
LOAN NUMBER 9612-SV

Loan Agreement

(Promoting Job Opportunities and Skills Development in El Salvador Project)

between

REPUBLIC OF EL SALVADOR

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 the amount of one hundred and fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion (“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 III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Borrower elects to apply the Automatic Rate Fixing Conversion to the Loan. Accordingly, without limitation upon the provisions of Article IV of the General Conditions 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 fifteen million Dollars (\$15,000,000) shall be converted from the initial 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 for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

- 2.07. The Payment Dates are April 15 and October 15 in each year.
- 2.08. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through MINEC, shall:
 - (a) carry out Part 1.A of the Project with the assistance of INSAFORP and BANDESAL;
 - (b) carry out Part 1.B of the Project with the assistance of BANDESAL;
 - (c) carry out Part 1.C and 5 of the Project;
 - (d) carry out Part 2.A of the Project with the assistance of CONAMYPE and BANDESAL;
 - (e) carry out Part 2.B of the Project with the assistance of BANDESAL;
 - (f) carry out Part 3 of the Project with the assistance of INJUVE;
 - (g) carry out Part 4.A of the Project with the assistance of the Presidency, through ADDN; and
 - (h) carry out Part 4.B of the Project with the assistance of BANDESAL;

all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) INJUVE, CONAMYPE, or INSAFORP has failed to comply with any of the provisions set forth in its Inter-Institutional Agreement.
 - (b) BANDESAL has failed to comply with any of the provisions set forth in the BANDESAL Subsidiary Agreement.
- 4.02. The Additional Events of Acceleration consist of the following, namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists, namely, that the Project Operations Manual referred to in Section I.B of Schedule 2 has been prepared,

approved and adopted by the Borrower, through MINEC, in a manner acceptable to the Bank.

- 5.02. The Effectiveness Deadline is the date one hundred and eighty days (180) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Finance.

- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Boulevard de Los Héroes No. 1231
San Salvador
El Salvador; and

- (b) the Borrower's Electronic Address is:

Facsimile: E-mail:

(503) 2225-7491 ministro@mh.gob.sv

- 6.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

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

- (b) the Bank's Electronic Address is:

Telex: Facsimile: E-mail:

248423(MCI) or (202) 477-6391 mkerf@worldbank.org
64145(MCI)

AGREED as of the Signature Date.

REPUBLIC OF EL SALVADOR

By



Authorized Representative

Name: Jerson Rogelio Posada Molina

Title: Minister of Finance

Date: 27-Feb-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Carine Clert

Title: Country Manager

Date: 18-Jan-2024

SCHEDULE 1

Project Description

The objectives of the Project are to (i) improve access to employment opportunities and skills development of selected Vulnerable Groups, and (ii) in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

The Project consists of the following parts:

Part 1. Enhancing Employability and Improving Access to Wage Employment

- A. Enhancing access to and delivery of demand-driven skills for employability through: (i) carrying out outreach, registration, assessment, profiling and referral of potential trainees under the Project; (ii) provision of short-term initial capacity building to selected trainees on soft skills, including *inter alia* interpersonal and intrapersonal skills, and on selected occupational skills; (iii) provision of stipends to selected trainees to support attendance to short-term capacity building under the Project; (iv) provision of technical assistance for the design of screening tools for the selection of potential trainees; (v) the review and updating of training courses, curriculum, and certification processes; and (vi) provision of short-term specialized capacity building to selected trainees on soft skills, including *inter alia* interpersonal and intrapersonal skills, and on specific technical skills, including *inter alia* English language and digital skills.
- B. Promoting access to private sector jobs through the provision of employment subsidies to selected private employers.
- C. Enhancing the employment support system with emphasis on Vulnerable Groups through: (i) carrying out technical assistance to analyze the labor regulatory framework and provide recommendations for improvement, including on flexible work arrangements and specific employment barriers for the provision of child care services by employers; (ii) carrying out technical assistance for the strengthening of MINEC's institutional capacity to design and implement a Job Linking Scheme; (iii) carrying out technical assistance and provision of equipment and services for strengthening the labor market intelligence, including by enhancing the job platform and carrying out labor demand and supply studies; and (iv) carrying out technical assistance and providing minor equipment to engage with and enhance capacity of sector councils, business associations and other similar structures.

