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**LOAN NUMBER 9692-CL**

# **Loan Agreement**

**(Chile's Water Transition Program)**

**between**

**REPUBLIC OF CHILE**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF CHILE (“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 two hundred fifty million Dollars, (USD 250,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its Minister of MOP.
- 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 Payment Dates are June 15 and December 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

**ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the objective of the Program. To this end, the Borrower shall carry out Parts 1 and 3 of the Program through MOP and MMA, and Part 2 of the Program, through MOP, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Borrower, through MOP and MMA, has developed and adopted the Operations Manual in form and substance acceptable to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. Except as provided in Section 2.02 of this Agreement, the Borrower’s Representative is its Minister of Finance, or any other person authorized in writing by such Representative.

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

(a) the Borrower’s address is:

Ministry of Finance  
Teatinos 120  
Santiago, Chile; and;

(b) the Borrower’s Electronic Address is:

E-mail: [oficinapartes@dipres.gob.cl](mailto:oficinapartes@dipres.gob.cl)

- 5.03. 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:  
248423(MCI) or  
64145(MCI)

Facsimile:  
1-202-477-6391

E-mail:  
[iabousleiman@worldbank.org](mailto:iabousleiman@worldbank.org)

AGREED as of the Signature Date.

**REPUBLIC OF CHILE**

By  \_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_ Mario Marcel \_\_\_\_\_

**Title:** \_\_\_\_\_ Minister of Finance \_\_\_\_\_

**Date:** \_\_\_\_\_ 02-Jul-2024 \_\_\_\_\_

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By  \_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_ Issam Abousleiman \_\_\_\_\_

**Title:** \_\_\_\_\_ Country Director \_\_\_\_\_

**Date:** \_\_\_\_\_ 17-Jun-2024 \_\_\_\_\_

**Countersigned on behalf of the  
Treasurer General of the Republic of  
Chile<sup>1</sup>**

**By:** \_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Countersigned on behalf of the  
Comptroller General of the Republic of  
Chile<sup>2</sup>**

**By:** \_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

<sup>1</sup> Countersignature date by the Treasurer General of the Republic of Chile is not considered for purposes of establishing the Signature Date.

<sup>2</sup> Countersignature date by the Comptroller General of the Republic of Chile is not considered for purposes of establishing the Signature Date.

## SCHEDULE 1

### Program Description

The objective of the Program is to strengthen the Borrower's capacity for water resource management and water-related services.

The Program consists of the following activities:

#### **Part 1. Strengthening Institutional Capacity for Integrated Water Resources Management at the National and Basin Levels.**

- (a) Carrying out an institutional analysis as the basis for the strengthening of the national water authority;
- (b) developing a proposal of a National Water Security Policy to guide the Borrower's vision and work program;
- (c) implementing a digital strategy to strengthen the Public Water Registry, including software development, construction of a water quality laboratory, and enhanced infrastructure for water monitoring, databases, models, and applications to bolster information availability, transparency, and support water solutions for flood and drought risks at the territorial level and informed climate-responsive management; and
- (d) promoting stakeholder involvement, integrated planning, and sustainable water use to improve quality and increase availability, through the provision of support for: (i) formalizing a river basin governance structure for the management of water resources at basin level; (ii) creating River Basin Working Groups to advance in the improvement of basin water governance in Selected Basins; (iii) preparing River Basin Strategic Plans ("PERHCs") for Selected Basins with a focus on mitigation of climate change impacts; and (iv) compiling lessons learned on the process of strengthening water governance at the basin level and the planning exercise for scale up beyond the Selected Basins.

#### **Part 2. Enhancing the Sustainability of Rural Water Supply and Sanitation (WSS) Service Providers through Institutional Strengthening, While Continuing to Close Access Gaps.**

- (a) Developing a Rural Water Supply and Sanitation Strategic Plan to 2030;
- (b) designing and implementing an information system on rural water and sanitation, including data compiling and reporting, and rural service providers registration; and
- (c) (i) improving access to rural water through investments in the construction and rehabilitation of water supply systems, including the design, installation, expansion and/or rehabilitation of drinking water services; and (ii) testing rural wastewater sanitation treatment solutions tailored to different geographic contexts, including the

identification, detailed design, and construction of pilots of Alternative Rural Wastewater Treatment Technologies.

