

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7479-PAN

Loan Agreement

(Social Protection Project)

between

REPUBLIC OF PANAMA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated December 12, 2007

Public Disclosure Authorized

LOAN NUMBER 7479-PAN

LOAN AGREEMENT

Agreement dated December 12, 2007, between REPUBLIC OF PANAMA (“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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement the amount of twenty four million Dollars (\$24,000,000) as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“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 IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one per cent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread, provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.

- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- 2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out:
- (a) Parts 1, 2, and 4 of the Project through MIDES;
- (b) Part 3 of the Project through MINSAs; and
- (c) the coordination of Project implementation through MIDES,
- all, in accordance with the provisions of Article V of the General Conditions.

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01 Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on January 26, 2009.

ARTICLE V— REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Minister of Economy and Finance.

- 5.02. The Borrower's Address is:
Ministerio de Economía y Finanzas
Dirección de Crédito Público
Vía España, Calle 52
Edificio OGAWA, 4to Piso
Panamá, República de Panamá
Facsimile: (507) 507-7200

- 5.03. The Bank's Address is:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF PANAMA

By /s/ Federico Humbert

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Makhtar Diop

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to contribute to: (i) improving the management and operation of the RO; (ii) increasing beneficiaries' participation in the RO and promoting therewith demand for education and maternal and infant health services; (iii) strengthening the supply of growth promotion interventions in the areas targeted by the RO; and (iv) enhancing the Borrower's capacity to design, implement and monitor coherent and efficient social sector policies and interventions.

The Project consists of the following parts:

Part 1: Management, Monitoring and Evaluation of the RO

- 1.1. Assisting the Borrower in designing and establishing a set of instruments to improve monitoring and information about: (a) RO progress; and (b) beneficiaries' targeting under the RO and compliance with their responsibilities under the RO.
- 1.2. Carrying out: (a) various impact evaluations of the RO on rural, urban and indigenous households; and (b) a continuous process evaluation of the conditional cash transfers scheme in the RO.
- 1.3. Strengthening management capacity of selected MIDES staff at provincial level and supporting operational capacity of the RO.
- 1.4. Strengthening the overall governance of the RO, including through, *inter alia*, assisting in delineating institutional roles and responsibilities and defining criteria for transparency in decision-making and ensuing accountability.

Part 2: Developing Strategies to Increase Demand for Health and Education in RO

- 2.1. (a) assisting beneficiary households to: (i) participate in and comply with all requirements of the RO, thereby maximizing benefits from the conditional cash transfers of the RO; (ii) establish or strengthen local organizations to participate in the RO social audit and control; (iii) be informed about culturally adequate supply of social services in the areas of intervention and receive facilitated access thereto; (iv) obtain other available complementary social services and programs which promote increased skills and income generation; and
- (b) providing support for MIDES local and provincial operations, with specific focus on ensuring diversity of the beneficiaries thereunder.

- 2.2. Carrying out the design and subsequent implementation of an IEC campaign about the RO, focusing on adequacy of languages and messages along cultural and social patterns.

Part 3: Strengthening Growth Promotion Interventions and Access to Health Services for the RO Beneficiaries

- 3.1. The elaboration and subsequent roll out of the Enhanced PAISS.
- 3.2. The expansion by NGOs of the Enhanced PAISS to all indigenous areas of the Borrower's territory.
- 3.3.
 - (a) the establishment and operationalization of a monitoring and evaluation system to assess progress of the Enhanced PAISS in the framework of the RO; and
 - (b) the carrying out of an impact evaluation of community based intervention to prevent chronic malnutrition.

Part 4: Improving Social Sector Performance

- 4.1. Strengthening the capacity of the Borrower for improved policy and decision making, coordination, and monitoring in the social sectors.
- 4.2. Strengthening the capacity of the Borrower to generate knowledge able to provide an information basis for coherent and coordinated decision-making and for greater effectiveness of social spending.

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

1. The Borrower shall maintain within MIDES during the implementation of the Project, relevant structures and units described in the OM, consisting of staff having experience and qualifications satisfactory at all times to the Bank, including staff appointed in accordance with the provisions of Section III of this Schedule and made specifically responsible for:
 - (a) the technical implementation of Parts 1, 2 and 4 of the Project;
 - (b) the financial and procurement matters in respect of Parts 1, 2 and 4 of the Project; and
 - (c) the coordination of all Project activities, their monitoring and their consolidated reporting.
2. The Borrower shall maintain within MINSA during the implementation of the Project, relevant structures and units described in the OM, consisting of staff having experience and qualifications satisfactory at all times to the Bank, including staff appointed in accordance with the provisions of Section III of this Schedule and specifically made responsible for:
 - (a) the technical implementation of Part 3 of the Project; and
 - (b) the financial and procurement matters in respect of Part 3 of the Project.
3. To address issues and constraints in respect of Project implementation, the Borrower shall establish and thereafter maintain throughout Project implementation, an inter-institutional committee consisting of representatives of selected line ministries of the Borrower, including, *inter alia*, MEF, MINSA and MEDUCA, as set forth in detail in the OM.

