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CREDIT NUMBER 4596-NG

# Financing Agreement

(Second HIV/AIDS Program Development Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 25 , 2010

Public Disclosure Authorized



**CREDIT NUMBER 4596-NG**

**FINANCING AGREEMENT**

AGREEMENT dated November 25 , 2010, 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 one hundred fifty million and four hundred thousand Special Drawing Rights (SDR 150,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are March 1 and September 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 1 to this Agreement. To this end, the Recipient shall: (a) carry out the Project through NACA; and (b) cause the Participating States to carry out the Project within their respective jurisdictions through their respective SACAs, 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 — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following: as a result of events which have occurred after the date of the Agreement, an extraordinary situation shall have arisen which shall make it improbable that a Participating State will be able to perform its obligations under the respective Subsidiary Agreement.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following: that at least one Subsidiary Agreement has been executed on behalf of the Recipient and one Participating State.
- 5.02. The Additional Legal Matter consists of the following: the Subsidiary Agreement referred to in Section 5.01 of this Agreement has been duly authorized or ratified by the Recipient and one Participating State and is legally binding upon the Recipient and that Participating State in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.
- 5.04. 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 years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is the Federal Minister of Finance.

6.02. The Recipient's Address is:

The Honorable Minister  
Federal Ministry of Finance  
Ahmadu Bello Way  
Central Business District  
Abuja, Nigeria

Facsimile:

234 9 6273609

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

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: /s/ Olusegun O. Aganga**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By: /s/ Onno Ruhl**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to reduce the risk of HIV infections by scaling up prevention interventions and to increase access to, and utilization of HIV counseling, testing, care and support services.

The Project consists of the following Parts:

**Part A:**            **Expansion of Public Sector Institutions' Response to the HIV/AIDS Epidemic**

1. Strengthening the capacity and ability of selected line ministries and agencies endowed with a central role in fighting HIV/AIDS to scale up and to expand the scope of their ongoing activities.
2. Carrying out of an institutional assessment aimed at strengthening the governance structures of FMOH's division responsible for HIV/AIDS and of SMOHs' departments responsible for HIV/AIDS so as to empower the said structures to achieve maximum impact in the use of resources and facilities granted to FMOH and to SMOHs, respectively, to deliver their mandate in the fight against HIV/AIDS.
3. Provision of support, including technical advisory services, required to design and implement client-oriented and evidence-based action plans aimed at controlling and preventing the spread of HIV/AIDS across the Recipient's territory.

**Part B:**            **Expansion of Civil Society Organizations and Private Sector's Response to the HIV/AIDS Epidemic**

1. Provision of support, including technical advisory services, required to revise the current HIV/AIDS Fund Guidelines with a view to expand and scale up the activities carried out by civil society and private sector organizations to contribute to the Recipient's efforts to control the spread of HIV/AIDS across its territory.
2. Provision of Grants to eligible Beneficiaries to assist them in the execution of eligible HIV/AIDS Subprojects.

**Part C: Project Coordination and Management**

1. Assessment of capacity building needs of selected public sector, civil society and private sector organizations engaged in the provision of services pertaining to controlling and stemming the spread of the HIV/AIDS epidemic across the Recipient's territory.
2. Provision of logistical support and technical advisory services required to strengthen the operational capacity of the selected organizations referred to under Part C.1 of the Project.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall: (a) cause NACA to carry out the Project at the Federal level; and (b) cause each Participating State to carry out the Project within its jurisdiction through its respective SACA; all in accordance with the provisions of the PIM, the ESMF, and the MWMP and except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of any of these documents.
2. The Recipient shall cause NACA to: (a) review, approve and monitor the execution of Subprojects to be carried out at the national level; and (b) provide overall national strategic direction as needed to enable each SACA to carry out the Project activities within its jurisdiction; this shall include, *inter alia*, provision of technical assistance, overall monitoring and evaluation of Project activities, and the review of annual work plans and related budgets and procurement plans from each SACA prior to submission to the Association for its review and approval.
3. The Recipient shall cause each Participating State to: (a) endow its respective SACA with the legal status enabling it to discharge the responsibilities entrusted to it in a fiscally responsible and sustainable manner; (b) empower its respective SACA to review, approve and monitor the execution of Subprojects to be carried out within its SACA's jurisdiction; and (c) require its respective SACA to maintain at all times during the implementation of the Project qualified and experienced staff in adequate numbers, including: (i) a Project manager, (ii) an accountant, (iii) an internal auditor, (iv) a procurement officer, (v) a community mobilization officer, and (vi) a monitoring and evaluation officer.
4. The Recipient shall cause each Participating State to require its respective SACA to: (a) open and thereafter maintain its SACA Project Account not later than February 28, 2011; (b) deposit into its SACA Project Account, not later than May 31, 2011 an initial amount equivalent to \$100,000; (c) replenish its SACA Project Account by the first day of each calendar semester with an amount equivalent to at least \$25,000 or such other amount agreed upon with the Association; and (d) ensure that all funds deposited in its SACA Project Account are used by each SACA solely to defray the cost of expenditures related to the carrying out of its relevant activities under the Project.

