

**LOAN NUMBER 93480-JO**

# **Loan Agreement**

**(Second Additional Financing - Emergency Cash Transfer COVID-19 Response Project)**

**between**

**THE HASHEMITE KINGDOM OF JORDAN**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

## LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between THE HASHEMITE KINGDOM OF JORDAN (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the project described in the financing agreement for the Emergency Cash Transfer COVID-19 Response Project (“Original Project”) between the Borrower and the Bank, dated October 26, 2020, as amended to the date of this Agreement (Loan No. 9139-JO) (“Original Financing Agreement”), the Grant Agreement between the Borrower and the Bank, dated October 26, 2020, as amended to the date of this Agreement (TF0B3363) (“Grant Agreement”), and in the financing agreement for the Original Project between the Borrower and the Bank, dated July 13, 2021, (Loan No 9282-JO) (“Additional Financing Agreement).

### WHEREAS:

(A) under the Original Loan Agreement, the Bank agreed to provide the Borrower with a loan in an amount of three hundred and fifty million Dollars (\$350,000,000) (“Original Financing”) to assist in financing the Original Project;

(B) under the Grant Agreement, the Bank agreed to provide the Borrower with a grant in an amount of twenty-four million one hundred seventy thousand Dollars (\$24,170,000) (“Grant”) to assist in financing the Original Project;

(C) under the Additional Financing Loan Agreement, the Bank agreed to provide the Borrower with a loan in an amount of Two Hundred and Ninety Million United States Dollars (\$ 290,000,000) (“Additional Financing”) to assist in financing the Original Project;

(D) the Borrower has requested the Bank to provide additional financial assistance in support of activities related to the Original Project and described in Schedule 1 to this Agreement (“Project”) by providing a loan in an amount equivalent to three hundred and fifty million Dollars (\$350,000,000) (“Second Additional Financing”); and

(E) the Bank has agreed, on the basis, *inter alia*, of the foregoing to extend such additional financing to the Borrower upon the terms and conditions set forth in this Agreement.

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) apply to and form 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 the amount of three hundred and fifty million (\$350,000,000), as such amount may be converted from time to time through a Currency Conversion (“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 III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

## **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall, and shall cause the National Aid Fund (“NAF”) to carry out Parts 1 and 2 of the Project; and shall, through MOPIC, carry out Part 4 of the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

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

- 4.01. The Additional Events of Suspension consist of the following:
- (a) NAF has failed to comply with any of its obligations under the Subsidiary Agreement and in accordance with the NAF’s Legislation and mandate.
  - (b) SSC has failed to comply with any of its obligations under the Cooperation Agreement and in accordance with the SSC’s Legislation and mandate.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that either of the events specified in Section 4.01 of this Agreement has occurred.

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

- 5.01 The Additional Condition of Effectiveness consists of the following:
- (a) the Borrower has entered into an amended Subsidiary Agreement with NAF under terms satisfactory to the Bank, and
  - (b) the Borrower has entered into an amended Cooperation Agreement with SSC under terms satisfactory to the Bank.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

## **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Minister responsible for planning and international cooperation.

- 6.02. The Borrower's Address is:

Ministry of Planning and International Cooperation  
Post office Box 555  
Amman, 11118  
The Hashemite Kingdom of Jordan

Facsimile:

+962-6-464 9341

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

- (b) the Bank's Electronic Address is:

Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

**THE HASHEMITE KINGDOM OF JORDAN**

**By**

Nasser Shraideh

**Authorized Representative**

**Name:** Nasser Shraideh

**Title:** Minister of Planning and International Cooperation

**Date:** 05-Apr-2022

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By**

Saroj Kumar Jha

**Authorized Representative**

**Name:** Saroj Kumar Jha

**Title:** Regional Director

**Date:** 04-Apr-2022

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to provide cash support to poor and vulnerable households and workers affected by the COVID-19 pandemic in Jordan.

The Project consists of the Original Project, amended as follows:

#### **Part 1: Cash support to poor and vulnerable households affected by COVID-19**

##### ***Part 1.1 Temporary Cash Transfers to vulnerable households***

Provision of unconditional Cash Transfers to Beneficiaries not otherwise benefiting from the NAF Programs, to provide time-limited livelihood support to vulnerable households.

