

CONFORMED COPY

LOAN NUMBER 7655-BR

Loan Agreement

(Additional Financing for the Espírito Santo Water and Coastal Pollution Management Project— *Programa de Gerenciamento da Poluição Costeira e de Águas do Espírito Santo – Projeto Águas Limpas II*)

between

STATE OF ESPÍRITO SANTO

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated September 17, 2009

LOAN AGREEMENT

Agreement dated September 17, 2009, between STATE OF ESPÍRITO SANTO (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the Prior Project (as defined in the Appendix to this Agreement). 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 seventy-one million five hundred thousand Dollars (\$71,500,000), 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. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Borrower’s Secretary of Water Supply and Sanitation, Housing, and Urban Development.
- 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.
- 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 March 15 and September 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, in each case with the prior non objection of the Guarantor, through the Secretariat of the National Treasury of the Guarantor's Ministry of Finance 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.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 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, under the oversight of all Parts of the Project by the Project Steering Committee, carry out Part A of the Project through SEAMA and IEMA and cause Parts B, C, D and E of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 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 — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 90 (ninety) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Legal Matter consists of the following, namely that the Loan has been duly registered by the Guarantor's Central Bank.
- 5.02. 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 August 24, 2009.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is the Governor of the Borrower.
- 6.02. The Borrower's Address is:

Governo do Estado do Espírito Santo
Praça João Clímaco, s/n – Palácio Anchieta
29015-110 Vitória, Espírito Santo
Brazil

Facsimile: (55-27) 3321-3613

With copy to:

Ministério do Planejamento, Orçamento e Gestão
SEAIN – Secretaria de Assuntos Internacionais
Esplanada dos Ministérios - Bloco K - 5º andar
70040-906 Brasília, DF
Brazil

Facsimile: (55-61) 3225-4022

Secretaria da Fazenda
Av. Jerônimo Monteiro, 96 - 7º andar
29010-002 Vitória, Espírito Santo
Brazil

Facsimile: (55-27) 3331-1174

Comitê Diretivo do Projeto
Secretaria de Desenvolvimento
Av. Nossa Senhora de Penha 714, Ed. RS Trade Tower, 3º andar,
Praia do Canto, Vitória, Espírito Santo

Brazil

Facsimile: (55-27) 3315-7318

6.03. 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 Vitória, Brazil, as of the day and year first above written.

STATE OF ESPÍRITO SANTO

By /s/ Paulo Cesar Hartung Gomes

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Makhtar Diop

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are: (a) to improve the efficiency of the Project Implementing Entity's water supply and sewerage systems; (b) to increase the coverage level of the Project Implementing Entity's water supply, sewerage collection and wastewater treatment services in the urban areas of the municipalities of the Metropolitan Region of Grande Vitória; and (c) to provide appropriate water and sanitation infrastructure in low-income urban areas of the municipalities of the Metropolitan Region of Grande Vitória.

The Project consists of the following parts:

Part A: SEAMA's and IEMA's Institutional Strengthening

Carrying out of a program to strengthen the institutional capacity of SEAMA and IEMA consisting, *inter alia*, of: (a) an institutional and strategic planning exercise; (b) design and installation of an integrated environmental information system; (c) development of a monitoring network for the environment in general and water resource management in particular; (d) development of IEMA's environmental licensing capacity; (e) development of a state-wide water resource management system; and (f) training and environmental education activities.

Part B: The Project Implementing Entity's Strengthening

Strengthening of the Project Implementing Entity's institutional, operational and financial capacity by changing the environment in which the Project Implementing Entity operates, which will include: (a) development of a performance benchmarking system to track both the Project Implementing Entity's service quality as perceived by users, and its operational and financial performance; (b) design and implementation of actions to improve the Project Implementing Entity's corporate governance; (c) training of the Project Implementing Entity's staff; (d) strengthening of the Project Implementing Entity's environmental management capacity (e) an environmental education campaign; (f) a program for connecting new users and eliminating cross-connections between sanitary sewerage and storm drainage systems; (g) development of operational control and data transmission systems; (h) operationalization of macro water meters; (i) an unaccounted-for-water reduction program; and (j) strengthening of the Borrower's sector organization and the legal and regulatory instruments for water and sanitation service provision.