**Part 3. Building Climate-Resilience through the Development of Green and Gray Solutions.**

- (a) Formulating small and medium water storage plans to maintain water supply for different uses, reducing the vulnerability to drought impacts;
- (b) rehabilitating small irrigation storage reservoirs to capture runoff and reduce peak flows in rivers during rainfall season, making systems more adaptable to changing climatic conditions;
- (c) constructing, rehabilitating, and modernizing primary irrigation canals, optimizing water conveyance systems to reduce water losses and ensure more reliable water availability;
- (d) developing basin-scale urban flooding master plans to identify flood-prone areas and systems that are flexible enough to accommodate changing climate conditions;
- (e) constructing and rehabilitating urban stormwater management schemes to reduce flood risk and landslides; and
- (f) developing national NBS guidelines and promoting the incorporation of NBS into PERHCs and/or Flood Risk Management Plans (“PMCauses”) and/or Stormwater Master Plans (“PMALLs”); promoting the early identification of specific NBS projects and supporting the incorporation of NBS in project designs, including the development of urban wetland management plans with a watershed approach in Selected Basins.

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Program Institutions.

1. The Borrower, through the MOP, shall maintain, throughout Program implementation, DGA, DOH, SSR and DGOP, and through MMA, the Undersecretary of Environment, all with a structure, functions, and responsibilities acceptable to the Bank, as set forth in the Operations Manual.

##### B. Operations Manual.

1. Without limitation to the provisions of Article V of the General Conditions, the Borrower, through the MOP and MMA, shall carry out the Program in accordance with the Operations Manual, which shall include, *inter alia*: (a) Program expenditure eligibility criteria under each Part of the Program; (b) the Program Action Plan; (c) the Program Fiduciary, Environmental and Social Systems; (d) the Verification Protocol agreed with the Bank for evaluating the achievement of the DLRs; (e) the terms of reference for the Verification Agents; (f) the functions, responsibilities, and composition of agencies responsible for Program implementation and flow of funds, including, but not limited to MOP's DGA, DOH, SSR and DGOP, and MMA's Undersecretary of Environment; (g) the excluded activities; (h) the Selected Basins; and (i) the protocols to ensure compliance with the Anti-corruption Guidelines, including operational arrangements to handle allegations, information, and investigations related to fraud and corruption.
2. Except as the Bank may otherwise agree in writing, the Borrower, through the MOP and MMA, shall not to abrogate, amend, suspend, waive, or otherwise fail to enforce the Operations Manual or any provision thereof.
3. In case of any conflict between the terms of the Operations Manual and this Agreement, the provisions of this Agreement shall prevail.

##### C. Program Action Plan.

1. The Borrower, through the MOP and MMA, shall:
  - (a) undertake the actions set forth in the Program Action Plan in a manner satisfactory to the Bank;
  - (b) except as the Bank and the Borrower shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Program Action Plan, or any provision thereof; and
  - (c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Program Action Plan.

**D. DLR Verification Arrangements.**

1. The Borrower, through the MOP, shall appoint, not later than six (6) months after the Effective Date, and thereafter maintain, throughout Program implementation, one or more independent entities with experience and qualifications and under terms of reference acceptable to the Bank (each, a “Verification Agent”) to verify the data and other evidence supporting the achievement(s) of one or more DLRs.
2. The Borrower, through the MOP and MMA, shall ensure that each Verification Agent: (a) carries out the DLRs’ verification processes in accordance with the Verification Protocol; and (b) submits to the Borrower, through MOP and MMA, the corresponding verification reports in a timely manner and in form and substance satisfactory to the Bank.

**Section II. Excluded Activities**

- A.** The Borrower, through MOP and MMA, shall ensure that the Program excludes any activities which:
1. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; and/or
  2. result in the construction of new water supply, sanitation, flood control and irrigation or similar schemes that use or risk pollution of the waters of an international waterway or investments in the improvement (including expansion or alterations) of such schemes which would adversely impact the quantity or quality of water flows to other riparian countries; and/or
  3. involve the procurement of: (a) works, estimated to cost USD 200,000,000 equivalent or more per contract; (b) goods, estimated to cost USD 125,000,000 equivalent or more per contract; (c) non-consulting services, estimated to cost USD 125,000,000 equivalent or more per contract; or (d) consulting services, estimated to cost USD 40,000,000 equivalent or more per contract.