##### ***Part 1.2 Takaful -1 Cash Transfer Program***

Provision of unconditional Cash Transfers to Takaful-1 Beneficiaries to provide complementary livelihood support to vulnerable households on a quarterly basis.

#### **Part 2: Project management, monitoring and evaluation**

Provision of support for the PMU in managing and overseeing Project activities, including: (a) staffing; (b) data collection and verification, aggregation and periodic reporting on the Project's implementation progress; (c) software and hardware requirements for NAF and relevant institutions necessary for the expansion of the data exchange platform of the National Unified Registry (NUR); (d) monitoring of the Project's key performance indicators and periodical evaluation; (e) communication and public outreach activities; (f) digitization of payments; (g) recertification of Beneficiaries of the monthly and Takaful cash transfer programs; (h) costs associated with maintenance of the GM; and (i) overall Project Operating Costs, audit costs, including independent verification of the Cash Transfers, monitoring and compliance with ESCP.

#### **Part 3: Contingent Emergency Response Component**

Provision of immediate response to an Eligible Crisis or Health Emergency.

#### **Part 4: Support to workers in firms affected by COVID-19**

Provision of a temporary wage subsidy and social security contributions through the *Istidama* Program for eligible employees of eligible private sector firms.

## **SCHEDULE 2**

### **Project Execution**

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

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

1. For the purposes of Project implementation, the Borrower shall:
  - (a) Cause Parts 1 and 2 of the Project to be carried out by NAF in accordance with the Project Operations Manual;
  - (b) Carry out Part 4 of the Project through MOPIC in accordance with the Project Operations Manual and consistent with the Cooperation Agreement between MOPIC and SSC;
  - (c) Cause NAF to maintain, throughout Project implementation:
    - i. a Project Management Unit (“PMU”) in charge of overall coordination of the Project; and
    - ii. a PMU Project Manager responsible for: (A) coordinating implementation and ensuring the overall technical coherence of the Project activities; and (B) coordinating all technical, operational, M&E, financial management, procurement and environmental and social safeguards aspects within the respective units and departments at NAF, all in form and with terms of references, functions, composition, staffing, as well as adequate resources acceptable to the Bank, and as further described in the project operation manual (“Project Operation Manual” or “POM”).
  - (d) Cause financial officer, procurement officer and social officer hired by MOPIC within the PMU to be responsible for supporting the Technical Coordinator in implementing Part 4 of the Project. For purposes of carrying out Part 4 activities, financial officer, procurement officer and social officer shall report directly to the Technical Coordinator, while continuing to report to the PMU Project Manager for purposes of Parts 1 and 2 of the Project.

##### **B. Subsidiary Agreement**

1. To facilitate the carrying out Parts 1 and 2 of the Project, the Borrower shall make the proceeds of the Loan available to NAF under a subsidiary agreement between the Borrower and NAF, under terms and conditions approved by the Bank (“Subsidiary Agreement”).
2. The Borrower shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the

- Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
3. In the event that any provision of the Subsidiary Agreement shall conflict with this Agreement, the terms of this Agreement shall prevail.

**C. Cooperation Agreement**

1. To facilitate the carrying out Part 4 of the Project, the Borrower shall carry out the Cooperation Agreement between the Borrower and SSC, under terms and conditions approved by the Bank (“Cooperation Agreement”), including the following:
  - (a) The Borrower’s obligation to provide financing to the SSC for purposes of carrying out Part 4 of the Project in accordance with the terms of the Cooperation Agreement;
  - (b) The SSC’s obligation to carry out its respective activities under the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, Environmental and Social Standards, including the requirements of ESCP, all under the supervision of qualified and experienced management assisted by competent staff in adequate numbers, and in accordance with the provisions of this Agreement and the *Istidama* Program Guidelines;
  - (c) The SSC’s obligation to procure goods and services required for carrying out the Project and to be financed out of the proceeds of the Loan, in accordance with the Procurement Regulations, Procurement Plan and the *Istidama* Program Guidelines;
  - (d) The SSC’s obligation to implement the terms of the World Bank Anti-Corruption Guidelines;
  - (e) The SSC’s obligation to: (i) maintain a financial management system for implementing the Project acceptable to the Bank; and (ii) prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, adequate to reflect its operations and financial condition;
  - (f) The SSC’s obligation to promptly inform the Borrower and the World Bank of any condition which interferes or threatens to interfere with the progress of the Project and the performance of its obligations under the Cooperation Agreement;
  - (g) The SSC’s obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Cooperation Agreement.
4. The Borrower shall exercise its rights under the Cooperation Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Cooperation Agreement or any of its provisions.