Part 2. Promoting Entrepreneurship Opportunities

- A. Supporting entrepreneurship development of Entrepreneurs, including through:
 - (i) capacity building on entrepreneurship, including business and soft skills including *inter alia*, interpersonal and intrapersonal skills; (ii) provision of stipends to support attendance of Entrepreneurs to capacity building under the Project; (iii) provision of technical assistance to Entrepreneurs for the implementation of Business Plans and the use of Entrepreneur Grants; (iv) the provision of technical assistance for: (1) the development of screening tools for the selection of entrepreneurs to receive capacity building and Entrepreneur Grants under the Project, and (2) the analysis and provision of recommendations and suggested adjustments to the business training curriculum under the Project, and for raising awareness for business formalization; (v) provision of technical assistance for marketing and commercialization, including access to entrepreneurship networks and online platforms; (vi) organization of entrepreneurship fairs; and (vii) evaluation and selection of Business Plans.
- B. Providing grants to Entrepreneurs for the implementation of Business Plans.

Part 3. Enhancing Access to Integrated Service Delivery through Adequate Infrastructure

- (i) Rehabilitating, refurbishing and operating selected existing Borrower infrastructure to be used as community knowledge and opportunities centers, including *inter alia* design and supervision; (ii) development of maintenance and sustainability plans for these centers; and (iii) provision of technical assistance for the intake, registration, assessment, and follow up of the beneficiaries of these centers.

Part 4. Project Management, Monitoring and Evaluation, and Institutional Strengthening

- A. Supporting project implementation by MINEC, through the carrying out of the administrative, procurement, reporting, auditing, financial, monitoring and evaluation, environmental and social functions of the Project, including, *inter alia*, development of a management information system and an integrated information platform, implementation of a communication and outreach strategy, carrying out technical assistance for evaluation, and carrying out minor works in MINEC's offices to be used for Project implementation.
- B. (i) Supporting project implementation by BANDESAL, through the carrying out of the payment of Short-Term Skills Stipends, Entrepreneurship Skills Stipends, Employment Subsidies and Entrepreneur Grants; (ii) carrying out minor works in BANDESAL's offices to be used for Project implementation; (iii) strengthening BANDESAL's capacity to support payments at large scale, through the provision

of technical assistance; and (iv) promotion of financial inclusion of Project beneficiaries.

Part 5. Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Not later than sixty (60) days after the Effective Date, the Borrower, through MINEC, shall establish and thereafter operate and maintain throughout Project implementation, a Project implementation unit (“PIU”), acceptable to the Bank, with functions, resources and staff, including a Project coordinator, an environmental specialist, a social specialist, a financial management specialist, a procurement specialist, a monitoring and evaluation specialist and three (3) technical specialists, as further described in the Project Operations Manual.
2. Not later than three (3) months after the Effective Date, the Borrower, through the Presidency, through the ADDN, shall establish and thereafter operate and maintain throughout Project implementation, a steering committee (“Project Steering Committee”), acceptable to the Bank, to be responsible for institutional coordination and policy guidance for Project implementation and to be led by the ADDN, with composition, functions and resources set forth in the Project Operations Manual.

B. Project Operations Manual

1. Without limitation upon the provisions of Article V of the General Conditions, the Borrower, through MINEC, shall carry out the Project in accordance with the Project Operations Manual, which shall include, *inter alia*: (a) the functions, responsibilities and composition of the PIU and the Project Steering Committee; (b) a detailed description of the activities and institutional arrangements for the Project, including the technical, administrative and fiduciary functions of each relevant unit within MINEC and other relevant entities; (c) a detailed description of policies, eligibility, and selection criteria, conditionalities and procedures for the provision of Stipends, Employment Subsidies and Entrepreneur Grants; (d) the procedure to calculate the INSAFORP Costs and the BANDESAL Costs; (e) selection criteria of the economic sectors supported by the Project for developing skills and improving access to employment opportunities; (f) the Project administrative, financial management (planning, budgeting, internal controls, accounting, financial reporting, flow of funds, and auditing) and procurement procedures; (g) rules and procedures for processing and collection of Personal Data in accordance with good international practice; (h) the monitoring indicators for the Project; (i) the grievance mechanism; (j) the Anti-Corruption

Guidelines; and (k) any other criteria or procedures necessary for Project implementation.

