
LOAN NUMBER 9601-BR

Loan Agreement

(Mato Grosso Resilient, Inclusive, and Sustainable Learning Project)
(Projeto Aprendizagem em Foco Mato Grosso)

Between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

And

STATE OF MATO GROSSO

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF MATO GROSSO (“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) 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 million Dollars (USD 100,000,000), 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. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Secretary of Education or any person or persons whom he/she shall designate.
- 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 March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

- 2.08. The Borrower may request the Conversions of Loan terms, in each case with the prior no-objection of the Guarantor, through its Secretariat of the National Treasury of the Guarantor's Ministry of Finance.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall, through SEDUC, carry out the Project:
- (a) with the assistance of the Participating Agencies, and
 - (b) in coordination with Municipalities with respect to Parts 1 and 2.2 of the Project,
- all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Cooperation Agreements.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that the Project Operations Manual has been adopted in form and substance satisfactory to the Bank; and
 - (b) that the PMU has been established in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty days (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 Governor.
- 5.02. For purposes of Section 10.01 of the General Conditions:
- (a) the Borrower's address is:

Casa Civil - Palácio Paiaguás, R. C, s/n
Gabinete do Governador
Centro Político Administrativo
78050-970
Cuiaba/MT
Brazil

With copies to:

Secretaria de Estado de Educação de Mato Grosso – SEDUC
Rua Engenheiro Edgar Prado Arze, Quadra 01, Lote 05, Setor A
Centro Político Administrativo
78049-906 - Cuiabá/MT, Brazil
Fone: (65) 3613-6300

Secretaria de Estado da Fazenda de Mato Grosso - SEFAZ
Av. Rubens de Mendonça, 3.415
Centro Político Administrativo
78.050-903 – Cuiabá/MT, Brazil

Secretaria de Assuntos Internacionais e Desenvolvimento - SEAID
Ministério do Planejamento e Orçamento
Esplanada dos Ministérios Bloco K, 8º andar
70040-906 – Brasília/DF, Brazil

(b) The Borrower’s Electronic Address is:

E-mail: gabinetegovmm@gabgoverno.mt.gov.br

With copy to: gsf@sefaz.mt.gov.br
cgdp@sefaz.mt.gov.br
gabinete@edu.mt.gov.br
ucp.padis@edu.mt.gov.br
cofiex@planejamento.gov.br

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:

E-mail: jzutt@worldbank.org

With copy to: informacao@worldbank.org

AGREED as of the Signature Date.

STATE OF MATO GROSSO

By



Authorized Representative

Name: Mauro Mendes Ferreira

Title: GOVERNADOR DO ESTADO DE MATO GROSSO

Date: 09-dez-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Johannes Zutt

Title: Country Director

Date: 09-Dec-2024

SCHEDULE 1

Project Description

The objective of the Project is to improve the teaching practices, teachers' digital readiness, and schools' learning environments in the State of Mato Grosso.

The Project consists of the following parts:

Part 1: Strengthening Pedagogical Interventions and Schools Management Strategies for Learning Recovery

1. Promoting an effective response to recover from learning losses and reduce the dropout rates of lower and upper secondary students in State Schools through the achievement of Performance Based Conditions ("PBCs"), including, *inter alia*:
 - (a) improving learning laboratories to address individualized learning needs including, *inter alia*:
 - (i) implementing standards for Personalized Tutoring strategies to map learning gaps and creating small groups of students with similar learning difficulties, regardless of their grade or age;
 - (ii) designing structured pedagogical digital and non-digital materials focusing on foundational learning in basic competencies;
 - (iii) training learning laboratories personnel; and
 - (iv) providing learning materials for students, such as workbooks and specialized books to promote students' engagement;
 - (b) designing and implementing a teachers' professional development program to promote pedagogical classroom management and leadership and school management including, *inter alia*:
 - (i) designing a new professional development program for teachers, targeting 6th through 9th grade teachers, to improve their teaching techniques in alignment with Personalized Tutoring standards;
 - (ii) designing and implementing peer-to-peer learning opportunities and a continuous coaching system to establish feedback mechanisms for teachers;
 - (iii) developing practical training materials on pedagogical skills;