5. Financial Management Units

The Recipient shall cause each Participating State to maintain at all times during the implementation of the Project, its PFMU, in form and with mandate, resources, and qualified and experienced staff, including accountants and internal auditors, in adequate numbers, all satisfactory to the Association, so as to ensure prompt and efficient implementation and reliable financial management of the Project.

6. Annual Work Plans and Budgets

- (a) The Recipient shall prepare and furnish to the Association for its approval, not later than September 30 in each year during the implementation of the Project or such later date as the Association may agree, consolidated annual work plans and budgets containing all eligible Project activities, to be carried out in the following calendar year at the Federal level and at each Participating State level.
- (b) The Recipient shall cause each Participating State to implement, monitor and evaluate its annual work plan and budget in accordance with the provisions set forth in this Agreement and in more detail in the PIM and the respective Subsidiary Agreements as they shall have been approved by the Association pursuant to the provisions of paragraph (a) above.

**B. Subsidiary Agreements**

1. To facilitate the carrying out of the Project, the Recipient shall make a portion of the proceeds of the Financing available to each Participating State under a Subsidiary Agreement entered into between the Recipient and the Participating State, under terms and conditions which shall have been approved by the Association.
2. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement or any of their respective provisions.

**C. Subprojects and Grants**

1. Subprojects shall be selected in accordance with the procedures, guidelines, eligibility criteria and other provisions set forth in detail in the PIM and outlined hereunder. NACA and SACAs shall submit summaries of all Subprojects to the Association for prior approval. Subprojects shall be implemented with due

diligence and efficiency and in accordance with sound administrative, health, financial, technical, environmental and social practices, including, without limitation, the requirements of the ESMF, any EMPs and the MWMP.

2. The Recipient shall cause NACA and SACAs to provide Grants to Beneficiaries in accordance with the eligibility criteria and the terms and conditions set forth in the PIM and in a Grant Agreement, satisfactory to the Association, to be entered into between NACA at the Federal, or SACAs at the State level, and the Beneficiary, which shall include, *inter alia*, the following:
  - (a) NACA or SACAs shall obtain rights adequate to protect its interests and the interests of the Participating State and those of the Recipient and the Association, including the right to suspend or terminate the right of the Beneficiary to use the proceeds of the Grant and obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Grant Agreement;
  - (b) NACA or SACAs shall require each Beneficiary to: (i) carry out Subproject activities with due diligence and efficiency and in accordance with sound administrative, economic, financial, health, technical, managerial, environmental and social standards and practices, satisfactory to the Association, including in accordance with the provisions of the ESMF, any EMP and the MWMP, as well as the Anti-Corruption Guidelines applicable to recipients of the proceeds of the Credit other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; and (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association set forth in Section II.A.2 of this Schedule 2, the progress of the Subproject activities and the achievement of its objectives; and
  - (c) NACA or SACAs shall require each Beneficiary to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject activities; (ii) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the

Association, and promptly furnish the statements as so audited to the Recipient and the Association; (iii) enable the Recipient and the Association to inspect the Subproject activities, its operation and any relevant records and documents; and (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall cause NACA and each Participating State to exercise its rights under each Grant Agreement in such manner as to protect its interests and the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Recipient and the Association shall otherwise agree, NACA or SACA shall not assign, amend, abrogate or waive any Grant Agreement or any of their respective provisions.

**D. Anti-Corruption**

The Recipient shall cause NACA and each Participating State to carry out the Project within their respective jurisdictions in accordance with the provisions of the Anti-Corruption Guidelines.

