



LEG/SGO/CSC/EZSHARE-620307903-40332

Vladimir Olarte Cadavid  
Executive Director  
Associação Technoserve Brasil  
Rua Faustolo, 1861  
São Paulo, Brazil

Ref: Brazil. Nonreimbursable Technical Cooperation  
No. ATN/OC-18785-BR. Beyond Extraction  
(Phase II): Value Chain Strengthening Around  
Mining in Minas Gerais.

Dear Mr. Olarte,

The purpose of this letter of agreement, hereinafter referred to as the “Agreement”, between Associação Technoserve Brasil, hereinafter referred to as the “Beneficiary”, and the Inter-American Development Bank, hereinafter referred to as the “Bank”, which we are submitting for your consideration, is to formalize the terms and conditions of a grant for a nonreimbursable technical cooperation to the Beneficiary, up to the amount of six hundred thousand dollars of the United States of America (US\$600,000), which shall be chargeable to the resources of the Bank’s Ordinary Capital allocated to the Strategic Development Program for Infrastructure, hereinafter referred to as the “Contribution”, to finance the procurement of goods and non-consulting services and the selection and contracting of consultants necessary for the execution of a technical cooperation program to increase socioeconomic benefits for entrepreneurs and the labor force in the areas of influence of mining operations in Brazil, with a focus on Small and Medium Enterprises (SMEs) and youth, hereinafter referred to as the “Program”, which is described in the Annex to this Agreement. Unless otherwise stated in this Agreement, the term “dollars” shall hereinafter refer to the currency of legal tender in the United States of America.

The Bank and the Beneficiary agree upon the following:

**First. Components of the Agreement.** This Agreement consists of this part one, referred to as the “Special Conditions”, part two, referred to as the “General Conditions”, and the Annex attached hereto. The prevalence between the aforesaid parts and the Annex is established in Article 1 of the General Conditions.

**Second. Executing Agency.** (a) The execution of the Program and the utilization of the resources of the Contribution shall be carried out by Associação Technoserve Brasil, hereinafter referred to as interchangeably, the “Executing Agency” or the “Beneficiary”.

**Third. Conditions Precedent to First Disbursement.** The first disbursement of the resources of the Contribution shall be subject to the fulfillment, to the satisfaction of the Bank:

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(a) of the conditions precedent stipulated in Article 2 of the General Conditions; (b) of the requirement that the Executing Agency has presented evidence that there is an effective financial reporting system and internal control structure as referred to in Article 12 of the General Conditions; and (c) of the requirement that the Executing Agency has presented evidence that the Program's operating manual has been approved and entered into force according to the terms previously agreed with the Bank.

**Fourth. Reimbursement of Expenditures Chargeable to the Contribution.** With the consent of the Bank, resources of the Contribution may be used to reimburse expenditures incurred or to finance those that may be incurred in the Program on or after August 27, 2021, and up to the effective date of this Agreement, provided that requirements substantially similar to those set forth in this Agreement have been fulfilled.

**Fifth. Deadlines.** (a) The period for execution of the Program shall be thirty-six (36) months, from the effective date of this Agreement.

(b) The period for disbursement of the resources of the Contribution shall be thirty-six (36) months from said date. Any part of the Contribution which has not been utilized within this period shall be canceled.

(c) The aforementioned deadlines and any others that may be stipulated in this Agreement may be extended only when duly justified, and with the written consent of the Bank.

**Sixth. Total Cost of the Program and Additional Resources.** (a) The total cost of the Program is estimated to be the equivalent of six hundred thousand dollars (US\$600,000).

(b) The Beneficiary undertakes to make timely provision of the resources required, in addition to the Contribution, including technical, logistical and administrative support necessary for the execution of the Program, as well as any other resources required for the complete and uninterrupted execution of the Program.

**Seventh. Disbursement Currency.** The Bank shall disburse the Contribution in dollars.

**Eighth. Exchange Rate for Expenditures Incurred in Local Currency.** For purposes of Article 9 of the General Conditions, the parties agree that the applicable exchange rate shall be that indicated in paragraph (b)(i) of said Article. In order to determine the reimbursement of expenditures chargeable to the Contribution, the agreed exchange rate shall be the exchange rate on the effective date on/in which the Beneficiary or any other person or legal entity in whom the power to incur expenditures has been vested makes the related payments to the contractor, supplier, or final beneficiary.

**Ninth. Procurement of non-consulting services and goods.** (a) For purposes of Article 10 of the General Conditions, the Parties agree that the Procurement Policies are those dated May 2019, which are contained in document GN-2349-15, approved by the Bank on July 2, 2019. The Beneficiary will carry out the procurement of non-consulting services and goods in accordance with the provisions of Appendix 4 of the Procurement Policies. If the Procurement Policies are amended by the Bank, the procurement of non-consulting services and goods shall be

carried out in accordance with the provisions of the modified Procurement Policies, once they are made known to the Beneficiary and the Beneficiary agrees in writing to apply them.

**Tenth. Selection and Contracting of Consultant Services.** (a) For purposes of the provisions of Article 10 of the General Conditions, the Parties agree that the Consultant Policies are those dated May 2019, which are contained in document GN-2350-15, approved by the Bank on July 2, 2019. The Beneficiary will carry out the selection and contracting of consultant services in accordance with the provisions of Appendix 4 of the Consultant Policies. If the Consultant Policies are amended by the Bank, the selection and contracting of consulting services will be carried out in accordance with the provisions of the amended Consultant Policies, once they are made known to the Beneficiary and the Beneficiary agrees in writing to apply them.

**Eleventh. Procurement Plan update.** In order to update the Procurement Plan in accordance with the provisions of Article 10(c) of the General Conditions, the Executing Agency must use the implementation and monitoring system of procurement plans as determined by the Bank.

**Twelfth. Monitoring and Evaluation.** The Beneficiary shall present the following reports to the Bank: (i) annual reports by the 15<sup>th</sup> of December of each year during the period of disbursement of the Contribution and any extensions thereof, in accordance with the format required by the Bank; and (ii) a final evaluation up to one hundred and twenty (120) days after the final disbursement of the Program, which shall include (a) an analysis on whether the methodology of the Program has proven to be cost-effective; (b) the impact of the Program's actions on beneficiary incomes and market access; (c) the lessons learned from the Program for other interventions where large private investments are found; and (d) whether the methodology can be transferred to companies responsible for large investments with the materials generated by the Program, among other topics agreed with the Bank during the execution of the Program. In addition, the Bank and the Executing Agency will hold periodic meetings regarding the Program and, if possible in light of COVID-19 restrictions, a supervision visit by the Bank to the Program will be scheduled.

**Thirteenth. Supervision of the Financial Management of the Program.** (a) For purposes of Article 13 of the General Conditions, as of the date of signature of this Agreement, the following external financial audit reports and other financial reports have been identified as necessary to supervise the financial management of the Program:

(i) Audited financial statements of the Program, which shall be presented by the Executing Agency to the Bank within one hundred twenty (120) days following the date of the last disbursement or any extensions thereof.

(b) For purposes of Article 13(a) of the General Conditions, the fiscal year of the Program is the period between January 1 and December 31 of each year.