- (iv) training pedagogical coordinators and school leaders on the use of data, leadership techniques, planning, and setting standards and benchmarks of management processes; and
 - (v) defining quality index target and policy milestones of programs implementation to increase accountability at the classroom and school levels; and
- (c) developing an Early Warning System to identify and support students at high risk of dropping out including, *inter alia*:
- (i) designing and implementing a “dropout risk” questionnaire for students, and a “dropout triggering factors” questionnaire for State School coordinators;
 - (ii) developing personalized interventions based on the mappings of the dropout risk and triggering factors; and
 - (iii) training on implementation of anti-dropout interventions for school personnel.
2. Strengthening school management and promoting state-Municipal cooperation and cost efficiency in the ongoing reorganization of the regional governance structure and decentralization of education through the achievement of Performance Based Conditions (“PBCs”), including, *inter alia*:
- (a) carrying out capacity building activities for SEDUC and its Regional Directorates’ personnel on management and leadership for the decentralization of school coordination under the Regional Directorates’;
 - (b) carrying out capacity building and awareness-raising activities for local stakeholders in the education and financing sectors to support the implementation of the reform of the ICMS at the Municipal level; and
 - (c) carrying out supervision activities of interventions at State Schools through the Regional Directorates.

Part 2: Transforming Digital Infrastructure

1. Improving State Schools’ connectivity and teachers’ and students’ digital skills through the achievement of Performance Based Conditions (“PBCs”), including, *inter alia*:
- (a) improving internet bandwidth through the deployment of fiber links to State Schools with more than 700 students;
 - (b) setting up local area networks, including Wi-Fi connectivity in State Schools;

- (c) managing network equipment through a network management system for all State Schools;
 - (d) training and equipping State Schools to increase digital skills; and
 - (e) developing and integrating a new digital skills training program into the Borrower's curriculum for State Schools.
2. Improving the Borrower's education management and information system ("EMIS") to promote efficient decision-making in the Municipalities and the Borrower, through the achievement of Performance Based Conditions ("PBCs"), including, *inter alia*:
- (a) upgrading the EMIS;
 - (b) developing a student registration portal that will collect geospatial data as the front end of the new student registration module;
 - (c) developing a teacher management system to support efficient deployment and allocation of teachers;
 - (d) enhancing the existing learning management system with new functionalities to support blended education;
 - (e) integrating the system referred to in (d) above with the teacher management module referred to in (c) above; and
 - (f) scaling up all the Borrower's systems to promote data interoperability between the Borrower's and the Municipalities' systems and the efficient use of educational data including *inter alia*: capacity building, operational support and the deployment of the new EMIS for SEDUC, the Municipalities' education departments, and Municipal and State Schools to ensure harmonization in the use of the management systems across the Borrower's territory.

Part 3: Creating Green, Resilient, Inclusive and Safer State Schools

1. Rehabilitating and maintaining safe, inclusive, green, and resilient infrastructure partially through the achievement of Performance Based Conditions ("PBCs"), including *inter alia*:
- (a) developing and implementing a MMS to strengthen the State Schools infrastructure operation and maintenance;
 - (b) developing architectural and engineering designs of existing State Schools and rehabilitating them in line with green, resilient, and inclusive principles;

- (c) equipping selected State Schools to improve energy efficiency and the learning environment;
 - (d) improving water and sanitation facilities of State Schools, including connections to public water supply and wastewater pipelines to avoid water-borne and infectious diseases, such as Dengue fever and measles;
 - (e) improving girls' safety in State Schools by enhancing the appropriate physical facilities, including school buildings, grounds, separate sanitation facilities, furniture, lighting and security equipment;
 - (f) adapting architectural designs for and rehabilitating State Schools to promote inclusive environments for Indigenous Peoples, *Quilombolas*, and students with disabilities;
 - (g) developing a school infrastructure investment plan based on a school mapping exercise; and
 - (h) developing a framework for scaling up low-carbon and climate-resilient infrastructure interventions in the medium to long term through the preparation of State Schools infrastructure plans.
2. Promoting violence prevention and inclusive education, through the achievement of Performance Based Conditions ("PBCs"), including:
- (a) gathering focus groups and carrying out in-depth interviews to identify the leading causes of violence in schools and collect suggestions for implementation of a violence prevention plan;
 - (b) developing activity toolkits to prevent school violence, which could contain socio-emotional skills development activities, cognitive behavioral therapy, theory-based activities, a system of violence notification, and activities with the student's associations;
 - (c) training teachers and procuring learning materials as needed for disability-inclusive teaching;
 - (d) carrying out consultations with indigenous and *Quilombolas* communities to integrate cultural components and traditions specific to each community in the rehabilitation of schools;