2. Except as the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual or any provision thereof.
3. In case of any conflict between the terms of the Project Operations Manual and this Agreement, the provisions of this Agreement shall prevail.

C. INSAFORP Inter-Institutional Agreement

1. To facilitate carrying out Parts 1.A(ii) and 1.A(v) of the Project, the Borrower, through MINEC, shall enter into an agreement with INSAFORP (“INSAFORP Inter-Institutional Agreement”), under terms and conditions acceptable to the Bank.
2. The Borrower, through MINEC, shall ensure that the INSAFORP Inter-Institutional Agreement includes, *inter alia*:
 - (a) the responsibilities of each institution for the implementation of Parts 1.A(ii) and 1.A(v) of the Project, all in accordance with this Agreement, the ESSs, the ESCP, the Anti-Corruption Guidelines and the Project Operations Manual; and
 - (b) INSAFORP’s obligation to assist in the implementation of Parts 1.A(ii) and 1.A(v) of the Project through: (i) delivery and supervision of capacity building; (ii) providing support to, and providing financing from its own funds for, certification processes; and (iii) upgrading or updating the training curriculum for selected occupations.
3. The Borrower through MINEC, shall exercise its rights under the INSAFORP Inter-Institutional Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
4. Except as the Bank shall otherwise agree, the Borrower, through MINEC, shall not assign, amend, abrogate, waive, terminate or fail to enforce the INSAFORP Inter-Institutional Agreement or any of its provisions.
5. In case of any conflict between the terms of the INSAFORP Inter-Institutional Agreement and those of this Agreement, the terms of this Agreement shall prevail.

D. CONAMYPE Inter-Institutional Agreement

1. To facilitate carrying out Parts 2.A(i), 2.A(iii), 2.A(iv), 2.A(vi) and 2.A(vii) of the Project, the Borrower, through MINEC, shall enter into an agreement with CONAMYPE (“CONAMYPE Inter-Institutional Agreement”), under terms and conditions acceptable to the Bank.
2. The Borrower, through MINEC, shall ensure that the CONAMYPE Inter-Institutional Agreement includes, *inter alia*:
 - (a) the responsibilities of each institution for the implementation of Parts 2.A(i), 2.A(iii), 2.A(iv), 2.A(vi) and 2.A(vii) of the Project, all in accordance with this Agreement, the ESSs, the ESCP, the Anti-Corruption Guidelines and the Project Operations Manual;
 - (b) CONAMYPE’s obligation to assist in the implementation of Parts 2.A(i), 2.A(iii), 2.A(iv), 2.A(vi) and 2.A(vii) of the Project through the delivery and supervision of capacity building on entrepreneurship, provision of technical assistance on Business Plan evaluation, selection and implementation, and on the management of the Entrepreneur Grants; and
 - (c) MINEC’s responsibility to carry out all procurement under Parts 2.A(i), 2.A(iii), 2.A(iv), 2.A(vi) and 2.A(vii) of the Project in accordance with the Procurement Regulations, to provide technical assistance, capacity building, relevant training material and minor equipment to CONAMYPE in connection with the technical assistance.
3. The Borrower, through MINEC, shall exercise its rights under the CONAMYPE Inter-Institutional Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
4. Except as the Bank shall otherwise agree, the Borrower, through MINEC, shall not assign, amend, abrogate, waive, terminate or fail to enforce the CONAMYPE Inter-Institutional Agreement or any of its provisions.
5. In case of any conflict between the terms of the CONAMYPE Inter-Institutional Agreement and those of this Agreement, the terms of this Agreement shall prevail.