**Fourteenth. Access to Information.** (a) The Beneficiary undertakes to notify the Bank, in writing, within a maximum period of ten (10) working days from the date of signature of this Agreement, whether it considers this Agreement to contain information that may qualify as an exception to the principle of disclosure of information under the Access to Information Policy of the Bank, in which case the Beneficiary undertakes to identify such information in the relevant

provisions of the Agreement. In accordance with the aforementioned policy, the Bank will make available on its "Web" page the text of this Agreement once it has entered into effect and the aforementioned period has expired, excluding only that information which the Beneficiary has identified as an exception to the principle of disclosure of information under this policy.

(b) In accordance with the Access to Information Policy referred to above, and subject to the provisions thereof, the Bank will disclose to the public the Audited Financial Statements ("AFSs") it receives from the Beneficiary in accordance with Paragraph Thirteenth.

(c) In cases where the Beneficiary identifies information contained in the AFSs that it considers confidential under the exceptions provided in the Access to Information Policy, it shall prepare an abridged version of the AFSs, acceptable to the Bank, for public disclosure.

**Fifteenth. Notice.** Any notice, request, or communication from one party to another by virtue of this Agreement shall be made in writing and shall be considered to have been made when the corresponding document is delivered to the addressee at the address indicated below, or by other electronic means under such terms and conditions as the Bank may establish and communicate to the Beneficiary, unless otherwise agreed by the parties in writing.

For the Beneficiary:

Mailing address:

Associação Technoserve Brasil  
Rua Faustolo, 1861  
Sobreloja, Conjunto 2, Sala 1  
CEP: 05041-001 Lapa  
São Paulo, Brazil

E-mail: controladoriabr@tns.org  
volarte@tns.org

For the Bank:

Mailing address:

Inter-American Development Bank  
1300 New York Avenue, N.W.  
Washington, D.C. 20577  
U.S.A.

Facsimile: (202) 623-3096

Please confirm your acceptance of the terms and conditions of this Agreement, in representation of the Beneficiary, by signing below.

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This Agreement, once signed by the Beneficiary and the Bank, each acting through its duly authorized representative, will enter into force on the date of its signature by the Beneficiary.

Yours faithfully,

DocuSigned by:  
*Morgan Doyle*  
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Morgan Doyle  
Representative of the Bank in Brazil

Agreed:

DocuSigned by:  
*Vladimir Olarte Cadavid*  
19FB1F175FC4411...

Representative of the Beneficiary

Name: Vladimir Olarte Cadavid

Title: Executive Director

Date: October 5, 2021 | 3:01 PM EDT

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**GENERAL CONDITIONS APPLICABLE TO NONREIMBURSABLE  
TECHNICAL COOPERATIONS**

**Article 1. Application and scope of General Conditions.** (a) These General Conditions set forth terms and conditions generally applicable to all nonreimbursable technical cooperations granted by the Bank, and their provisions form an integral part of this Agreement. Any exception to these General Conditions shall be expressly stated in the text of the Special Conditions.

(b) If any provision of the Special Conditions or of the Annex should present any inconsistency or contradiction with these General Conditions, the provisions of the Special Conditions or the corresponding Annex shall prevail. In case of inconsistencies or contradictions between the Special Conditions and the corresponding Annex, specific provisions shall prevail over general provisions.

**Article 2. Conditions prior to first disbursement.** (a) The first disbursement of the Contribution shall be subject to the fulfillment of the following requirements by the Beneficiary, directly or through the Executing Agency:

- (i) Designation of the person or persons authorized to represent it in all acts relating to the execution of this Agreement, and submission to the Bank of authenticated specimen signatures of such persons. If two or more officials are designated, the designation shall indicate whether they may act severally or jointly; and
- (ii) Presentation to the Bank of a timetable for the use of the Additional Resources.

(b) If within one hundred eighty (180) days from the date of entry into effect of this Agreement, or within such longer period as the parties may agree in writing, the conditions precedent to the first disbursement established in this Article and in the Special Conditions have not been fulfilled, the Bank may terminate this Agreement by giving notice to the Beneficiary or to the Executing Agency, as the case may be.

**Article 3. Requisites for all disbursements.** As a condition for all disbursements and without prejudice to the conditions precedent to the first disbursement of the resources of the Contribution established in Article 2 of these General Conditions and/or in the Special Conditions, if any, the Beneficiary or the Executing Agency, as the case may be, undertakes to: (a) present to the Bank in writing, whether physically or by electronic means, in such form and conditions as may be specified by the Bank, a disbursement request together with the pertinent documents and other background materials required by the Bank; and (b) open and maintain one or more bank accounts in a financial institution in which the Bank shall make the disbursements of the Contribution. In addition to the above requirements, none of the circumstances described in Article 7 of these General Conditions shall have occurred. Unless the Bank otherwise agrees, disbursement requests

must be presented no later than thirty (30) calendar days prior to the expiration date of the period for disbursement of the resources or of any extension thereof which the Beneficiary or the Executing Agency, as the case may be, and the Bank may have agreed to in writing.

**Article 4. Disbursement procedures of the Contribution.** (a) At the request of the Beneficiary or the Executing Agency, as the case may be, the Bank may make disbursements of the resources of the Contribution through: (i) reimbursement of expenditures; (ii) advance of funds; (iii) direct payments to third parties; and (iv) reimbursement under a letter of credit guarantee.

(b) **Reimbursement of Expenditures.** The Beneficiary or the Executing Agency, as the case may be, may request disbursements under the reimbursement of expenditures method when the Beneficiary or the Executing Agency, as the case may be, has paid for eligible expenditures with its own resources. Unless the parties agree otherwise, disbursement requests for reimbursing expenditures shall be made promptly to the extent that the Beneficiary or the Executing Agency, as the case may be, has incurred such expenditures, and not later than sixty (60) days following the conclusion of each calendar semester.

(c) **Advance of Funds.** The Beneficiary or the Executing Agency, as the case may be, may request disbursements under the advance of funds method, chargeable to the resources of the Contribution, in order to cover eligible expenditures of the Project.

- (i) The amount of the advance of funds shall be set by the Bank on the basis of: (aa) the liquidity needs of the Project in order to cover periodic projections of eligible expenditures during a period of up to six (6) months, unless the financial plan provides for a longer period, which in no case may exceed twelve (12) months; and (bb) the risks associated with the capacity demonstrated by the Beneficiary or the Executing Agency, as the case may be, to manage and use the resources of the Contribution.
- (ii) Each advance of funds shall be subject to: (aa) the request for advance of funds being presented in a manner acceptable to the Bank; and (bb) with the exception of the first advance of funds, the Beneficiary or the Executing Agency, as the case may be, having presented a justification for the use of at least eighty percent (80%) of the total cumulative balances pending justification for this purpose, and the Bank having accepted such justification, unless the financial plan specifies a lower percentage, which in no case may be less than fifty percent (50%).
- (iii) The Bank may, during the term of the financial plan, provide for a one-time increase in the amount of the last advance of funds granted to the Beneficiary or the Executing Agency, as the case may be, to the extent that additional resources are needed to pay eligible expenditures that were unforeseen in said plan.
- (iv) The Beneficiary or the Executing Agency, as the case may be, shall present the last advance of funds request no later than thirty (30) days prior to the



date of the expiration of the disbursement period established in the Special Conditions or any extension thereof, in the understanding that the justification for such advance of funds shall be presented to the Bank during the closing period as established in Article 5 of the General Conditions. The Bank shall not disburse resources subsequent to the expiration of the disbursement period or any extension thereof.