**E. Safeguards**

1. The Recipient shall cause NACA and each Participating State to carry out the Project within their respective jurisdictions in accordance with the provisions of the ESMF and MWMP.
2. Except as the Recipient and the Association shall otherwise agree, the Recipient shall cause NACA and each Participating State:
  - (a) in cases of any Subproject requiring the adoption of an EMP:
    - (i) proceed to have such EMP, A) developed, B) submitted to the Bank for review and approval, and C) thereafter adopted, prior to implementation of the Subproject; and
    - (ii) thereafter take such measures as shall be necessary or appropriate to comply with the requirements of such EMP.
  - (b) not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, any EMP or the MWMP or any provision thereof.
3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Bank on a quarterly

basis consolidated reports on the status of compliance with the ESMF, EMPs, if any, and the MWMP, giving details of:

- (a) measures taken in furtherance of such ESMF, EMPs, if any, and MWMP;
- (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, EMPs, if any, and MWMP; and
- (c) remedial measures taken or required to be taken to address such conditions.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

1. The Recipient shall cause: (a) NACA; and (b) each Participating State to 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 the indicators set forth in paragraph 2 below. Each Project Report shall be consolidated and shall cover the period of one calendar quarter, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.
2. The performance indicators referred to in paragraph 1 above consist of the following:
  - (a) the percentage of young women and men aged 15-24 reporting the use of a condom during the last sexual intercourse with a non-regular partner (of those reporting sexual intercourse with a non-regular partner in the last 12 months) has increased from 34.3% to 45.4 for females and from 52.2% to 69.2 for males;
  - (b) the percentage of women and men aged 15-49 who have had sexual intercourse with more than one partner in the last 12 months has decreased from 1.1% to 0.4% for females and from 7.2% to 5% for males;
  - (c) the percentage of most-at-risk groups reporting the use of a condom during the last sexual intercourse with a non-regular partner (of those reporting sexual intercourse with a non-regular partner in the last 12 months) has increased from 64.8% to 72% for female sex workers brothel based and from 67.1% to 75% for female sex workers non-brothel based;

- (d) the percentage of persons aged 15 and older who have received counseling and testing for HIV and have collected their HIV test results has increased from 72.7% to 96%;
- (e) the percentage of most-at-risk populations who both correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission has increased from 33% to 50% for sex workers; from 44% to 57% for men who have sex with men; and from 34% to 47% for injecting drug users;
- (f) the percentage of pregnant women who are HIV positive and require antiretroviral prophylaxis and who have received a complete course of antiretroviral prophylaxis to reduce the risk of mother to child HIV transmission has increased from 5.25% to 30%;
- (g) the ratio of current primary school attendance between orphans of HIV/AIDS and other pupils has increased from 75% to 87%; and
- (h) by June 30, 2011, all Participating States and the Federal Capital Territory have transformed their SACAs into financially autonomous statutory agencies.

**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 60 days after the end of each calendar semester consolidated 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 for the Project consolidated and 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 consolidated audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works 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 method or methods of review by the Association 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 and Works**

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

<b>Procurement Methods</b>
(a) National Competitive Bidding
(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 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 Methods</b>
(a) Quality-Based Selection
(b) Single Source Selection
(c) Selection Based on the Consultants’ Qualifications
(d) Individual Consultants
(e) Least-Cost Selection

**D. Review by the Association of Procurement Decisions**

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$750,000 or more, and each contract for works estimated to cost the equivalent of 1,000,000 or more, procured on the basis of International Competitive Bidding and each contract for goods and works procured on the basis of Direct Contracting; (b) all contracts for consultants’ services procured on the basis of Single Source Selection; and (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of \$200,000 or more. 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:



Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Civil works, goods, consultants' services, Operating Costs and Training for Part A of the Project: (a) for NACA (b) for the Participating States	2,700,000 37,100,000	100%
(2) Grants: (a) for NACA (b) for the Participating States	9,500,000 43,300,000	100% of amounts disbursed
(3) Civil works, goods, consultants' services, Operating Costs and Training for Part C of the Project: (a) for NACA (b) for the Participating States	4,500,000 43,300,000	100%
(4) Unallocated	10,000,000	
<b>Total Amount</b>	<b>150,400,000</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;
  - (b) for payments under any Category to be made with respect to any Participating State unless:
    - (i) the Recipient has furnished to the Association evidence satisfactory to the Association that the Recipient has concluded a Subsidiary Agreement with the concerned Participating State under terms and conditions satisfactory to the Association; and
    - (ii) the Association has received an opinion pursuant to Section 8.02 (b) of the General Conditions that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the concerned Participating State and is legally binding upon the Recipient and the Participating State in accordance with its terms.
2. The Closing Date is December 31, 2013.