B. Anti-Corruption

The Borrower shall ensure through MIDES and MINSA respectively that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Implementation Documents

1. (a) The Borrower has, through MIDES and MINSA, adopted a Project operational manual dated April 19, 2007, satisfactory to the Bank, therein setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the relevant parts of the Project, including the following:
 - (i) (A) the detailed description of Project implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto; and (B) the detailed institutional arrangements in respect thereof;
 - (ii) the Project administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto;
 - (iii) the EMP and the IPP for the Project;
 - (iv) the plan for the training and capacity building activities under the Project;
 - (v) the plan for the monitoring and supervision of the Project, including all environmental, macroeconomic and social aspects in relation thereto; and
 - (vi) the performance indicators for the Project.
- (b) The Borrower shall, through MIDES and MINSA respectively, carry out the Project in accordance with the OM.
2. In the event that any provision of the OM shall conflict with any one under this Agreement, the terms of this Agreement shall prevail.
3. The OM may only be amended from time to time with the Bank's prior written consent.

D. Other Implementation Arrangements

1. Not later than 9 (nine) months after the Effective Date, the Borrower, through MINSA, shall select and appoint in accordance with the provisions of Section III of this Schedule an independent agency to carry out an impact evaluation of the integration of the Enhanced PAISS into the framework of the RO referred to in Part 3.3(a) of Schedule 1 to this Agreement.

2. Not later than 12 (twelve) months after the Effective Date, the Borrower, through MIDES, shall select and appoint in accordance with the provisions of Section III of this Schedule an independent agency to carry out an impact evaluation of the conditional cash transfers under the RO referred to in Part 1.2 of Schedule 1 to this Agreement.
3. Not later than 60 (sixty) days after the Effective Date, MINSA shall carry out the action plan dated April 11, 2007, agreed with the Bank for the strengthening of MINSA financial management capacity for the Project.
4. The Borrower shall ensure, through MIDES, that consolidated MIDES and MINSA annual Project work plans and budgets are submitted to the Bank for its prior review and approval.
5. Not later than 12 (twelve) months after the Effective Date, the Borrower may, through MINSA, and as needed: (a) select, in accordance with the provisions of Section III.C of Schedule 2 to this Agreement and pursuant to terms of reference previously agreed with the Bank, an agent acceptable to the Bank, and thereafter; (b) enter into an agreement for the administration of Loan proceeds allocated to MINSA (the Fiduciary Agency Agreement) with the agent finally retained, under terms and conditions satisfactory to the Bank.
6. The Borrower shall, under each budget proposal to its legislature for the corresponding year during Project implementation, make adequate arrangements to gradually assume operating costs related to personnel charges to be financed on a declining basis out of the proceeds of the Loan, as set forth in category 1 of the table in Section IV.2 of Schedule 2 to this Agreement.

E. Safeguards

The Borrower shall, through MIDES and MINSA ensure that Parts 1, 2, and 4 of the Project in respect of MIDES; and Part 3 of the Project in respect of MINSA, are all carried out in accordance with the EMP and the IPP prepared for the Project.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of Parts 1, 2, and 4 of the Project carried out by MIDES and Part 3 of the Project carried out by MINSA and prepare, through MIDES and MINSA respectively, Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each such Project Report shall

cover the period of one calendar semester, and shall be furnished to the Bank not later than two months after the end of the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than December 30, 2012.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall, through MIDES and MINSA respectively, maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower, through MIDES and MINSA respectively, shall prepare and MIDES shall furnish to the Bank as part of the Project Report not later than May 31 and November 30 in each year during Project implementation, consolidated interim unaudited financial reports for Parts 1, 2, and 4 of the Project in respect of MIDES and Part 3 of the Project in respect of MINSA, each covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have the Financial Statements for Parts 1, 2, and 4 of the Project implemented by MIDES and Part 3 of the Project implemented by MINSA, audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements for Parts 1, 2, and 4 of the Project implemented by MIDES and Part 3 of the Project implemented by MINSA shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period referred to heretofore shall be furnished to the Bank not later than 4 (four) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consultant Services.** All goods, works and Non-consultant Services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consultant Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding and subject to the following special provisions:

- (a) Prior registration, obtaining a license or an authorization shall not be a requirement for any bidder to participate in bidding procedures;
- (b) no bids shall be rejected, and no provisional awards shall be made at the time of bid opening;
- (c) the invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices; and
- (d) (d) the invitation to bid shall not require mandatory attendance to a pre-bid meeting as a condition to bid.