**Section III. Program Monitoring, Reporting, and Evaluation**

- A.** The Borrower, through MOP, shall furnish to the Bank each Program Report not later than forty-five days (45) after the end of each calendar semester, covering the calendar semester.
- B.** Without limitation upon the provisions of Section 5.13 of the General Conditions and paragraph 6(c) of the Anti-Corruption Guidelines, the Borrower shall prepare or cause to be prepared periodic ACG Reports, in form and substance satisfactory to the Bank. The Borrower shall furnish, or cause to be furnished, each ACG Report to the Bank not later than forty five (45) days after the end of each calendar semester, covering the calendar semester.



**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower, through MOP, may withdraw the proceeds of the Loan to: (a) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Borrower, through MOP or MMA (as the case may be), as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); and (b) pay: (i) the Front-end Fee; (ii) the Commitment Charge; and (iii) each Interest Rate Cap or Interest Rate Collar premium; all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in USD)
(1) DLI#1: Creation of River Basin Working Groups in Selected Basins.	DLR#1.1 ( <i>Scalable</i> ): DGA has confirmed the formalization of (6) River Basin Working Groups with at least three (3) non-governmental stakeholders members each.	USD 10,000,000 to be disbursed as follows: USD 1,666,666 per each formalized River Basin Working Group with at least three (3) non-governmental stakeholders members.
	DLR#1.2 ( <i>Non-Scalable</i> ): A Decree regulating the elaboration, revision and update of the PERHCs, monitoring PERHCs’ implementation, and formalizing the participation of river basin stakeholders for river basin planning, has been issued and published in the Official Gazette	USD 3,787,500
	DLR#1.3 ( <i>Non-Scalable</i> ): SEGPRES has submitted to Congress a bill (signed by the	USD 3,787,500

	Borrower's President) to improve the governance structure for integrated water resources management at basin level, as a proposal to modify existing legislation or to issue a new law.	
<b>DLI#1 total:</b>		<b>USD 17,575,000</b>
(2) DLI#2: Proposal and approval of a Water Security Policy.	<p>DLR#2.1 (<i>Non-Scalable</i>): The THJ Committee has approved a proposal for a National Water Security Policy, describing objectives, criteria, and scope to advance Water Security.</p> <p>DLR#2.2 (<i>Non-Scalable</i>): MOP and MMA have submitted the proposed National Water Security Policy, including the objective, criteria, and scope to advance Water Security, to public consultation through its publication on their respective websites.</p> <p>DLR#2.3 (<i>Non-Scalable</i>): The Council of the Ministers for Sustainability and Climate-Change has approved the National Water Security Policy, including the objective, criteria, and scope to advance Water Security.</p>	<p>USD 5,000,000</p> <p>USD 10,000,000</p> <p>USD 5,000,000</p>
<b>DLI#2 total:</b>		<b>USD 20,000,000</b>

(3) DLI#3: Development of tools for improved knowledge on surface and groundwater quantity and quality.	DLR#3.1 ( <i>Scalable</i> ): 140 fluviometric and meteorological monitoring stations have been modernized with automated data transmission.	USD 5,000,000 to be disbursed as follows: USD 35,714.29 per each modernized fluviometric and meteorological monitoring station.
	DLR#3.2 ( <i>Scalable</i> ): 90 new Instrumented Wells transmitting data online have been installed.	USD 10,000,000 to be disbursed as follows: USD 111,111.11 per each Instrumented Well transmitting data online.
	DLR#3.3 ( <i>Non-Scalable</i> ): A water quality laboratory has been constructed and equipped with technical equipment.	USD 5,000,000
<b>DLI#3 total:</b>		<b>USD 20,000,000</b>
(4) DLI#4: Number of people in the rural sector with access to Safely Managed Drinking Water Services.	DLR#4 ( <i>Scalable</i> ): 100,000 people in the rural sector with access to Safely Managed Drinking Water Services through new or rehabilitated water systems.	USD 45,000,000 to be disbursed as follows: USD 450 for each person.
<b>DLI#4 total:</b>		<b>USD 45,000,000</b>
(5) DLI#5: Approval of a Rural Water Supply and Sanitation Strategic Plan to 2030.	DLR#5.1 ( <i>Non-Scalable</i> ): SSR has approved a baseline on the situation of water supply and sanitation service delivery in rural areas.	USD 5,000,000
	DLR#5.2 ( <i>Non-Scalable</i> ): SSR has prepared a report consolidating the comments submitted by specialists from the rural water and sanitation sector on the Rural Water Supply and Sanitation Strategic Plan to 2030.	USD 10,000,000

