
LOAN NUMBER 9451-PY

Loan Agreement

(Asuncion Riverfront Urban Resilience Project)

between

REPUBLIC OF PARAGUAY

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF PARAGUAY (“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 five million Dollars, (\$105,000,000), 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 Payment Dates are May 15 and November 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 — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through MOPC, 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 Conditions of Effectiveness consist of the following:
- (a) The Operational Manual has been prepared and adopted by the Borrower, through MOPC, in a manner acceptable to the Bank.
 - (b) The Environmental and Social Management Instruments have been prepared, consulted upon, disclosed and adopted in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. Except as provided in the ESCP, the Borrower's Representative is its Minister of Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Ministry of Finance
(*Ministerio de Hacienda*)
Chile 128
Asunción, Paraguay;

With a copy to:

State Sub-secretariat of Financial Management of the Ministry of Finance
(*Subsecretaría de Estado de Administración Financiera del Ministerio de Hacienda*); and

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

Facsimile: 59521-448-283 E-mail: secretaria_general@hacienda.gov.py

With a copy to:

Facsimile: 59521-493-641

- 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

Facsimile:
1-202-477-6391

E-mail:
mfay@worldbank.org

64145(MCI)

AGREED as of the Signature Date.

REPUBLIC OF PARAGUAY

By *Oscar Llamosas*

Authorized Representative

Name: Oscar Llamosas

Title: Ministro de Hacienda

Date: 28-feb.-2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By *Marianne Fay*

Authorized Representative

Name: Marianne Fay

Title: Country Director

Date: 28-Feb-2023

SCHEDULE 1

Project Description

The objectives of the Project are to improve living conditions for targeted vulnerable households and to increase resilience in selected areas in the riverfront of Asuncion.

The Project consists of the following parts:

Part 1: Eco-Inclusive District

Designing and developing a low-carbon, climate resilient, inclusive, mixed-use riverfront neighborhood on municipal land through:

- (a) constructing approximately 650-750 definitive in-situ resettlement housing units to provide long-term and formal housing solutions on an elevated area with strong reduced flood risk for climate vulnerable families that live in a flood-prone area;
- (b) developing basic urban infrastructure to service the resettlement housing units, including, *inter alia*: (i) connecting the new housing units to the existing public services networks for electricity, water and sanitation; (ii) building the road network to access the new resettlement housing units with sustainable urban drainage systems to reduce the risks of pluvial flooding, as well as pedestrian walkways and bicycle lanes to incentivize active mobility and reduce carbon dioxide emissions; (iii) constructing community social service facilities; (iv) creating public parks and green infrastructure for flood risk management and stormwater drainage; (v) restoring streams to optimize their added value to urban development, including flood mitigation; (vi) installing low energy consumption public lighting; and (vii) building an underground high-voltage power line;
- (c) if applicable, financing of Resettlement Expenditures under Part 1 of the Project, as provided in Section III.B.2 of Schedule 2 to this Agreement.

Part 2: Climate Resilient Public Spaces and Green Areas

2.1. Historic Center

Developing climate resilient, low-cost, high-visibility upgrades to public spaces in the historic center of Asuncion along its civic, commercial, and ecological corridors, focused on supporting commercial activities, recreation, and tourism, attracting, and retaining employment opportunities, creating spaces for dynamic social interaction, and preserving cultural heritage, including, *inter alia*:

- (a) pedestrian and semi-pedestrian streets and connections to bike lanes;
- (b) upgrades to public parks with urban furniture and play areas;
- (c) low-energy consumption street lighting;

- (d) shading structures to mitigate climate-induced heatwave and heat-island effects;
- (e) planting of trees and native flora to provide shade to regulate temperatures including during heatwaves;
- (f) replacing overhead electrical cables with underground cables;
- (g) improved retention and drainage of stormwater, including green infrastructure, permeable streetscapes, and rain harvesting to reduce flooding impacts;
- (h) flexible spaces to accommodate street vendors and artisans and signage and wayfinding elements; and
- (i) if applicable, financing of Resettlement Expenditures under Part 2.1 of the Project, as provided in Section III.B.2 of Schedule 2 to this Agreement.

2.2. Parque Caballero

Basic climate resilient upgrades to an existing historic urban public park as well as its expansion to an adjacent plot of municipal land available for development, including, *inter alia*:

- (a) revamping entrances, surrounding streets and interior pedestrian walkways to improve accessibility and incentivize active non-motorized mobility;
- (b) constructing climate resilient community facilities and spaces for diverse users and activities, including playgrounds, a skate park, community gardens for local food and plant production, and flexible, modular areas for community development and commercial uses;
- (c) planting of trees and native flora to mitigate climate-induced heatwave impacts by the shaded area;
- (d) creating a retention area to mitigate flood impacts;
- (e) installing low-energy-consumption public lighting; and
- (f) if applicable, provision of financing for Resettlement Expenditures under Part 2.2 of the Project, as provided in Section III.B.2 of Schedule 2 to this Agreement.

2.3. Banco San Miguel

Small-scale investments to strengthen the ecological function and climate resilience of *Banco San Miguel* and *Bahía de Asunción*, including, *inter alia*:

- (a) preservation of nature-based floodwater control for selected areas and restoration of native flora;
- (b) improving pedestrian and non-motorized transport and mobility by constructing ecological walkways and bike lanes;

- (c) expanding climate resilient public spaces;
- (d) building a center for park rangers and a nature observatory with interpretive signage to raise public awareness about climate change and the importance of the nature reserve;
- (e) carrying out eco-friendly investments to support local communities; and
- (f) if applicable, provision of financing for Resettlement Expenditures under Part 2.3 of the Project, as provided in Section III.B.2 of Schedule 2 to this Agreement.

Part 3: Social Resilience, Local Economic Development, and Citizen Engagement

3.1. Local Economic Development

- (a) A participatory diagnostic of post-COVID-19 socioeconomic challenges and opportunities in Asuncion.
- (b) Designing and constructing a low-carbon and climate resilient center for local economic development and social innovation (“CEDELIS”).
- (c) Designing and implementing capacity building and professional training programmatic activities of CEDELIS.
- (d) Technical assistance and Grants for Social and Economic Development Initiatives to Beneficiaries to strengthen their labor, trade, business planning, project management and team problem solving skills, aimed at inserting them in the formal labor or commercial market, and enabling the creation of new value chains where possible.
- (e) Carrying out community-driven Social and Economic Development Activities.

3.2. Participatory Urban Design and Social Management Mechanism

- (a) Participatory design of resettlement housing and public spaces to be financed under Parts 1 and 2 of the Project to identify residents’ needs and priorities and promote universal accessibility, gender-inclusive design, active mobility, and outdoor leisure that permits social distancing.
- (b) Participatory processes to inform prefeasibility studies, including, *inter alia*, prefeasibility studies to be financed under Part 4(c)(i) for strategic urban interventions in *Chacarita Inundable* and *Banco San Miguel and Bahía de Asunción* .
- (c) Technical assistance to strengthen stakeholders’ engagement and promote a socially inclusive citizen engagement mechanism to inform the implementation of the MPCA.

Part 4: Institutional Capacity Building for Urban Resilience and Project Management

- (a) Carrying out of capacity building activities for national and municipal government institutions on territorial and environmental planning, including adaptation to climate change.
- (b) Designing a public-private management model to guide future developments in the riverfront area.
- (c) (i) Financing analytical products for urban resilience and Project management, including, *inter alia*, prefeasibility studies for strategic urban interventions in *Chacarita Inundable* and *Banco San Miguel and Bahía de Asunción*; and (ii) enhancing an online platform to manage citizen feedback and grievance redress.
- (d) Carrying out of Project management activities, including, *inter alia*: (i) implementation, monitoring, evaluation and reporting activities; (ii) Project audits and Grant audits; (iii) supervision of civil works; and (iv) design and implementation of a strategic communications campaign.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower, through MOPC, shall operate and maintain, at all times throughout Project implementation, a Project implementation unit (“PIU”), with functions and responsibilities acceptable to the Bank, which shall be responsible for overall Project coordination and technical oversight of the Project, and staffed with competent personnel in adequate numbers, with qualifications, experience and terms of reference satisfactory to the Bank, as set forth in the Operational Manual.
2. The Borrower, through MOPC, shall ensure, throughout Project implementation, the coordination of the PIU with: (a) other MOPC’s subordinated units participating in the implementation of the technical and fiduciary aspects of the Project, which subordinated units shall be vested with powers and functions acceptable to the Bank, as set forth in the Operational Manual; and (b) the *Mesa Interinstitucional*.
3. The Borrower, through MOPC, shall, no later than sixty (60) days after the Effective Date, hire or appoint, as applicable, the following additional staff as part of the PIU: (a) a procurement specialist; (b) a planning and monitoring specialist; (c) a financial management specialist; (d) a social specialist; and (e) an environmental specialist; all with qualifications, experience and terms of reference satisfactory to the Bank, as set forth in the Operational Manual.
4. Prior to the carrying out of any of the works under the jurisdiction of MCA, the Borrower, through the MOPC, shall enter into a tripartite agreement with MCA and MUVH, under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the obligation of MCA and MUVH to cooperate with Borrower, through MOPC, for the carrying out of the Project.
5. The Borrower, through MOPC, shall, not later than three (3) months after the Effective Date, establish, and thereafter operate and maintain at all times during Project implementation an inter-institutional technical committee (the “Technical Committee”), with functions and responsibilities acceptable to the Bank and with staff in numbers and with qualifications and experience acceptable to the Bank, as described in the Operational Manual, including the responsibility of coordinating the carrying out of Project activities and investments among public utilities and other agencies involved in Project execution.
6. The Borrower, through MOPC, shall:
 - (a) no later than three (3) months after the approval date of the first Grant to finance a Social and Economic Development Initiative (unless the Bank establishes a later date by written notification to the MOPC), hire an independent auditor with experience and qualifications acceptable to the Bank, for purposes of carrying out

audits of Grants on a semi-annual basis (or at such other frequency as the Bank shall establish by notice to the Borrower) in accordance with terms of reference set forth in the Operational Manual, and consistently applied auditing standards, all acceptable to the Bank; and

- (b) not later than forty-five (45) calendar days after the completion of each said audit, furnish or cause to be furnished to the Bank the information as so audited, and such other information concerning the audited information and such auditors, as the Bank may from time to time reasonably request.

B. Social and Economic Development Initiatives

- 1. For the purposes of carrying out a Social and Economic Development Initiative under Part 3.1(d) of the Project, the Borrower, through MOPC, shall, prior to the carrying out of any given Social and Economic Development Initiative, transfer, on a grant basis, part of the proceeds of the Loan to the corresponding Beneficiary, pursuant to the terms of an agreement to be entered between MOPC and the pertinent Beneficiary, under terms and conditions acceptable to the Bank and substantially similar to those in the model form of Subgrant Agreement, which shall include, *inter alia* the following:

- (a) the obligation of MOPC to promptly disburse to each Beneficiary part of the proceeds of the Loan to partially finance the preparation and carrying out of a Social and Economic Development Initiative for up to US\$ 5,000 (as such amount may be revised from time to time by mutual agreement between MOPC and the Bank and reflected in the Operational Manual);
- (b) the right of MOPC to take remedial actions against the pertinent Beneficiary in case said Beneficiary shall have failed to comply with any of its obligations under the pertinent Subgrant Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the Loan allocated to Part 3.1(d) of the Project, all as previously agreed with the Bank); and
- (c) the obligation of each Beneficiary:
 - (i) to use the Grant allocated to the pertinent Social and Economic Development Initiative solely for purpose of partially financing said Social and Economic Development Initiative;
 - (ii) to provide, promptly as needed, facilities, services and other counterpart resources, necessary or appropriate to carry out the corresponding Social and Economic Development Initiative;
 - (iii) to carry out the Social and Economic Development Initiative with due diligence and efficiency, and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, and in accordance with the provisions of the Loan Agreement, including in accordance with the provisions of the Anti-Corruption Guidelines and the ESCP;

- (iv) to procure the goods, small-scale infrastructure works, consulting services and non-consulting services to be financed out of the Loan proceeds in accordance with the provisions of the Operational Manual;
 - (v) to maintain records and accounts regarding the use of the pertinent Grant, to be audited by the independent auditors referred to in Section 1.A.5 of Schedule 2 to this Agreement;
 - (vi) to enable MOPC and the Bank to inspect the Social and Economic Development Initiative, its operation and any relevant records and documents; and
 - (vii) to prepare and furnish to MOPC and the Bank all such information as MOPC or the Bank shall reasonably request relating to the foregoing.
2. The Borrower, through MOPC, shall exercise, and cause each Beneficiary to exercise its rights and carry out its obligations under each Subgrant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
 3. Except as the Bank shall otherwise agree, the Borrower, through MOPC, shall not assign, amend, abrogate, waive or fail to enforce any of the Subgrant Agreements or any of the provisions thereof.

C. Operation and Maintenance

Prior to the initiation of any investment under Parts 1, 2 or 3.1(b) of the Project, the Borrower, through the MOPC, shall, if applicable, enter into an agreement with the corresponding Selected Service Provider or MCA (the “Operation and Maintenance Agreement”), under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the obligation of: (a) the Borrower, through the MOPC to, upon the satisfactory completion of the investment (in accordance with the criteria set forth in the Operational Manual), transfer said investment to the Selected Service Provider or the MCA, as the case may be, for its operation and maintenance; and (b) the Selected Service Provider or the MCA, as the case may be, to operate and maintain said investment in accordance with the criteria set forth in the Operational Manual.

D. Operational Manual.

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through MOPC, shall carry out the Project in accordance with the provisions of a manual (“Operational Manual), acceptable to the Bank, which shall include, *inter alia*: (a) the procedures for the carrying out, monitoring and evaluation of the Project, including performance indicators; (b) detailed institutional arrangements for the Project, including the composition, functions and responsibilities of the PIU; (c) the Project’s procurement, financial management, and disbursement requirements and procedures; (d) the stakeholder engagement plan, grievance mechanism, and code of conduct; (e) the Anti-Corruption Guidelines and procedures to ensure compliance with the Anti-Corruption Guidelines; (f)

- the ESCP; (g) the procurement procedures under Social and Economic Development Initiatives under Part 3.1(d) of the Project; and (h) the model form of Subgrant Agreement.
2. Except as the Bank shall otherwise agree, the Borrower, through the MOPC, shall not amend, terminate, waive, or fail to enforce the Operational Manual or any provision thereof.
 3. In case of any conflict among the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

E. 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 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 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 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 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, as set out in the ESCP.
 6. The Borrower shall 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.

Section II. Project Monitoring Reporting and Evaluation

The Borrower, through MOPC, 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.

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, Operating Costs and Training under the Project	99,737,500	100%
(2) Resettlement Expenditures	5,000,000	100%

(3) Front-end Fee	262,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
TOTAL AMOUNT	105,000,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is December 29, 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 May 15 and November 15 Beginning May 15, 2029 through November 15, 2046	2.7%
On May 15, 2047	2.8 %

APPENDIX

Definitions

1. “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.
2. “Asunción” means the Borrower’s capital city.
3. “Beneficiary” means any:
 - (a) individual (excluding any individual that is family member of an individual of the PIU); or
 - (b) a productive unit that includes individuals (entrepreneurs, self-employed) and a community-based organization or micro, small and medium enterprise, non-governmental organizations, religious or non-religious organization, legally established and active in the Borrower’s territory, that works in the field of social economy;

any of which meets the eligibility criteria set forth in the Operational Manual; and is selected to: (i) receive a Grant for a Social and Economic Development Initiative (in accordance with Section I.B of Schedule 2 to this Agreement) or technical assistance under Part 3.1(e) of the Project; or (ii) carry out a Social and Economic Development Activity under Part 3.1(d) of the Project, all in accordance with the provisions of the Project Operational Manual, as applicable.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “COVID-19” means the coronavirus disease cause by the 2019 novel coronavirus (SARS-CoV-2).
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 6, 2022 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.
7. “Environmental and Social Management Instruments” means: (i) the Environmental and Social Management Framework; (ii) the Stakeholder Engagement Plan; and (iii) the Resettlement Policy Framework, to be prepared or updated by MOPC, as relevant, and to be updated, disclosed, consulted upon and adopted for the Project as an Additional

Conditions of Effectiveness, as set out in Article IV, Section 4.01 (c) to this Agreement and the ESCP, in accordance with the Environmental and Social Standards.

8. “Environmental and Social Management Framework” or “ESMF” means one of the Environmental and Social Management Instruments referred to Article IV, Section 4.01 (c) to this Agreement.
9. “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 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.
10. “Excluded Activities” means, collectively:
 - (a) any of the activities listed, or activities that produce and/or use materials listed, in the World Bank Group/International Finance Corporation Exclusion List (see https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist), and such other activities and/or materials listed in the Project Operational Manual and which are classified and referred to as part of the negative list in said manual;
 - (b) an investment that is classified as a high risk, in respect to potential environmental and social impacts, in accordance with the provisions of the Operational Manual and the ESMF;
 - (c) an investment that: involves large-scale physical and economic displacement as described in Land Acquisition, Restrictions on Land Use, or Involuntary Resettlement (as defined under ESS 5); that adversely impacts sensitive habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); that adversely impacts Cultural Heritage (as defined under ESS 8); or that involves child or forced labor;
 - (d) an investment that involves the potential use of, or discharge into, any waterways as defined and applicable under World Bank Operational Policy 7.50 (or detailed design and engineering studies of such investment), as such waterways shall have been described more specifically in the Operational Manual; and

- (e) an investment that involves any other exclusions agreed by the Bank and the Borrower, through MOPC, as set forth in the Operational Manual and in the ESMF.
11. “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).
 12. “Grant” means a grant to be provided by MOPC out of the proceeds of the Loan to a selected Beneficiary to finance a Social and Economic Development Initiative through a Subgrant Agreement, on terms and conditions acceptable to the Bank, and according to the criteria and procedures established in the Operational Manual.
 13. “*Mesa Interinstitucional*” means the interinstitutional team created by Decree No. 3057, dated December 16, 2019, for the implementation of the MPCA, which includes representation from the national and municipal government agencies responsible for Project implementation, including MOPC, MUVH, MCA, MH, STP and UTGS.
 14. “MCA” means *Municipalidad de Asunción*, the Borrower’s Municipality of Asunción, or any successor thereto acceptable to the Bank.
 15. “MH” or “Ministry of Finance” means *Ministerio de Hacienda*, the Borrower’s Ministry of Finance, or any successor thereto acceptable to the Bank.
 16. “MOPC” means *Ministerio de Obras Públicas y Comunicaciones*, the Borrower’s Ministry of Public Works and Communications, or any successor thereto acceptable to the Bank.
 17. “MUVH” means the *Ministerio de Urbanismo Vivienda y Hábitat*, the Borrower’s Ministry of Urban Development and Housing, or any successor thereto acceptable to the Bank.
 18. “MPCA” means Master Plan of the Coastline of Asuncion.
 19. “Operating Costs” means reasonable incremental recurrent expenditures that would not have been incurred absent the Project for Project administration costs incurred by the PIU, including, *inter alia*, office rent, operation and maintenance of office equipment, utilities, banking fees, and non-durable goods (but excluding salaries of the Borrower’s civil servants).
 20. “Operational Manual” means the manual, acceptable to the Bank and referred to in Section I.D of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Bank.
 21. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.

22. “PIU” means the unit under MOPC referred to under Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
23. “Resettlement Expenditures” means the expenditures incurred in financing the cost of providing resettlement compensation (such as land expenditures, including compensation for acquisition of land and other fixed property related to implementation of a resettlement instrument, and cash compensation and other assistance paid in cash for involuntary resettlement) under Parts 1 and 2 of the Project, in accordance with the ESCP and any pertinent Resettlement Action Plan.
24. “Resettlement Policy Framework” or “RPF” means one of the Environmental and Social Management Instruments referred to Article IV, Section 4.01 (c) to this Agreement.
25. “Selected Service Provider” means a public or private provider of water supply and sanitation services, gas and/or electricity services, operating within the territorial jurisdiction of the MCA, all of which meet the criteria set forth in the Operational Manual (as defined below) for operating and maintaining infrastructure under the Project.
26. “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.
27. “Social and Economic Development Activity” means a social and/or economic activity, which may include goods, small-scale infrastructure works, consulting services and non-consulting services, with positive impacts in the local community (excluding Excluded Activities), consisting of: (a) social innovation activities that address the disruptive forces and trends that affect socioeconomic dynamics, such as, *inter alia*, the carrying out of programs to prevent violence against women, provide care services, prevent the problematic use of alcohol and other psychoactive drugs; (b) productive activities including, *inter alia*, fishing, recycling and solid waste management; and (c) operation and/or maintenance of climate smart infrastructure.
28. “Social and Economic Development Initiative” means a social and/or economic initiative (excluding Excluded Activities) to finance goods, small-scale infrastructure works, consulting services and non-consulting services through a Grant under a Subgrant Agreement for the development or strengthening by a Beneficiary of a Social and Economic Activity, as selected, approved and implemented in accordance with the provisions of the Operational Manual.
29. “Stakeholder Engagement Plan” means one of the of the Environmental and Social Management Instruments referred to Article IV, Section 4.01 (c) to this Agreement.
30. “STP” means *Secretaría Técnica de Planificación del Desarrollo Económico*, the Borrower’s Technical Secretariat for Economic and Social Development Planning, or any successor thereto acceptable to the Bank.

31. “Subgrant Agreement” means any agreement to be entered into by MOPC and any given Beneficiary for the provision of a Grant to finance a Social and Economic Development Initiative pursuant to Section I.B of Schedule 2 to this Agreement.
32. “Training” means expenditures (other than those for consulting services) incurred by the MOPC, to finance reasonable transportation costs and *per-diem* of trainees and trainers, training registration fees, and rental of training facilities and equipment.
33. “UTGS” means *Unidad Técnica del Gabinete Social*, the Borrower’s Social Cabinet, or any successor thereto acceptable to the Bank.