- (e) adapting and providing teaching learning materials for State Schools serving Indigenous Peoples and *Quilombolas* students based on community consultations; and
- (f) applying an universal design to selected infrastructure to eliminate architectural and physical barriers for disabled students, teachers, and other persons with disabilities in such State Schools.

Part 4: Project Management, Training, Monitoring, and Evaluation

1. Project Coordination:
 - (a) equipping the PMU with structure and necessary materials and engaging and/or hiring staff and consultants to be placed with the PMU;
 - (b) implementing a governance risk assessment system (software and protocols) to identify possible fraud in public expenditures;
 - (c) capacity building for internal controls and verification of PBC Targets;
 - (d) providing technical assistance for the environmental and social management of the Project;
 - (e) carrying out communication strategies for the dissemination of the Project's activities, and
 - (f) carrying out studies to address needs of the Participating Agencies as may be proposed by the Borrower and agreed to by the Bank.
2. Training, Monitoring, and Evaluation:
 - (a) providing technical assistance for the strengthening of SEDUC institutional capacity to implement the Project and carry out its main activities, such as the design of green and inclusive schools and the development of the EWS;
 - (b) carrying out studies on topics related to the Project, which may address impact evaluations of main programs, including, but not limited to: (i) Personalized Tutoring program; (ii) EWS program; (iii) peer-to-peer learning opportunities and coaching programs; (iv) socioemotional skills development program; and (v) training in digital skills program;
 - (c) capacity building activities to provide Training to SEDUC team on the development of architectural projects for sustainable, climate-resilient, and inclusive schools, on planning and project management and on process and risk management;

- (d) providing the following Scholarships: (i) Mentoring Scholarships for Eligible Education Professionals who carry out pedagogical and administrative activities, and coordinate strategic projects; and (ii) Training Scholarships for Eligible Education Professionals who develop training content and who act as training instructors for education professionals.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Borrower shall, through SEDUC:
 - (a) establish and thereafter maintain a Project Management Unit (the “PMU”) at all times during the implementation of the Project, with sufficient resources to carry out its operational and management responsibilities, and with staff in adequate numbers and responsibilities and with qualifications and terms of employment satisfactory to the Bank, all as set forth in the Project Operations Manual (“POM”);
 - (b) without limitation to the provisions of paragraph (a) of this Section A.1, and not later than thirty (30) days after the Effective Date, complete the assignment of the project implementation staff of the PMU as set forth in the POM;
 - (c) without limitation to the provisions of paragraph (a) of this Section A.1, and not later than one hundred eighty (180) days after the Effective Date, or any other deadline as agreed with the Bank in writing, complete the hiring of the consultants of the PMU as set forth in the POM;
 - (d) for the implementation of Part 4.2(d) of the Project, related to the Scholarships, the Borrower shall submit, as requested by the Bank, evidence in form and substance acceptable to the Bank, demonstrating that the Scholarships Legislation remains in force and has not been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the carrying out of the Project or the achievement of the objectives thereof; and
 - (e) not later than ninety (90) days after the Effective Date, prepare and furnish to the Bank for approval the detailed criteria and minimum requirements of: (i) the Personalized Tutoring program, for the implementation of Part 1.1 of the Project, (ii) the EWS, including the Selected Activities of the EWS, for the implementation of Parts 1.1(c) of the Project, (iii) the Upgraded EMIS, for the implementation of Part 2.2 of the Project, (iv) the MMS, for the implementation of Part 3.1(a) of the Project, and (v) the VPP, including the Selected Activities of the VPP, for the implementation of Part 3.2 of the Project; all of which shall (A) be incorporated in the POM, in form and substance satisfactory to the Bank, following the Bank’s approval, and (B) serve as the bases used by the Verification Agent to measure and verify the Borrower’s achievement of the respective Targets.