5. In the event that any provision of the Cooperation Agreement shall conflict with this Agreement, the terms of this Agreement shall prevail.

**D. Project Operations Manual and *Istidama* Program Guidelines**

1. Not later than thirty (30) days after the Effective Date, the Borrower shall cause NAF to amend the POM, on the terms satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures; (b) a grievance mechanism; (c) personal data collection and processing in accordance with the applicable national guidelines; (d) eligibility criteria and procedures in selecting Beneficiaries for receiving Cash Transfers, including schedules and modalities for delivering Cash Transfers; (e) detailed arrangements for verification of achievement of the PBCs (including the Verification Protocol); (f) roles and responsibilities for Project implementation; and (g) such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.
2. Not later than thirty (30) days after the Effective Date, the Borrower shall cause SSC to amend *Istidama* Program Guidelines on the terms satisfactory to the Bank and thereafter carry out Part 4 of the Project pursuant to the *Istidama* Program Guidelines, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) a grievance mechanism; (b) personal data collection and processing in accordance with the applicable national guidelines; (c) eligibility criteria and procedures in selecting eligible private sector firms and eligible employees for receiving *Istidama* Benefits; and (d) such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.
3. The Borrower shall cause:
  - (a) NAF to ensure that the POM is not materially and substantively amended without the prior written agreement of the Bank; and
  - (b) SSC to ensure that the *Istidama* Program Guidelines are not materially and substantively amended without the prior written agreement of the Bank.
4. In the event that any provision of the POM or *Istidama* Program Guidelines shall conflict with this Agreement, the terms of this Agreement shall prevail.

**E. Cash Transfers**

1. The Borrower shall cause NAF to select Beneficiaries and Takaful-1 Beneficiaries, and make Safety Net Transfers to eligible Beneficiaries and Takaful-1 Beneficiaries, in accordance with the eligibility criteria, requirements and procedures acceptable to the Bank, as described in the POM.

2. The Borrower shall cause NAF to ensure that the amount of each Safety Net Transfer is used by the Beneficiary and Takaful-1 Beneficiary for its intended purpose.
3. Any revision to the eligibility criteria or a decision to conduct a recertification of Beneficiaries under Part 1.1 of the Project shall be conducted based on the methodology and procedures satisfactory to the Bank.

**F. Administration of the *Istidama* Program**

1. For purposes of carrying out Part 4 of the Project, the Borrower, through MOPIC, shall cause the SSC to pay wage subsidies and social security contributions ("*Istidama Benefits*") to Eligible Employees of Eligible Firms, using procedures and a transfer and verification mechanism acceptable to the Bank and further detailed in the *Istidama* Program Guidelines.
2. The Borrower, through MOPIC, shall cause SSC to ensure that:
  - (a) Eligible Firms participating in *Istidama* Program meet the following criteria, to be evaluated on a regular basis:
    - i. Firm is not authorized to operate under the defense orders and Cabinet of Ministers' notifications issued under Defense Law No. 13 (1993) in categories determined by the SSC and the Ministry of Labor, in consultation with Ministry of Industry, Trade and Supply;
    - ii. Firm operates in the sector specified by SSC as severely affected by the COVID-19 pandemic, as determined by the SSC and the Ministry of Labor, in consultation with Ministry of Industry, Trade and Supply; or
    - iii. Firm can demonstrate that it has been considerably affected financially by the COVID-19 pandemic, as evidenced by financial data reviewed by a technical committee established for this purpose, and submitted to the SSC.
  - (b) No employee shall be eligible to receive *Istidama* Benefits unless:
    - i. Employee has contributed at least one month of social security contributions to the SSC during the period of time specified in the *Istidama* Program Guidelines; and
    - ii. Eligible Firm has deposited the share of wages and social security contributions that it is required to pay to and on behalf of the Eligible Employee into a dedicated account managed by SSC.
  - (c) Eligible Employee receives *Istidama* Benefits at the level specified in the *Istidama* Program Guidelines.

