Financing Agreement

(Additional Financing for the LISUNGI - Safety Nets System Project)

between

REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 18, 2017
FINANCING AGREEMENT

AGREEMENT dated April 13, 2017, entered into between the REPUBLIC OF CONGO ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association 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 — CREDIT

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to seven million four hundred thousand Special Drawing Rights (SDR 7,400,000) ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Credit Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 15 and August 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
2.08. The Payment Currency is the Dollar.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Ministère des Affaires Sociales, de l'Action Humanitaire et de la Solidarité in accordance with the provisions of Article IV of the General Conditions.

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

**ARTICLE IV — TERMINATION**

4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient’s Representative is its minister responsible for finance.

5.02. The Recipient’s Address is:

Ministère des Finances, du Budget et du Portefeuille Public
B.P. 2083
Brazzaville
Republic of Congo

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423 (MCI)
Facsimile: (1) 202-477-6391
AGREED at Washington, D.C., United States of America as of the day and year first above written.

REPUBLIC OF CONGO

By

[Signature]
Authorized Representative

Name: NONono Calixte
Title: Ministry of Economy, Finance, Budget and Public Portfolio

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Ahmadou Younoufou N'doye
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the social safety nets system and its programs aimed at improving both access to health and education services and productivity among poor and vulnerable households in participating areas of the country.

The Project consists of the Original Project and the following additional parts:

Part 1: Establishment of Key Building Blocks of a National Safety Net Program and Enhancement of Local Capacities

1. Implementation of a program of actions for strengthening the social safety net system, including: (a) (i) developing and implementing a management information system, including, among others, supply and installation of appropriate information and communications technology, hardware, software, internet connectivity, local area networks and mobile technology support; (ii) developing and maintaining a registry of potential Beneficiaries; (iii) developing and implementing a comprehensive information, education and communications strategy at the national and CAS levels; and (iv) developing and implementing appropriate monitoring and evaluation systems and procedures; and (b) providing Training on information technology skills to users.

2. Carrying out of studies designed to examine the specific needs of vulnerable groups including the disabled and the indigenous populations.

Part 2: Development and Implementation of the Cash Transfer Program

1. Direct Cash Transfer Program

Development and carrying out of a program to finance direct conditional transfers to poor households of selected Beneficiaries and improve the consumption of targeted Beneficiaries, all through the provision of Cash Transfers and consultants’ services.

2. Income-Generating Activities Program

Development and implementation of a program aimed to increase the productivity and access to credit, promote savings and empower selected Beneficiaries, through the provision of Cash Transfers, Training in new production techniques, small equipment, goods and supplies (including notebooks, pens, lock boxes, padlocks, a calculator, and materials for counting and storing money), consultants’ services and non-consulting services as required for income-generating activities and their accompanying measures consisting, *inter alia*, of: (a) the purchase of inputs for
gardens or subsistence farming to improve dietary diversity of households; (b) the establishment of community savings groups and use of saving groups starter kits; (c) the adoption of alternative livelihoods, including the purchase of small equipment; and (d) capacity building activities to ensure that the aforementioned small scale activities are operational.

Part 3: Project Management, Monitoring and Evaluation

Strengthening the capacity of the LISUNGI Project Management Unit for day-to-day coordination, implementation and management (including fiduciary aspects, monitoring and evaluation, carrying out of audits and reporting) of Project activities and results, all through the provision of technical advisory services, Training, Operating Costs, non-consulting services and acquisition of goods for the purpose.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. Ministère des Affaires Sociales, de l’Action Humanitaire et de la Solidarité

The Recipient shall maintain, at all times during the implementation of the Project, the Ministère des Affaires Sociales, de l’Action Humanitaire et de la Solidarité (“MASAHS”), vested with the responsibility for prompt and efficient oversight and management of the implementation of activities under the Project, and shall take all actions, including, the provision of funding, personnel and other resources necessary to enable the MASAHS to perform said functions.