Part C: Water Supply Investments

Carrying out of the following water supply investments: (a) expansion and upgrading of the Carapina and Caçaroca water treatment plants; (b) upgrading of the Ibes-Boa Vista transmission main; (c) expansion and upgrading of the Santa Clara, Pedreiras/Santo Antônio, Garoto, Araçás, and Morro do Pico storage tanks; (d) upgrading of the Guarapari raw water transmission and treatment systems; and (e) such other investments as shall be approved by the Bank.

Part D: Sewerage Investments

Carrying out of the following sewerage studies and investments: (a) a sanitation master plan for the Metropolitan Region of Grande Vitória and development of a model for receiving water bodies in such regions; (b) expansion of the wastewater treatment plant of Mulembá to a nominal treatment capacity of 540 l/s; (c) expansion of wastewater collection systems in the cities of Vitória (other than for Ilhas do Boi e Frade), Vila Velha (other than Araçás), and Cariacica (other than Baixo Marinho/Jardim América), and in Praia do Morro, district of the city of Guarapari; (d) construction of new wastewater collection and treatment systems in the districts of Nova Almeida (in the city of Serra) and Praia Grande (in the city of Fundão), and in the district of Manguinhos (in the city of Serra); and (e) such other investments as shall be approved by the Bank.

Part E: Project Management

Provision of training and technical assistance in the management and supervision of the Project, including the preparation of engineering designs and the audits of Project financial statements.

SCHEDULE 2

Project Execution

Section I. Implem-entation Arrangements

A. Institutional Arrangements.

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower shall:
 - (a) cause the Project Implementing Entity to maintain a separate banking account where the Project counterpart funds shall be deposited (the Counterpart Account). The Borrower shall, unless the Bank otherwise agrees, cause the Project Implementing Entity to make such deposits in such account or, should circumstances so require, make such deposits in the Counterpart Account so as to ensure that an amount of two million five hundred thousand Brazilian *Reais* (R\$2,500,000) is maintained in such account at the end of each month during the execution of the Project, provided, however, that the Bank may require, by notice to, and after consulting with, the Borrower and the Project Implementing Entity, that such amount be increased to up to six million Brazilian *Reais* (R\$6,000,000) during periods of peak implementation activity under the Project; and
 - (b) carry out and cause the Project to be carried out in accordance with the provisions of the Operational Manual which shall include: (A) the procedures for collaboration among the several secretariats of the Borrower involved in the Project implementation, the Project Implementing Entity and IEMA, and the definition of their respective roles in the Project implementation; (B) the indicators for monitoring and evaluation of the Project; (C) the financial management procedures applicable to the Project; (D) the Environmental Management Plan; and (E) the Environmental Construction Manual. In case of any conflict between provisions of the Operational Manual and those of the Loan Agreement or the Project Agreement, the Loan and/or the Project Agreements will prevail.
2. The Borrower shall, during Project implementation maintain:
 - (a) the Project Steering Committee with functions, responsibilities and structure satisfactory to the Bank, as shall be required to ensure an efficient execution of the Project; and
 - (b) the Project management unit responsible for the management and supervision of the Project, including the assistance and guidance to the Project Implementing Entity in the carrying out of Parts B, C, D and E of the Project, such unit to comprise a general coordinator, a technical coordinator, an environmental coordinator and a financial and administrative coordinator, all appointed by the Project Steering Committee, and to have qualifications, experience and terms of reference satisfactory to the Bank. Such unit shall continue to be assisted in the management and supervision of the Project by the project management

consulting firm referred to in Section I.A.1.(d) of the Schedule to the Project Agreement.

B. Implementation Agreement

1. To facilitate the carrying out of the Project Implementing Entity's Respective Parts B, C, D and E of the Project, the Borrower shall make part of the proceeds of the Loan available to the Project Implementing Entity under the Implementation Agreement.
2. The Borrower shall exercise its rights under the Implementation Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines, provided, however, that the provisions of paragraph 10 (a) will not apply with respect to contractors which are parties to the Prior Loan Goods/Works Contracts.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

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 the indicators set forth in the Operational Manual. Each 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.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall 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-Consultants' Services

(a) The Prior Loan Goods/Works Contracts 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 the Prior Loan Agreement; and

(b) The Sewerage Contract and any other goods, works and Non-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 Section I of the Procurement Guidelines and with the provisions of this Section.

2. Consultants' Services.

(a) The Prior Loan Consultants' Contracts 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 the Prior Loan Agreement; and

(b) All other 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-Consultants' Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consultants' services shall be procured under contracts awarded on the basis of International Competitive Bidding.