E. INJUVE Inter Institutional Agreement

1. To facilitate carrying out Part 3 of the Project, the Borrower, through MINEC, shall enter into an Inter-Institutional Agreement with INJUVE (“INJUVE Inter-Institutional Agreement”), under terms and conditions acceptable to the Bank.

2. The Borrower, through MINEC, shall ensure that the INJUVE Inter-Institutional Agreement includes, *inter alia*:
 - (a) the responsibilities of each institution in the implementation of Part 3 of the Project, all in accordance with this Agreement, the ESSs, the ESCP, the Anti-Corruption Guidelines and the Project Operations Manual;
 - (b) MINEC's responsibility to carry out all procurement under Part 3 of the Project, including *inter alia* for the rehabilitation of facilities; and
 - (c) INJUVE's: (i) confirmation that it has the necessary rights to use and rehabilitate the selected facilities; (ii) authorization to MINEC to rehabilitate selected facilities; and (iii) authorization to MINEC to use the rehabilitated facilities at no cost for Project activities.
3. The Borrower, through MINEC, shall exercise its rights under the INJUVE Inter-Institutional Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
4. Except as the Bank shall otherwise agree, the Borrower, through MINEC, shall not assign, amend, abrogate, waive, terminate or fail to enforce the INJUVE Inter-Institutional Agreement or any of its provisions.
5. In case of any conflict between the terms of the INJUVE Inter-Institutional Agreement and those of this Agreement, the terms of this Agreement shall prevail.

F. BANDESAL Subsidiary Agreement

1. To facilitate carrying out Parts 1.A(iii), 1.B, 2.A(ii), 2.B and 4.B of the Project, the Borrower, through MINEC, shall enter into an agreement with BANDESAL ("BANDESAL Subsidiary Agreement"), under terms and conditions acceptable to the Bank.
2. The Borrower, through MINEC, shall ensure that the BANDESAL Subsidiary Agreement includes, *inter alia*:
 - (a) the responsibilities of each institution in the implementation of Parts 1.A(iii), 1.B, 2.A(ii), 2.B and 4.B of the Project, all in accordance with this Agreement, the ESSs, the ESCP, the Anti-Corruption Guidelines and the Project Operations Manual;
 - (b) MINEC's obligation to transfer one portion of the Loan proceeds to BANDESAL;

- (c) BANDESAL's obligation to assist in the implementation of Parts 1.A(iii), 1.B, 2.A(ii), 2.B and 4.B(i) of the Project through:
 - (i) from Loan proceeds, payment of:
 - (A) Short-Term Skills Stipends to trainees;
 - (B) Entrepreneurship Skills Stipends to Entrepreneurs;
 - (C) Employment Subsidies to Private Employers; and
 - (D) Entrepreneur Grants to Entrepreneurs ; and
 - (ii) promoting the financial inclusion of project beneficiaries and others.
- 3. The Borrower, through MINEC, shall exercise its rights under the BANDESAL Inter-Institutional Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
- 4. Except as the Bank shall otherwise agree, the Borrower, through MINEC, shall not assign, amend, abrogate, waive, terminate or fail to enforce any BANDESAL Inter-Institutional Agreement or any of its provisions.
- 5. In case of any conflict between the terms of the BANDESAL Subsidiary Agreement and those of this Agreement, the terms of this Agreement shall prevail.

G. Provision of Employment Subsidies

- 1. For purposes of carrying out Part 1.B of the Project, the Borrower, through MINEC, with the support of BANDESAL, shall provide Employment Subsidies to selected private employers ("Private Employers"); all in accordance with the terms, conditions, eligibility criteria and procedures set forth in the Project Operations Manual.
- 2. To facilitate the carrying out of Part 1.B of the Project, and prior to the provision of any Employment Subsidy to any private employer, the Borrower, through MINEC, shall sign with each selected private employer, a Private Employer Agreement, under terms and conditions acceptable to the Bank and as set forth in the Project Operations Manual, including, *inter alia*:
 - (a) the obligation of the Borrower, through MINEC, to provide to selected private employers an Employment Subsidy of up to 75% of the applicable legal minimum salary per month per new employee, for a maximum of six (6) months, to cover a percentage of the employee minimum wage, once the new employee has been hired and has worked for a certain period of time, as further detailed in the Project Operations Manual;

