

LOAN NUMBER 8095-BR

Loan Agreement

(Energy and Mineral Sectors Strengthening Project -
Projeto de Assistência Técnica dos Setores de Energia e Mineral - META)

between

FEDERATIVE REPUBLIC OF BRAZIL

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated *March 1*, 2012

LOAN AGREEMENT

Agreement dated March 1, 2012, between FEDERATIVE REPUBLIC OF BRAZIL (Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 forty nine million six hundred four thousand and one hundred twenty seven Dollars (\$ 49,604,127), 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.
- 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 Executive Secretary of the MME.
- 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 the Reference Rate for the Loan Currency plus the Variable 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 (e) 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 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, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; 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 objective of the Project. To this end, the Borrower, through MME, shall carry out the Project with the participation of CPRM, DNPM, EPE, ANEEL, ONS and CEPEL (the Participating Entities), each within their respective area of autonomy and competence, all in accordance with the provisions of Article V of the General Conditions, and pertinent Subsidiary Agreements.



- 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 Events of Suspension consists of the following:
- (a) Any Participating Entity shall have failed to perform any of its obligations under the relevant Subsidiary Agreement.
 - (b) A situation shall have arisen so as to materially and adversely affect, in the opinion of the Bank, the ability of any Participating Entity to carry out its obligations under the relevant Subsidiary Agreement.
- 4.02. Notwithstanding the rights contained in Section 7.02 of the General Conditions, it is understood that, if any of the Participating Entities shall have failed to comply with any obligation under its corresponding Subsidiary Agreement or a situation shall have arisen so as to materially and adversely affect, in the opinion of the Bank, the ability of any Participating Entity to carry out its obligations under the relevant Subsidiary Agreement, and the Borrower has been unable to remedy such lack of compliance, the Bank may, by notice to the Borrower, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account for Eligible Expenditures attributable to the respective Participating Entity.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Operational Manual has been adopted by the Borrower in form and substance satisfactory to the Bank.
 - (b) The Subsidiary Agreement with CEPTEL has been executed by the respective parties thereto.
- 5.02. The Additional Legal Matter consists of the following:
- (a) The Subsidiary Agreement with CEPTEL has been duly authorized or ratified by the Borrower and CEPTEL and is legally binding upon the Borrower and CEPTEL in accordance with its terms.



- (b) The Loan has been registered with the Borrower's Central Bank.
- 5.03 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 June 20, 2013.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

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

Facsimile: (55-61) 3412-1740

With copies to:

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

Facsimile: (55-61) 2020-5006

And to:

Ministério de Minas e Energia – MME
Esplanada dos Ministérios, Bloco “U” – 7º andar – sala 728
Brasília – DF, 70065-900
Brazil

Facsimile: (55-61) 3319-5240



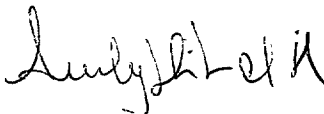
6.03. The Bank's Address is:

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 Brasília, Federative Republic of Brazil, as of the day and year first above written.

FEDERATIVE REPUBLIC OF BRAZIL

By 

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By 

Authorized Representative



SCHEDULE 1

Project Description

The objective of the Project is to strengthen the capacity of key public sector institutions to improve the contribution of energy and mining resources to accelerated national economic growth and increased social and environmental sustainability in a context of globalization and technological change.

The Project consists of the following parts:

Part 1. Strengthening the capacity of the Borrower to promote the sustainable development of the energy and mineral sectors

Provision of support for strengthening the capacity of the Borrower and the Participating Entities in the areas of planning, social and environmental sustainability, and in managing, evaluating and monitoring activities under their responsibility, including:

1.1. Planning of the energy and mineral sectors

Strengthen the ability of MME to formulate and implement strategies aiming at: (i) expanding the supply of cost-effective and sustainable energy to meet the evolution of demand, in the medium- and long-term; and (ii) improving governance, increasing value added, and enhancing sustainability in the mining sector, all through the carrying out of studies, collection of data, and development of information systems;

1.2. Strengthening capacity to design and implement policies and practices to facilitate the expansion and improve the sustainability of the energy and mineral sectors

Strengthen the Borrower's capacity to design and implement policies and practices to facilitate the expansion of the energy and mineral sectors, and to improve the environmental and social sustainability of said sectors, including: (i) the carrying out of studies and training activities aimed at identifying opportunities, developing policies and disseminating best practices to improve environmental and social sustainability of the energy and mineral sectors; and (ii) the provision of support to improve institutional communication related to the implementation of said policies and practices.



1.3. Management, monitoring and evaluation of activities and dissemination of results

Strengthen the capacity of the Executive Secretary of MME to manage, monitor and evaluate technical assistance activities, in particular Project activities, as well as to disseminate Project results.