- (v) The value of each advance of funds to the Beneficiary or the Executing Agency, as the case may be, must be maintained in the equivalent value expressed in the respective disbursement currency. Eligible expenditures incurred with resources of an advance of funds must be justified in the equivalent of the total amount of the advance of funds expressed in the disbursement currency, using the exchange rate established in this Agreement. The Bank may accept adjustments in the justification of the advance of funds due to exchange rate fluctuations, provided that they do not impact the execution of the Project.
- (vi) The Bank may reduce or cancel the total aggregate balance of any advance of funds should the Bank determine that the disbursed resources of the Contribution have not been duly and timely used or justified, to the Bank's satisfaction, in accordance with the provisions established in this Agreement.

(d) **Direct payments to third parties.** (i) The Beneficiary or the Executing Agency, as the case may be, may request disbursements under the method of direct payments to third parties, by means of which the Bank directly pays eligible expenditures to providers or contractors on behalf of the Beneficiary or the Executing Agency, as the case may be.

- (ii) In case of direct payments to third parties, the Beneficiary or the Executing Agency shall be responsible for payment of the amount equivalent to the difference between the amount of the disbursement requested by the Beneficiary or the Executing Agency and the amount received by the third party as the result of exchange rate fluctuations, commissions, and other financial costs.
- (iii) Notwithstanding paragraph (i) above, whenever the Bank so determines, it may, by written notice to the Beneficiary or the Executing Agency, as appropriate, render void the request for direct payment submitted by the Beneficiary or the Executing Agency, as the case may be.

(e) **Reimbursement under a Letter of Credit Guarantee.** The Beneficiary or the Executing Agency, as the case may be, may request disbursements through reimbursement under a letter of credit, in order to reimburse commercial banks for payments made to contractors or providers of goods and services by virtue of a letter of credit issued and/or confirmed by a commercial bank and guaranteed by the Bank. The letter of credit must be issued and/or confirmed in a manner satisfactory to the Bank. The resources committed under the letter of credit and



guaranteed by the Bank shall be used exclusively for the purposes established in the letter of credit for as long as the guarantee remains in effect.

**Article 5. Closing Period.** (a) The Beneficiary undertakes to carry out, or to cause the Executing Agency to carry out, as the case may be, the following actions within a ninety (90)-day period from the date stipulated for the final disbursement of the Contribution: (i) finalize pending payments to third parties, if any; (ii) reconcile its books and present to the Bank's satisfaction the supporting documentation relating to expenditures charged to the Project and other information that the Bank may request; and (iii) return to the Bank the unjustified balance of disbursed resources of the Contribution.

(b) Notwithstanding the foregoing, if this Agreement provides for external financial audit reports financed with resources of the Contribution, the Beneficiary or the Executing Agency, as the case may be, agrees to reserve, in the manner agreed with the Bank, sufficient resources to cover the payment of the corresponding auditing services. In this case, the Beneficiary or the Executing Agency, as the case may be, also undertakes to agree with the Bank as to how the corresponding payments for such audits will be made. In the event the Bank does not receive the above-mentioned external financial audit reports within the periods stipulated in this Agreement, the Beneficiary or the Executing Agency, as the case may be, agrees to return to the Bank the resources reserved for such purpose, which shall not be construed as a waiver by the Bank to exercise the rights set forth in Article 7 of this Agreement.

**Article 6. Expenditures chargeable to the Contribution.** The Contribution shall exclusively finance the eligible expenditures included in the categories of expenditures which are set forth as chargeable to the Contribution in the budget contained in the Annex that describes the Project. Only direct and actual expenditures made for the execution of the Project may be charged to the Contribution. Indirect or general operating expenses, which are not included in the Project budget, cannot be charged to the Contribution.

**Article 7. Suspension and cancellation of disbursements.** (a) The Bank, by means of a notice to the Beneficiary, may suspend disbursements or cancel the undisbursed portion of the Contribution if any of the following circumstances occurs: (i) the failure of the Beneficiary or the Executing Agency, as the case may be, to fulfill any obligation stipulated in this Agreement; or (ii) any circumstance which, in the Bank's opinion, may render unlikely the attainment of the objectives of the Project. Under these circumstances, the Bank shall notify in writing the Beneficiary or the Executing Agency, as the case may be, so that it may present its points of view, and after thirty (30) days from the date of the Bank's notice, it may suspend the disbursement or cancel the undisbursed portion of the Contribution.

(b) Pursuant to paragraph (a) above, the parties agree that upon the occurrence of institutional or organizational changes within the Beneficiary or the Executing Agency, which, in the Bank's opinion, might affect the timely attainment of the Project's objectives, the Bank shall review and evaluate the likely attainment of the objectives and may at its discretion, suspend, condition or cancel the disbursements of the Contribution.

(c) In addition to the provisions of paragraph (a) above, the Bank may:

- (i) suspend disbursements if it is determined that an employee, agent or representative of the Beneficiary or the Executing Agency has committed a prohibited practice, as defined in Article 8 of these General Conditions (hereinafter "Prohibited Practices") in connection with the execution of the Project; and
- (ii) cancel the undisbursed portion of the Contribution if (aa) the Bank determines at any time that a procurement of goods or the contracting of works or non-consulting services was carried out without following the procedures set forth in this Agreement. In this case, the cancellation or early termination will apply to the portion of the Contribution used for such procurement or contracting; or (bb) the Bank determines that any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, financial intermediaries, or a Contracting Entity (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), has engaged in a Prohibited Practice in connection with the Project; and that the Beneficiary, the Executing Agency, or the Contracting Agency, as the case may be, has not taken adequate remedial measures (including providing adequate notice to the Bank upon learning of the Prohibited Practice) within a period of time the Bank considers reasonable.

**Article 8. Prohibited Practices.** (a) For the purposes of this Agreement, a Prohibited Practice shall be understood as the practice prohibited by the Bank in connection with the activities it finances, as defined by the Board or that are defined in the future and communicated to the Beneficiary, including among others: corrupt practice, fraudulent practice, coercive practice, collusive practice, obstructive practice, and misappropriation.

(b) In addition to the provisions in Articles 7(c)(i) and 7(c)(ii)(bb) of these General Conditions, if the Bank determines that any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, suppliers, contractors, consulting firms and individual consultants, personnel, sub-contractors, sub-consultants, goods and service providers, concessionaires, the Beneficiary or the Executing Agency (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied) has engaged in a Prohibited Practice in connection with the execution of the Project, the Bank may take the following actions, including:

- (i) Denying financing of contracts for the procurement of goods or the contracting of works or consulting or non-consulting services.
- (ii) Declaring a contract ineligible for Bank financing whenever there is evidence that the agent of the Beneficiary, the Executing Agency, or the Contracting Entity, as the case may be, has not taken adequate remedial

measures (including providing adequate notice to the Bank upon learning of the commission of the Prohibited Practice) within a period of time the Bank considers reasonable.