2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding (NCB) subject to the following provisions: <ul style="list-style-type: none"> (i) standard bidding documents for NCB, acceptable to the Bank, should be used; (ii) foreign bidders shall not be required to be registered with local authorities as a prerequisite for bidding; (iii) no bids or proposals shall be rejected, and no provisional awards shall be made at the time of bid opening;

<p>(iv) the invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices;</p> <p>(v) the invitation to bid shall not require mandatory attendance to a pre-bid meeting as a condition to bid; and</p> <p>(vi) potential bidders shall be allowed adequate time to prepare bids which should not be less than 30 days, except for commodities and contracts for small goods and Non-consultant services.</p>
<p>(b) Shopping, subject to the following provisions:</p> <p>(i) foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting quotations; and</p> <p>(ii) a minimum of three quotations shall be obtained as a condition to award the contract.</p>
<p>(c) Direct Contracting, subject to the Bank’s prior written consent</p>
<p>(d) Community Participation for Part 3 of the Project, as further set forth in the OM.</p>

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Procedures for the Selection of Individual Consultants

3. **Special provisions.** All methods of procurement of consultants' services shall be carried out subject to the following special provisions:
- (a) foreign firms shall not be required to be registered with local authorities as a prerequisite for submitting proposals;
 - (b) foreign consultants shall not be required to furnish any certificate issued by a local authority about their legal capacity or tax status for the purposes of submitting a proposal; and
 - (c) foreign consultants shall not be required to submit their proposals in person

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth all contracts, including those which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions) to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) (a) Goods, works, Non-consultant services, Training and consultants' services for Part 1 of the Project	2,700,000	100% for goods; 100% for works; 100% for Non-consultant services; 100% for Training;

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(b) Operating costs for Part 1 of the Project	1,300,000	100% during the first year of Project implementation and declining 20% each year thereafter.
(2) Goods, works, Non-consultant services, Training and consultants' services for Part 2 of the Project.	5,500,000	100%
(3) Goods, works, Non-consultant services, Training and consultants' services for Part 3 of the Project.	9,900,000	100%
(4) Goods, works, Non-consultant services, Training and consultants' services for Part 4 of the Project.	4,600,000	100% for goods, works, Non-consultant services and Training.
TOTAL AMOUNT	<u>24,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) from the Loan until the Bank has received payment in full of the Front-end Fee referred to in Section 2.03 of this Agreement;
 - (b) for payments made prior to the date of this Agreement; and
 - (c) for payments made under Category 1, 2 and 4 of the table in Section IV.A.2 of this Schedule until and unless a financial management system satisfactory to the Bank is established, made operational and maintained in MIDES throughout Project implementation in respect of Parts 1, 2 and 4 of the Project.
2. The Closing Date is June 30, 2012.

SCHEDULE 3**Amortization Schedule**

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each June 15 and December 15:	
From December 15, 2011 Through June 15, 2021	4.38%
From December 15, 2021 Through December 15, 2026	1.04%
On June 15, 2027	0.96%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such

date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (a) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

APPENDIX**Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “EMP” means the Environmental Management Plan prepared by the Borrower to identify and mitigate potential adverse environmental effects of Project implementation dated March 29, 2007 and disclosed to the public on the same date therewith.
5. “Enhanced PAISS” means the package of health services provided through PAISS and strengthened with community-based interventions to prevent chronic malnutrition (PAISS+N).
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through October 17, 2007).
7. “IEC” means Information, Education and Communication.
8. “IPP” means the Indigenous People’s Plan prepared by the Borrower to ensure that the Project objectives and activities benefit the indigenous people of the Borrower’s territory, dated March 29, 2007 and disclosed to the public on the same date therewith.
9. “MEDUCA” means *Ministerio de Educación*, the Ministry of Education of the Borrower.
10. “MEF” means *Ministerio de Economía y Finanzas*, the Ministry of Economy and Finance of the Borrower.
11. “MIDES” means *Ministerio de Desarrollo Social*, the Ministry of Social Development of the Borrower and any successor thereto.
12. “MINSA” means *Ministerio de Salud*, the Ministry of Health of the Borrower.

13. “NGO” means a Non-Governmental Organization established and operating pursuant to the laws of the Borrower.
14. “Non-consultant services” means, in respect of Categories 1, 2, 3 and 4 in the table of Section IV.A.2 of Schedule 2 to this Agreement, services to be contracted for the carrying out of activities related to the promotion by NGOs of the Enhanced PAISS.
15. “OM” and “Operational Manual” mean a manual for Project implementation as referred to in Section I.C.1 (a) of Schedule 2 to this Agreement.
16. “Operating costs” means in respect of Category 1 in the table in Section IV.A.2 of Schedule 2 to this Agreement, the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs and salaries of locally contracted employees.
17. “PAISS” means *Programa de Atención Integral de Servicios de Salud*, the Borrower’s program for delivering basic health services in its territory adopted in 2002.
18. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
19. “Procurement Plan” means a procurement plan of the Borrower prepared for the Project and adopted by MIDES and MINSA on May 24, 2007, as referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
20. “RO” means *Red de Oportunidades*, the Borrower’s program for alleviating poverty in its territory by delivering 5 year term conditional cash transfers to the poorest segments of its population, in rural, urban and indigenous areas, as adopted in April 2006.
21. “Training” means in respect of Categories 1, 2, 3 and 4 in the table in Section IV.A.2 of Schedule 2 to this Agreement: (a) reasonable travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under said Section IV.A.2 of Schedule 2 to this Agreement.