**G. Verification of Safety Net Transfers, *Istidama* Program, and Performance Based Conditions**

1. Not later than sixty (60) days after the Effective Date, the Borrower, through MOPIC, shall appoint a Verification Agent to carry out, under the terms satisfactory to the Bank, a verification review of Project implementation, including, *inter alia*, (a) accuracy of Safety Net Transfer payments under Part 1.1 of the Project; (b) eligibility of Beneficiaries; (c) confirmation of receipt of funds by Beneficiaries; and (d) calculation, processing and payment of *Istidama* Benefits under Part 4.
2. The Borrower, through NAF, shall cause the Audit Bureau to verify compliance with PBCs as set forth in the table of Schedule 4 to this Agreement and in accordance with the Verification Protocol.
3. The Borrower shall, through NAF, not later than thirty (30) days after the verification of compliance with the PBCs has been completed, prepare and furnish to the Borrower and the Bank, a report on the results of said verification process of such scope and in such detail as the Bank shall reasonably request, and recommend corresponding payments to be made, as applicable, under Category (2); and
4. The Borrower shall submit to the Bank, on a quarterly basis, Verification Agent's verification review report satisfactory to the Bank, related to the use of the proceeds of the Safety Net Transfers and *Istidama* benefits. The final independent verification report shall be furnished to the Bank not later than three (3) months after the end of last withdrawal of the proceeds of the Loan allocated to Safety Net Transfers under Categories (3) and (6) of the table set forth in Section IV.A.1 of Schedule 2 to this Agreement.

**H. Financing under Part 1.2 of the Project based on PBCs**

1. The Borrower shall cause NAF to:
  - (a) implement Part 1.2 of the Project in accordance with the institutional, financial management and procurement arrangements set out in this Schedule 2 to this Agreement as further elaborated in the POM;
  - (b) throughout the period of implementation of the Project, carry out verification to determine whether the PBCs have been met as detailed in the Verification Protocol and the POM; and
  - (c) furnish sufficient documentation to the Bank to enable the Bank to verify the data and other evidence supporting the achievement of one or more PBCs as set forth in the table in Schedule 4 to this Agreement.
2. (a) The amount of payments which the Borrower may request for Eligible Expenditures under Part 1.2 of the Project shall be determined on the basis of the maximum amount allocated by the Bank to each PBC, subject to the provisions of Schedule 2 Section III, provided that such amount shall not exceed the total amount of payment for Eligible Expenditures incurred during the year covered by the PBC-based financing payment requested, excluding any amount of eligible expenditures financed from other sources of financing.

- (b) Notwithstanding the provision of sub-paragraph (a) of this sub-section 2, all payments under the PBC-based financing shall be subject to the Bank's prior written approval and shall only be eligible for financing out of the proceeds of the Loan if and to the extent approved by the Bank in accordance with the provisions of Schedule 2 Section III.

**I. Annual Work Plan and Budget**

1. The Borrower shall cause NAF, through the PMU, to prepare and furnish to the Bank, not later than January 31 of each year, starting 2023, an Annual Work Plan and Budget containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts, sources of financing and eligible costs.
2. The Borrower shall, through MOPIC, ensure that information regarding all activities proposed to be included under Part 4 of the Project and a proposed financing plan for expenditures required for such activities, is included in the Annual Work Plan and Budget prepared under Section I(1) of Schedule 2 to this Agreement.
3. The Borrower shall cause NAF, through the PMU, to afford the Bank a reasonable opportunity to exchange views with the PMU on such proposed Annual Work Plan and Budget and thereafter ensure that the Project is implemented in accordance with such Annual Work Plan and Budget as shall have been approved by the Bank.
4. The Borrower may revise Annual Work Plans and Budgets as needed during Project implementation subject to the Bank's prior written approval.