2. The Borrower shall, through SEDUC, ensure that the collection, use and processing (including transfers to third parties) of any Personal Data collected under this Project shall be done in accordance with the best international practice, ensuring legitimate, appropriate, and proportionate treatment of such data.
3. The Borrower shall:
 - (a) not later than the start of activities involving Municipalities under Parts 1 and 2.2 of the Project enter into an agreement with each of the relevant Municipalities (a "Cooperation Agreement"), under terms and conditions acceptable to the Bank, setting forth, *inter alia*, the obligation of the relevant Municipality with respect to Parts 1 and 2.2 of the Project to: (i) cooperate in the implementation of such Parts of the Project; and (ii) comply with the pertinent provisions of this Agreement;
 - (b) exercise its rights and carry out its obligations under the Cooperation Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and
 - (c) except as the Bank shall otherwise agree in writing, not assign, amend, abrogate, waive, or fail to enforce the Cooperation Agreement, or any of their provisions, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

B. Project Operations Manual

1. The Borrower shall, through SEDUC, carry out the Project in accordance with the Project Operations Manual, which shall contain, *inter alia*:
 - (a) specific provisions on detailed arrangements for the carrying out of the Project, including the inter-institutional arrangements to be made with the Participating Agencies and the Municipalities;
 - (b) the composition and responsibilities of the PMU;
 - (c) the Project administrative, accounting, auditing, reporting, procurement, financial management (including cash flow aspects in relation thereto) and disbursement requirements thereof;
 - (d) the ESCP;
 - (e) the performance indicators of the Project;
 - (f) the Budget Lines, the Eligible Program Expenditures, the Verification Protocols and the terms of reference of the Verification Agents;

- (g) a model form of Cooperation Agreement;
 - (h) the Anti-Corruption Guidelines;
 - (i) the PBCs and Targets for Parts 1.1, 2.1, 2.2, 3.1 and 3.2 of the Project;
 - (j) the detailed criteria and minimum requirements of the Personalized Tutoring program, EWS, Upgraded EMIS, MMS and VPP, including the qualifying Selected Activities of the EWS and Selected Activities of the VPP, respectively, for the implementation of Parts 1.1, 1.1(c), 2.2, 3.1(a), 3.2 of the Project, and which shall serve as the bases used by the Verification Agent to verify the Borrower's achievement of the respective PBC and Targets, as applicable;
 - (k) detailed guidelines and procedures for the provision of Scholarships under Part 4.2(d) of the Project, including with respect to:
 - (i) eligibility and selection criteria for Scholarships Education Professionals for which Scholarships may be provided;
 - (ii) the amount of the Scholarships and the costs and expenses that may be financed under such Scholarships;
 - (iii) the funds transfer arrangements of the Scholarships and records arrangements in connection to each Scholarship granted to each Eligible Education Professional;
 - (iv) the Eligible Education Professionals' obligations under the Scholarships;
 - (v) the obligation of SEDUC to obtain rights adequate to protect its interests and those of the Bank, such as the right of suspension or termination of the Eligible Education Professionals' rights to use the proceeds of the Scholarships or obtain a refund of all or any part of the Scholarship withdrawn, upon the Eligible Education Professionals' failure to perform any of its obligations under the Scholarship Legislation; and
 - (vi) such other administration, implementation, monitoring and fiduciary procedures as shall be required for the provision of Scholarships, all in form and substance acceptable to the Bank.
2. The Borrower shall not amend or waive or fail to enforce any provision of the Operational Manual without the Bank's prior written approval.
 3. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

4. Verification of Achievement of PBCs

The Borrower shall, through SEDUC:

- (a) no later than ninety (90) days prior to the estimated date for the achievement of each of the Targets as set forth in POM, or such other later date as the Bank may agree, contract the services of the respective Verification Agent responsible, under terms and conditions satisfactory to the Bank, for verifying the data and other evidence supporting the achievement of one or more Targets as set forth in respective Protocol; and
- (b) ensure that the Verification Agent carries out verification in accordance with respective the Verification Protocol; and
- (c) submit to the Bank the corresponding verification reports in a timely manner and in form and substance satisfactory to the Bank.

