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**LOAN NUMBER 7735-MK**

# **Loan Agreement**

**(Conditional Cash Transfers Project)**

**between**

**FORMER YUGOSLAV REPUBLIC OF MACEDONIA  
(the Borrower)**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated September 2, 2009**

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## **LOAN AGREEMENT**

Agreement dated September 2, 2009, between the Borrower and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I - GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II - LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of nineteen million three hundred thousand Euros (€19,300,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; and (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III - PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following, namely that the Law on Social Protection has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement.

### **ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Manual for the CCT Education Program Operations (MEPO) and the Project Operational Manual (POM), both in form and substance satisfactory to the Bank, have been adopted by the Borrower.

- (b) The CCTIU is staffed with qualified experts and with terms of reference satisfactory to the Bank, headed by a manager and comprising, *inter alia*, an expert for financial procedures, two experts for beneficiary registration and administration and one monitoring and evaluation expert.
- (c) The Borrower has enacted the Law on Social Protection, satisfactory to the Bank.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE VI - REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's Representative is its Minister of Finance.

6.02. The Borrower's Address is:

Ministry of Finance  
Dame Gruev 14  
1000 Skopje

Facsimile:

389 2 3117 280

6.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at Skopje, as of the day and year first above written.

BORROWER

By /s/ Zoran Stavreski  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Markus Repnik  
Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to strengthen the effectiveness and efficiency of the Borrower's social safety net through: (a) the introduction of conditional cash transfers (CCT); and (b) improvements in the administration, oversight, monitoring and evaluation of social assistance transfers.

The Project consists of the following parts:

#### Part A: Enhancing the Human Capital Links to Cash Assistance

1. Implementation of a CCT program through the provision of education grants to poor families with children attending secondary schools and selected in accordance with the eligibility criteria and procedures set forth in the CCT Education Program Operations Manual.
2. Identification, development and implementation of possible CCT program extensions in health, labor and/or other levels of education, including: (a) the provision of goods and technical assistance to: (i) undertake diagnostic studies on target population and possible relevant health, labor and/or education incentives; (ii) carry out an assessment of targeting and outreach mechanisms; (iii) develop different options for key CCT program parameters; and (iv) design the relevant CCT program and prepare the relevant operational manual; and (b) the provision of CCT program grants to pilot and test possible CCT extension programs.

#### Part B: Strengthening Safety Net Administration

Provision of Training, goods and technical assistance for:

1. Improvement of the Cash Benefits Information System.
2. Assessments of targeting, eligibility and registry systems for cash benefit programs.
3. Development and application of oversight and control mechanisms to monitor the implementation of CCT programs and other social financial assistance benefits.
4. Carrying out a functional analysis of Social Work Centers.
5. Capacity building for CCT program management in MLSP and SWCs.

Part C: Project Management, Monitoring and Impact Evaluation

1. Strengthening the PMU's capacity for Project management through the provision of goods, consultant services, including Project audit, Training and financing of Operating Costs.
2. Provision of consultants' services and Training for Project monitoring and impact evaluation, including: (a) the development of tools to monitor the results framework for the Project and the CCT program; (b) the carrying out of an evaluation to assess the implementation of the CCT program in a decentralized context; and (c) the carrying out of a Project impact evaluation and surveys.
3. Provision of goods, consultants' services and Training for Project and CCT program information dissemination and public awareness campaign.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. MLSP, under the oversight of the Borrower's Deputy Prime Minister for Economic Issues, shall be responsible for the implementation of the Project. The inter-ministerial CCT Council shall be responsible for strategic decisions on the Project. The CCT Working Group shall be responsible for providing technical guidance and support to ensure the efficient implementation of the Project. The PMU, headed by a Project Director, shall be responsible for day-to-day management (including procurement, disbursement, financial management and reporting arrangements), payments of grants, coordination, monitoring and evaluation of the Project. CCTIU, under MLSP, shall ensure the coordination and implementation of the CCT education program, including eligibility screening and selection of CCT beneficiaries, oversight and control mechanisms and the grievance and case management system. At the local level, SWCs shall be responsible for the implementation of the CCT education program. The Borrower shall, at all times during the implementation of the Project, maintain the CCT Council, the CCT Working Group, the CCTIU, the PMU and the SWCs, all with a composition, staff, resources and terms of reference satisfactory to the Bank.
2. The Borrower shall carry out the Project in accordance with the Project Operational Manual, the MEPO and the Manual for CCT Program Grants, and shall not amend, suspend, abrogate, repeal or waive any provision of said Manuals without the prior written approval of the Bank.
3. The Borrower shall ensure that: (i) education grants under Part A.1 of the Project are provided to grant beneficiaries in accordance with the criteria, requirements and procedures set forth in MEPO; (ii) CCT program grants under Part A.2 (b) of the Project are provided to grant beneficiaries in accordance with the criteria, requirements and procedures set forth in the Manual for CCT Program Grants to be adopted by the Borrower pursuant to paragraph B.1(c), Section IV of this Schedule; and (iii) grant beneficiaries comply with criteria, requirements and obligations set forth in MEPO or the Manual for CCT Program Grants, as the case may be.
4. The Borrower shall, within two (2) months of effectiveness of this Agreement, appoint one expert in each of its territorial Social Work Centers to work full time on the CCT program implementation.