**J. Environmental and Social Standards**

1. The Borrower shall, and shall cause NAF and SSC to ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, and shall cause NAF and SSC to ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause NAF and SSC to ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
  - (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Bank shall otherwise agree in writing and the Borrower has, thereafter, disclosed the revised ESCP.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall, and shall cause NAF and SSC to:
  - (a) take all measures necessary on its part to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) promptly notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.
5. The Borrower shall, and shall cause NAF and SSC to, maintain and publicize the availability of a Grievance Mechanism in each respective institution, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

## **I. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3 of the Project (“Contingent Emergency Response Part”), the Borrower shall ensure that:
  - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
  - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;

- (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
- 2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Bank.
- 3. The Recipient shall ensure that:
  - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
- 4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

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

- 1. The Borrower shall cause NAF to furnish to the Bank each Project Report not later than 45 days after the end of a calendar quarter, covering the calendar quarter.
- 2. The Borrower shall, through MOPIC, ensure the necessary information pertaining to activities under Part 4 of the Project, is included in Project Reports prepared under Section II(1) of Schedule 2 to this Agreement.

## **Section III. Withdrawal of Loan Proceeds**

### **A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project	0	NA
(2) Cash Transfers under Part 1.2 of the Project (Takaful-1)	320,880,000	100% of each PBC Amount set out in Schedule 4 (or such lesser percentage as represents the total Eligible Expenditures paid by the Borrower under the Eligible Expenditure Program as of the date of withdrawal)
(3) Safety Net Transfers under Part 1.1 of the Project (Takaful 2 and 3)	0	NA
(4) Emergency Expenditures	0	NA
(5) Front-end Fee	875,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(6) <i>Istidama</i> Benefits under Part 4 of the Project	28,245,000	100%
(7) Interest Rate Cap or Interest Rate Collar premium	--	Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>350,000,000</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, except withdrawals up to an aggregate amount not to exceed \$28,245,000 may be made for payments made on or after January 1, 2022 but prior to the Signature Date, under Category (6) of the Project and provided the disbursement condition under paragraph (c) below is fulfilled.
  - (b) for payments under Category (2) unless the Bank has (i) received satisfactory evidence, to be verified by the Audit Bureau that (i) payments for Eligible Expenditures Program have been made in accordance and in compliance with the procedures set forth in the POM; and (ii) the PBCs set forth in Schedule 4 to this Agreement for which payment is requested have been met and verified in accordance with the Verification Protocol and the POM and (ii) GM has been enhanced to include gender based violence referral pathways in a manner satisfactory to the Bank.

- (c) under Category (6) unless and until (i) the allocation under Category (6) of the Original Loan Agreement and Additional Financing has been fully disbursed and (ii) the Borrower has submitted the verification reports referred to in Section I.G of Schedule 2 to this Agreement for Part 1.1 and Part 4 of the Project covering the period from March 1, 2020 to December 31, 2021.
  - (d) for Emergency Expenditures under Category (4), unless and until the Bank is satisfied that all of the following conditions have been met in respect of said expenditures:
    - i. the Borrower has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Bank a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof;
    - ii. the Borrower has prepared and disclosed all environmental/social documents, (including ESCP) required for said activities, and the Borrower has ensured that any actions which are required to be taken under said documents have been implemented, all in accordance with the provisions of Sections I.H.(2)(b) of this Schedule;
    - iii. the entities in charge of coordinating and implementing the Contingent Emergency Response Part, has provided sufficient evidence satisfactory to the Bank that it has adequate staff and resources for the purposes of said activities; and
    - iv. the Borrower has adopted the CERCM, in form and substance acceptable to the Bank, and the provisions of the CERCM remain relevant or have been updated in accordance with the provisions of Section I.H of this Schedule so as to be appropriate for the inclusion and implementation of the activities under the Contingent Emergency Response Part.
2. Notwithstanding the provisions of Part A of this Section, payments under Category (2) shall not exceed the maximum amounts allocated to the respective PBC(s) as provided in Schedule 4 to this Agreement.
3. Notwithstanding the provisions of paragraphs 1 and 2 of this Part B, if the Bank shall determine, based on the evidence provided by the Borrower under paragraph 3 of this Part B, that any PBC(s) have not been achieved or have been partially achieved by the end of the year during which such PBC(s) were scheduled to be met in accordance with Schedule 4 to this Agreement, the Bank may in its sole discretion, by notice to the Borrower:
- (a) withhold in whole or in part the amount of the Loan allocated to such PBCs;
  - (b) disburse in whole or in part the amount of the Loan allocated to such PBC(s) at any later time when such PBC(s) are met; and/or
  - (c) reallocate in whole or in part any amount of the Loan allocated to such PBC(s) to other PBC(s) under Category (2) or to other Categories.



