Loan Agreement

(Integrated Water Management in Metropolitan São Paulo
Programa de Saneamento Ambiental dos Mananciais do Alto Tietê – Programa Mananciais - São Bernardo do Campo Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

MUNICIPALITY OF SÃO BERNARDO DO CAMPO

Dated October 29, 2012
LOAN AGREEMENT

Agreement dated October 29, 2012, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the MUNICIPALITY OF SÃO BERNARDO DO CAMPO ("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 twenty million eight hundred and twenty thousand Dollars ($20,820,000), 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. The Borrower's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the General Coordinator (Coordenador Geral) of the UGL.

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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 March 15 and September 15 in each year.

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

2.07. (a) The Borrower may at any time, in each case with the prior non-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 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.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project and the Program. To this end, the Borrower, through the UGL, shall carry out the Project with the assistance of:

(a) the State in respect of all Parts of the Project; and

(b) CDHU in respect of Part II of the Project, pursuant to the terms of the Implementation Agreement, 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 — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) CDHU shall have failed to perform any of its obligations under the Implementation Agreement, and the Borrower shall not have assumed responsibility for the construction of housing needed for the resettlement of families under Part II of the Project, in terms and conditions satisfactory to the Bank.

(b) The Borrower shall have failed to comply with the provisions of the Implementation Agreement, to an extent that, in the opinion of the Bank, would materially and adversely affect the achievement of the Project’s objectives.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Loan has been validly registered by the Guarantor’s Central Bank.

5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank’s approval of the Loan which expire on September 29, 2013.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Borrower’s Address is:

Prefeitura do Município de São Bernardo do Campo
Praça Samuel Sabatini, 50 – Centro
São Bernardo do Campo – SP, 09750-700
Brazil

Facsimile: (55-11) 4122-0123
With copies to:

SEAIN — Secretaria de Assuntos Internacionais do Ministério do Planejamento, Orçamento e Gestão
Esplanada dos Ministérios, Bloco K – 5º andar
Brasília – DF, 70040-906
Brazil
Facsimile: (55-61) 2020-5006

Secretaria de Habitação do Município de São Bernardo do Campo/SP
Rua Jacquey, 61 – 2º andar – Bairro Rudge Ramos
São Bernardo do Campo – SP, 09034-000
Brazil
Facsimile: (55-11) 4367-6485

Secretaria de Saneamento e Recursos Hídricos do Estado de São Paulo
Rua Bela Cintra, 847 – 14º andar – Bairro Consolação
São Paulo – SP, 01415-903
Brazil
Facsimile: (55-11) 3218-5629

6.03. 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 **Brasília, Federal Republic of Brazil**, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

MUNICIPALITY OF SÃO BERNARDO DO CAMPO

By

[Signature]

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to protect and maintain the quality and reliability of São Paulo Metropolitan Region’s water resources and potable water sources; and (b) to improve the quality of life of the poor populations residing in key targeted urban river basins in the São Paulo Metropolitan Region.

The Project constitutes part of the Program grouped as two sub-programs:

Sub-Program A—Institutional Strengthening and Management (Part I); and

Sub-Program B—Integrated Urban Upgrading, Land Regularization and Environmental Recovery of Selected Irregular and Precarious Settlements (Parts 2 and 3).

Sub-Program A: Institutional Strengthening and Management

Part I: Institutional Capacity Building

1. Strengthening of the Borrower’s planning and programming capacity to preserve and restore headwater areas of those parts of the Sub-basin within the Borrower’s territory, including, inter alia:

   (a) Improved Integrated Land-Use and Water Resources Management and Coordination

   Preparation of the Borrower’s environmental development and protection plan (PDPA), including the carrying out of field surveys, studies and capacity building events, and the development of information systems and monitoring indicators, all designed to assist in the formulation and implementation of such plan.

   (b) Environmental Education Program and Social Outreach

   (i) carrying out of an assessment of the current situation of environmental education in the Borrower’s territory; (ii) development of an environmental education program and materials with skills training for community leaders and other stakeholders; and (iii) implementation of such program in the Selected Irregular and Precarious Settlements being upgraded under Part 2.
(c) **Project Management, Monitoring, Evaluation and Dissemination**

Provision of technical assistance as needed for Project management, monitoring, evaluation and dissemination.