	DLR#5.3 ( <i>Non-Scalable</i> ): MOP has approved the Rural Water Supply and Sanitation Strategic Plan to 2030.	USD 10,000,000
<b>DLI#5 total:</b>		<b>USD 25,000,000</b>
(6) DLI#6: Implementation of pilots of Alternative Rural Wastewater Treatment Technologies.	<p>DLR#6.1 (<i>Scalable</i>): SSR has identified the locations for the carrying out of three (3) pilot works of Alternative Rural Wastewater Treatment Technologies.</p> <p>DLR#6.2 (<i>Scalable</i>): SSR has approved the design of three (3) pilot Alternative Rural Wastewater Treatment Technologies, in accordance with the technical criteria established by MOP.</p> <p>DLR#6.3 (<i>Scalable</i>): SSR has finalized three (3) pilot of Alternative Rural Wastewater Treatment Technologies that provide a water treatment level meeting the design standards approved under DLR#6.2.</p>	<p>USD 3,000,000: to be disbursed as follows: USD 1,000,000 per each pilot of Alternative Rural Wastewater Treatment Technologies.</p> <p>USD 3,000,000 to be disbursed as follows: USD 1,000,000 per each pilot of Alternative Rural Wastewater Treatment Technologies.</p> <p>USD 9,000,000 to be disbursed as follows: USD 3,000,000 per each pilot of Alternative Rural Wastewater Treatment Technologies.</p>
<b>DLI#6 total:</b>		<b>USD 15,000,000</b>
(7) DLI#7: Number of people at lower risks of flood due to new and/or rehabilitated works built by DOH.	DLR#7 ( <i>Scalable</i> ): DOH has carried out works that provide a lower risk of flood for 1,100,000 persons.	USD 40,000,000 to be disbursed as follows: USD 36.36 for each person at lower risk of flood.
<b>DLI#7 total:</b>		<b>USD 40,000,000</b>
(8) DLI#8: Inclusion of NBS in the design of selected DOH projects.	DLR#8.1 ( <i>Non-Scalable</i> ): THJ Committee has approved a report developed by MMA identifying the gaps for developing NBS.	USD 5,000,000

	<p>DLR#8.2 (<i>Non-Scalable</i>): MMA and MOP have published in their respective websites NBS guidelines developed by a multidisciplinary and inter-ministerial task force including specialists of MOP, MMA, MINAGRI and MDSF.</p> <p>DLR#8.3 (<i>Scalable</i>): MOP has included NBS into two (2) PERHCs and/or PMCaues and/or PMALLs in accordance with the NBS guidelines published under DLR#8.2.</p> <p>DLR#8.4 (<i>Scalable</i>): DOH has included NBS in the design of two (2) projects in its portfolio in line with the NBS guidelines published under DLR#8.2.</p>	<p>USD 5,000,000</p> <p>USD 15,000,000 to be disbursed as follows: USD 7,500,000 per PERHC and/or PMCaue and/or PMALL with NBS.</p> <p>USD 20,000,000 to be disbursed as follows: USD 10,000,000 per project with NBS.</p>
<b>DLI#8 total:</b>		<b>USD 45,000,000</b>
(9) DLI#9: Percentage of the number of MOP's or other ministry's investment projects that are included in the PERHCs.	DLR#9 ( <i>Scalable</i> ): At least 20% of MOP's or other ministry's investment projects are included in the PERHCs.	USD 20,000,000 to be disbursed as follows: USD 10,000,000 upon reaching 10% and 10,000,000 upon reaching the remaining 10%
<b>DLI#9 total:</b>		<b>USD 20,000,000</b>
(10) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions.	N/A	USD 625,000
(11) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05 (c) of the General Conditions.	N/A	USD 0
(12) Commitment Charge on the Loan accrued		