C. Environmental and Social Standards

1. The Borrower shall 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 shall, through SEDUC, 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 shall, through SEDUC 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 shall, through SEDUC, 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, including any workplace accidents that result in death, serious or multiple injury, and e-waste pollution, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower shall, through SEDUC, 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 shall, through SEDUC, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and 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.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than sixty (60) days after the end of each calendar semester, covering the calendar semester.

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: finance Eligible Expenditures 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) Eligible Program Expenditures for Part 1, Part 2 and Part 3 (excluding, for the avoidance of doubt, with respect to Part 3.1, works and goods) of the Project	56,000,000	100%
(2) Works and goods for Part 3.1 of the Project	38,000,000	100%
(3) Works, goods, consulting services, non-consulting services, Training, Operating Costs and Scholarships for Part 4 of the Project	6,000,000	100%
TOTAL AMOUNT	100,000,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above and without prejudice to the provisions of paragraph 2 of this Section, no withdrawal shall be made: for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed USD 20,000,000 (twenty million) may be made for payments made prior to this date but on or after the date falling twelve (12) months before the Signature Date for Eligible Expenditures under Categories (1), (2) and (3).
2. Each withdrawal under Category (1) shall be made only after the Bank has received:
 - (a) evidence acceptable to the Bank in its form and content and following the requirements set forth in the Project Operations Manual, the applicable Verification Protocol and the Disbursement and Financial Information Letter, confirming the achievement of the respective PBC Targets as set forth in Schedule 4 to this Agreement; and
 - (b) evidence, in form and content acceptable to the Bank confirming that Eligible Program Expenditures in an amount equal to at least the amount to be withdrawn under Category (1) in respect of each PBC Target, have been incurred, and that said expenditures have

not been presented before to the Bank as satisfactory evidence for withdrawals under this Agreement.

3. Notwithstanding the provisions of paragraph 2 of this Section, if the Bank is not satisfied that a PBC Target has been achieved, or partially achieved, the Bank may at any time, and by notice to the Borrower, through SEDUC, decide, in its sole discretion, to:
 - (a) In respect of the respective PBC Targets:
 - (i) authorize the withdrawal of a reduced amount of the unwithdrawn proceeds of the Loan allocated to the PBC Target which, in the opinion of the Bank, corresponds to the degree of achievement of said PBC Target calculated as set forth in the Verification Protocols;
 - (ii) authorize that the unwithdrawn amount corresponding to the portion of the allocated amount not disbursed due to partial achievement of any PBC Target be carried forward to the immediately subsequent withdrawal, pending further achievement of the respective PBC Target; or
 - (iii) cancel all or a portion of the proceeds of the Loan then allocated to said PBC Target.
4. The Closing Date is December 31, 2028. The Bank shall 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**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 March 15 and September 15 Beginning March 15, 2029 through September 15, 2047	2,56%
On March 15, 2048	2,72%

SCHEDULE 4

Performance Based Conditions and Targets

PBC	FY 24	FY 25	FY 26	FY 27	FY 28
Total Value (\$)	Target and Value (\$)	Target and Value (\$)	Target and Value (\$)	Target and Value (\$)	Target and Value (\$)
1. The Borrower shall have delivered, under Part 1.1 of the Project, Personalized Tutoring to at least 20% of State Schools with Adequate Learning Labs, as evidenced by one onsite visit to each school of a Representative Sample of State Schools, and measured from a baseline of 0% (Total Value 11.000.000)	The Borrower shall have delivered Personalized Tutoring to at least 5% of State Schools with Adequate Learning Labs, as evidenced by one onsite visit to each school (of a Representative Sample of State Schools) (Value 6.000.000)			The Borrower shall have delivered Personalized Tutoring to at least 20% of State Schools with Adequate Learning Labs as evidenced by one onsite visit to each school of a Representative Sample of State Schools (Value 5.000.000)	
2. The Borrower shall have achieved, under Part 1.1 of the Project, the completion of Selected Activities of the EWS in at least 50% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools, and measured from a baseline of 0% (Total Value: 10.000.000)		The Borrower shall have achieved the completion of Selected Activities of the EWS in at least 10% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools (Value: 6.000.000)			The Borrower shall have achieved the completion of Selected Activities of the EWS in at least 50% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools (Value: 4.000.000)
3. The Borrower shall have provided, under Part 2.1 of the Project, Adequate Internet Connection to at least 506 State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools, and	The Borrower shall have put into place the Internet Connection Program and shall have provided Adequate Internet Connection to at least 386 State Schools, as evidenced by one onsite visit to each			The Borrower shall have provided Adequate Internet Connection to at least 506 State Schools, as evidenced by one onsite visit to each of a Representative Sample of State Schools (Value: 8,000.000)	