2. Comité d’Orientation Stratégique

(a) Without limitation upon the provisions of paragraph (1) above, the Recipient shall maintain, at all times during the implementation of the Project, a Comité d’Orientation Stratégique with a composition, mandate and resources satisfactory to the Association, to be responsible for providing strategic and policy guidance on the implementation of the Project.

(b) Without limitation upon the provisions of paragraph (a) above, the Comité d’Orientation Stratégique shall be responsible for, inter alia: (i) reviewing and endorsing the Project’s annual work plan and budget; (ii) reviewing progress made towards achieving the objective of the Project; (iii) facilitating coordination of Project activities and the removal of any obstacle(s) to the implementation of the Project; and (iv) monitoring and evaluating the impact of Project activities.

3. LISUNGI Project Management Unit

(a) The Recipient shall maintain, at all times during the implementation of the Project, the LISUNGI Project Management Unit, to be responsible for, inter alia, prompt and efficient day-to-day coordination, implementation, reporting and communication of Project activities and results. To this end, the Recipient shall take all actions including the provision of funding, personnel (all with qualifications, experience and terms of reference satisfactory to the Association) and other resources satisfactory to the Association, to enable said LISUNGI Project Management Unit to perform said functions. For the purposes of the environment and safeguard aspects of the Project, the LISUNGI Project Management Unit shall, not later than three (3) months after the Effective Date, appoint an environmental and social specialist with experience and qualifications.
satisfactory to the Association, to be responsible for the implementation arrangements required for the carrying out of the IPP.

(b) Without limitation upon the provisions of paragraph (a) above, the LISUNGI Project Management Unit shall be responsible for, *inter alia*: (i) preparing the Project's annual work plans and budgets, for the endorsement by the *Comité d'Orientation Stratégique*; (ii) the Project's fiduciary aspects (financial management, procurement and environment/safeguards); (iii) preparing and consolidating periodic progress and financial reports; (iv) monitoring and evaluation of Project activities; (v) liaising with other stakeholders on issues related to Project implementation; and (vi) providing administrative support to implementing agencies.

B. Implementation Arrangements

1. *Project Implementation Manual*

   (a) The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Project Implementation Manual; provided, however, that in case of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

   (a) The Recipient shall not amend or waive any provisions of the Project Implementation Manual without the prior written agreement of the Association.

2. *Annual Work Plan and Budget*

   (a) The Recipient shall prepare and furnish to the Association not later than December 31 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year, a proposed financing plan for expenditures required for such activities, and the proposed sources of financing.

   (b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.

   (c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association.
The Recipient shall not make or allow to be made any change to the approved annual work plan and budget without the Association's prior approval in writing.

C. Cash Transfer Program

1. **Overall Procedures and Eligibility Criteria for Part 2 of the Project**

No proposed Beneficiary under the Cash Transfer Program shall be eligible to receive a Cash Transfer under said Cash Transfer Program, unless the Recipient shall have determined, on the basis of an appraisal conducted in accordance with guidelines acceptable to the Association and elaborated in the Project Implementation Manual ("PIM"), that the Beneficiary satisfies the following requirements, and such further requirements as are elaborated in said PIM:

(a) the Beneficiary: (i) has been pre-selected on the basis of a targeting system consisting of, inter alia: (A) a geographical targeting mechanism which has identified each District with well-established CAS as eligible to participate in the Cash Transfer Program; (B) a proxy means test which has verified said Beneficiary's eligibility; and (C) a validation review process which has confirmed said Beneficiary's eligibility; and (ii) is enrolled in a registry of Beneficiaries; and

(b) the Recipient shall have confirmed the Beneficiary's compliance with said requirements, as applicable.

2. **Overall Term(s) and Condition(s) of the Cash Transfer Program under Part 2 of the Project**

(a) The Recipient shall, prior to the commencement of the Cash Transfer Program in any given District, retain in accordance with the provisions of Section III of this Schedule, one or more Payment Agencies, with terms of reference, qualifications and experience satisfactory to the Association, to assist the Recipient in administering payments under the Cash Transfer Program in said District.

