OFFICIAL DOCUMENTS

CREDIT NUMBER 5831-NG'

Financing Agreement

(National Social Safety Nets Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JANUARY 27, 2017
FINANCING AGREEMENT

AGREEMENT dated JANUARY 27, 2017, entered into between the FEDERAL REPUBLIC OF NIGERIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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 — FINANCING

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 three hundred fifty-five million Special Drawing Rights (SDR 355,000,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing 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 Financing 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 United States Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project 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 — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date one hundred eighty (180) 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 federal minister at the time responsible for finance.

5.02. The Recipient’s Address is:

Federal Ministry of Finance
Ahmadu Bello Way
Abuja, Nigeria

Facsimile:
234 9 627 3609

5.03. The Association’s Address is:

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

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED at Abuja, Federal Republic of Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By

[Signature]

Authorized Representative

Name: KEMI ADEOSUN

Title: HON. MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: RACHID BENMESSAOUD

Title: COUNTRY DIRECTOR, NIGERIA
SCHEDULE 1

Project Description

The objective of the Project is to provide access to targeted transfers to poor and vulnerable households under an expanded national social safety nets system.

The Project consists of the following parts:

Part A: Establishing the Foundation for a National Social Safety Net System

1. Project Management and Institutional Capacity:
   (a) strengthening and operationalizing a program management office for the targeted cash transfers (National Cash Transfer Office), including capacity building, communications, citizen engagement and grievance redress mechanisms;
   (b) strengthening and operationalizing a Coordination Office for social safety nets and the National Social Registry; including capacity building, communications, citizen engagement and grievance redress mechanisms;
   (c) establishing and operationalizing management structures in Participating States and LGAs;
   (d) establishing and operationalizing coordination structures in Participating States and LGAs;
   (e) identifying measures and support for sustainable livelihoods and graduation out of poverty for a subset of cash transfer recipients through pilot livelihood interventions; and
   (f) output-based financing of the Nigeria Living Standards Survey.

2. Developing Building Blocks of the Safety Net System, including:
   (a) targeting mechanism and National Social Registry;
   (b) monitoring and evaluation and management information system in NASSCO;
   (c) monitoring and evaluation and management information system in NCTO;
   (d) payment systems for social safety nets; and
(e) output-based financing of roll-out of community-based targeting process and household registration activities.

**Part B: Implementing a Targeted Cash Transfer**

1. Output-based financing of enrollment in targeted cash transfer system.

2. Financing safety net transfers to targeted poor and vulnerable households in the NSR, with a base transfer and the possibility of an additional transfer upon the completion of agreed co-responsibilities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. National Social Safety Nets Coordinating Office
   
   (a) The Recipient shall maintain, throughout the implementation of the Project, a National Social Safety Nets Coordinating Office ("NASSCO") in the Office of the Vice President, with functions, staffing and resources satisfactory to the Association.

   (b) Without limitation to the provisions of sub-paragraphs (a) of this Parts A.2 and A.3, the NASSCO shall be responsible for, *inter alia*:

      (i) managing the implementation of Part A.1(b), (d), (e) and (f) and Part A.2(a), (b) and (e) of the Project at the federal level; and

      (ii) coordinating the Project activities of all federal entities and the State Operations Coordinating Units.

2. National Cash Transfer Office

   (a) The Recipient shall maintain, throughout the implementation of the Project, a National Cash Transfer Office ("NCTO") in the Office of the Vice President, with functions, staffing and resources satisfactory to the Association.

   (b) Without limitation to the provisions of sub-paragraphs (a) of this Parts A.1 and A.3, the NCTO shall be responsible for, *inter alia*, managing the implementation of Part A.1(a) and (c), Part A.2(c) and (d) and Part B of the Project at the federal level in collaboration with the Participating States.

3. Federal Project Financial Management Division

   (a) The Recipient shall dedicate and retain throughout the implementation of the Project, staff from the accounting unit of FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, to be responsible for the financial management of the Project in accordance with the provisions of this Agreement, including, but not limited to, the preparation of budgets, monthly reports, interim unaudited financial reports, and annual financial statements.
(b) The Recipient shall dedicate and retain through the implementation of the Project staff from the internal audit unit of FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, to perform internal audit functions for the purposes of Part 1 of the Project, including, but not limited to, the application and reliability of managerial, financial, operational and budgetary controls.

