

CONFORMED COPY

LOAN NUMBER 7586-PA

Loan Agreement

(Education Quality Improvement Project)

between

REPUBLIC OF PANAMA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated September 30, 2008

LOAN NUMBER 7586-PA

LOAN AGREEMENT

Agreement dated September 30, 2008, 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 \$35,000,000 (thirty five million Dollars) 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 percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower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 provisions of 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 withdrawn and outstanding 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 the Project through its Ministry of Education (MEDUCA) 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 — 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 February 5, 2010.

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
 Facsímile: (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 Panama City, Panama, as of the day and year first above written.

REPUBLIC OF PANAMA

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

**By: /s/ Héctor E. Alexander H.
Authorized Representative**

**By: /s/ Laura Frigenti
Authorized Representative**

SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower in: (i) improving equal access to and quality of, non-formal initial education (ages 0 to 6), as well as basic (grades 1-9) and secondary (grades 10-12) education programs dispensed in its territory; (ii) expanding the coverage and internal efficiency of non-formal initial and basic education; and (iii) strengthening the strategic planning and institutional performance of MEDUCA nationwide.

The Project consists of the following parts:

Part 1: Improving the Quality of Education

The provision of technical advisory services, training and goods, including education material and computer equipment relevant to ensure:

- 1.1. the design, subsequent implementation, progress and outcome of monitoring and evaluation of a national training program for teachers and school administrators in order to improve teacher practice and school pedagogical instruction in low performing schools;
- 1.2. the design, carrying out, monitoring and evaluation of non-formal initial and basic education curricula adapted to the needs of indigenous groups;
- 1.3. the promotion of early development of student skills to use information technology applications, including, *inter alia*, the acquisition of computer equipment in connection therewith;
- 1.4. the planned expansion of the “*Escuela Nueva Escuela Activa*” pedagogical model to selected unigraude and multigraude schools in rural and indigenous areas of the Borrower’s territory and the ensuing monitoring and evaluation thereof; and
- 1.5. the improved efficiency, pertinence and adaptability of the Borrower’s national learning assessment system, and in connection therewith, the building of institutional and technical capacity in staff of relevant directorates of MEDUCA.

Part 2: Increasing Enrollment in Non-Formal Initial and Basic Educational Programs and Ensuring Successful Completion Thereof

The deployment of various education programs and models of the Borrower pertinent to achieve:

- 2.1. the targeted expansion of the geographical coverage of selected non-formal initial education programs run by MEDUCA, in its two modalities, including the Community and Family Centers for Initial Education (CEFACI) for children ages 4 and 5 and the Home-Based Initial Education (EIH) programs for children ages 0 to 6, and in relation thereto, the carrying out of associated training programs and impact evaluation thereof;
- 2.2. the design, subsequent implementation, monitoring and evaluation of progress and outcome of: (a) *Telébasica*, the Borrower's distance learning model in rural and indigenous communities of remote areas of the Borrower's territory; and (b) *Primaria Acelerada*, the Borrower's accelerated primary education for students with two or more overage years, in urban disadvantaged areas, rural and indigenous communities of remote areas of the Borrower's territory; and
- 2.3. (a) the carrying out of studies to identify the factors associated with student repetition and academic failure during their transition between selected education levels in the Borrower's education system, including primary to lower-secondary and lower-secondary to upper-secondary levels, respectively, and, in parallel; (b) the development of targeted and specialized programs to strengthen student learning skills aimed at reducing repetition and drop-out rates in basic education; and (c) the development of academic skills programs specifically focusing on students at risk of academic failure, most notably, indigenous students.

Part 3: Strengthening MEDUCA's institutional and operational capacity

Enhancing the technical competency of selected directorates and structures of MEDUCA with respect to:

- 3.1. the establishment of a nationwide integrated MIS for the operations of MEDUCA, including selected connectivity with schools and other operating structures;
- 3.2. the collection, processing, analyses and dissemination of education statistics and data with a view to enable the production of timely, user-friendly, policy decision-making feeding reports, including the creation of an archives database and the implementation of the connection of MEDUCA's files to the Borrower's network of public libraries; and
- 3.3. the ensuring of support to implementation of activities for state-of-the-art management, monitoring, evaluation, reporting and internal fiduciary maintenance of the Project.

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

1. The Borrower shall establish and maintain within MEDUCA, during the implementation of the Project, relevant directorates, departments, structures and units described in the OM, among which, specifically:
 - (a) an operational task team (OTT) for the Project consisting of staff having experience and qualifications satisfactory at all times to the Bank, including, as needed, staff appointed in accordance with the provisions of Section III of this Schedule, and which shall be responsible for:
 - (i) the technical coordination and the overall monitoring of Project activities; and
 - (ii) reporting periodically to PSC on the discharge of the OTT's functions under the Project;
 - (b) a Finance Directorate (*Dirección de Finanzas*) consisting of staff having experience and qualifications satisfactory at all times to the Bank, responsible for:
 - (i) the financial, auditing, and reporting matters in respect of the Project; and
 - (ii) the preparation of annual Project work plans, internal audit plans and budgets to be furnished to the Bank for its review and comments and thereafter to be implemented with diligence and efficiency, taking into account the Bank's views and recommendations thereon; and
 - (c) a Project steering committee (PSC), consisting of representatives of the various directorates and units participating in Project implementation, to oversee progress in Project implementation and address, as needed, technical issues and constraints in relation thereto.

