Loan Agreement

(Strengthening Public Sector Management Technical Assistance Project - Projeto de Promoção da Excelência na Gestão Pública do Município do Rio de Janeiro - Projeto Rio de Excelência)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

MUNICIPALITY OF RIO DE JANEIRO

Dated August 26, 2014
LOAN AGREEMENT

Agreement dated August 26, 2014, between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the MUNICIPALITY OF RIO DE JANEIRO ("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 sixteen million two hundred thousand United States dollars (US$16,200,000) ("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. The Borrower’s Representative for 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. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 February 15 and August 15 in each year.

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

2.07. (a) The Borrower may at any time, 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.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall: (a) carry out Parts 1, 2 and 4 of the Project through SMF, with the assistance of the following Project Entities: (i) SMS with respect to Part 2 (a) of the Project; (ii) SME with respect to Part 2(b) of the Project; and (iii) SMAC with respect to Part 4 of the Project; and (b) shall cause IPP to carry out Part 3 of the Project through the IPP Agreement, under the coordination of SMF, all in accordance with the provisions of Article V of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The additional legal matter consists of the following, namely, that the Loan has been registered with the Guarantor's Central Bank.

4.02. 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 December 14, 2014.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is its Mayor.

5.02. The Borrower's Address is:

Secretaria Municipal de Fazenda
Rua Afonso Cavalcanti, 455
Anexo - Sala 506, 5o andar
Cidade Nova
Rio de Janeiro, RJ 20211-900
Brazil

Facsimile: (55-021) 2976-2669

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 Rio de Janeiro, Federative Republic of Brazil as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]

Authorized Representative

MUNICIPALITY OF RIO DE JANEIRO

By [Signature]

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to support institutional capacity strengthening of the Borrower to enhance public service delivery, including in health, education and environmental management.

The Project consists of the following parts:

Part 1. Improving Medium Term Fiscal and Public Investment Management

Improving the Borrower’s medium term fiscal and public investment management process through, inter alia: (a) the integration of impact evaluation results, performance information and proposed policy changes in the planning and budget process; and (b) the carrying out of diagnostic evaluations, and the implementation of the recommended actions resulting from said evaluations, as prioritized by the Borrower.

Part 2. Innovating in Service Provision

(a) Improving the Borrower’s health services through, inter alia: (i) the development of a referral system for the Borrower’s health system; (ii) the carrying out of an evaluation of health reforms introduced by the Borrower in Health District 5.3; (iii) the carrying out of a study on perinatal mortality and quality of pre-natal care in the Borrower’s territory; (iv) the piloting of information and communication technology tools for remote monitoring of patients with chronic diseases; and (v) the provision of support to the FHC.

(b) Improving the quality of the Borrower’s education through, inter alia: (i) the provision of capacity building activities for learning assessment including, inter alia, expansion of SME’s testing tools and provision of training for teachers on consistent writing test grading; (ii) the provision of support for the establishment of a new office for strategic information management (Gerência de Informação Estratégica), with the objective of tracking, analyzing and using data generated from SME’s comprehensive student assessments; (iii) the provision of support for the design of the Rio Creche Monitoring System; (iv) the provision of support for the customization and adaptation to the Borrower’s needs of the Ages and Stages Questionnaire to monitor child development; (v) the design and implementation of an integrated quality assurance system for early child education; (vi) the provision of support to selected Project Entities for the adequate integration of education, health and social services targeted to children up to 6 years old and their families; and (vii)
the development of a new teacher training school (Escola de Formação) through, *inter alia*, the design and implementation of a systematic new program of training based on the curriculum and the provision of information technology and video-conferencing equipment required to deliver distance education.

**Part 3. Strengthening Social Governance and Monitoring and Evaluation**

(a) Strengthening the UPP Program management and operational system, through, *inter alia*: (i) the piloting of new field methodologies to promote effective community participation and improvement of information collection and monitoring in Pacified Favelas; and (ii) the provision of training to UPP Social Program’s field staff on the implementation of the new field methodologies referred in (a)(i) above.