4. Implementation Arrangements at the State Level

(a) The Recipient shall:

(i) prior to providing financing under Part B.2 of the Project to Eligible TCT Beneficiaries in a respective Participating State, enter into a Memorandum of Understanding with such Participating State, on the terms and conditions satisfactory to the Association, including the necessary implementation arrangements contained in the following provisions below: Parts A.4(a)(ii), A.4(b), A.4(c), and A.4(d), and

(ii) throughout the implementation of the Project, cause each Participating State to designate and maintain a state operations coordination unit ("State Operations Coordination Unit" or "SOCU") within its state ministry responsible for budget and planning, each with functions and resources satisfactory to the Association, and with staff in adequate numbers and with terms of reference, qualifications and experience satisfactory to the Association.

(b) Without limitation to the provisions of sub-paragraph (a) of Part A.4 of this Agreement, the Recipient shall cause each SOCU to be responsible for, inter alia:

(i) the development and implementation of the State Social Registry;

(ii) submission of the State Social Registry to NASSCO; and

(iii) reporting to the Participating State’s ministry responsible for budget and planning and the NASSCO on the status of Project implementation.

(c) The Recipient shall, throughout the implementation of the Project, cause each Participating State to designate and maintain a state cash transfer office ("State Cash Transfer Unit" or "SCTU"), each with functions and resources satisfactory to the Association, and with staff in adequate
numbers and with terms of reference, qualifications and experience satisfactory to the Association.

(d) Without limitation to the provisions of sub-paragraph (c) of Part A.4 of this Agreement, the Recipient shall cause each SCTU to be responsible for, *inter alia*:

(i) enrollment of Eligible TCT Beneficiaries into the Targeted Cash Transfer program;

(ii) handling the overall administration of the Project in the Participating State;

(iii) monitoring and evaluating the Project in the Participating State;

(iv) aligning Project activities with the respective Participating State’s social safety net policies and contributing to the design and implementation of social safety net policies at the state level; and

(v) reporting to the Participating State’s ministry responsible for the SCTU and the NCTO on the status of Project implementation.

5. **Independent Verification of Output-Based Financing and Targeted Cash Transfers**

Not later than six months (6) after the date of this Agreement, the Recipient shall engage independent experts, whose terms of reference, qualifications and experience shall be satisfactory to the Association, to conduct ex-post verifications every calendar semester of the output-based financing activities under Parts A.1.(f), A.2.(e), and B.1. and of the Targeted Cash Transfers under Part B.2 of the Project.

B. **Project Implementation Manual**

1. Not later than July 15, 2016, the Recipient shall prepare and adopt a Project implementation manual ("Project Implementation Manual" or "PIM"), in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project including, *inter alia*:

(a) identification and registration of households in the State and National Social Registries;

(b) enrollment of Eligible TCT Beneficiaries under the Targeted Cash Transfer;

(c) institutional coordination and day-to-day implementation of the Project;
(d) disbursement, procurement and financial management, including financial, social and technical audit of the Project;

(e) environmental and social safeguards management measures including the operation of grievance redress mechanism;

(f) monitoring and evaluation, reporting and communication, including performance indicators;

(g) a capacity building program for designated Project implementation staff at federal, state and local levels;

(h) detailed arrangements of the operation of the social safety programs under the Project, flow of funds and disbursement mechanism for financing Targeted Cash Transfers under Part B.2 of the Project, the mechanisms for verification of compliance with conditions and transparent payment mechanism;

(i) a description of the output-based financing arrangements for Parts A.1(f), A.2(e) and B.1 of the Project and the related definitions of Unit Costs, and

(j) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall:

(a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and

(b) thereafter adopt such manual as shall have been approved by the Association.

3. The Recipient shall cause each Participating State to adopt the PIM and shall ensure, and shall cause each Participating State to ensure, that the Project is carried out in accordance with the arrangements and procedures set out in the PIM. In case of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, however, the provisions of this Agreement shall prevail.

4. The Recipient shall not, and shall ensure that the Participating States do not, amend, abrogate or waive, or permit to be amended, abrogated or waived, the PIM or any of its provisions without prior approval in writing by the Association.
C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall ensure that the Financing proceeds are not used for any activities that could result in significant environmental and social impacts and/or trigger any of the Association's Safeguards Policies.