on or before the last Payment Date immediately preceding the Closing Date to be paid pursuant to Section 3.01 (b) of the General Conditions and Section 2.04 of this Agreement in accordance with Section 2.05 (c) of the General Conditions.	N/A	USD 1,800,000
<b>TOTAL AMOUNT</b>		<b>USD 250,000,000</b>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$ 50,000,000 may be made on the basis of DLRs achieved prior to this date but on or after December 21, 2022; or
  - (b) for any DLR under Categories (1), (2), (3), (4), (5), (6), (7), (8) or (9), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.
  
2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1), (2), (3), (4), (5), (6), (7), (8) or (9) has not been achieved, the Bank may, by notice to the Borrower: (a) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or (b) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.
  
3. 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

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each June 15 and December 15 Beginning June 15, 2029 Through June 15, 2040	4.17%
On December 15, 2040	4.09%

## APPENDIX

### Definitions

1. “ACG Report” means the Borrower’s periodic report, to be prepared by the DGOP, in form and substance satisfactory to the Bank, and in accordance with the provisions of the Anti-Corruption Guidelines, including whether or not there has been: (1) any credible and material allegations and other indications of fraud and corruption under the Program which come to the Borrower’s MOP and/or MMA attention during such period, (2) any investigations launched by MOP and or MMA into such allegations, their progress and findings, and (3) any remedial or corrective actions taken or planned in response to such allegations or the findings of such investigations.
2. “Alternative Rural Wastewater Treatment Technologies” means innovative, sustainable, and environmentally conscious technology investment solutions to improve rural sanitation.
3. “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 Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
4. “APRs” means rural drinking water committees.
5. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “Congress” means the Borrower’s legislative branch of government.
7. “Council of the Ministers for Sustainability and Climate-Change” means an inter-institutional body established pursuant to the Borrower’s Law No. 19,300, dated March 1, 1994, and Law No. 21,455, dated May 30, 2022, led by MMA and formed by various ministries of the Borrower, or any successor thereto acceptable to the Bank.
8. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
9. “Disbursement Linked Result” or “DLR” means, in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
10. “DGA” means MOP’s Directorate-General for Water (*Dirección General de Aguas*), or any successor thereto acceptable to the Bank.
11. “DGOP” means MOP’s General Directorate of Public Works (*Dirección General de Obras Públicas*), or any successor thereto acceptable to the Bank.



12. “DOH” means MOP’s Hydraulic Works Department (*Dirección de Obras Hidráulicas*), or any successor thereto acceptable to the Bank.
13. “Flood Risk Management Plans” or “PMCauses” means the plans (*Planes de Manejo de Cauce*) developed by DOH.
14. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (last revised on July 15, 2023).
15. “Instrumented Well” means a borehole equipped with monitoring instruments to gather data on groundwater levels to facilitate online data transmission.
16. “MDSF” means the Borrower’s Ministry of Social Development (*Ministerio de Desarrollo Social y Familia*), or any successor thereto acceptable to the Bank.
17. “MINAGRI” means the Borrower’s Ministry of Agriculture (*Ministerio de Agricultura*), or any successor thereto acceptable to the Bank.
18. “MMA” means the Borrower’s Ministry of Environment (*Ministerio del Medio Ambiente*), or any successor thereto acceptable to the Bank.
19. “MOP” means the Borrower’s Ministry of Public Works (*Ministerio de Obras Públicas*), or any successor thereto acceptable to the Bank.
20. “National Water Security Policy” means a policy describing the main water security issues and their socio-economic impacts in the context of overall government priorities and laying out the strategies to address them.
21. “NBS” means nature-based solutions.
22. “Non-Scalable” means, with respect to a DLR, that such DLR must be fully achieved in order for the amount of the Loan allocated to such DLR to be withdrawn.
23. “Office of Just Socioecological Transition” means the office under the Undersecretary of Environment (*Oficina de Transición Socioecológica Justa*), or any successor thereto acceptable to the Bank.
24. “Official Gazette” means the *Diario Oficial*, the Borrower's official gazette.
25. “Operations Manual” means the manual referred to in Section I.B. of Schedule 2 to this Agreement, in form and substance satisfactory to the Bank, as adopted by the Borrower, through MOP and MMA, and as said manual may be amended from time to time with the prior written agreement of the Bank.
26. “Program Action Plan” means the Borrower’s plan dated May 13, 2024, referred to in Section I.C of Schedule 2 to this Agreement, and attached to the Operations Manual, as may be amended from time to time with the agreement of the Bank.