(b) The Recipient shall monitor and evaluate, under terms of reference satisfactory to the Association, the implementation of the Cash Transfer Program, so as to ensure that payments made under the Cash Transfer Program are made exclusively to Beneficiaries for productive purposes consistent with the objective of the Project.

3. **Program-Specific Conditions and Processes for Cash Transfers under Part 2.A of the Project**

In addition to the procedures and eligibility criteria set forth in paragraph 1 of this Section C, no proposed Beneficiary under Part 2.A of the Project shall be eligible to receive a Cash Transfer thereunder, unless the Recipient shall have determined
that the Beneficiary has, as part of the enrolment in the registry of Beneficiaries, received training on the Cash Transfer Program’s operations and requirements, and the following Program-specific conditions and processes have been met and followed:

(a) In areas where health services are available: (A) all children of the Beneficiary aged nine (9) months and below have received all routine vaccinations as evidenced by a full vaccination card;

(b) all children of the Beneficiary aged eleven (11) months and below have received health check-ups once per month;

(c) all children of the Beneficiary aged between twelve (12) and twenty-three (23) months have received routine health check-ups at least once every two (2) months;

(d) all pregnant women of the Beneficiary have received at least four (4) pre-natal medical examinations and two (2) post-natal medical examinations within forty (40) days of delivery; and

(e) in areas where primary education is available, all children of the Beneficiary eligible for primary education have attended school at least eighty (80) percent of the time in each month.

D. Anti-Corruption

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

E. Safeguards: Compliance with, and Monitoring of, the Indigenous Peoples Plan

(a) The Recipient, through the LISUNGI Project Management Unit, shall: (i) comply with, and carry out, the IPP with due diligence and efficiency and at all times provide the funds necessary therefor; (ii) adequately monitor and evaluate the carrying out of the activities provided in the IPP in the carrying out of the Project; and (iii) maintain the Association suitably informed of the progress in the implementation of the IPP, including conditions, if any, which interfere or threaten to interfere with the smooth implementation of the IPP and any remedial measures taken or required to be taken to address such conditions, through the information to be prepared and furnished to the Association pursuant to the provisions of paragraph 1 of Section II.A of this Schedule.
(b) The Recipient shall promptly take any of the remedial measures referred to in the preceding paragraph (a) of this Section E as shall have been agreed by the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 and those of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Implementation Unit. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall, not later than one (1) month prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.

3. The Recipient shall, not later than eighteen (18) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and implementing agencies generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by said implementing agencies, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objective of the Project.

5. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation upon the provisions of Part A of this Section II, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Credit 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 Credit 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 Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (i) National Competitive Bidding, subject to using the standard bidding documents of the Association or other bidding documents agreed upon with the Association prior to their use; (ii) Shopping; (iii) Direct Contracting; (iv) Procurement from United Nations agencies; and (v) Community Participation in Procurement.
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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (i) Quality-based Selection; (ii) Selection under a Fixed Budget; (iii) Least Cost Selection; (iv) Selection based on Consultants' Qualifications; (v) Single-source procedures for the Selection of Individual Consultants; (vi) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (vii) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the Association 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 Credit (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, Training and Operating Costs under Parts 1 and 3 of the Project</td>
<td>440,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Cash Transfers:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) under Part 2.A of the Project</td>
<td>3,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) under Part 2.B of the Project</td>
<td>3,100,000</td>
<td></td>
</tr>
<tr>
<td>(3) Consultants’ services under the Project</td>
<td>660,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>7,400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made under Category (2)(b), until and unless the Recipient shall have updated the Project Implementation Manual in form and substance satisfactory to the Association to include a chapter setting forth the detailed policies and procedures for the Cash Transfers in support of the income-generating activities to be implemented under Part 2.B of the Project.