**Sub-Program B: Urban Upgrading, Land Regularization and Environmental Recovery of Selected Irregular and Precarious Settlements**

**Part II: Urban Upgrading**

(a) Carrying out of urban upgrading in Selected Irregular and Precarious Settlements including, *inter alia*: (i) the carrying out of the respective final engineering designs; (ii) the carrying out of the corresponding civil works for the urbanization of such slums and irregular settlements; (iii) the construction and/or improvements of houses for the affected families within such slums and irregular settlements; and (iv) the recovery and/or conversion of degraded urban areas into public spaces.

(b) Carrying out of rehabilitation activities of high-risk and degraded urban areas in the Selected Irregular and Precarious Settlements, including, *inter alia*: (i) the carrying out of the final engineering designs; and (ii) the carrying out of the corresponding civil works.

(c) Carrying out of the involuntary resettlement of families affected by urban upgrading interventions or living in the high risk or degraded areas referred to in paragraphs (a) and (b) above, through: (i) the preparation of detailed Resettlement Plans with the corresponding engineering designs of the associated civil works; (ii) the implementation of said Resettlement Plans; (iii) the monitoring and evaluation of the resettlement process; and (iv) carrying out of social outreach and guidance initiatives before, during, and following the carrying out of the civil works mentioned in paragraphs (a) and (b) above.

(d) Carrying out of land regularization processes in Selected Irregular and Precarious Settlements in the Borrower’s territory.

(e) Establishment of an ecology and citizenship center in the Borrower’s territory, including, *inter alia*: (i) the preparation of the respective engineering design; and (ii) the carrying out of the corresponding civil works.

(f) Preparation and implementation of a plan for social work and community participation to support Project and Program’s activities in the Selected Irregular and Precarious Settlements.
Part III: Environmental Protection and Recovery

(a) Preparation and implementation of tree-planting programs in Selected Irregular and Precarious Settlements.

(b) Carrying out of the urbanization of public areas with green and leisure spaces for common use in the Selected Irregular and Precarious Settlements, including, inter alia: (i) the preparation of the respective engineering designs; and (ii) the carrying out of corresponding civil works.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall:

   (a) throughout Project implementation, maintain a unit, the “UGL”, with the powers and responsibilities set forth in the Operational Manual; and

   (b) no later than two months from the Effective Date have the unit fully staffed with personnel with experience and qualifications satisfactory to the Bank, including the following key staff: a coordinator and experts to handle the technical, procurement, financial management and safeguard aspects of the Project.

2. The Borrower shall, until completion of the Project, maintain a representative in the CDC with power and responsibility set forth in the Operational Manual.

B. Agreements

(a) The Borrower shall carry out the Project in accordance with the Implementation Agreement.

(b) The Borrower shall exercise its rights and carry out its obligations under the Implementation 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 amend, assign, abrogate, waive, terminate or fail to enforce the Implementation Agreement or any of its provisions.

C. Anti-Corruption

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

D. Operational Manual

Without limitation to the provisions of Article V of the General Conditions, the Borrower shall carry out the Project in accordance with the Operational Manual, satisfactory to the Bank, containing, inter alia:
(a) the functions, responsibilities and training requirements for the personnel responsible for the coordination, monitoring and evaluation of the Project, including the UGP and the UGL;

(b) procedures for procurement of goods, works and services, as well as for financial management, disbursement and audits of the Project and respective forms, reports and guidelines;

(c) the counterpart funding requirements of the Project;

(d) the indicators to be used in the monitoring and evaluation of the Project (Performance Indicators); and

(e) the Environmental Management Plan and the Resettlement Policy Framework.

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

E. Safeguards

1. The Borrower shall, in respect of Parts II and III of the Project furnish to the Bank for its approval, in accordance with the respective Resettlement Policy Framework and prior to the signature of any contract for construction works that call for resettlement, any needed Resettlement Plan, and carry out such Resettlement Plans, in accordance with their terms.

2. The Borrower shall, in respect of Parts II and III of the Project undertake the related activities in accordance with the Environmental Management Plan, and furnish to the Bank any needed documentation as required by this Environmental Management Plan.