- (iii) Issuing the firm, entity, or individual determined to be responsible a reprimand in the form of a formal letter of censure for its behavior.;
- (iv) Declaring a firm, entity, or individual determined to be responsible for engaging in the Prohibited Practice ineligible, either permanently or temporarily, to participate in Bank-financed activities, whether directly as a contractor or supplier, or indirectly as a subconsultant, subcontractor, or a supplier of goods, consulting services, or non-consulting services.;
- (v) Referring the matter to appropriate law enforcement authorities.
- (vi) Imposing fines representing reimbursement of the Bank for costs associated with investigations and proceedings.

(c) The provisions of Article 7(c)(i) and Article 8(b)(i) shall also apply in cases in which the Contracting Agency or any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) has been temporarily suspended from eligibility to take part in a bidding or other selection process for the awarding of new contracts pending the final outcome of an investigation into a Prohibited Practice.

(d) The imposition of any action to be taken by the Bank pursuant to the provisions referred to above may be made public.

(e) Any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, contractors, consulting firms and individual consultants, personnel, sub-contractors, sub-consultants, providers of goods or services, concessionaires, the Beneficiary or the Executing Agency (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied) may be sanctioned by the Bank pursuant to agreements that the Bank may have with other international financing institutions regarding the mutual enforcement of debarment decisions. For purposes of this subparagraph (e) the term "sanction" shall mean any debarment, conditions on future contracting or any publicly-disclosed action taken in response to a violation of an international financing institution applicable framework for addressing allegations of Prohibited Practices.

(f) When a Beneficiary procures goods, works or services other than consulting services directly from a specialized agency under an agreement between the Beneficiary and such specialized agency, all provisions under this Agreement regarding sanctions and Prohibited Practices shall apply in their entirety to applicants, bidders, providers of goods and their agents, contractors, consultants, personnel, subcontractors, subconsultants, service providers,

concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), or to any other entities that have signed contracts with such specialized agency, to supply goods, works, or non-consulting services in connection with Bank-financed activities. The Beneficiary or the Executing Agency, as the case may be, agrees to adopt, as may be required by the Bank, remedies such as suspension or termination of the corresponding contract. The Beneficiary agrees that the contracts it enters into with specialized agencies shall include provisions requiring them to consult the Bank's list of firms and individuals debarred either temporarily or permanently by the Bank from participating in a procurement or contracting operation financed wholly or partially with resources of the Loan. In the event a specialized agency signs a contract or purchase order with a firm or an individual temporarily or permanently debarred by the Bank as indicated in this article, the Bank will not finance such contracts or expenditures and will apply such other remedies as it deems appropriate.

**Article 9. Exchange Rate.** (a) The Beneficiary undertakes to justify, or to cause the Executing Agency to justify, as the case may be, expenditures chargeable to the Contribution or the Additional Resources, expressing such expenditures in the currency of denomination of the respective disbursement.

(b) To determine the equivalence of an eligible expenditure incurred in the local currency of the Beneficiary's country in relation to the currency in which the disbursements are made, for purposes of accounting and justification of expenses, regardless of the source of financing of the eligible expenditure, one of the following exchange rates shall be used, pursuant to the Special Conditions:

- (i) The exchange rate in force on the date on which the disbursement currency is converted into the local currency of the Beneficiary's country; or
- (ii) The exchange rate in force on the date of payment of the expenditure in the local currency of the Beneficiary's country.

(c) In those cases in which the exchange rate established in paragraph (b)(i) of this Article is selected, to determine the equivalent of expenditures incurred in the local currency chargeable to the Additional Resources or the reimbursement of expenditures chargeable to the Contribution, the rate used shall be the exchange rate agreed upon with the Bank in the Special Conditions.

**Article 10. Selection and contracting of non-consulting services and procurement of goods and contracting of consulting services.** (a) Subject to the provisions of paragraph (b) of this Article, the Beneficiary undertakes to carry out or, where appropriate, cause the Executing Agency or the contracting agency, if any, to carry out the procurement of non-consulting services, as well as the procurement of goods, in accordance with the Procurement Policies and the Procurement Plan approved by the Bank, and the selection and contracting of consulting services, in accordance with the Consultant Policies and the Procurement Plan approved by the Bank. The Beneficiary represents that it is aware of the Procurement Policies and Consultant Policies and undertakes to inform the Executing Agency, and the Contracting Agency, as the case may be, of these policies.

(b) When the Bank has satisfactorily assessed and deemed acceptable the procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary, the Beneficiary or the Executing Agency, as the case may be, may carry out the procurement and contracting financed wholly or partially with resources of the Contribution using such procurement rules, procedures and systems, in accordance with the terms of the acceptance of the Bank and applicable validated legislation and processes. The terms of such validation shall be notified in writing by the Bank to the Beneficiary and the Executing Agency. Use of the procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary may be suspended by the Bank when, in its opinion, changes have occurred in the parameters or practices the Bank used as the basis for its acceptance, until such time as the Bank determines whether such changes are compatible with international best practices. During such suspension, the Procurement Policies and Consultant Policies of the Bank will apply. The Beneficiary, directly or through the Executing Agency, as the case may be, undertakes to notify the Bank of any change in the applicable legislation or processes that have been so accepted. The use of procurement rules, procedures and systems of the Beneficiary or an entity of the Beneficiary does not constitute a waiver of the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the requirement that the respective procurement and contracting of services be contained in the Procurement Plan and is subject to the remaining provisions of this Agreement. The provisions of Section I of the Procurement Policies and Consultant Policies shall apply to all contracts, regardless of amount or contracting method. The Beneficiary agrees to include, or to cause the Executing Agency, as the case may be, to include in the model bidding documents, contracts, and instruments used in electronic or information systems (in physical or electronic media) measures to ensure the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the provisions on Prohibited Practices.

(c) The Beneficiary, directly or via the Executing Agency as the case may be, undertakes to update the Procurement Plan at least annually or more frequently, depending on the Project needs. Each updated version of the Procurement Plan shall be submitted for review and approval of the Bank.

(d) The Bank will conduct a review of the selection process, contracting and procurement, as set forth in the Procurement Plan. At any time during the execution of the Project, the Bank may change the method of review of these processes, with prior notice to the Beneficiary or the Executing Agency. The changes approved by the Bank shall be reflected in the Procurement Plan.

(e) For purposes of this Article: (i) "Contracting Agency" means the entity with legal capacity to enter into contracts and, as agreed with the Beneficiary or the Executing Agency, as the case may be, assumes all or part of the responsibility of carrying out the procurement of goods and works, consulting services or non-consulting services for the Project; (ii) "Procurement Plan" means a tool for programming and monitoring the procurement related to the Project, in the terms described in the Procurement Policies and Consultant Policies; (iii) "Procurement Policies" means the Policies for the Procurement of Works and Goods financed by the Inter-American Development Bank in force at the time of the approval of the Project by the Bank; (iv) "Consultant Policies" means the Policies for the selection and contracting of consultants financed by the Inter-American Development Bank, which are in force at the time of the approval of the Project by the

Bank; and (v) “Core Procurement Principles” means the principles that guide the procurement activities and the selection processes pursuant to the Procurement Policies and the Consultant Policies, being the following: value for money, economy, efficiency, equality, transparency, and integrity.