Part 2. Strengthening of regulatory institutions

Provision of support for: (a) strengthening the frameworks governing the legal, institutional, and oversight functions and responsibilities of the Participating Entities; and (b) capacity building for the formulation of policies, regulations and guidelines on the energy and mineral sectors, including:

2.1. Strengthening the monitoring and control capacity of the power sector

Strengthening the monitoring and control capacity of the Borrower's power sector, mainly of ANEEL and DNPM, including the development of more efficient tools to take effective regulatory action.

2.2. Institutional strengthening in the area of geology and mineral resources

Institutional strengthening in the area of geology and mineral resources, including provision of support for the modernization of DNPM and CPRM.

Part 3. Technology Development

Provision of support for the development and use of cutting edge technologies to: (i) improve research and development capacity of the Borrower's power sector to transport efficiently and reliably large blocks of energy across continent-wide distances; and (ii) enhance CPRM's capacity to use geophysics equipment for the prevention of natural disasters, and to improve its capacity to investigate the quality of mineral deposits, and thus attract investments, including:

3.1. Investments in research and technological development

Carrying out of selected investments in research and technological development, including: (i) the refurbishment and technology development of the technical laboratories of CPRM and CEPTEL to meet the evolving demands for research and technological development in the energy and mineral sectors; and (ii) the implementation of a security technology (phasor measurement units) for the National Interconnected System operated by the ONS.



3.2. Studies in research and technological development

Carrying out of studies in research and technological development in the energy and mineral sectors required for the implementation and development of new technologies in these sectors.

Part 4. Support to South-South Cooperation

Provision of support to MME and to selected Borrower's agencies and entities (to be selected by the Borrower and to be acceptable to the Bank) to: (a) assist them in, *inter alia*, developing internal procedures and information and/or knowledge systems for purposes of carrying out South-South Cooperation between Brazil and Participating Countries; and (b) provision of technical assistance, training and carrying out of workshops, to support South-South Cooperation, both in the areas of, *inter alia*, regulation, renewable energy, climate change, clean energy, geological surveys, information systems and environmental and social sustainability, all within the energy and mining sectors.



SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. (a) The Borrower, through MME, shall carry out the Project with the participation of the Participating Entities (each within their respective area of autonomy and competence), all in accordance with the Operational Manual, including the Procurement Plan, the Environmental and Social Management Framework and the Environmental Management Plan.
- (b) Except as the Bank shall otherwise agree, the Borrower shall not amend or waive any provision of any of these documents without the Bank's prior written approval. In case of any conflict between the terms of any said documents and those of this Agreement, the terms of this Agreement shall prevail.
2. The Borrower shall operate and thereafter maintain, until the completion of the execution of the Project:
 - (a) a Project Steering Committee (the PSC), to be responsible for overseeing Project implementation and coordination among the Participating Entities, and with structure and functions satisfactory to the Bank, as set forth in the Operational Manual;
 - (b) a coordination unit within the Executive Secretariat of the MME, to be responsible for the overall implementation of the Project (the "PMU"). Such unit shall serve as executive secretariat of the PSC and shall have staff in adequate numbers and with qualifications and experience satisfactory to the Bank including a general coordinator, a planning and control coordinator, an administrative coordinator, a financial coordinator and a technical coordinator, all as set forth in the Operational Manual; and
 - (c) Project Co-executing units physically located in each of the Participating Entities (the Project Co-executing Units). Such units shall assist the PMU in implementing, supervising and monitoring the activities under the responsibility of the relevant Participating Entity, and have structure and functions satisfactory to the Bank, and staff in adequate numbers and with adequate qualifications, as set forth in the Operational Manual and in the respective Subsidiary Agreement.



B. Anti-Corruption

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

C. Subsidiary Agreements

1. The Borrower, through MME, shall, prior to carrying out any Project activity under the administrative jurisdiction of a Participating Entity, enter into an agreement with said Participating Entity (the Subsidiary Agreement), under terms and conditions approved by the Bank, which shall include, *inter alia*:

(a) MME's obligation to:

(i) transfer to the Participating Entities, when applicable, on a non-reimbursable basis, part of the Loan proceeds necessary to carry out the Project activities under their responsibility; and

(ii) comply with the pertinent obligations under this Agreement, as applicable to the pertinent Project activity; and

(b) the Participating Entities' obligation to, when applicable:

(i) procure the goods, consultants' services and Non-Consulting services under the Project in accordance with the provisions set forth in Section III of this Schedule; and

(ii) carry out the Project activities under their responsibility with due diligence and efficiency and to comply with the pertinent obligations under this Agreement, including with the provisions of the Anti-Corruption Guidelines, all as applicable to the corresponding Project activity.