- (b) the selected private employer's obligation to carry out the activities and comply with the requirements of its participation in the Job Linking Scheme as set forth in the Project Operations Manual;
- (c) the selected private employer's obligation to hire the new employee under the Job Linking Scheme in compliance with local labor legislation, and to retain the new employee after the end of receiving the Employment Subsidy for a timeframe established in accordance with the Project Operations Manual;
- (d) the selected private employer's obligation to use the Employment Subsidy exclusively for the purposes set forth in this Agreement;
- (e) the right of the Borrower, through MINEC, to suspend and terminate the right of the selected private employer to use the proceeds of the Employment Subsidy upon failure by the selected private employer to perform any of its obligations under the Private Employer Agreement; and
- (f) the obligation of the selected private employer to provide all such information as the Bank or the Borrower, through MINEC, shall reasonably request related to the use of the Employment Subsidy.

H. Provision of Entrepreneur Grants

1. For purposes of carrying out Part 2.B of the Project, the Borrower, through MINEC with BANDESAL's support, will provide Entrepreneur Grants in an amount up to ten thousand Dollars (\$10,000) to each Entrepreneur; all in accordance with the terms, conditions, eligibility criteria and procedures set forth in the Project Operations Manual.
2. To facilitate the carrying out of Part 2.B of the Project, and prior to the provision of any Entrepreneur Grant to any Entrepreneur, the Borrower, through MINEC, shall enter into a Grant Agreement with said Entrepreneur, under terms and conditions acceptable to the Bank and as set forth in the Project Operations Manual, including, *inter alia*:
 - (a) the obligation of the Borrower, through MINEC, to transfer part of the Loan proceeds to the Entrepreneur on a grant basis;
 - (b) the Entrepreneur's obligation to carry out the Business Plan in accordance with the Anti-Corruption Guidelines, the relevant provisions of the Project Operations Manual, the ESSs, the ESCP, and all the pertinent provisions of this Agreement;

- (c) the Entrepreneur's obligation to contribute to the Business Plan either in cash or in kind, in an amount as set forth in the Project Operations Manual;
 - (d) the Entrepreneur's obligation to use the goods, works, and services to be financed out of the proceeds of the corresponding Entrepreneur Grant exclusively to carry out the Business Plan activities;
 - (e) the right of the Borrower, through MINEC, to suspend and terminate the right of the Entrepreneur to use the proceeds of the Entrepreneur Grant upon failure by the Entrepreneur to perform any of its obligations under the Grant Agreement;
 - (f) the ability of the Borrower, through MINEC, to inspect, by itself or jointly with representatives of the Bank, if the Bank so requests, such goods and sites, works and construction included in the Business Plan, the operation thereof, and any relevant records and documents; and
 - (g) the obligation of the Entrepreneur Grant beneficiary to provide all such information as the Bank or the Borrower, through MINEC, shall reasonably request related to the Business Plan.
3. The Borrower, through MINEC, shall exercise its rights under each Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project.
4. Except as the Bank shall otherwise agree, the Borrower, through MINEC, shall not assign, amend, abrogate, waive, terminate or fail to enforce any Grant Agreement or any of their provisions.

I. Environmental and Social Standards

1. The Borrower, through MINEC, shall, and shall cause the Project Implementing Entities to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through MINEC, shall, and shall cause the Project Implementing Entities to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower, through MINEC shall ensure that:
- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

- (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Borrower, through MINEC, shall, and shall cause the Project Implementing Entities to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower, through MINEC, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Borrower, through MINEC, shall, and shall cause the Project Implementing Entities to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising

entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

J. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Borrower shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
 - (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual nor the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.