(f) With resources of the Contribution and up to the amount allocated for that purpose in the budget set forth in the Annex that describes the Project, the Beneficiary or the Executing Agency, as the case may be, may procure the goods and contract the consulting services and non-consulting services required for the execution of the Project.

(g) When the goods and services procured for the Project are financed entirely with Additional Resources, the Beneficiary or the Executing Agency, as the case may be, shall, whenever possible, follow procedures that allow for the participation of several bidders or proponents, and shall take into account principles of economy, efficiency and reasonability of price.

(h) When sources of financing other than resources of the Contribution or of the Additional Resources are used, the Beneficiary or the Executing Agency, as the case may be, may agree with the financing entity the procedure to be followed for the procurement of goods and related services and the contracting of consultants. Notwithstanding, at the Bank's request, the Beneficiary or the Executing Agency, as the case may be, shall demonstrate the reasonability of both the price agreed upon or paid for the procurement of such goods and related services or the contracting of consultants. The Beneficiary or the Executing Agency, as the case may be, shall likewise demonstrate that the quality of the goods and related services and of the consultants meets the technical requirements of the Project.

(i) During the execution of the Project, the goods referred to in subsection (f) above shall be used exclusively for the execution of the Project. Following the completion of the execution of the Project, such goods may be used for other purposes.

(j) The goods included in the Project shall be adequately maintained according to generally accepted technical standards, at a level compatible with the services that they should provide.

**Article 11. Other contractual obligations of consultants.** (a) In addition to the special requirements included in Article 12(d), Article 13(g) and Article 14(e) of these General Conditions, in the Special Conditions, in the Annex or Annexes and in the respective terms of reference, the Beneficiary or the Executing Agency, as the case may be, agrees that contracts signed with consultants shall also specify the consultants' obligations to:

- (i) Provide any clarifications or additional information that the Beneficiary, Executing Agency or the Bank consider necessary with respect to the consultants' reports required under the terms of reference set forth in their respective contracts;



- (ii) Provide the Beneficiary or the Executing Agency and the Bank with any additional information they may reasonably request concerning the performance of their work;
- (iii) In the case of international consultants, perform their work in an integrated manner with the local professional staff assigned or contracted by the Beneficiary or the Executing Agency to participate in the execution of the Project, with a view to carrying out technical and operational training of such staff by the conclusion of the work; and
- (iv) Assign copyrights, patents and any other form of industrial property right to the Bank in cases where such rights result from the work and documents carried out or produced by the consultants under the consulting contracts financed with resources of the Project.

(b) Notwithstanding paragraph (a)(iv) above, in order to obtain a timely dissemination of the results of the Project, the Bank authorizes the Beneficiary, or the Executing Agency, to make use of the products resulting from the consulting services financed with the resources of the Project, with the understanding that the Beneficiary or the Executing Agency shall utilize such consulting products under the terms set forth in Article 16 of these General Conditions.

**Article 12. Financial information and internal control systems.** (a) The Beneficiary shall maintain, or cause the Executing Agency to maintain, as the case may be, internal controls so as to reasonably ensure: (i) that Project resources are used for the purposes of this Agreement, devoting special attention to the principles of economy and efficiency; (ii) that Project assets are adequately safeguarded; (iii) that Project transactions, decisions, and activities are duly authorized and executed in accordance with the provisions of this Agreement and any other contract related to the Project; and (iv) that transactions are properly documented and recorded in a way that facilitates the production of timely and reliable reports.

(b) The Beneficiary shall maintain, and shall cause the Executing Agency, if any, to maintain, an acceptable and reliable financial management system for the timely management of Project resources that provides for: (i) financial planning; (ii) accounting, budgetary, and financial record-keeping; (iii) contract administration; (iv) payment processing; and (v) the issuance of financial audit reports and other reports associated with the resources of the Contribution, the Additional Resources, and other financing sources of the Project, if any.

(c) The Beneficiary shall preserve, and shall cause the Executing Agency, as the case may be, to preserve, the original records of the Project for a minimum period of three (3) years after the expiration date of the disbursement period of the resources or any extension thereof. Such documents and records shall be maintained adequately in order to: (i) substantiate Project-related activities, decisions, and transactions, including all expenditures incurred; and (ii) show the correlation of the expenditures incurred chargeable to the Contribution with the respective disbursement made by the Bank.



(d) The Beneficiary shall include, or cause the Executing Agency and the Contracting Agency, if any, to include in all bidding documents, requests for proposals, and contracts financed with the resources of the Contribution that they enter into, respectively, a provision requiring that providers of goods or services, contractors, subcontractors, consultants and their agents, personnel, subconsultants, subcontractors, or concessionaires contracted by them, keep all documents and records related to activities financed with resources of the Contribution for a period of seven (7) years after completion of the work contemplated in the relevant contract.

**Article 13. External Financial Audit Reports and other Financial Reports.** (a) Unless the Special Conditions establish otherwise, the Beneficiary, directly or through the Executing Agency, as the case may be, shall present the Bank with the external financial audit reports and other reports identified in the Special Conditions within one hundred twenty (120) days following the closing of each fiscal year of the Project, during the disbursement period or any extension thereof, and within one hundred twenty (120) days following the date of the last disbursement.

(b) In addition, the Beneficiary, directly or through the Executing Agency, as the case may be, shall present to the Bank other financial reports in such form and with such content and frequency as the Bank may reasonably request during the Project's execution when, in the opinion of the Bank, the analysis of the level of the Project's fiduciary risk, complexity, or nature so warrant.

(c) Any external audit that may be required under the provisions of this Article and the corresponding provisions of the Special Conditions shall be performed by external auditors who have been previously accepted by the Bank or by a supreme audit institution previously accepted by the Bank, in accordance with auditing principles and standards acceptable to the Bank. The Beneficiary, directly or through the Executing Agency, as the case may be, shall authorize the supreme audit institution or the independent auditors to provide the Bank with such additional information it may reasonably request with respect to the external financial audit reports.

(d) The Beneficiary, directly or through the Executing Agency, as the case may be, shall select and contract the external auditors indicated in paragraph (c) above, in accordance with the procedures and terms of reference agreed upon with the Bank. In addition, the Beneficiary or the Executing Agency, as the case may be, shall provide to the Bank any information it requests relating to the independent auditors under contract.

(e) In the event an external audit required under the provisions of this Article and the corresponding provisions of the Special Conditions is to be performed by a supreme audit institution and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the deadlines, for the period, or with the frequency stipulated in this Agreement, the Beneficiary or the Executing Agency, as the case may be, shall select and contract the services of external auditors acceptable to the Bank, as provided under paragraphs (c) and (d) of this Article.

(f) Notwithstanding the provisions above, the Bank may, on an exceptional basis, select and contract the services of external auditors to audit the financial audit reports and other reports as provided in this Agreement when: (i) pursuant to the findings of a Bank-conducted cost-

benefit analysis, it is determined that the benefits associated with the hiring of such services by the Bank outweigh the costs; (ii) there is limited access to auditing services in the country; or (iii) special circumstances warrant the selecting and hiring of such services by the Bank.