B. Implementation Documents

1. (a) The Borrower has, through MEDUCA, adopted a Project operational manual dated July 31, 2008, 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, including cash flow aspects, procurement and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto;
 - (iii) 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, physical, social and information technology-related aspects in relation thereto; and
 - (vi) the performance indicators for the Project.
- (b) The Borrower shall, through MEDUCA, 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.

C. Other Implementation Arrangements

1. Not later than three (3) months after the Effective Date, the Borrower, through MEDUCA, 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 CEFACEI, EIH and *Telébasica* education programs.

2. Not later than forty-five (45) days after the Effective Date, MEDUCA shall carry out the action plan dated March 16, 2008, agreed with the Bank for the strengthening of MEDUCA's financial management and procurement capacity for the Project.
3. The Borrower shall ensure, through MEDUCA, that annual Project work plans, internal audit plans and budgets are submitted to the Bank in a timely manner for its prior review and approval.
4. The Borrower, through MEDUCA, shall ensure during the course of Project implementation that annual procurement audits of Project activities, including physical inspection in relation thereto, are carried out in a timely manner by an independent auditor. To that end, MEDUCA shall (a) select and appoint in accordance with the provisions of Section III of this Schedule an independent auditor to carry out the above referenced procurement audit; and (b) within thirty (30) days after the completion of each such audit, furnish the report thereof to the Bank for its review and comments following which the procurement in respect of the Project shall subsequently be carried out, applying the views and recommendations of the Bank in that respect.

D. Anti-Corruption

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

E. Safeguards

The Borrower shall, further to the provisions of paragraph B.1 (a) of this Section, specifically ensure through MEDUCA that the Project is carried out in accordance with the IPP prepared for the Project and agreed with the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare 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 and set forth in the Operation Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month 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 June 30, 2014.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall, through MEDUCA, 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 shall, through MEDUCA, prepare and furnish to the Bank as part of the Project Report not later than one month after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall, through MEDUCA, have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six 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) 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 Methods</u>
<ul style="list-style-type: none"> (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; (iv) the invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices; (v) the invitation to bid shall not require mandatory attendance to a pre-bid meeting as a condition to bid; and (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.

Procurement Methods
(b) Shopping, subject to the following provisions: <ul style="list-style-type: none"> (i) foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting quotations; and (ii) a minimum of three quotations shall be obtained as a condition to award the contract.
(c) Direct Contracting, subject to the Bank’s prior written consent.

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.

Procurement Methods
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection based on the Consultants’ Qualifications
(e) Procedures for the Selection of Individual Consultants
(f) Single-Source Selection

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 shall 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>	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, Non-consultant services, Training, consultants' services and Operating costs for Part 1 of the Project	13,110,000	80%

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(2) Goods, works, Non-consultant services, Training, consultants' services and Operating costs for Part 2 of the Project	16,880,000	90%
(3) Goods, works, Non-consultant services, Training, consultants' services and Operating costs for Part 3 of the Project	4,650,000	74%
(4) Unallocated	360,000	
TOTAL AMOUNT	35,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made from the Loan Account until the Bank has received payment in full of the Front-end Fee.
2. The Closing Date is December 31, 2014.

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 Beginning December 15, 2013 through December 15, 2027	3.33 %
On June 15, 2028	3.43 %

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. “CEFACI” means *Centros Familiares y Comunitarios de Educación Inicial*, Family and Community Centers for Initial Education in the Borrower’s territory.
4. “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.
5. “EIH” means *Educación Inicial en el Hogar*, at-home initial education programs of the Borrower.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
7. “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.
8. “MEDUCA” means *Ministerio de Educación*, the Ministry of Education of the Borrower.
9. “Non-consultant services” means, in respect of Categories 1, 2, and 3 in the table of Section IV.A.2 of Schedule 2 to this Agreement, services to be contracted for the provision of lodging and catering services in respect of the implementation of selected activities under Part 2 of the Project not otherwise covered as Operating Costs and Training expenses set forth in Section IV.A.2 of Schedule 2 to this Agreement.
10. “Operating costs” means in respect of Categories 1, 2 and 3 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, including salaries of female education helpers (*Promotoras*) for the implementation of non-formal initial education activities under the Project.

11. “OM” and “Operational Manual” mean a manual for Project implementation as referred to in Section I.B of Schedule 2 to this Agreement.
12. “OTT” means the operational task team for the Project, referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
14. “Procurement Plan” means the Borrower’s procurement plan for the Project dated July 31, 2008 and 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.
15. “PSC” means the Project steering committee referred to in Section I.A.1(c) of Schedule 2 to this Agreement.
16. “Training” means in respect of Categories 1, 2 and 3 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.