measured from a Baseline of 356 State Schools (Total Value:16.000.000)	of a Representative Sample of State Schools (Value: 8.000.000)				
4. The Borrower shall have deployed and is operating, under Part 2.2 of the Project, all the Upgraded EMIS Modules, at SEDUC and at State Schools, as evidenced by one onsite visit to SEDUC and each of a Representative Sample of State Schools, and measured from a Baseline of 0 (Total Value: 4.000.000)		The Borrower shall have deployed and is operating the Upgraded EMIS Teachers Training Module at SEDUC and at State Schools, as evidenced by one onsite visit to SEDUC and each of a Representative Sample of State Schools (Value:2.000.000)		The Borrower shall have deployed and is operating the Upgraded EMIS Teachers Training Module, School Infrastructure Management Module, Curricular Matrices and Student Enrollment Module, including geospatial location-based assignment, at SEDUC and at State Schools, as evidenced by one onsite visit to SEDUC and each of a Representative Sample of State Schools (Value:2.000.000)	
5. The Borrower shall have developed and deployed, under Part 3.1 of the Project, the MMS in at least 50% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools, and measured from a Baseline of 0% (Total Value 8.000.000)			The Borrower shall have developed and deployed the MMS in at least 30% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools (Value; 5,000,000)		The Borrower shall have deployed the MMS in at least 50% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools (Value: 3.000.000)
6. The Borrower shall have developed the VPP and carried out, under Part 3.2 of the Project, Selected Activities of the VPP in at least 70% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools, and measured from a Baseline of 0% (Total Value: 7.000.000)		The Borrower shall have developed the VPP and carried out Selected Activities of the VPP in at least 10% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools (Value:5.000.000)			The Borrower shall have carried out Selected Activities of the VPP in at least 70% of State Schools, as evidenced by one onsite visit to each school of a Representative Sample of State Schools (Value: 2.000.000)

	Total: 14.000.000	Total: 13.000.000	Total: 5.000.000	Total: 15.000.000	Total: 9.000.000
Total: 56.000.000					

APPENDIX

Definitions

1. “Adequate Learning Lab” means any laboratory of a State School that meets the standards identified in the Verification Protocol for PBC 1 to receive the Personalized Tutoring.
2. “Adequate Internet Connection” means a minimum of 100 Kbps internet connection per student multiplied by all students in each shift of a State School as set forth in the Verification Protocol for PBC 3.
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 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.
4. “Budget Line” means any of the lines of the Borrower’s budget for the education sector selected for reimbursement from the proceeds of the Loan, as set forth in the Project Operations Manual.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “Cooperation Agreement” means any of the agreements (*Termo de Adesão*) to be entered into pursuant to the provisions of Section I.A.3 of Schedule 2 to this Agreement.
7. “Early Warning System” or “EWS” means the alert system to prevent students’ dropout and evasion in State Schools, developed based on the Guarantor’s early warning system described in the Decree No. 11.079 dated May 23, 2022, and established and operationalized under Part 1.1 of the Project in accordance with criteria and requirements established pursuant to Schedule 2, Section I.A.1(e)(ii), to this Agreement, and set forth in the POM.
8. “Eligible Educational Professional” means an educational professional that satisfies the eligibility criteria to receive a Mentoring Scholarship and/or a Training Scholarship, as set forth in the POM and in the Scholarships Legislation.
9. “Eligible Program Expenditures” means goods, works, consulting services, non-consultant services, Training and Operating Costs for Parts 1.1, 1.2, 2.1, 2.2, and 3.2 of the Project and consulting services, non-consultants services, Training and Operating Costs for Part 3.1 of the Project, all as identified in the Budget Lines, and to be reimbursed under Category (1) of the Table in Section III A. of Schedule 2 to this Agreement.