2. The Closing Date is December 31, 2019.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing on August 15, 2022, to and including February 15, 2032</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing on August 15, 2032, to and including February 15, 2042</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions


3. “Beneficiary” means a household which is eligible to receive a Cash Transfer (as hereinafter defined) under the Cash Transfer Program (as hereinafter defined) and is duly registered for the purpose; and “Beneficiaries” means, collectively, two or more such households.


5. “Cash Transfer” means the conditional cash payment to be made to a Beneficiary under the Cash Transfer Program (as hereinafter defined), and referred to in Section I.C of Schedule 2 to this Agreement, and “Cash Transfers” mean, collectively, two or more such conditional cash payments.

6. “Cash Transfer Program” means the Recipient’s program to be implemented under Part 2 of the Project and referred to Section I.C of Schedule 2 to this Agreement.

7. “Category” means a category of items set forth in the table in Section IV of Schedule 2 to this Agreement.

8. “Comité d’Orientation Stratégique” means the Recipient’s committee referred to in Section I.A.2 of Schedule 2 to this Agreement.


10. “Direct Cash Transfer Program” means the program to be carried out under Part 2.A of the Project with the objective of financing conditional cash transfers to targeted Beneficiaries so as to increase the consumption of the poorest households with children and/or elderly members and thereby improve access to health and education services of the poorest households.

11. “District” means any of the administrative units in the Recipient’s territory participating in the Cash Transfer Program as specified in the Project Implementation Manual (as hereinafter defined).

12. “Fiscal Year” or “FY” means the Recipient’s twelve-month period starting January 1 and ending December 31 of the same year.
13. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

14. "Income-Generating Activities Program" means the program to be carried out under Part 2.B of the Project with the objective of financing a package of services to selected Beneficiaries comprising the provision of training in income management and training required for the development of a business plan for investments, related technical skills, and provision of mentoring and communications in support of investment implementation and for strengthening self-confidence and social capital.

15. "Indigenous Peoples" means, a distinct, vulnerable, social and cultural group in the Recipient’s territory possessing the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language, often different from the official language of the Recipient or region.

16. "Indigenous Peoples Plan" or "IPP" means the Recipient’s plan dated December 2, 2016, and disclosed in-country on December 7, 2016 and in the Association’s Infoshop on December 31, 2016, and which plan has been developed by the Recipient on the basis of a social assessment and in consultation with the affected Indigenous Peoples’ communities present in, or that have a collective attachment to the Project area, setting out the measures through which the Recipient shall ensure that: (a) Indigenous Peoples affected by the Project receive culturally appropriate social and economic benefits; and (b) when potential adverse effects on Indigenous Peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated for.

17. "LISUNGI" means solidarity or support in Lingala.

18. "LISUNGI Project Management Unit" means the Recipient’s unit referred to in Section I.A.3 of Schedule 2 to this Agreement.

19. "Ministère des Affaires Sociales, de l’Action Humanitaire et de la Solidarité" or "MASAHS" means the Recipient’s ministry responsible for social affairs, humanitarian action and solidarity, or any successor thereto.

20. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on the annual work plan and budget approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, and
consisting of expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and *per diem*, and salaries of Project staff, but excluding the salaries of the Recipient's civil service, meeting and other sitting allowances and honoraria to said staff.


22. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

23. "Payment Agencies" means two or more competitively selected financial institutions, including, *inter alia*, banks, microfinance institutions and mobile phone companies, and duly established and operating under the Recipient's laws and regulations, for the purpose of making Cash Transfers to Beneficiaries under the Cash Transfer Program.


25. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 10, 2017, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

26. "Project Implementation Manual" or "PIM" means the Recipient's manual referred to in Section I.B.1 of Schedule 2 to this Agreement.

27. "Training" means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, consisting of reasonable expenditures (other than expenditures for consultants' services) for: (a) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

Section II. Modifications to the General Conditions

1. Section 3.02 is modified to read as follows:
"Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the subsequent paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).