(g) The Bank reserves the right to request the Beneficiary or the Executing Agency, as the case may be, to have external audits other than financial audits or to have services carried out relating to the auditing of projects, of the Executing Agency and related entities, of the financial information system, and of the bank accounts of the Project, among others. The nature, frequency, scope, timing, methodology, type of applicable auditing norms, reports, auditor selection procedures, and terms of reference for the audits shall be agreed upon between the parties.

(h) Bidding documents and contracts that the Beneficiary or the Executing Agency enter into with a supplier of goods or services, contractor, sub-contractor, consultant, sub-consultant, personnel or concessionaire shall include a provision allowing the Bank to inspect any accounts, records and other documents relating to the submission of proposals and contract performance and to have them audited by auditors appointed by the Bank.

**Article 14. Inspections.** (a) The Bank may establish such inspection procedures as it deems necessary to ensure the satisfactory development of the Project.

(b) The Beneficiary or the Executing Agency, as the case may be, shall permit the Bank to inspect at any time the Project and the equipment and materials involved therein, and to examine such records and documents as the Bank may deem pertinent. The personnel whom the Bank sends or designates as investigators, agents, auditors or experts for this purpose shall receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

(c) The Beneficiary or the Executing Agency, as the case may be, shall, upon request of an authorized representative of the Bank, provide to the Bank any documents, including procurement-related documents that the Bank may reasonably request. In addition, the Beneficiary and the Executing Agency shall make their personnel available, when requested and upon reasonable notice, to respond to questions from Bank personnel, which arise during the review or audit of such documents. The Beneficiary or the Executing Agency, as the case may be, shall produce the documents in a timely manner or shall submit an affidavit to the Bank setting forth the reasons why the requested material is unavailable or is being withheld.

(d) If the Beneficiary or the Executing Agency, as the case may be, refuses to comply with the Bank's request, or otherwise obstructs the Bank's review of the matter, the Bank in its sole discretion may take such measures as it considers appropriate against the Beneficiary or Executing Agency, as the case may be.

(e) The Beneficiary agrees that bidding documents, requests for proposals and contracts financed with resources of the Contribution that the Beneficiary or the Executing Agency enter into shall include a provision that requires applicants, bidders, providers of goods or services and their representatives, contractors, sub-contractors, consultants and their representatives, sub-consultants, service providers and concessionaires to: (i) permit the Bank to inspect any and all

accounts, records, and other documents relating to the submission of bids and contract performance as well as to have them audited by auditors appointed by the Bank; (ii) assist the Bank with its investigation; and (iii) deliver any document necessary for the investigation of allegations of Prohibited Practices and make available their employees or agents with knowledge of the Bank-financed activities to respond to questions from Bank personnel or any properly designated investigator, agent, auditor or consultant relating to the investigation. If the applicant, bidder, supplier and its agent, contractor, consultant, personnel, subcontractor, sub-consultant, service provider or concessionaire fails to cooperate and/or comply with the Bank's request, or otherwise obstructs the investigation, the Bank, in its sole discretion, may take appropriate action against the applicant, bidder, supplier and its agent, contractor, consultant, personnel, sub-contractor, subconsultant, service provider or concessionaire.

**Article 15. Other Commitments.** The Beneficiary, either directly or through the Executing Agency shall also:

- (a) Provide the consultants and local experts with administrative support, offices, office supplies, communication services, transport and any other logistical support required for the execution of their work;
- (b) Present to the Bank a copy of the consultants' reports and their comments thereon;
- (c) Provide the Bank with any other additional information or legal reports as it may reasonably request concerning the execution of the Project and the use of the Contribution and the Additional Resources; and
- (d) Keep the Bank's Representative in the respective country or countries informed of all aspects of the Project.

**Article 16. Publication of Documents.** Any document issued under the Bank's name or logotype, which is intended for publication as part of a special project, joint program, research initiative or any other activity financed with the resources of the Project, shall be previously approved by the Bank.

**Article 17. Supervision in the Field.** Without prejudice to the supervision of the Project activities performed by the Beneficiary or the Executing Agency, as the case may be, the Bank may supervise the Project in the field.

**Article 18. Limitation of the Bank's Obligation.** It is understood that the granting of the Contribution by the Bank does not constitute any obligation whatsoever on its behalf to totally or partially finance any project or program that may directly or indirectly result from the execution of the Project.

**Article 19. Arbitration.** For the solution of any controversy which may arise hereunder and which is not resolved by agreement of the parties, said parties shall unconditionally and irrevocably submit to the following arbitration procedure and award:

- (a) **Composition of the Tribunal.** The Arbitration Tribunal shall be composed of three (3) members, to be appointed in the following manner: one by the Bank, another by the Beneficiary, and a third, hereinafter called the "Referee", by direct agreement between the parties or through their respective arbitrators. If the parties or the arbitrators fail to agree on who shall be the Referee, or if one of the parties fails to appoint the arbitrator, the Referee shall be appointed, at the request of either party, by the Secretary General of the Organization of American States. If either of the parties fails to appoint an arbitrator, he or she shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, his or her successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his or her predecessor.
- (b) **Initiation of the Procedure.** In order to submit the controversy to arbitration, the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation sought, and the name of the arbitrator it has appointed. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it has appointed as arbitrator. If, within thirty (30) days after delivery of such notification to the claimant, the parties have not agreed upon the person who is to act as Referee, either party may request the Secretary General of the Organization of American States to make the appointment.

In cases of agreements with Argentina, the parties agree that in paragraphs (a) and (b), above, where it reads: "Secretary General of the Organization of American States", it shall read instead: "President of the International Court of Justice."

- (c) **Convening of the Tribunal.** The Arbitration Tribunal shall be convened in Washington, District of Columbia, on the date designated by the Referee and, once convened, the Tribunal itself shall decide when it shall meet.

In cases of agreements with Argentina, the parties agree that this paragraph (c) shall read instead: "The Arbitration Tribunal shall be convened at the place and date it designates and, once convened, it shall meet on the date decided by the Tribunal."

(d) **Procedure.**

- (i) The Tribunal shall be competent only to hear the matter in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.
- (ii) The Tribunal shall proceed ex aequo et bono, basing itself on the terms of this Agreement, and shall issue an award even if either party should fail to appear or to present its case.

- (iii) The award shall be in writing and shall be adopted with the concurrent vote of at least two of the members of the Tribunal. It shall be handed down within sixty (60) days from the date on which the Referee has been appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The parties shall be notified of the award by means of a communication signed by at least two members of the Tribunal. The parties agree that any award of the Tribunal shall be complied with within thirty (30) days from the date of notification and it shall be final and not be subject to any appeal.
- (e) **Costs.** The fees of each arbitrator shall be paid by the party which appointed him or her and the fees of the Referee shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of any other person who by mutual agreement, they deem should participate in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself may determine the compensation that is reasonable for such person under the circumstances. Each party shall defray its own expenses in the arbitration proceedings but the expenses of the Tribunal shall be divided and borne equally by both parties. Any doubt regarding the division of expenses or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.
- (f) **Notification.** All notifications regarding the arbitration proceeding or the award shall be made in the manner provided in this Article. The parties expressly waive any other form of notification.