10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated September 6, 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 an 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.
11. “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.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
13. “ICMS” means the Borrower’s goods and service circulation tax (*Imposto sobre Circulação de Mercadorias e Serviços*) set forth in the Borrower’s Law 746/2022 dated August 25, 2022.
14. “Indigenous Peoples” means the peoples referred to in the Member Country’s Constitution, Chapter VIII, Articles 231 and 232.
15. “Internet Connection Program” means the program, satisfactory to the Bank, to be developed and carried out by the Borrower under Part 2.1 of the Project to provide internet connections to State Schools.
16. “Mentoring Scholarships” means a scholarship provided under Part 4.2(d) of the Project to be paid to Eligible Education Professionals who carry out pedagogical and administrative

mentoring assignments and coordinate strategic projects to improve the quality of education, all as set forth in the POM and in the Scholarships Legislation (*Bolsa Mentoria*).

17. “MMS” means the Maintenance Management System for State School Infrastructure, developed and operationalized under Part 3.1 of the Project, in accordance with criteria and requirements established pursuant to Schedule 2, Section I.A.1(e)(iv) to this Agreement, and set forth in the POM.
18. “Municipality” means any of the administrative subdivisions of the Guarantor’s territory referred to in Article 1 to 18 of the Guarantor’s Constitution dated October 5, 1988, and “Municipal” means any activity relating to a Municipality.
19. “Operating Costs” means the incremental operating expenditures incurred by the Borrower on account of the Project implementation, management, monitoring and evaluation, including office rent, office materials and supplies, utilities, communication costs, support for information systems, translation costs, bank charges and travel and *per diem* costs and other reasonable expenditures directly associated with the implementation of the Project activities, all based on an annual budget acceptable to the Bank.
20. “Participating Agencies” means:
 - (a) the Sub-secretariat for Educational Management (*Secretaria Adjunta de Gestão Educacional*), or its successor or successors thereto acceptable to the Bank, responsible for overseeing all pedagogical development related activities under Parts 1, 2 and 3 of the Project;
 - (b) the Sub-secretariat of Regional Management (*Secretaria Adjunta de Gestão Regional*), or its successor or successors thereto acceptable to the Bank, responsible for regional management and monitoring the implementation of activities at the level of Regional Directorates under Parts 1, 2 and 3 of the Project;
 - (c) the Sub-secretariat for Systemic Administration (*Secretaria Adjunta de Administração Sistêmica*), or its successor or successors thereto acceptable to the Bank, responsible for the Project’s financial management and procurement;
 - (d) the Sub-secretariat of Infrastructure and Property (*Secretaria Adjunta De Infraestrutura E Patrimônio*), or its successor or successors thereto acceptable to the Bank, responsible for coordinating and executing all construction works and information technology activities under Part 3 of the Project;
 - (e) the Sub-secretariat for People Management (*Secretaria Adjunta de Gestão de Pessoas*), or its successor or successors thereto acceptable to the Bank, responsible for coordinating and implementing all capacity building activities under Parts 1, 2 and 3 of the Project; and

- (f) the Regional Directorates, responsible for supporting the supervision of interventions at the State School level.
21. “PBC” means the Performance Based Conditions set forth in the first column of the table in Schedule 4 to this Agreement.
 22. “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.
 23. “Personalized Tutoring” means the program of pedagogical strategies to map learning gaps, creating small groups of students with similar learning difficulties, regardless of their grade or age to be carried out under Part 1.1 of the Project, in accordance with criteria and requirements established pursuant to Schedule 2, Section I.A.1(e)(i), to this Agreement, and set forth in the POM.
 24. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
 25. “Project Management Unit” or “PMU” means the unit referred to in Section I.A.1.(a) of the Loan Agreement.
 26. “Project Operations Manual” or “POM” means the manual described in Section I.B of Schedule 2 to the Loan Agreement, setting forth detailed guidelines and procedures for the implementation of the Project.
 27. “*Quilombolas*” means the peoples referred to in the Member Country’s Constitution, Articles 68 and 216.
 28. “Regional Directorate” means any of SEDUC’s Regional Directorates referred to in the Borrower’s Law 11.668 of January 11, 2022.
 29. “Representative Sample of State Schools” means the set of State Schools chosen from the total number of State Schools – in the case of PBC 1, the total number of State Schools with Adequate Learning Labs – as representing the characteristics relevant for measuring the achievement of each of the relevant PBCs and their Targets, as such characteristics and methodology of selection are set forth in the Verification Protocol.