3. The Borrower, through the UGL, shall ensure that the terms of reference for any consultancy in respect of Part II of the Project shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

F. Other Covenants

Without limitation to the provisions of Section 5.10 of the General Conditions, the Borrower and the Program Executing Agencies shall exchange views on the implementation of the Mananciais Metropolitan Program with the Guarantor and the Bank, as may be relevant for the successful implementation of the Program.
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 the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 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 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, 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 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 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 including, in respect of goods and Non-consulting Services, <em>pregão eletrônico</em> (as set forth in the Borrower's Law N° 10.520 of July 17, 2002, and in Decree N° 5.450 of May 31, 2005), under 'COMPRASNET', the procurement portal of the Borrower, or any other 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>(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) Selection based on Consultant’s Qualifications (CQS)</td>
</tr>
<tr>
<td>(b) Quality-based Selection (QBS)</td>
</tr>
<tr>
<td>(c) Least Cost Selection (LCS)</td>
</tr>
<tr>
<td>(d) Selection Under a Fixed Budget (FBS)</td>
</tr>
<tr>
<td>(e) Procedures set forth in Chapter V of the Consultant Guidelines for the Selection of Individual Consultants (IC)</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 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) Works for Part II (a), (b) and (e) of the Project</td>
<td>11,000,000</td>
<td>45%</td>
</tr>
<tr>
<td>(2) Works (except for Part II (a), (b) and (e) of the Project), Goods, Training and Non-consulting Services for all Parts of the Project</td>
<td>1,117,950</td>
<td>45%</td>
</tr>
<tr>
<td>(3) Consultants’ services for all Parts of the Project</td>
<td>8,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>52,050</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>TOTAL AMOUNT</td>
<td>20,820,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For purposes of this Section, the term “Training” means reasonable expenditures (other than those for consultants’ services) incurred by the Borrower for the purposes of the Project and directly related to training activities described in the Project, including, inter alia, costs related to workshops, seminars, conferences, study tours, training registration fees, training facility and equipment rentals, local travel costs and per diems of the trainers and trainees.

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 $2,082,000 equivalent may be made for payments made within twelve months prior to the date of this Agreement, but on or after June 30, 2011, for Eligible Expenditures.

2. The Closing Date is September 30, 2015. 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>
</table>
| On each March 15 and September 15  
  Beginning September 15, 2017 through March 15, 2042 | 2% |

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. "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.

3. "CDC" means "Conselho de Coordenadores do Programa Mananciais", the committee established pursuant to the State’s Decree N° 55.495, dated February 26, 2010, as amended by State’s Decree N° 57.048, dated June 8, 2011.


8. "Implementation Agreement" means the agreement (Termo de Convênio) entered into among the Borrower, the other Program Executing Agencies and the Municipality of São Paulo on March 19, 2010, and referred to in Section I.B. of Schedule 2 to this Agreement, which sets forth the cooperation arrangements in the implementation of the Project and the Program, including the implementation and financing arrangements for the construction of housing needed for the resettled families under Part II of the Project.
9. “Mananciais Metropolitan Program” means collectively the following programs: Mananciais, Guarapiranga e Billings, Pré-Billings, Córrego Limpo and Orla Guarapiranga, as described in the Operational Manual.

10. “Non-consulting Services” means services for which the physical aspects of the activity predominate, are bid and contracted on the basis of performance of measurable physical output, and for which performance standards can be clearly identified and consistently applied, including, inter alia, surveys, laboratory services, printing services, publications and dissemination activities.


13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 29, 2011, 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.

14. “Program” means the program (which is part of the Mananciais Metropolitan Program) designed to respond to the land-use and water resources challenges facing the São Paulo Metropolitan Region, all as set forth or referred to in the letters to the Bank from the State dated October 24, 2008, SABESP dated October 22, 2008, the Borrower dated August 21, 2008, and the Municipality of Guarulhos dated January 14, 2009.

15. “Program Executing Agencies” means: the Borrower, the State, CDHU, SABESP and the Municipality of Guarulhos and any other entity in the São Paulo Metropolitan Region which meets the criteria set forth in the Operational Manual to participate in the Program.

16. “Resettlement Plan” means any plan prepared following the requirements of the Resettlement Policy Framework and approved by the Bank.


19. “São Paulo Metropolitan Region” means the territory comprising the 39 municipalities listed in the Operational Manual and any other municipality as the Borrower may propose (based on subsequent creation of administrative subdivisions) and the Bank may agree.

20. “Selected Irregular and Precarious Settlements” means the neighborhoods of Areião, SABESP, Vila dos Estudantes and Monte Sião, or any other area in the Borrower’s territory that the Borrower and the Bank may agree.


22. “Sub-basin” means the Billings sub-basin in the Alto Tietê River basin.


24. “UGP” means “Unidade de Gerenciamento do Programa”, the unit established to coordinate the Program within the State’s Secretariat for Sanitation and Water Resources (SSRH), pursuant to the State’s Decree Nº 55.494, dated February 26, 2010, as amended by the State’s Decree Nº 57.048, dated June 8, 2011.