**B. Anti-Corruption**

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

**C. Other Covenants**

The Borrower shall, not later than November 30 in each year throughout the duration of the Project, prepare and submit to the Bank, for its review and approval, annual work programs and budgets prepared by the PMU with inputs from CCTIU.

**Section II. Project Monitoring Reporting and Evaluation****A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report. In addition, the Borrower shall, not later than February 15 of each year throughout the duration of the Project, submit to the Bank an annual progress report describing the progress in Project implementation.
2. For purposes of Section 5.08 (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 Bank not later than six (6) months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Component A of this Section, the Borrower shall prepare and furnish to the Bank 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 Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period. In addition, the

Borrower shall, not later than six (6) months after the end of each fiscal year throughout the duration of the Project, submit to the Bank an annual Project operational and performance audit on the basis of terms of reference satisfactory to the Bank.

**Section III. Procurement**

**A. General**

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods**

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

<b>Procurement Method</b>
(a) National Competitive Bidding, subject to the requirements set forth in the Annex to this Schedule 2
(b) Shopping
(c) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Least Cost Selection
(b) Selection based on Consultants' Qualifications
(c) Selection of Individual Consultants, including Sole-Source Selection
(d) Single-Source Selection
(e) Fixed Budget Selection

**D. Operating Costs**

Incremental expenditures included in the Operating Costs category can be procured in accordance with the established Borrower's administrative procedures acceptable to the Bank.

**E. Review by the Bank of Procurement Decisions**

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

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in Euro)</b>	<b>Percentage of Expenditures to be financed</b>
(1) Grants under Part A of the Project:		100%
(a) Education grants under Part A.1 of the Project	15,310,000	
(b) CCT program grants under Part A.2 (b) of the Project	525,000	
(2) Goods, services and Training for the Project	3,375,000	82%
(3) Operating Costs	41,750	82%
(4) Front-end Fee	48,250	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>19,300,000</b>	

**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; or
  - (b) for grants under Category (1) unless the software system for cash benefits is developed, tested and operating in a manner satisfactory to the Bank; or

(c) for grants under Category (1)(b) unless the Borrower has adopted the Manual for CCT Program Grants, in form and substance satisfactory to the Bank.

2. The Closing Date is February 28, 2014.

**ANNEX TO  
SCHEDULE 2**

**Additional Provisions for National Competitive Bidding**

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Guidelines, the following criteria shall be followed in procurement under National Competitive Bidding procedures:

(a) *Generalities*

Bidding shall be conducted using “Open Procedures.” Furthermore, restricted procedure shall not be used without the express consent of the Bank and is subject to the following conditions:

- the contracting authority shall invite all the candidates that meet the selection criteria; and
- no maximum number of selected candidates shall apply.

(b) *Registration*

- Bidding shall not be restricted to pre-registered firms.
- Where registration is required, bidders (1) shall be allowed a reasonable time to complete the registration process, and (2) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- Foreign bidders not from the territory of the Borrower shall not be precluded from bidding. If a registration process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register.

(c) *Advertising, time for submission of bids*

- Invitations to bid shall be advertised in at least one widely circulated national daily newspaper. Invitations could be also advertised on the web sites of the Public Procurement Bureau and respective ministry.
- Time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the time of the invitation to bid or the date of availability of bidding documents, whichever is later.

(d) *Pre-qualification*

- When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper. Invitations could be also published on the web sites of the Public Procurement Bureau and respective ministry.
- Time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the time of the invitation to bid or the date of availability of bidding documents, whichever is later.
- Minimum experience, and technical and financial requirements, shall be explicitly stated in the pre-qualification documents.

(e) *Participation of Publicly-owned enterprises*

Publicly-owned enterprises shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

(f) *Bidding Documents*

Procuring entities shall use the appropriate standard bidding documents acceptable to the Bank for procurement of goods and works.

(g) *Bid Opening, Bid Evaluation and Contract Award*

- Bids shall be submitted in a single envelope containing the bidder's qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening.
- No bids shall be rejected at the bid opening except for late bids and bids shall not be evaluated as part of bid opening process.
- The economic, financial and technical capacity of the bidders cannot be guaranteed by another entity, except joint venture and observing those criteria set up in the bidding documents.
- Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents and evaluation criteria other than price shall be quantified in monetary terms.