4. Notwithstanding the foregoing, if the Bank determines, at any time, that any portion of the amounts disbursed by the Borrower under any Category was made for payment of expenditures that are not eligible, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower.
5. If, at any time, the Bank determines that any portion of the amounts disbursed by the Bank to the Borrower under Category (2) was: (i) made for payment of expenditures which are not eligible under the NAF programs; or (ii) not in compliance with the provisions of Section I.D and the provisions of the POM, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower.
6. The Closing Date is December 31, 2024.

**Section IV. Amendment to the Original Loan Agreement and Additional Financing Agreement**

1. The Closing Date of the Original Loan Agreement and Additional Financing Agreement is modified to read December 31, 2024. The Closing Date of the Grant Agreement is modified to read December 31, 2022.

2. The amount for PBC 1.2 in the Original Loan Agreement will read as follows:  
\$75,000,000.

3. PBC 1.3 in the Additional Financing Agreement will read as follows:

**“Description of achievement**

PBC#1.3 120,000 eligible households are enrolled in the Takaful-1 Cash Transfer Program and paid in 2022

and

**“Disbursement Calculation Formula**

PBC 1.3: from the baseline of 0, \$2,500,000 for each 12,000 households received their payments in each quarter of 2022, up to \$40,000,000”

4. The definition “Grievance Redress Mechanism” in the Appendix to the Original Loan Agreement and Additional Financing Agreement is modified to read as follows

““GM” means the Grievance Mechanism referred to in Section I.H.5 of Schedule 2 to this Agreement.”

### SCHEDULE 3

#### Commitment-Linked Amortization Repayment Schedule

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”).

#### Level Principal Repayments

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each April 15 and October 15 Beginning April 15, 2026 through April 15, 2040	3.33%
On October 15, 2040	3.43%

**SCHEDULE 4**  
**Performance-Based Conditions under the Project**

The following table specifies the Performance-Based Conditions (PBCs) and the allocation of the amounts of the Loan to each PBC under Category 2:

<b>Results Area</b>	<b>Description of achievement</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Disbursement Calculation Formula</b>
<b>PBC# 1: Takaful-1 Beneficiaries enrolled and paid</b>	PBC#1.3 120,000 eligible households are enrolled in the Takaful-1 Cash Transfer Program and paid in 2022.	35,000,000	PBC # 1.3: from the baseline of 0, \$2,500,000 for each 12,000 households received their payments in each quarter of 2022, up to \$35,000,000.
	PBC#1.4 170,000 eligible households are enrolled in the Takaful-1 Cash Transfer Program and paid in 2023.	170,000,000	PBC # 1.4: from the baseline of 0, \$2,500,000 for each 17,000 households received their payments in each quarter of 2024, up to \$170,000,000.
<b>PBC# 3: Migration of Beneficiaries into Takaful-1 Cash Transfer Program</b>	PBC #3.4: NAF Board of Directors approves a time-bound plan to phase out the regular monthly CT program.	23,880,000	PBC # 3.4: NAF provides a copy of the decision made by Board of Directors.
<b>PBC 4: Operationalization of the National Unified Registry (NUR)</b>	PBC #4.1: Borrower endorses the executive plan to launch NUR as single gateway for applicants seeking social assistance.	15,000,000	PBC # 4.1: Borrower provides the endorsed executive plan to launch NUR as single gateway for applicants seeking social assistance.
	PBC #4.2: The Borrower uses NUR front-end as the only intake channel for the citizen to apply for five government social services. (incremental).	30,000,000	PBC #4.2: Borrower provides a list of social services that use NUR front-end as the intake channel for citizen's application and a related report.
	PBC #4.3: NAF develops a module in the NAF MIS that connects to the NUR to enable NAF to automatically generate list of poor families affected by the climate-related shocks.	14,000,000	PBC #4.3: Borrower provides a report that the system has been developed.