2. The Borrower shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Bank.
3. The Borrower shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingent Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring Reporting and Evaluation

1. The Borrower, through MINEC, shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Borrower shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay the Front-end Fee; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Parts 1.A(i), 1.A(iv), 1.A(vi), 1.C, 2.A(v) and 4.A of the Project	18,437,094	100%
(2) INSAFORP Costs under Part 1.A(ii) of the Project	12,421,600	100%
(3) BANDESAL Costs under Part 4.B(i) of the Project, goods, works, non-consulting services, and consulting services under Parts 4.B(ii), 4.B(iii) and 4.B(iv) of the Project, Short-Term Skills Stipends and Entrepreneurship Skills Stipends	51,630,940	100%
(4) Employment Subsidies	19,710,000	100%
(5) Entrepreneur Grants	31,625,000	100%
(6) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Parts 2.A(i), 2.A(iii), 2.A(iv), 2.A(vi) and 2.A(vii) of the Project	5,546,548	100%
(7) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Part 3 of the Project	10,253,818	100%
(8) Emergency Expenditures	0	100%
(9) Front-end Fee	375,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
TOTAL AMOUNT	150,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) under Category (2), unless the INSAFORP Inter-Institutional Agreement has been signed and is in effect; or
 - (c) under Category (3), unless the BANDESAL Subsidiary Agreement has been signed and is in effect; or
 - (d) under Category (4), unless the BANDESAL Subsidiary Agreement and at least one Private Employer Agreement have been signed and are in effect; or
 - (e) under Category (5), unless the BANDESAL Subsidiary Agreement and at least one Grant Agreement have been signed and are in effect; or
 - (f) under Category (6), unless the CONAMYPE Inter-Institutional Agreement has been signed and is in effect; or
 - (g) under Category (7), unless the INJUVE Inter-Institutional Agreement has been signed and is in effect; or
 - (h) for Emergency Expenditures under Category (8), from uncommitted Loan proceeds up to fifteen million Dollars (\$15,000,000), unless and until all of the following conditions have been met:
 - (i) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (8);
 - (ii) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
 - (iii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.
2. The Closing Date is December 31, 2028.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning October 15, 2028 through April 15, 2048	2.44%
On October 15, 2048	2.40%

APPENDIX

Definitions

1. “ADDN” means the Borrower’s Agency for the Nation’s Development and Design (*Agencia de Desarrollo y Diseño de Nación*) established pursuant Decree No. 37, published in the official gazette (*Diario Oficial*) volume No. 432, dated September 29, 2021, or any successor thereto acceptable to the Bank.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “BANDESAL” means the Bank of Development of the Republic of El Salvador (*Banco de Desarrollo de la República de El Salvador*), established pursuant to Decree No. 847, dated September 22, 2011, or any successor thereto acceptable to the Bank.
4. “BANDESAL Costs” means the Operating Costs of carrying out the payment by BANDESAL of Short-Term Skills Stipends, Entrepreneurship Skills Stipends, Employment Subsidies and Entrepreneur Grants, based on unit cost per transaction calculated under a methodology acceptable to the Bank, as detailed in the Project Operations Manual.
5. “BANDESAL Subsidiary Agreement” means the agreement referred to under Section I.F of Schedule 2 to this Agreement.
6. “Business Plan” means a plan under Part 2.B of the Project financed by an Entrepreneur Grant; and “Business Plans” means all such Business Plan.
7. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
8. “CERC Manual” means the manual referred to in Section I.J.1(a) of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Project Operations Manual.
9. “CONAMYPE” means the Borrower’s National Commission for the Micro and Small Enterprises, established pursuant to the Borrower’s Decree No. 554, dated June 2, 1993, or any successor thereto acceptable to the Bank.