In cases of Agreements with Ecuador, the parties agree that, for the purposes of notification, this paragraph (f) shall read: "All notifications regarding the arbitration proceeding or the award shall be made in the manner provided in the Agreement. The parties expressly waive any other form of notification. Notwithstanding the foregoing, any party delivering a notification hereunder must also notify the Attorney General (Procurador General del Estado) of Ecuador."

## ANNEX

### THE PROGRAM

#### Beyond Extraction (Phase II): Value Chain Strengthening Around Mining in Minas Gerais

#### **I. Objective**

- 1.01** The Program aims to increase socioeconomic benefits for entrepreneurs and the labor force in the areas of influence of mining operations in Brazil, with a focus on Small and Medium Enterprises (SMEs) and youth.
- 1.02** The Program will support the reactivation of economic activities in the targeted communities by (i) strengthening key value chains and productive sectors that can significantly contribute to economic recovery and have a multiplier effect; and (ii) promoting labor market efficiency.

#### **II. Description**

- 2.01** To achieve the objective indicated in paragraph 1.01 above, the Program will finance the following components and activities:

##### **Component I. Strengthening strategic value chains.**

- 2.02** This component will focus on increasing economic benefits and access to markets for smallholder farmers and selected SMEs, thus improving their competitiveness and economic performance. Based on a spatial analysis – carried out by an independent consultant in 2020 – the tourism, artisanal cheese, *macauba*, banana, forestry, and coffee value chains were identified as those with greatest potential to promote socioeconomic growth in the region. Then, artisanal cheese and tourism were prioritized, given their high potential to reactivate the regional economy support jobs, and their sociopolitical priority. This component will finance consultancy services for the update of value chain diagnostics, market assessments, and development plans, including analyses of baseline surveys, demand and supply, main bottlenecks for growth, and definition of practical steps to address the bottlenecks. It will also finance services from hired consultants and from the Beneficiary's own staff, such as strategic direction, monitoring and supervision of Program components, financial management, controllership and Program support and training services for relevant institutions, including workshops, Program management meetings, and relevant equipment for effectively executing these activities. A gender lens will be adopted to ensure that the Program positively influences female participation and impact. Given the COVID-19 context, the assessment will also consider the impact of the pandemic and how the Program can support a quick economic recovery for the selected



value chains. The Program will implement climate smart agriculture training for minas artisanal cheese producers. Areas of training will include techniques to increase production efficiency (e.g., rotational grazing, herd structuring, diet balancing, forage production, milking logistics, water management, animal welfare, and dairy control); to reduce production fluctuations (e.g., strategic storage of water and strategic storage of food); and to recover ecosystem services (e.g., integrating pasture-forest and shading for animal comfort). This component includes two subcomponents:

**Subcomponent 1.1. Increased capacity and market linkages of smallholder farmers and SMEs.**

- 2.03** The program will work to empower 170 smallholder farmers and/or SMEs in artisanal cheese and tourism, focused on skills and knowledge needed to improve operations and productivity, earn higher revenues, reduce operational costs, improve quality of goods or services provided, and adopt sanitary measures related to COVID-19. Support will also be given to develop market relationships and access to important public programs like National School Feeding Program (PNAE) and National Food Acquisition Program (PAA). Similarly, it will work with participants to access mid and large companies and retail networks and with local companies like food processors and exporters to improve their capacity to buy from small-scale producers. This subcomponent will leverage the financial assistance provided by the Business Recovery Fund established by Anglo American, by providing complementary technical assistance to artisanal cheese producers who have benefitted from financial support by said Fund. Likewise, the Program will seek to create and increase financing opportunities for smallholder farmers and selected SMEs, by partnering with financial institutions and exploring potential financial mechanisms for a more systemic solution to their needs. Expected results include: four hundred fifty (450) jobs for smallholder farmers and SMEs supported; thirty percent (30%) revenue increase for participating smallholder farmers and SMEs; two (2) value chain diagnosis and strategic plans; training of one hundred and seventy (170) smallholder farmers and SMEs, of which at least forty percent (40%) are owned/led or co-owned/led by women; and additional training/support to eighty (80) farmers and SMEs to obtain financing.

**Subcomponent 1.2. Increased capacity of local institutions for value chain development and public policy influence.**

- 2.04** The Program will support individual smallholder farmers and SMEs in forming and conducting sector associations and roundtables, which, besides representing collective interests, can implement initiatives of collective benefit, enhance shared capabilities, improve negotiation power with potential clients, increase access to finance and ensure long-term sustainability of the effort. It will also engage with institutions such as Instituto Mineiro de Agropecuária (IMA) to strengthen their support to emerging businesses. The Program will leverage technology to scale up effective solutions, including the use of distance learning tools, ecommerce platforms, and business intelligence applications, improving connections and transparency within value chain markets. Developing collective institutional capability and improving the business environment will contribute to long-term sustainability and scaling of Program benefits. Expected results include creation/training of two (2) value chain sectoral roundtables, associations and/or cooperatives in good practices; and fifteen (15) local institutions engaged in value



chain/sector initiatives or trained to improve quantity and/or quality of services and/or public procurement.

## **Component II. Developing youth skills and employability.**

- 2.05** This component will develop employability skills, provide career counselling, build links with employers and facilitate job placement of youth, especially young women, from the Conceição do Mato Dentro (CMD) microregion with local, state and national companies, while leveraging recent investments in education such as: (a) the national curriculum reform legislated in 2017 which streamlines teaching of higher-order cognitive skills and socioemotional skills, and allows students to select their learning itinerary; (b) the inclusion of the disciplines of diversity, inclusion and job market in the curriculum; and (c) the recent opening of new higher education institutions in CMD and Serro. This will scale the Program's impact on rural youths by adopting a strategy of direct and indirect training, leveraging public school teachers and information technology (IT) platform support. The Program will target students in their last high school year, students of higher education, and unemployed and underemployed high school and higher education dropouts, between the ages of 16 to 29, residing in both urban and rural areas of mining communities. Trainings will address existing bottlenecks and gaps for youth to access jobs, like *Curriculum Vitae* (CV) creation and interviewing skills, job application in the web, and access to technical education in areas of high local demand. The component's activities will provide data to complement the existing skill gaps diagnoses for the relevant value chains, identifying current market barriers/failures/bottlenecks and recommending ways to address them.

### **Subcomponent 2.1. Increased capacity of youth.**

- 2.06** Direct training will be delivered to two thousand (2,000) youth on employability and entrepreneurship skills, leveraging best practices centered on "Adult Learning Principles". The Program will adopt a mix of experiential, visual, and auditory training techniques to ensure increased participation, learning, and application and will cover personal effectiveness, personal finance, professional effectiveness, IT skills for employability and entrepreneurship. After training completion, the Program will engage with participating youth every six (6) months to support their job placements through refresher training workshops. Those who secure employment will receive an advanced personal finance session. Program participants will undergo educational, entrepreneurship, and career counselling and mentoring both pre-placement and post-placement. Expected results include: one thousand (1,000) jobs supported for youth<sup>1</sup>; thirty percent (30%) revenue increase of participating youth through employment and entrepreneurship; two thousand (2,000) youth – at least sixty percent (60%) women – directly trained in personal competencies, employability and entrepreneurship skills; two thousand (2,000) youth – at least fifty percent (50%) women – indirectly trained by public school teachers and/or digital platform in employability and entrepreneurship skills; and seventy percent (70%) of youth directly trained who are satisfied with the training received.