2. The Borrower, through MME, shall exercise its rights and carry out its obligations under each Subsidiary 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, terminate, waive or fail to enforce any Subsidiary Agreement or any provision thereof.

D. Safeguards - Environmental and Social Management Framework

1. The Borrower shall, through the Project Management Unit and with the assistance of the pertinent Project Co-executing Unit:



- (a) (i) implement the Project (with the exception of Part 3.1 of the Project) in accordance with the Environmental and Social Management Framework (including the provisions for environmental assessment, natural habitats, forests, and chance finding of cultural property); and

(ii) implement Part 3.1 of the Project in accordance with the provisions of the Environmental Management Plan; and
 - (b) adopt the procedures detailed in said Environmental and Social Management Framework for environmental and social screening, evaluation, implementation and monitoring of said Parts of the Project.
2. The Borrower, through MME, shall ensure, and/or cause the Participating Entities to ensure, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the applicable Bank Safeguards Policies, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Borrower, through MME, with the assistance of the Participating Entities, 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 performance 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 ninety days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through MME, 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. Without limitation on the provisions of Part A of this Section, the Borrower, through MME, shall prepare and furnish to the Bank not later than forty-five days after the end of each quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower, through MME, 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, commencing with the fiscal year in which the first withdrawal was made under the Project. 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. **Works, Goods, and Non-Consulting Services.** All works, goods and Non-consulting 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 Works, Goods and Non-Consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, works, goods and Non-Consulting Services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Works, Goods and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for works, goods and Non-Consulting Services. The Procurement Plan shall specify the circumstances under which such methods may be used.



Procurement Method
(a) National Competitive Bidding (including in respect of goods, Non-Consulting Services and works, <i>convite, tomada de preços</i> and <i>concorrência</i> set forth in the Borrower's Law No. 8666 of June 21, 1993, as well as procurement in accordance with the method known as " <i>pregão eletrônico</i> ", as provided in the Borrower's Law No. 10520, of July 17, 2002, and in Decree n° 5450 of May 31, 2005 under COMPRASNET, the Borrower's procurement portal), subject to the following additional procedure, namely, that the bidding documents shall be acceptable to the Bank.
(b) Shopping, including in respect of goods and services, <i>pregão eletrônico</i> set forth in Borrower's Law n° 10520, of July 17, 2002 and in Decree n° 5450 of May 31, 2005, under COMPRASNET.
(c) Direct contracting.

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 Method
(a) Selection under a Fixed Budget
(b) Least Cost Selection
(c) Selection based on the Consultants' Qualifications
(d) Single-source Selection
(e) Procedures set forth in Paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.6 of the Consultant Guidelines

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 Dollars)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works and Non-Consulting Services	35,407,300	100%
(2) Consultants' services	12,664,300	100%
(3) Training	542,900	100%
(4) Operating Costs	865,616	100%
(5) Front-end Fee	124,011	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(6) Premium for Interest Rate Caps and Interest Rate Collars	0	Amount payable pursuant to Section 2.07 (c) of this Agreement
TOTAL AMOUNT	49,604,127	

3. For the purposes of this table:
 - (a) the term "Operating Costs" means reasonable cost of eligible expenditures incurred by the Borrower in connection with the daily



operation of the Project, including, *inter alia*, travel costs and *per diem*, maintenance of equipment, office supplies and materials, costs related to strengthening communication and disseminating results (events, communication plans, publications), which expenditures would not have been incurred absent the Project.

- (b) the term "Training" means reasonable cost of eligible expenditures incurred by the Borrower in connection with the carrying out workshops and training preparation and administration under the Project, including, *inter alia*, travel costs, and *per diem* of trainees, course fees, rental of training facilities and purchase of training materials.

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.
2. The Closing Date is June 30, 2016. The Bank shall only grant an extension of the Closing Date after the Borrower's Ministry of Finance has informed the Bank that it agrees with such extension.

Section V. Other Undertakings

1. No later than three (3) months after the Effective Date, the Borrower shall appoint a procurement officer under terms of reference satisfactory to the Bank.
2. By May 31, 2013, or such other date as the Bank shall agree upon, and without limitation to the provisions of Section 5.08 (b) of the General Conditions, the Borrower shall:
 - (a) carry out jointly with the Bank, a mid-term review of the implementation of the Project (Midterm Review). The Midterm Review shall cover the progress achieved in the implementation of the Project; and
 - (b) following such Midterm Review, act promptly and diligently to take any corrective action as shall be agreed between the Borrower and Bank.



SCHEDULE 3

Amortization Schedule

The Borrower shall repay the principal amount of the Loan in full on September 15, 2029.