30. "Scholarships" means collectively the Mentoring Scholarships and the Training Scholarships.
31. "Scholarships Legislation" means (i) the Borrower's Law Number 11,668, dated January 11, 2022, published in the Borrower's Official Gazette on January 11, 2022, (ii) the Borrower's Decree Number 1,293, dated February 15, 2022, published in the Borrower's Official Gazette on February 15, 2022, and (iii) SEDUC's Notices of Bidding and SEDUC's Ordinances to be issued to further regulate the above-referenced Law and the Decree, all in form and substance acceptable to the Bank, or any successor or successors to such legislation which shall be acceptable to the Bank for purposes of the Project.
32. "SEDUC" means *Secretaria de Estado de Educação do Mato Grosso*, the Borrower's Secretariat of Education, or its successor or successors thereto acceptable to the Bank.
33. "Selected Activities of the VPP" means the activities of the VPP, as defined in the POM, to be met for the achievement of PBC number 6, as set forth in Schedule 4 to this Agreement.
34. "Selected Activities of the EWS" means the activities of the EWS, as defined in the POM, to be met for the achievement of PBC number 2, as set forth in Schedule 4 to this Agreement.
35. "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.
36. "State Schools" means collectively primary and secondary schools owned and managed by the Borrower covering respectively 1st to 9th grades and 10th to 12th grades of education and such term includes the schools attended by Indigenous and *Quilombola* students.
37. "Target" means any of the targets to be achieved by the Borrower with respect to the PBCs, as set forth in the second through the fifth columns of the table in Schedule 4 to this Agreement.
38. "Training" means expenditures (other than those for consulting services) incurred in connection with study tours, training courses, seminars, workshops, and other training activities, not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, travel, per diem costs for trainees and trainers and trainers' fees (as applicable), all based on an annual budget satisfactory to the Bank.
39. "Training Scholarship" means a scholarship provided under Part 4.2(d) of the Project to be paid to Eligible Education Professionals who develop training content and who act as

training instructors for education professionals, all as set forth in the POM and in the Scholarships Legislation (*Bolsa Formação*).

40. “Upgraded EMIS” means the new modules, of the Borrower’s management information system, to be developed and deployed under the Program, comprising the Teachers Training Module, the School Infrastructure Management Module, the Curricular Matrices and Student Enrollment Module, and the Student Attendance and Grade Module, in accordance with criteria and requirements established pursuant to Schedule 2, Section I.A.1(e)(iii), to this Agreement, and set forth in the POM.
41. “Value” means any of the amounts of the Loan allocated out of the proceeds of Category (1) of the table in Section III A. of Schedule 2 to this Agreement for reimbursement upon the achievement of the respective PBC Targets as set forth in Schedule 4 to this Agreement.
42. “Verification Agent” means any of the agents to be contracted pursuant to Section I.B.4 of Schedule 2 to this Agreement to verify the achievement of the PBCs and Targets.
43. “Verification Protocol” means any of the protocols set forth in the POM to be followed by the Verification Agent to verify the achievement of the PBCs and Targets.
44. “Violence Prevention Plan” or “VPP” means a plan for the prevention of violence in State Schools prepared and implemented under Part 3.2 of the Project in accordance with criteria and requirements established pursuant to Schedule 2, Section I.A.1(e)(v), to this Agreement, and set forth in the POM.
45. “Wi-Fi” means the wireless fidelity system used for connecting computers and other electronic equipment to the internet without using wires.