- Bids not substantially responsive shall be rejected.
- Extensions of bid validity will be allowed once only for not more than 30 days.
- No further extensions shall be requested without the prior approval of the Bank.
- Contracts shall be awarded to the qualified bidder having submitted the lowest-evaluated and substantially responsive bid. No negotiation shall take place.

(h) *Rejection of all bids*

All bids shall not be rejected and a new procurement process starts without the Bank's prior concurrence.

(i) *Price Adjustment*

Civil works contracts of long duration (more than 18 months) shall contain an appropriate price adjustment clause.

(j) *Securities*

- Bid security and performance security should follow the generally accepted practice used in the local market.
- Alternative methods such as bid securing declaration may be acceptable, in which case the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for bidding in any contract with the implementing uni
- No advance payment shall be made to contractors without a suitable advance payment security. These securities shall be included in the bidding documents in a text and format acceptable to the Bank.

(k) *Right to inspect and audit*

Each contract financed from the proceeds of the Loan shall provide that the suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The



deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

(1) *Fraud & Corruption*

The Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank Group.

### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each March 15 and September 15 Beginning September 15, 2016 through September 15, 2033	2.78%
and on March 15, 2034	2.7%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date[, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

**APPENDIX****Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “CCT” means conditional cash transfer.
3. “CCT Council” means the CCT council established by a decision of the Borrower dated October 2, 2007, headed by the Borrower’s deputy Prime Minister for Economic Issues and comprising the Borrower’s Ministers of, respectively, finance, labor and social policy, health, education and science and local government.
4. “CCT Working Group” means the CCT working group established by a decision of MLSP dated June 22, 2007, comprising technical experts from various ministries and agencies of the Borrower.
5. “CCTIU” means the Conditional Cash Transfers Implementation Unit established by the Borrower pursuant to a decision of MLSP dated June 12, 2009, under the State Secretary of MLSP.
6. “Category” means a category set forth in the table in Section IV of Schedule 4 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
9. “Law on Social Protection” means the Borrower’s law on social protection, governing key social financial benefits and providing the basis for the introduction of CCTs, to be enacted by the Borrower pursuant to Section 5.01 (c) of this Agreement.
10. “Manual for the CCT Education Program Operations” or “MEPO” means the manual for the CCT education grants under Part A.1 of the Project, to be adopted by the Borrower pursuant to Section 5.01 (a) of this Agreement, defining the characteristics of the Borrower’s CCT education program, outlining the respective roles and responsibilities of said program providers and beneficiaries

and setting forth the eligibility criteria, requirements and procedures for the selection of beneficiaries and provision of said grants.

11. “Manual for CCT Program Grants” means the manual for CCT program grants under Part A.2 (b) of the Project, to be adopted by the Borrower pursuant to Paragraph B.1(c), Section IV, Schedule 2 to this Agreement, defining the characteristics of the Borrower’s CCT program, outlining the respective roles and responsibilities of said program providers and beneficiaries and setting forth the eligibility criteria, requirements and procedures for the selection of beneficiaries and provision of said grants.
12. “MLSP” means the Borrower’s Ministry of Labor and Social Protection, or any successor thereto.
13. “Operating Costs” means incremental operating costs incurred by the PMU on account of Project implementation, management and monitoring, including dissemination of Project related information and publications, office rent and utilities, insurance, maintenance and repair of office and equipment, insurance, maintenance and repair of vehicles, local travel, communication, translation and interpretation, mail, bank charges, office supplies and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the Bank but not including salaries of civil servants.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
15. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 7, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. “Project Management Unit” or “PMU” means the project management unit established by the Borrower within MLSP, pursuant to a decision of MLSP dated September 1, 2004, headed by a Project Director, responsible for day-to-day management (including procurement, disbursement, financial management and reporting arrangements), payment of grants, coordination, monitoring and evaluation of the Project and comprising a Project Manager, a procurement expert, a financial management expert, an internal auditor and two coordinators for the activities under the Project.
17. “Project Operational Manual” or “POM” means the operational manual to be adopted by the Borrower pursuant to Section 5.01 (a) of this Agreement and setting forth the operational requirements, criteria, institutional arrangements and

operational procedures for the implementation of the Project, including, *inter alia*, procurement, financial management, disbursement, accounting, audit, environmental and social safeguards requirements, monitoring and evaluation arrangements, Sub-projects selection criteria, Sub-loans and Grants terms and conditions and processing procedures.

18. “Social Work Center” and “SWC” means a social work center participating in the implementation of the CCT education program at the local level.
19. “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.