(b) Improving the implementation of sectoral policies in Pacified Favelas through, *inter alia*: (i) the carrying out of an assessment of sectoral policies covering selected themes (i.e. urbanization and land regularization, income generation activities) and proposing improvements to said policies; (ii) the organization of workshops to discuss work programs for sectoral policies; and (iii) the development of good practices and alternatives for policy strategies aimed at improving the implementation and coordination of sectoral policies.

(c) Strengthening IPP’s for monitoring and impact evaluation capacity through, *inter alia*: (i) the provision of support for the improvement of IPP’s expertise in collecting household and individual survey data; (ii) the design of an integrated monitoring and evaluation system on the quality of service delivery under the UPP Social Program; (iii) strengthening IPP’s technical skills for the carrying out of impact evaluations for evidence-based policy-making; and (iv) enhancing IPP’s capabilities in designing instruments to measure quality of service delivery within Borrower’s territory.

**Part 4. Innovating in Environmental Management**

Implementing Rio’s Climate Data Bank and greenhouse gases monitoring system through, *inter alia*: (i) the development of the institutional framework for the development and implementation of said monitoring system; (ii) the provision of technical assistance and equipment required to set up and operate said monitoring system; and (iii) the provision of training to ensure an effective data collection, modeling, reporting and monitoring and evaluation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall, not later than 30 days after the Effective Date, create and thereafter operate and maintain, until the completion of the Project:

(a) a coordination unit within SMF, 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 monitoring and evaluation specialist, a procurement specialist, a financial management 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 Coordination Committee, to be responsible for the oversight of the Project (the “PCC”). The PCC shall be composed by representatives of each of the Project Entities, meet periodically and coordinate the monitoring and evaluation of the progress of the Project, and shall have a structure and functions satisfactory to the Bank, as set forth in the Operational Manual.

2. To facilitate the carrying out of Part 3 of the Project, and to formalize their respective responsibilities under said Part of the Project, the Borrower shall, not later than 60 days after the Effective Date, enter into an agreement with IPP; under terms and conditions acceptable to the Bank (“IPP Agreement”), setting forth their respective roles and responsibilities regarding the implementation of Part 3 of the Project.

3. The Borrower shall exercise its rights and carry out its obligations under the IPP 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, waive, terminate or fail to enforce the IPP Agreement or any of its provisions.

B. Operational Manual

1. The Borrower shall, and shall cause IPP with respect to Part 3 of the Project, to carry out the Project in accordance with the provisions of a manual (the Operational Manual) which shall include, inter alia: (a) a detailed description of Project activities and institutional arrangements for the Project; (b) the Project
administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (c) the monitoring indicators for the Project; (d) the institutional and administrative mechanisms established to ensure inter-institutional coordination, including the functions, responsibilities and staffing requirements of the Project Entities under the Project; and (e) procedures for health care waste management in accordance with the Guarantor’s legislation.

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

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

C. Anti-Corruption

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

D. Safeguards.

1. For the purposes of implementing Part 2 (a) (v) of the Project, the Borrower shall ensure that prior to the participation of each health unit in the carrying out of the activities under said Part 2 (a) (v) of the Project, each health unit has adopted procedures for health care waste management in accordance with the Guarantor’s legislation and in a manner acceptable to the Bank.

2. The Borrower shall ensure that the terms of reference for any consultancies related to the technical assistance provided under Parts 1 and 2 of the Project, shall be satisfactory to the Bank and, to that end, such terms of reference shall require that the advice conveyed through such consultancies and technical assistance be consistent with the requirements of the Bank’s Safeguard Policies.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower 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 indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.
B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower 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 and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following table specifies the methods of procurement, other than International
Competitive Bidding, which may be used for goods, and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

| (a) National Competitive Bidding (including the method known as “pregão eletrônico”, as provided in the Guarantor’s Law No. 10520, of July 17, 2002, under any e-procurement system acceptable to the Bank), subject to the following additional procedure, namely, that the bidding documents shall be acceptable to the Bank |
| (b) Shopping (including the method known as “pregão eletrônico”, as provided in the Guarantor’s Law No. 10520, of July 17, 2002, under any e-procurement system acceptable to the Bank) |
| (c) Direct Contracting |