APPENDIX

Section I. Definitions

1. “ANEEL” means *Agência Nacional de Energia Elétrica*, the Borrower’s Electricity Regulatory Agency, as existing and operating under the Borrower’s Law N° 9427, dated December 26, 1996.
2. “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, and revised in January 2011.
3. “Bank Safeguards Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, and 4.37 as said manual is published under www.WorldBank.org/opmanual.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CEPEL” means *Centro de Pesquisas de Energia Elétrica*, the Borrower’s National Center for Research in Electricity, as existing and operating under the Resolution of Centrais Elétricas Brasileiras S.A. (Eletrobrás) Board of Directors No. 950/73 , dated November 27, 1973.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
7. “Subsidiary Agreement” means any of the agreements referred to in Section I.C.1 of Schedule 2 to this Agreement.
8. “CPRM” means *Companhia de Pesquisa de Recursos Minerais*, the Borrower’s Company for Mineral Resources Research and Geological Survey, as existing and operating under the Borrower’s Law No. 8970, dated December 28, 1994.
9. “DNPM” means *Departamento Nacional de Produção Mineral*, National Department of Mineral Production as existing and operating under the Borrower’s Decree 23.979, dated March 8, 1934, as amended to date.
10. “Environmental and Social Management Framework” means the Borrower’s framework dated August 23, 2011, acceptable to the Bank (included in the Operational Manual), and published and available to the public on the website http://www.mme.gov.br/mme/noticias/destaque2/destaque_266.html, which contains, *inter alia*, the environmental and social principles and policies that shall



apply to the implementation of the Project, including the provisions for environmental assessment, natural habitats, forests and chance finding of cultural property.

11. “Environmental Management Plan” means the Borrower’s plan dated July 15, 2011, prepared by CEPTEL and acceptable to the Bank (included in Operational Manual), and published and available to the public on the website http://www.mme.gov.br/mme/noticias/destaque2/destaque_266.html, which contains the assessment and mitigation measures of the potential environmental and social impacts of the carrying out of Part 3.1 of the Project
12. “EPE” means *Empresa de Pesquisa Energética*, the Energy Planning Agency, as existing and operating under the Borrower’s Law N° 10847, dated March 15, 2004.
13. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.
14. “MME” means *Ministério de Minas e Energia*, the Borrower’s Ministry of Mines and Energy.
15. “National Interconnected System” means the Borrower’s high voltage transmission network managed by ONS.
16. “Non-Consulting Services” means the costs of services which are of non-intellectual nature and that can be procured on the basis of performance of measurable physical outputs, including, *inter alia*, transport and service sectors energy consumption and natural gas potential market surveys.
17. “ONS” means *Operador Nacional do Sistema Elétrico*, the Borrower’s National Operator of the Transmission System, as existing and operating under the Borrower’s Law N° 9648, dated May 27, 1998, as amended by Law n° 10.848/04.
18. “Operational Manual” means the Borrower’s operational manual for the Project, satisfactory to the Bank to be adopted by the Borrower, which shall contain, *inter alia*: (i) the functions and responsibilities (including the terms of reference for the personnel of said units and committee) of: (A) the Project Management Unit; (B) the Project Co-executing Units; and (C) the PSC; (ii) the Project’s procurement and financial management procedures and arrangements, as well as the terms of reference for the financial management and procurement audits of the Project; (iii) flow and disbursement arrangements of Project funds; and (iv) the Environmental and Social Management Framework and the Environmental Management Plan.



19. "Participating Countries" means any member country of the Bank and/or the International Development Association (the Association) other than the Borrower which is eligible to receive financial assistance from the Bank and/or the Association.
20. "Participating Entity" means, collectively, CPRM, DNPM, EPE, ANEEL, ONS and CEPTEL.
21. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
22. "Procurement Plan" means the Borrower's procurement plan for the Project, dated August 30, 2011 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.
23. "PMU" or "Project Management Unit" means *Unidade Gestora do Projeto*, the unit referred to in Section I.A.2 (b) of Schedule 2 to this Agreement.
24. "Project Co-executing Units" means any of the supervision units referred to in Section I.A.2 (c) of Schedule 2 to this Agreement.
25. "PSC" or "Project Steering Committee" means *Comitê Gestor do Projeto*, the committee referred to in Section I.A.2 (a) of Schedule 2 to this Agreement, which is in charge of overall coordination for the Project as further detailed in the Operational Manual.
26. "South-South Cooperation" means the cooperation between the Borrower and any Participating Country in the areas referred to in the Part 4 of the Project.
27. "Subsidiary Agreement" means any of the agreements referred to in Section I.C.1 of Schedule 2 to this Agreement.