**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 1 and September 1	
commencing September 1, 2019 to and including March 1, 2029	<b>1%</b>
Commencing September 1, 2029 to and including March 1, 2049	<b>2%</b>

\* 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**

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. “Beneficiary” means any civil society organization or any private sector organization operating at the national level or in any Participating State, as hereinafter defined, which has met the Grant, as hereinafter defined, eligibility criteria as set out in the PIM, as hereinafter defined, and as a result, has received, or is entitled to receive a Grant.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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.
5. “Environmental Management Plan” or “EMP” means an Environmental Management Plan, acceptable to the Association and consistent with the ESMF, as hereinafter defined, adopted for the purposes of a Subproject, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESMF under the Subproject, along with the procedural and institutional measures needed to implement such actions, measures and policies, including any schedules to such Plan, and as such Plan may be amended by the Recipient from time to time, with the prior written agreement of the Association.
6. “ESMF” means the Environment and Social Management Framework prepared and adopted by the Recipient, dated November 2008, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, including any schedules to such Framework, as such Framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.
7. “FMOH” means the Federal Ministry of Health of the Recipient.

8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
9. “Grant” means a grant made or to be made out of the proceeds of the Financing by NACA or any SACA to a Beneficiary for the purpose of financing a Subproject.
10. “Grant Agreement” means the agreement to be entered into between NACA or any SACA and a Beneficiary for the provision of a Grant.
11. “HIV/AIDS” means the Human Immuno-deficiency Virus and the Acquired Immune Deficiency Syndrome.
12. “HIV/AIDS Fund Guidelines” means the guidelines referred to under Part B 1 of the Project.
13. “MWMP” means, collectively, the Recipient’s National Health Waste Management Plan, dated April 17, 2007, and the Project specific Medical Waste Management Plan, adopted by the Recipient and dated December 2008, as such Project specific Plan may be amended by the Recipient from time to time, with the prior written agreement of the Association.
14. “NACA” means the National Agency for the Control of AIDS, a statutory agency of the Recipient, established and operating pursuant to Act No 2 of the Recipient dated February 22, 2007, which is referred to in Section 3.01 and in Section I.A of Schedule 2 to this Agreement.
15. “Operating Costs” means the incremental expenses incurred by NACA and by SACA in each Participating State, based on amounts and budgets approved by the Association, on account of Project implementation, management, and monitoring, including office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation, maintenance, insurance cost, travel, supervision and advertising, but excluding salaries of employees and officials of the Recipient’s civil service.
16. “Participating State” means any of the Recipient’s States which has entered into a Subsidiary Agreement, with the Recipient, in accordance with Section I.B of Schedule 2 to this Agreement.
17. “PFMU” means the Project Financial Management Unit established by each Participating State in the Office of the State Accountant General and further referred to in paragraph 5 of Section I.A of Schedule 2 to this Agreement.

18. “PIM” means the Project Implementation Manual adopted by the Recipient and dated April 2, 2009, outlining the institutional and operational arrangements for implementation of the Project including, *inter alia*, procurement procedures, disbursement and financial management arrangements, performance indicators, environmental and social safeguards, monitoring and evaluation arrangements, terms of reference of staff and other administrative, financial and organizational arrangements, and setting forth the Grant eligibility criteria, application process, responsibilities and accountabilities, and monitoring and evaluation arrangements for the Subprojects, as hereinafter defined, including any schedules to the manual, as such manual may be amended by the Recipient from time to time, with the prior written agreement of the Association.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
20. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 14, 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 the said paragraphs.
21. “SACA” means the State Agency for the Control of AIDS, or the State Action Committee on AIDS, as the case may be, which are referred to in Section 3.01 and in Section I.A of Schedule 2 to this Agreement.
22. “SACA Project Account” means the account to be opened by each SACA in a commercial bank acceptable to the Association, under terms and conditions satisfactory to the Association, and which is referred to in Section I.A.4 and Section IV.B.1(b)(i) of Schedule 2 to this Agreement.
23. “SMOH” means the State Ministry of Health of each Participating State.
24. “Subproject” means a specific set of activities carried out or to be carried out by a Beneficiary under Part B of the Project in accordance with eligibility criteria set out in the PIM, and financed or proposed to be financed out of the proceeds of a Grant.
25. “Subsidiary Agreement” means an agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make a portion of the proceeds of the Financing available to each Participating State, as the same may be amended from time to time with the prior written consent of the Association, and such term includes all schedules to such Subsidiary Agreement.

26. "Training" means reasonable expenditures approved by the Association on the basis of budgets acceptable to the Association to finance the cost of training activities, workshops and seminars involving persons related to Project-supported activities, including, inter alia, expenses for rental of conference rooms, acquisition of materials and supplies, and other costs directly related to such training, workshop or seminar activities.