<b>PBC 5: Implementation of the Economic Empowerment Program</b>	PBC #5.1. NAF endorses the revised instruction for NAF's Training and Employment Unit to implement Economic Empowerment Program.	15,000,000	PBC # 5.1: NAF Board of Directors has revised instructions for NAF's Training and Employment Unit to implement EEP
	PBC #5.2: 3,000 of Takaful-1 beneficiaries targeted for employment support, based on the criteria set in the Economic Empowerment Program, are included in the target population for national employment programs under Sajjil and apply for support. (incremental).	18,000,000	PBC # 5.2: NAF provides the list of beneficiaries benefiting from the Economic Empowerment Program from the Sajjil platform at the Ministry of Labor.
	<b>Total</b>	<b>320,880,000</b>	

## **APPENDIX**

### **Definitions**

1. “Additional Financing” means the additional financing provided under the Additional Financing Agreement (as defined hereinafter).
2. “Additional Financing Agreement” means the agreement between the Borrower and the Association for the Project, dated July 13, 2021 (Loan No 9282-JO), as such agreement may be amended from time to time. “Additional Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Audit Bureau” means the Borrower’s national audit agency established pursuant to Law No. 28 of 1952.
6. “Beneficiary” means an individual or a household eligible to receive Safety Net Transfer under Takaful-2 or Takaful-3 financed under Part 1.1 of the Project, as per criteria, amount, and procedures described in the POM; “Beneficiaries” means the plural thereof.
7. “Cash Transfer” means a transfer of funds, either in cash or electronically, in the form of grants on behalf of the Borrower to a Beneficiary or Takaful-1 Beneficiary, made or to be made under Parts 1.1 and 1.2 of the Project in accordance with the provisions of the POM.
8. “Contingent Emergency Response Component Manual” or the acronym “CERCM” means the plan referred to in Section I.I of Schedule 2 to this Agreement, to be adopted by the Borrower for the Contingent Emergency Response Part in accordance with the provisions of said Section.
9. “Contingent Emergency Response Part” means Part 3 of the Project.
10. “Cooperation Agreement” means an agreement entered between the Borrower and SSC under Section I.C of Schedule 2 of this Agreement.
11. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
12. “Economic Empowerment Program” means the Borrower’s national program approved by the Borrower’s Ministry of Labor and NAF (as defined hereinafter) in March 2020 to economically empower poor population by economically integrating them in the labor market. “Eligible Crisis” means an event that has caused, or is likely to imminently

- cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
13. “Eligible Employees” mean individuals employed by Eligible Firms who are deemed eligible, under the requirements of the *Istidama* Program Guidelines, to receive *Istidama* Program.
  14. “Eligible Firm” means a private sector firm which applies and is eligible to participate in the *Istidama* Program under Part 4 of the Project.
  15. “Eligible Expenditure Program” means the specific expenditures of the Borrower acceptable to the Bank representing Cash Transfers made in connection with Part 1.2 of the Project, financed through the budget code 6122 in the Borrower’s budget for the National Aid Fund.
  16. “Emergency Expenditure” means any of the eligible expenditures set forth in the Contingency Emergency Response Component Manual in accordance with the provisions of Section I.I of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
  17. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated January 25, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
  18. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
  19. “Grant” means the non-reimbursable financing provided under the Grant Agreement (as defined hereinafter).
  20. “Grant Agreement” means the Grant Agreement between the Borrower and the Bank, dated October 26, 2020, as amended to the date of this Agreement (TF0B3363).

21. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
22. “GM” means the Grievance Mechanism referred to in Section I.H.5 of Schedule 2 to this Agreement.
23. “Health Emergency” means an event that has caused, or is likely to imminently cause, a major adverse health impact to the Borrower, associated with a natural or man-made crisis or disaster.
24. “*Istidama* Program” means a national program, established in December 2020 under SSC to provide *Istidama* Benefits to eligible formal sector workers, or its successor thereof.
25. “*Istidama* Program Guidelines” means a summary of rules, methods, guidelines, standard documents and procedures adopted by the Social Security Corporation in December 2020, for the purposes of managing the *Istidama* Program financed under Part 4 of the Project, as amended from time to time with the approval of the Bank.
26. “*Istidama* Benefits” means a set of wage subsidies and social security contributions paid to Eligible Employees of Eligible Firms under Part 4 of the Project.
27. “MOPIC” means the Borrower’s Ministry of Planning and International Cooperation, or its legal successor.
28. “National Aid Fund” or “NAF” means a national safety net fund established in accordance with National Aid Fund Law No. 36 (1986), as amended, or its legal successor.
29. “NAF’s Legislation” means National Aid Fund Law No. 36 (1986), as amended.
30. “NAF Program” means social safety net programs of the Borrower designed to provide protection to the poor through income support, which include Regular Monthly Cash Transfer Program and Takaful-1 Cash Transfer Program.
31. “Original Financing” means the financing provided under Original Financing Agreement (as defined hereinafter).
32. “Original Financing Agreement” means the Loan Agreement between the Borrower and the Bank, dated October 26, 2020, as amended to the date of this Agreement (Loan No. 9139-JO).
33. “PBC Achievement Due Date” means the final date, established by the Bank, for the Bank to receive from the Borrower applications for withdrawal and supporting documentation, and for purposes of this Loan Agreement, for:
  - (a) PBC 1.3, PBC 3.4, PBC 4.1, PBC 5.1 Achievement Due Date is March 31, 2023;
  - (b) PBC 1.4, March 31, 2024; and

- (c) PBC 4.2, PBC 4.3, PBC 5.2: PBC Achievement Due Date is four months following the Closing Date.
34. “Performance Based Condition” or “PBC” means with respect of Category (2), each of the conditions related to said Category as set forth in the table in Schedule 4 to this Agreement, and “Performance-Based Conditions” or “PBCs” means, collectively, more than one such Performance Based Condition or PBC.
35. “PMU” means the Project management unit within NAF, referred to in Section I.A.1 of Schedule 2 to this Agreement.
36. “POM” means the project operations manual for the Project, to be adopted by the Borrower and satisfactory to the Bank, and referred to in Section I.C Schedule 2 to this Agreement, describing and setting forth procedures for implementation of the Project and institutional arrangements, consistent with the provisions of this Agreement and including, among other things, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures, procurement procedures, monitoring and evaluation arrangements, verification arrangements, other fiduciary and administrative arrangements, as the same may be amended from time to time by agreement with the Bank.
37. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated April 25, 2020, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.
38. “Project Operating Costs” means reasonable incremental expenses incurred by the Borrower (including NAF, the PMU and MOPIC) and approved by the Bank attributable to the Project implementation, management and monitoring, and establishment of the project management unit and a grievance redress mechanism
39. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
40. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
41. “Social Security Corporation” or “SSC” means an autonomous government institution, established under the Temporary Law No. 30 (1978) and Law No. 19 (2001), with the mandate to protect and support the workforce socially and economically.
42. “Subsidiary Agreement” means an agreement entered between the Borrower and NAF under Section I.B of Schedule 2 of this Agreement.
43. “Takaful-1 Beneficiary” means an individual participating in the Takaful-1 Cash Transfer Program under Part 1.2 of the Project.



44. “Takaful-1 Cash Transfer Program” means a national targeted program, established in May 2019 under NAF to provide unconditional Cash Transfers to Beneficiaries to provide income support aimed at the protection and inclusion of poor households using a pro-poor targeting criteria, or its successor thereof.
45. “Takaful-2 Cash Transfer Program” means an emergency national cash transfer program, established in April, 2020 and implemented in the second quarter of the same year, targeting households with informal workers adversely affected by COVID-19 pandemic, or its successor thereof.
46. “Takaful-3” Cash Transfer Program” means an emergency national cash transfer program, established in December, 2020, to be implemented during 2021, targeting households with informal workers adversely affected by COVID-19 pandemic, or its successor thereof.
47. “Training” means costs incurred by the Borrower on account of approved workshops, and training of Borrower personnel involved in implementation of the Project, including study tours, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation, all on the basis of budgets acceptable to the Bank.
48. “Verification Agent” means an independent entity to be appointed by the Borrower to carry-out performance audits of the Project, as referred to in Section I.E(1) of Schedule II to this Agreement.
49. “Verification Protocol” means the protocol for PBC verification dated March, 2022, referred to in Section I.G of Schedule 2 to this Agreement, as may be amended from time to time with the written agreement of the Bank.