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

<u>Procurement Method</u>
(a) National Competitive Bidding (including in respect of goods, non-consultants' services and works, <i>convite</i> , <i>tomada de preços</i> and <i>concorrência</i> set forth in the Guarantor's Law N° 8.666 of June 21, 1993, and <i>pregão eletrônico</i> set forth in the Guarantor's Law N° 10520 of July 17, 2002).
(b) Shopping

Contracts awarded on the basis of National Competitive Bidding are subject to the following additional procedures, namely that the bidding documents shall be acceptable to the Bank.

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) Least cost Selection
(b) Selection based on Consultants Qualifications
(c) Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Civil works, goods, services and Training other than for Part C (d) and Part D (d) thereof	71,321,250	80%
(2) Front-end Fee	178,750	Amount due under Section 2.03 of this Agreement
(3) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount due under Section 2.07 (c) of this Agreement
TOTAL AMOUNT	71,500,000	

For purposes of paragraph 2 above, the term “Training” means reasonable expenditures (other than those for consultants’ services) incurred by the Borrower or the Project Implementing Entity for the purposes of the Project and directly related to training activities described in the Project, including, *inter alia*, costs related to workshops, seminars, conferences, study tours, training registration fees, facility and equipment rentals, and local travel costs and per diems for the PMU and other selected staff of the Borrower or the Project Implementing Entity.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$14,300,000 equivalent may be made for payments made within twelve months prior to the date of this Agreement, for Eligible Expenditures.
2. The Closing Date is September 30, 2011.

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 March 15 and September 15 Beginning March 15, 2012 through March 15, 2038	1.85 %
On September 15, 2038	1.95 %

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: (i) 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 (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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. “CESAN” means *Companhia Espírito Santense de Saneamento*, the Espírito Santo water supply and sewerage company established pursuant to the Project Implementing Entity’s Legislation.
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. “Counterpart Account” means the account referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.
6. “Environmental Construction Manual” means the guidelines set forth in the Operational Manual describing the environmental requirements for any construction under the Project.
7. “Environmental Management Plan” means the plan, presented by the Borrower to the Bank on February 20, 2004, and revised on December 1, 2008 with the actions and recommendations to mitigate the environmental impacts of the carrying out of Parts C and D of the Project.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
9. “IEMA” means *Instituto Estadual do Meio Ambiente e Recursos Hídricos*, the Borrower’s agency responsible for implementing environmental policies.
10. “Implementation Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement and entered into on December 19, 2008 pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
11. “Metropolitan Region of Grande Vitória” means the region comprised by the municipalities of Vitória, Vila Velha, Cariacica, Serra, Viana, Fundão and Guarapari.

12. “Operational Manual” means the manual for the Prior Loan referred to in Section I.A.1(b) of Schedule 2 to this Agreement, as revised and updated by the Borrower and approved by the Bank on December 3, 2008.
13. “PMU” means the Project management unit referred to in Section I.A.2(b) of Schedule 2 to this Agreement.
14. “Prior Loan Agreement” means the agreement entered into for Loan No.7248-BR between the Bank and the Borrower on November 10, 2004.
15. “Prior Loan Consultants’ Contract” means any contract approved by the Bank for financing in accordance with the Prior Loan Agreement.
16. “Prior Loan Goods/Works Contract” means any goods, non-consultants and/or works contract approved by the Bank for financing in accordance with the Prior Loan Agreement.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 14, 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.
19. “Project Implementing Entity” means CESAN.
20. “Project Implementing Entity’s Legislation” means the Borrower’s Law No. 2.282 dated, February 2, 1967, published on February 11, 1967 as amended to the date of this Agreement, establishing and governing the Project Implementing Entity.
21. “Project Steering Committee” means the committee, established pursuant to the Borrower’s Decree No. 1271-R, of January 26, 2004, as amended to the date of this Agreement, for the purposes of establishing the strategies for Project implementation, and providing guidance to the PMU and the Project Implementing Entity on all relevant Project matters, such committee to be composed of representatives of the Borrower’s Secretariats of Economic Development, Urban Development, Environment and Water Resources, as well as the President of the Project Implementing Entity.
22. “SEAMA” means *Secretaria do Meio Ambiente*, the Borrower’s Secretariat responsible for setting environmental policies in the territory of the Borrower.
23. “Sewerage Contract” means the contract for sewerage works under Part D of the Project signed on May 14, 2008.