C. Particular Methods of Procurement of Consultants’ Services

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

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

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Procedures set forth in Paragraphs 5.1 to 5.5 of the Consultants Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
</tbody>
</table>

D. Review by the Bank of Procurement Decisions

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

A. General

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Non-consulting services, and consultants’ services for the Project (except for those required under Part 2 (a)(v) of the Project)</td>
<td>16,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,200,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) From the Loan Account until the bank has received payment in full of the Front-end fee; and

   (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $3,240,000 equivalent may be made for payments made prior to this date but on or after November 27, 2012, but in no case more than one year prior to the date of this Agreement, for Eligible Expenditures under Category (1).
2. The Closing Date is April 30, 2018. The Bank will only grant an extension of the Closing Date after the Guarantor’s Ministry of Finance has informed the Bank that it agrees with such extension.
SCHEDULE 3

Amortization Schedule

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

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15 Beginning August 15, 2017, through August 15, 2032</td>
<td>3.13%</td>
</tr>
<tr>
<td>On February 15, 2033</td>
<td>2.97%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

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

1. “Ages and Stages Questionnaire” means the internationally recognized tool for developmental and social-emotional screening of children from one month old to five and a half years old.


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

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


6. “Health District 5.3” means the set of municipal health facilities in the Borrower’s neighborhoods of Santa Cruz, Paciencia and Sepetiba.

7. “FHC” means Clinicas da Familia, the Borrower’s family health clinics program created for the provision of a broad range of primary health care services in an assigned geographical area within the Borrower’s territory, responsible for enrolling and monitoring the health status of the population living in said geographical area, providing primary care services, and making referrals to other levels of care as required.


9. “IPP Agreement” means the agreement referred to in Section I.A.2 of Schedule 2 to this Agreement.

10. “IPP” means Instituto Municipal de Urbanismo Pereira Passos, the Borrower’s agency responsible for urban planning, created pursuant to law No. 2.689, dated December 1, 1998; and decree No.17.288, dated January 8, 1999.
11. "Operational Manual" means the manual satisfactory to the Bank, dated April 18, 2013, referred to in Section I.B.1 of Schedule 2 to this Agreement.

12. "Pacified Favelas" means any of the slum areas located within the Borrower’s territory, in which the State of Rio de Janeiro’s peace-keeping program (created pursuant the State of Rio de Janeiro Decree No. 41650 of January 21, 2009), has been successfully implemented.

13. “PCU” means the Project coordination unit referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.

14. “PCC” means the Project’s Coordination Committee referred to in Section I.A.1 (b) of Schedule 2 to this Agreement.


16. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated April 18, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. “Project Entities” means any of the following: SMF, SMS, SME, IPP and SMAC.

18. “Rio’s Climate Data Bank” means the Borrower’s repository of greenhouse gases emission data referred to in Part 4(a)(i) of the Project.

19. “SMAC” means Secretaria Municipal de Meio Ambiente, the Borrower’s Municipal Secretariat of Environment, or any successor thereto satisfactory to the Bank.

20. “SME” means Secretaria Municipal de Educação, the Borrower’s Municipal Secretariat of Education or any successor thereto satisfactory to the Bank.

21. “SMF” means Secretaria Municipal de Fazenda, the Borrower’s Municipal Secretariat of Finance or any successor thereto satisfactory to the Bank.

22. “SMS” means Secretaria Municipal de Saúde, the Borrower’s Municipal Secretariat of Health or any successor thereto satisfactory to the Bank.

23. “UPP Social Program” means the Borrower’s social program under the responsibility of IPP, aimed at (i) promoting social development in slum areas (favelas) located within the Borrower’s territory in which the State of Rio de Janeiro’s peace-keeping program (created pursuant the State of Rio de Janeiro
decree N° 41650 of January 21, 2009) has been successfully implemented, and (ii) facilitating the territorial integration, coordination and monitoring of public and private sector and civil society programs supporting projects contributing to the socio-economic integration of these slums and their residents with the rest of the Borrower’s territory.