2. The Recipient will ensure that the Project activities do not include any of the activities contained in the negative list to be included in the Project Implementation Manual.

E. Targeted Cash Transfers

1. The Recipient shall provide Targeted Cash Transfers to Eligible TCT Beneficiaries in an amount and at a frequency acceptable to the Association and in accordance with criteria and procedures acceptable to the Association and described in the PIM, including compliance by such Eligible TCT Beneficiaries with conditions (co-responsibilities) related to the promotion of utilization of services related to human capital for some Targeted Cash Transfers.

2. No proposed beneficiary shall be eligible to receive a Targeted Cash Transfer under Part B.2 of the Project unless the Recipient shall have determined, in accordance with guidelines set forth in the PIM:

   (a) that the proposed beneficiary satisfies the requirements set forth in the PIM to qualify as an Eligible TCT Beneficiary, and

   (b) that the proposed beneficiary has been entered into the National Social Registry.

3. No proposed beneficiary shall be eligible to receive a Targeted Cash Transfer payment related to completion of co-responsibilities unless the Recipient shall have determined, in accordance with guidelines set forth in the PIM, that the proposed beneficiary has completed the agreed co-responsibilities.

F. Annual Work Program

1. No later than October 31 of each year of the Project, the Recipient shall prepare and furnish to the Association, for review and approval, an annual work program and budget for the next Fiscal Year, including amounts needed for the Targeted Cash Transfers and Training, and subject to comments by the Association, shall proceed with the implementation of the agreed annual work program.
2. No later than July 15, 2016, the Recipient shall prepare and furnish to the Association, for review and approval, an interim annual work program and budget for the remainder of 2016, including amounts needed for the Targeted Cash Transfers and Training, and subject to comments by the Association, shall proceed with the implementation of the agreed annual work program.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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 on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, 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 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.

3. The Recipient shall have the Targeted Cash Transfer payments audited on a quarterly basis and the audits submitted to the Association not later than forty-five (45) days 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 Financing 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 Financing 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:
   
   (a) National Competitive Bidding; and
   
   (b) Shopping.

**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:
   
   (a) Quality-based Selection;
   
   (b) Selection under a Fixed Budget;
   
   (c) Least Cost Selection;
   
   (d) Selection based on Consultants’ Qualifications;
   
   (e) Single-source Selection of consulting firms;
(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and

(g) 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 Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing 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 Projects” dated May 2006, 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 Financing (“Category”), the allocations of the amounts of the Financing 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 Financing 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, consultants’ services and Training for Part A.1.(b), (d) and (e) and Part A.2(a) and (b) of the Project</td>
<td>42,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services and Training for Part A.1.(a) and (c)</td>
<td>18,500,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
## Part A.2.(c) and (d) of the Project

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Output-based financing of Part A.1.(f) of the Project based on Unit Costs</td>
<td>3,500,000</td>
<td>100% of the Unit Costs in accordance with amounts and baselines established in the PIM</td>
</tr>
<tr>
<td>(4) Output-based financing of Part A.2.(e) of the Project based on Unit Costs</td>
<td>6,400,000</td>
<td>100% of the Unit Costs in accordance with amounts and baselines established in the PIM</td>
</tr>
<tr>
<td>(5) Output-based financing of Parts B.1. of the Project based on Unit Costs</td>
<td>3,500,000</td>
<td>100% of the Unit Costs in accordance with amounts and baselines established in the PIM</td>
</tr>
<tr>
<td>(6) Targeted Cash Transfers under Part B.2. of the Project</td>
<td>280,500,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>355,000,000</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:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed seventy million Special Drawing Rights (SDR 70,000,000) may be made for payments made prior to this date but on or after twelve (12) months prior to the date of this Agreement for Eligible Expenditures, provided that disbursement conditions set forth for each respective Category in paragraphs (b) and (c) below have been complied with; or

   (b) under Categories (3), (4) and (5) for any output-based Financing payments, unless and until:

   (i) the Recipient has confirmed the number of outputs achieved for each specific Category as follows:
(A) for Category (3), the measured Outputs will be the number of enumerated areas with listed households, the number of survey staff trained, the number of completed household questionnaires, and the number of validated questionnaires;

(B) for Category (4), the measured Outputs will be the number of LGAs with a completed community-based targeting process and the number of validated households entered into the NSR; and

(C) for Category (5), the measured Outputs will be the number of validated enrollments of households into the cash transfer program; and

(ii) the Recipient has furnished all required verification documents acceptable to the Association.

