual operational plans referred to in Section I.A.3 of Schedule 2 to this Agreement.


16. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 12, 2011 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.

17. "Project Operations Manual" means the Borrower's manual referred to in Section I.C(c) of Schedule 2 to this Agreement and approved by the Bank on October 24, 2011, as the same may be amended from time to time with the agreement of the Bank.

18. "School Subsidiary Arrangement" means any of the arrangements referred to in Section I.A.2 (b) of Schedule 2 to this Agreement.

19. "Sobresueldo" means the incremental salary (excluding health and pension benefit payments) that, pursuant to Legislative Decree No. 665 of March 7, 1996 (published in the Borrower's Official Gazette No. 58, Tome 330 of March 22, 1996), shall be paid to remunerate additional weekly hours of work (*horas extras*) to teachers under Part A.4 of the Project, all in accordance with the provisions set forth in the Project Operational Manual.

20. "Subproject" means any of the investments and/or activities referred to in Part A.5 of the Project.

21. "UACI" means the unit referred to in Section I.A.1 (b) of Schedule 2 to this Agreement.
22. “UFI” means the unit referred to in Section I.A.1(c) of Schedule 2 to this Agreement.