<sup>1</sup> In the context of this Program, "jobs supported" includes beneficiaries that are currently employed, beneficiaries who transition to different jobs, and unemployed beneficiaries that find new jobs.

## **Subcomponent 2.2. Increased capacity of public schools and teachers.**

- 2.07** The Program will train public school teachers of target municipalities in facilitating attitudes of learning, employability and entrepreneurship. Teachers will apply the content learned in classroom with students during the school calendar. A diagnosis will be conducted with the assistance of the Regional Education Superintendence (SRE), to better understand teachers' profile and demographics, socioeconomics, technical and expectations aspects, in order to map and address relevant opportunities and gaps through the capacity-building sessions. Training content will be digitized and made available through an e-learning platform, to increase reach and to serve as a contingency plan for the eventuality of public health emergencies. The platform has the potential to benefit up to two thousand three hundred (2,300) public schools and four hundred seventeen thousand (417,000) youth in the second and third year of secondary schooling. Expected results include: sixty (60) public school teachers – at least fifty percent (50%) women – trained in facilitation skills for employability and entrepreneurship; and one (1) online learning platform made available for students and public-school teachers.

## **Subcomponent 2.3. Increased capacity of local institutions to link youth with labor and education markets.**

- 2.08** This subcomponent of the Program will play the role of an intermediation center implementing activities that contribute to strengthening employment linkages, such as consolidating and disseminating open job opportunities, understanding employers' requirements, CV/job opportunities management, and pre-selection testing. The Program will identify a local institution capable and willing to take over and give continuity to the employment intermediation center and digital platform and will train and support it until it becomes autonomous. Some potential candidates are the existing office of the National Employment System (SINE), city halls, higher education institutions or commercial associations of CMD, Serro, Dom Joaquim, Alvorada de Minas, and Congonhas do Norte. To better understand job market demand and develop more and better employment linkages, the Program will develop working relationships and facilitate knowledge sharing events with potential employers. Expected results include: one (1) online job intermediation platform implemented; two (2) local institutions trained to improve the quantity and/or quality of employment intermediation and counseling services; and eight (8) companies that offer employment and/or training to participating youth.

## **Component III. Public policy innovation for value chain and labor market strengthening.**

- 2.09** This knowledge management component will be oriented at capturing lessons learned, systematizing them as implementable best practices and recommendations, and disseminating this information with relevant stakeholders to ultimately influence local public policy and future development programs. The Program will design a learning agenda to increase scale and sustainability. Relevant stakeholders targeted by this component include members of the value chain sector roundtables; local, state and federal government agencies involved in the value chains; public and private educational institutions focused on youth; public and private companies in the region, among others. Activities include: training and consulting to local governments to increase public

purchases that are inclusive of local smallholder farmers and businesses; training of value chain beneficiaries and government representatives in biosecurity and sanitary measures to prevent COVID-19; mapping relevant public entities and their agendas to find synergies that may contribute to the program's impact scaling and sustainability; a communication strategy to reach target audiences; presentations of case studies, knowledge products, lessons learned, and proposed recommendations to target institutions; cooperation agreements and/or consulting agreements with a sample of public institutions that may adopt, scale and sustain program results. The Program will leverage its monitoring, evaluation and learning system to generate information that can be presented through an effective communication strategy, develop relationships, and influence local institutions and organizations with the potential to scale-up and enhance the sustainability of its contributions. Expected results include: ten (10) local institutions that adopt recommendations shared through Program knowledge products, events, trainings, and consulting to improve quality of services for smallholder farmers and SMEs; ten (10) public schools and private higher education institutions that adopt recommendations shared through Program knowledge products, events, trainings, and consulting to improve quality of services for youth; design and implementation of a Program monitoring system and a learning and communication plan; four (4) knowledge products published and shared with stakeholders; three (3) events to present learnings, good practices, and/or public policy recommendations based on program results; participation of twelve (12) public and private institutions in trainings, consulting and events developed by program, as well as their reception of knowledge products.

#### **Component IV. General Program Management.**

- 2.10** This component will finance basic Program management costs such as rent, utilities; postage; carrier; phone; internet; licenses, bank fees, equipment, supplies, communication equipment, and software. These expenditures will be directly associated with the Program as they are necessary for the attainment of its objectives, constitute a small increment, and will be productive in the context of the Program. This component will also recognize labor-hours worked by the Executing Agency's staff in strict relation to the Program's components and results.

### **III. Total Cost of the Program**

- 3.01** The estimated cost of the Program is the equivalent of six hundred thousand dollars (US\$600,000), in accordance with the following Budget:

#### **Budget** **(in US\$)**

<b>Activity/Component</b>	<b>Bank</b>	<b>Counterpart</b>	<b>Total</b>
<b>Component I.</b> Strengthening strategic value chains	US\$ 155,500	0	US\$ 155,500
<b>Component II.</b> Developing youth skills and employability	US\$ 177,422	0	US\$ 177,422

<b>Component III.</b> Public policy innovation for value chain and labor market strengthening	US\$ 217,500	0	US\$ 217,500
<b>Component IV.</b> General Program Management	US\$ 49,578	0	US\$ 49,578
<b>Total</b>	<b>US\$600,000</b>	0	<b>US\$600,000</b>

#### IV. Execution

- 4.01** Associação Technoserve Brasil will be the Executing Agency for this Program. Its team of specialists in technical and financial management will be responsible for the administration of resources, the design and development of the Program execution strategy, as well as its effective implementation to achieve committed results. The Executing Agency will also have a multidisciplinary team of external specialist consultants, who, depending on the needs and requirements of the Program, will carry out various activities such as the development of diagnoses, studies, technical assistance, training, identification of markets, commercial links, associative processes, and others.
- 4.02** Execution of the Program will be conducted by an appointed Program manager by the Executing Agency and a dedicated international team and will be supervised by the Program's team leader. Monitoring arrangements and financing are included under Component IV.

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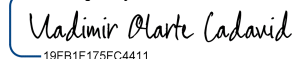
Company Name: Inter-American Development Bank

Vladimir Olarte Cadavid

volarte@tns.org

Security Level: Email, Account Authentication  
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Sent: 10/5/2021 9:05:28 AM

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Signature Adoption: Pre-selected Style

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**In Person Signer Events****Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp****Witness Events****Signature****Timestamp****Notary Events****Signature****Timestamp**

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	10/5/2021 9:05:28 AM
Certified Delivered	Security Checked	10/5/2021 3:01:02 PM
Signing Complete	Security Checked	10/5/2021 3:01:45 PM
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Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum

Enabled Security Settings:	<ul style="list-style-type: none"> <li>• Allow per session cookies</li> <li>• Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection</li> </ul>
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