27. “Public Water Registry” means the registry (*Registro Público de Derechos de Aprovechamiento de Aguas*) that contains information of all the water rights constituted or recognized by DGA, including water use, water right transfers, changes in the water collection and supply points, in accordance with article 122 of the Borrower’s Water Code.
28. “River Basin Strategic Plans” or “PERHCs” means the plans (*Planes Estratégicos de Recursos Hídricos en Cuencas*) to be developed by DGA per river basin, in accordance with the provisions of Law No. 21,455, dated May 30, 2022 (the Borrower’s Framework Law on Climate Change) and Law No. 21,435, dated March 25, 2022 (the Borrower’s Water Code).
29. “River Basin Working Groups” means groups consisting of public, governmental, and non-governmental, and private stakeholders, both water-right and non-water right holders, that meet on a voluntary basis to agree on main river basin challenges and proposed solutions.
30. “Rural Water Supply and Sanitation Strategic Plan to 2030” means a strategic plan to guide investments priorities, including the development of sanitation diagnostic studies, and evaluation of management approaches for rural water and sanitation services which consider climate change effects, aiming at guiding SSR towards sustainable and increased access to rural water supply and sanitation services, while preserving and maintaining quality services in areas where access already exists.
31. “THJ Committee” means the Inter-ministerial Committee for Just Water Transition (*Comité Transición Hídrica Justa*), established pursuant to MMA’s Decree No. 58/2022, dated October 11, 2022, led by the MMA, and composed by the MOP, and the Borrower’s ministries of agriculture, energy, science and technology, and mining, whose mandate is to guide the transition to a more sustainable and equitable management of water resources in the Borrower’s territory, or any successor thereto acceptable to the Bank.
32. “Safely Managed Drinking Water Services” means an improved water source that is accessible on premises, available when needed and free from fecal and priority chemical contamination.
33. “Scalable” means, with respect to a DLR, that the amount of the Loan proceeds allocated to such DLR that may be withdrawn at a time is determined by the level of achievement of the DLR at that time.
34. “SEGPRES” means the Borrower’s Ministry General Secretariat of the Presidency (*Ministerio Secretaría General de la Presidencia*), or any successor thereto acceptable to the Bank.
35. “Selected Basins” means the river basins identified by the Borrower, listed in the Operations Manual and selected in accordance with the criteria established therein, including the willingness of stakeholders to start working towards a river basin governance approach.
36. “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. The dates on which the Treasurer General of the

Republic of Chile and the Comptroller General of the Republic of Chile signed this Agreement are not considered for purposes of establishing the Signature Date.

37. “SSR” means DOH’s Subdirectorate of Rural WSS Services (*Subdirección de Servicios Sanitarios Rurales*), or any successor thereto acceptable to the Bank.
38. “Stormwater Masterplans” or “PMALL” means the masterplans (*Planes Maestros de Agua de Lluvia*) developed by DOH.
39. “Undersecretary of Environment” means *Subsecretaría del Medio Ambiente*, including the Office of Just Socioecological Transition, or any successor thereto acceptable to the Bank.
40. “Verification Agent” means the independent entity to be engaged by the Borrower for the purposes of certifying the achievement of DLRs as referred to in Section I.D.1 of Schedule 2 to this Agreement.
41. “Verification Protocol” means the protocol agreed upon by the Bank and the Borrower to verify the data and other evidence supporting the achievement of DLRs as specified in the Operation Manual. Such protocols may be modified from time to time with the agreement of the Bank.
42. “Water Security” means the capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability.