

**LOAN NUMBER 9172-BR**

# **Loan Agreement**

**(Brazil: Income Support for the Poor Affected by COVID-19 Project)**

*(Programa Emergencial de Apoio à Renda de Populações Vulneráveis Afetadas  
pelo COVID19 no Brasil)*

**between**

**FEDERATIVE REPUBLIC OF BRAZIL**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**LOAN NUMBER 9172-BR**

**LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between FEDERATIVE REPUBLIC OF BRAZIL (“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 billion Dollars (\$1,000,000,000), 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 are the Manager of External Debt Operations or the General Coordinator of the Public Debt Operations General Coordination of the Brazilian National Treasury Secretariat of the Ministry of Economy.
- 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 Fixed 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 through its Secretariat of the National Treasury of the Ministry of Economy.
- 2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b) (ii) and (b) (iii) of this Section), the

Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in subparagraph (b) (i) of this Section) for each said day (“Exposure Surcharge”). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) “Allocated Excess Exposure Amount” means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines), a portion of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
  - (ii) “Standard Exposure Limit” means the standard limit on the Bank’s financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
  - (iii) “Total Exposure” means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through MoC, 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 Operational Manual has been adopted by the Borrower in a manner acceptable to the Bank.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. Except as provided in Section 2.02 of this Agreement and in the ESCP, the Borrower’s Representative is its Minister of Economy.
- 5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower’s address is:

Ministério da Economia  
Procuradoria-Geral da Fazenda Nacional  
Esplanada dos Ministérios, Bloco “P” - 8º andar  
Brasília, DF, 70048-900

Brasil

and

(b) the Borrower's Electronic Address is:

Facsimile: (55-61) 3412-1740      E-mail: apoiocof.df.pgfn@pgfn.gov.br

With copies to:

Ministério da Cidadania  
Esplanada dos Ministérios, Bloco "A" - 7º andar  
Brasília, DF, 70050-901  
Brasil

Facsimile: (55-61) 2030-1651      E-Mail: cgaa.se@cidadania.gov.br

SAIN - Secretaria de Assuntos Econômicos Internacionais do  
Ministério da Economia  
Esplanada dos Ministérios, Bloco K - 8º andar  
Brasília, DF, 70040-906  
Brasil

Facsimile: (55-61) 2020-5006      E-Mail: seain@planejamento.gov.br

Ministério da Economia  
Secretaria do Tesouro Nacional  
Coordenação-Geral de Controle da Dívida Pública  
Esplanada dos Ministérios, Bloco P, Ed. Anexo, Ala A – 1º andar, sala 121  
Brasília, DF, 70048-900

E-mail: codiv.df.stn@tesouro.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:

Telex: 248423(MCI) or 64145(MCI)      Facsimile: 1-202-477-6391      E-mail: panoscasero@worldbank.org

AGREED as of the Signature Date.

**FEDERATIVE REPUBLIC OF BRASIL**

By *Ana Lúcia Gatto de Oliveira*

**Authorized Representative**

**Name:** Ana Lúcia Gatto de Oliveira

**Title:** Attorney of the National Treasury

**Date:** 17-jun-2021

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By *Paloma Anos*

**Authorized Representative**

**Name:** Paloma Anos Casero

**Title:** The world Bank

**Date:** 17-Jun-2021

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to mitigate the negative economic effects associated with COVID-19 on income and risks of damaging human capital of poor families.

The Project consists of the following part:

#### **Part 1. Conditional Cash Transfers of *Bolsa Família* Program for Poor and Extremely Poor Families**

Provision of support to the Borrower to finance the expansion of the BF Program as a response to the COVID-19 pandemic, through the provision of BF Transfers to BF Eligible Beneficiaries to be carried out by the Financial Institution.

## SCHEDULE 2

### Project Execution

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

1. The Borrower shall operate and maintain, throughout the implementation of the Project a Project Coordination Unit (the “MoC PCU”) and a Project Execution Unit (the “MoC PEU”) both within MoC and with functions, resources and staffing acceptable to the Bank, all as set forth in the Operational Manual, including specialists for: (i) financial management; (ii) environmental and social standards; and (iii) result monitoring.

##### **B. Project Operational Manual.**

1. The Borrower, through MoC, shall:
  - (i) adopt and thereafter carry out the Project in accordance with a manual (the Operational Manual), which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including, *inter alia*, the following: (a) specific provisions on detailed arrangements for the carrying out of the Project; (b) the composition and responsibilities of the MoC PCU and the MoC PEU; (c) Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), and disbursement procedures, including the preparation of the final report; (d) the monitoring indicators for the Project; and (e) the criteria for the identification of the BF Eligible Beneficiaries and BF Transfers; and
  - (ii) not amend, suspend, abrogate, repeal or waive any provision of said Project Operational Manual without the prior written approval of the Bank.
2. In case of any conflict between the terms of the Project Operational Manual and this Agreement, the terms of this Agreement shall prevail.

##### **C. Anti-Corruption Guidelines.**

The Borrower, through MoC, shall ensure that the Project is carried out or shall cause the Project to be carried out in accordance with the Anti-Corruption Guidelines.

##### **D. Environmental and Social Standards.**

1. The Borrower, through MoC, 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, through MoC, 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 further specified in the ESCP;
- (b) sufficient funds are available to cover the costs of implementing the ESCP; policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
- (c) the ESCP or any provision thereof, shall only be amended, revised or waived, if the Bank agrees in writing and the Borrower discloses the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- 3. The Borrower, through MoC, shall take all measures necessary on its part 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 management tools and 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.
- 4. The Borrower, through MoC, shall maintain and publicize the availability of a grievance mechanism as set out in the ESCP, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner acceptable to the Bank.

## **Section II. Project Monitoring Reporting and Evaluation**

The Borrower, through MoC, 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, as further detailed in the Operational Manual.

## **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: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:



<b><u>Category</u></b>	<b><u>Amount of the Loan Allocated (expressed in USD)</u></b>	<b><u>Percentage of Expenditures to be reimbursed or financed (inclusive of Taxes)</u></b>
(1) BF Transfers for Part 1 of the Project	997,500,000	100%
(2) Front-end Fee	2,500,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	1,000,000,000	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payment made prior to the Signature Date; except that withdrawals up to an aggregate amount not to exceed two hundred million Dollars (\$ 200,000,000) may be made for payments made prior to this Signature Date but on or after September 1, 2020, for Eligible Expenditures under Category (1).
2. The Closing Date is December 31, 2022. The Bank may grant an extension of the Closing Date only after the Borrower's MoE 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

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each March 15 and September 15 Beginning March 15, 2026 through September 15, 2030	9.09%
On March 15, 2031	9.10%

## APPENDIX

### Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 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. “BF Eligible Beneficiaries” means all direct beneficiaries of the BF Program who meet the eligibility criteria to benefit from a BF Transfer and included in said program after March 2020 as a response to COVID 19, all as set forth in the BF Program and in the Operational Manual.
3. “BF Legislation” means Borrower’s Law No. 10.836 of January 9, 2004, as amended.
4. “BF Transfer” or “BF Transfers” means a conditional cash transfer to a BF Eligible Beneficiary which is eligible for reimbursement with the proceeds of the Loan under Part 1 of the Project according to the criteria described in the Operational Manual.
5. “*Bolsa Família* Program” or “BF Program” means the Borrower’s program established pursuant to the BF Legislation to provide assistance to poor or extremely poor families through the provision of conditional cash transfers as set forth in the BF Legislation, or any successor thereto acceptable to the Bank.
6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
7. “COVID 19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
8. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Borrower’s Environmental and Social Commitment Plan, acceptable to the Bank, dated October 1, 2020 as approved at negotiations, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.
9. “Environmental and Social Standards” 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 at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>.
10. “Financial Institution” means “*Caixa Econômica Federal*” or any of the Borrower’s financial institutions or agents referred to in the BF Legislation which will, as an agent of the Borrower, provide the BF Transfers to the BF Eligible Beneficiaries under the Project, as approved by the Bank.
  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).
  12. “MoC” means *Ministério da Cidadania*, the Borrower’s Ministry of Citizenship, or any successor thereto acceptable to the Bank.
  13. “MoC PCU” means *Unidade de Coordenação do Projeto*, the Project Coordination Unit within MoC referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank, with functions and terms of reference detailed in the Operational Manual.
  14. “MoC PEU” means *Unidade de Execução do Projeto*, the Project Execution Unit within MoC referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank, with functions and terms of reference detailed in the Operational Manual.
  15. “MoE” means *Ministério da Economia*, the Borrower’s Ministry of Economy, or any successor thereto acceptable to the Bank.
  16. “Operational Manual” means the Borrower’s manual, acceptable to the Bank, set forth in Section I.B. of Schedule 2 to this Agreement, as the same may be amended and supplemented from time to time with the agreement of the Bank.
  17. “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.