(c) under Category (6) for payments to Eligible TCT Beneficiaries in a particular Participating State, unless and until:

(i) the respective Participating State has adopted the PIM;

(ii) the respective Participating State has signed a Memorandum of Understanding with the Recipient, acceptable to the Association, for the purposes of implementing the Project;

(iii) the Recipient has confirmed that the Eligible TCT Beneficiaries satisfy the criteria set forth in the PIM and are registered in the National Social Registry; and

(iv) the Recipient has furnished all required verification documents acceptable to the Association showing that Targeted Cash Transfers, with respect to which a Withdrawal Application has been submitted, had been made in accordance with the provisions of this Agreement and of the PIM, such verification to be provided in accordance with procedures and arrangements, as set out in the PIM.

2. **Refund.** If, at any time, the Association determines that any portion of the Financing under the Project:

   (a) was used for items improperly procured in violation of Section III to this Schedule; or
(b) was not used for Targeted Cash Transfers in a manner consistent with this Agreement and the PIM or;

(c) was not supported by evidence of actual spending by the Recipient for Targeted Cash Transfers and/or by evidence of satisfaction of other criteria set forth in this Agreement or in the Project Implementation Manual, the Recipient shall promptly refund any such portion to the Association as the Association shall specify by notice to the Recipient.

3. The Closing Date is June 30, 2022.
## 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 August 15, 2021 to and including February 15, 2031</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing August 15, 2031 to and including February 15, 2041</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 1. Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. "Eligible TCT Beneficiaries" means beneficiaries eligible for Targeted Cash Transfers under Part B.2 of the Project in accordance with eligibility criteria under the terms and conditions set forth in the PIM.

5. "Federal Project Financial Management Department" or "FPFMD" means the unit in the Office of the Accountant General for the Federation assigned to handle financial management responsibilities for the Project pursuant to Schedule 2, Section I, Part A.3, or any legal successor thereto.

6. "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.

7. "Local Government Area" or "LGA" means a local government authority established and operating in the territory of each Participating State pursuant to the laws of the Recipient; and "LGAs" means, collectively, all such local government authorities.

8. "Memorandum of Understanding" means a memorandum to be entered between each Participating State and the Recipient pursuant to Section I, Part A, paragraph 4(a)(i) of Schedule 2 to this Agreement.

9. "National Social Registry" means a national registry that will employ a combination of geographic targeting using poverty data and maps to locate the LGAs most in need in each state, and community-based targeting and proxy means test verification to identify the poor and vulnerable for inclusion.

10. "Output" means any of the outputs eligible for financing out of the proceeds of the Financing as set forth in Section IV, Part B, paragraph 1(b)(i) of Schedule 2 to this Agreement.
11. "Participating LGA" means each LGA within a Participating State.

12. "Participating State" means each state within the Recipient that has adopted the PIM and entered into a Memorandum of Understanding with the Recipient, acceptable to the Association, for the purposes of implementing the Project.


14. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 29, 2016, 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.

15. "Project Implementation Manual" or "PIM" means a detailed manual containing detailed arrangements and procedures for implementation of the Project, as set forth in Schedule II, Part C of this Agreement.

16. "Safeguards Policies" means the World Bank’s operational policies and procedures set forth in the World Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, as said manual is published under the following website: www.worldbank.org/opmanual, as such policies may be modified from time to time.

17. "State Cash Transfer Unit" or "SCTU" means the state project implementation unit within each Participating State established pursuant to Schedule 2, Section I, Part A.4(c) of this Agreement, and any legal successor thereto.

18. "State Operations Coordination Unit" or "SOCU" means the Participating States’ implementation units established pursuant to Schedule 2, Section I, Part A.4(a) of this Agreement, and any legal successor thereto.

19. "Targeted Cash Transfer" means a transfer of funds in the form of a non-refundable grant by the Recipient to an Eligible TCT Beneficiary under Part B.2 of the Project, following the provisions of, made in accordance with the provisions of the PIM.

20. "Training" means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops and study tours under the Project, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation, but excluding salaries of consultants.
21. “Unit Costs” means costs per activity as defined in the PIM for all output-based financing in Parts A.1(f), A.2(e) and B.1 of the Project.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

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).