10. “CONAMYPE Inter-Institutional Agreement” means the agreement referred to under Section I.D of Schedule 2 to this Agreement.
11. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.
12. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
13. “Emergency Action Plan” means the plan referred to in Section I.J.1(b) of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
14. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.J.1(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
15. “Employment Subsidy” means the subsidy made out of the proceeds of the Loan under Part 1.B of the Project; and “Employment Subsidies” means all such Employment Subsidy.
16. “Entrepreneur” means new and existing, formal and informal, micro and small entrepreneurs; and “Entrepreneurs” means all of such Entrepreneur.
17. “Entrepreneur Grant” means a grant made out of the proceeds of the Loan to an Entrepreneur under Part 2.B of the Project; and “Entrepreneur Grants” means all of such Entrepreneur Grant.
18. “Entrepreneurship Skills Stipend” means the stipend made out of the proceeds of the Loan under Part 2.A(ii) of the Project; and “Entrepreneurship Skills Stipends” means all of such Entrepreneurship Skills Stipend.
19. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 12, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

20. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
21. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023).
22. “Grant Agreement” means the agreement referred to under Section I.H.2 of Schedule 2 to this Agreement.
23. “INJUVE” means the Borrower’s National Institute of Youth, established pursuant to the Borrower’s Decree No. 910, dated November 17, 2011, published in the Borrower’s official gazette (*Diario Oficial*) No. 24, Series 394, dated February 6, 2012, or any successor thereto acceptable to the Bank.
24. “INJUVE Inter-Institutional Agreement” means the agreement referred to under Section I.E of Schedule 2 to this Agreement.
25. “INSAFORP” means the Borrower’s Salvadorian Institute of Professional Training (*Instituto Salvadoreño de Formación Profesional*), established pursuant to the Borrower’s Decree No. 554, dated June 2, 1993, or any successor thereto acceptable to the Bank.
26. “INSAFORP Costs” means the Operating Costs associated to the delivery and supervision of trainings by INSAFORP to be financed by Loan proceeds based on unit cost estimated per hour of training carried out per participant for each training, based on historical costs and calculated under a methodology acceptable to the Bank, as detailed in the Project Operations Manual.
27. “INSAFORP Inter-Institutional Agreement” means the agreement referred to under Section I.C of Schedule 2 to this Agreement.

28. “Inter-Institutional Agreement means: (a) for INJUVE, the INJUVE Inter-Institutional Agreement; (b) for CONAMYPE, the CONAMYPE Inter-Institutional Agreement; and (c) for INSAFORP, the INSAFORP Inter-Institutional Agreement.
29. “Job Linking Scheme” means a jobseeker support scheme to be implemented by MINEC to link Vulnerable Groups to private employers.
30. “MINEC” means the Borrower’s Ministry of Economy, or any successor thereto acceptable to the Bank.
31. “Operating Costs” means the reasonable costs, as shall have been approved by the Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project (but excluding services and salaries of officials of the Borrower’s civil service).
32. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
33. “PIU” means the Project implementation unit referred to in Section I.A.1 of Schedule 2 to this Agreement.
34. “Presidency” means the Borrower’s Presidency (*Presidencia de la República*), or any successor thereto acceptable to the Bank.
35. “Private Employer” means private employers selected in accordance with eligibility criteria set forth in the Project Operations Manual.
36. “Private Employer Agreement” means the agreement referred to under Section I.G.2 of Schedule 2 to this Agreement.
37. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.

38. “Project Implementing Entities” means INSAFORP, BANDESAL and CONAMYPE.
39. “Project Operations Manual” means the manual referred to in Section I.B. of Schedule 2 to this Agreement.
40. “Project Steering Committee” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
41. “Short-Term Skills Stipend” means the stipend made out of the proceeds of the Loan under Part 1.A(iii) of the Project; and “Short-Term Skills Stipends” means all of such Short-Term Skills Stipend.
42. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
43. “Stipends” means Short-Term Skills Stipends and Entrepreneurship Skills Stipends.
44. “Training” means the reasonable costs, as shall have been approved by the Bank, for training conducted under the Project, including tuition, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training course preparation and implementation (but excluding goods and consulting services).
45. “Vulnerable Groups” means youth and young adults (18 to 40 years old) who are vulnerable (proxied by poverty/income status), as further detailed in the Project Operations Manual.