

**LOAN NUMBER 9282-JO**

# **Loan Agreement**

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

**between**

**THE HASHEMITE KINGDOM OF JORDAN**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**LOAN NUMBER 9282-JO**

**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 the Original Project (as defined in the Appendix to 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) 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 extend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, a Loan in the amount of Two Hundred and Ninety Million United States Dollars (USD 290,000,000) 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. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 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 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 of each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NAF to perform any of its obligations under the Project Agreement.
  - (b) NAF has failed to comply with any of its obligations under the Subsidiary Agreement.
  - (c) SSC’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SSC to perform any of its obligations under the Cooperation Agreement.
  - (d) SSC has failed to comply with any of its obligations under the Cooperation Agreement.
- 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**

- 5.01. The Additional Condition of Effectiveness consists of the following:
- (a) The Borrower has entered into an amended Subsidiary Agreement with NAF; and
  - (b) The Borrower, through MOPIC, has engaged the PMU manager, in accordance with the terms of reference, qualifications and resources 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. The Bank's Address is:

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

Telex: Facsimile:

248423(MCI) or 1-202-477-6391  
64145(MCI)

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, Minister of State for Economic

Date: 13-Jul-2021

INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT

By

*Saroj Kumar Jha*

Authorized Representative

Saroj Kumar Jha

Name: \_\_\_\_\_

Title: Country Director

Date: 12-Jul-2021

## **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 outreach; (f) digitization of payments; (g) recertification of Beneficiaries of the monthly and Takaful cash transfer programs; (h) costs associated with maintenance of the GRM; 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 and the Project Agreement, as amended;
  - (b) Cause NAF to enter into an amended Project Agreement with the Bank for purposes of carrying out Parts 1 and 2 of the Project;
  - (c) 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;
  - (d) 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”).
  - (e) No later than *thirty (30) days from the Effective Date*, through MOPIC:
    - i. hire a social officer to be placed within PMU;

- ii. hire a Technical Coordinator within MOPIC to be responsible for monitoring and reporting activities under Part 4 of the Project, and coordination of Part 4 activities with the SSC.
- (f) No later than *sixty (60) days from the Effective Date*, through MOPIC, hire a financial management officer and a procurement officer to be placed within PMU;
- (g) Cause financial officer, procurement officer and social officer hired by MOPIC within the PMU under Section I.A.1(e) and (f) above 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.

**C. Cooperation Agreement**

- 1. To facilitate the carrying out Part 4 of the Project, the Borrower shall enter into a 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.
2. The Borrower shall cause the SSC to ensure that the Cooperation Agreement includes a provision stipulating that in the case of conflict between the Cooperation Agreement, on the one hand, and this Agreement, on the other, the provisions of this Agreement shall apply.
3. 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.

**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 redress 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. The Borrower shall cause SSC to carry out Part 4 of the Project pursuant to the *Istidama* Program Guidelines, 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) a grievance redress 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. 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.
4. The Borrower shall cause:
  - (a) NAF to ensure that the POM is not amended without the prior written agreement of the Bank;
  - (b) SSC to ensure that the *Istidama* Program Guidelines are not amended without the prior written agreement of the Bank.

**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 Employer 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; (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;
  - (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 January 1, 2021, 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, and shall cause NAF and SSC to maintain and publicize the availability of a Grievance Redress 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.

**K. 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:
  - (a) prepare and furnish to the Bank for its review and approval, a Contingent Emergency Response Component Manual (CERCM) which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any special 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 Emergency Expenditures; (vi) application of the any relevant safeguard instruments to the Contingent Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Contingent Emergency Response Part;
  - (b) afford the Bank a reasonable opportunity to review the proposed CERCM;
  - (c) promptly adopt the CERCM for the Contingent Emergency Response Part as accepted by the Bank;
  - (d) ensure that the Contingent Emergency Response Part is carried out in accordance with the CERCM; provided, however, that in the event of any inconsistency between the provisions of the CERCM and this Agreement, the provisions of this Agreement shall prevail; and
  - (e) not amend, suspend, abrogate, repeal or waive any provision of the CERCM without the prior written approval by the Bank.
2. The Borrower shall ensure that no activities are undertaken under the Contingent Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

- (a) 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; and
  - (b) the Borrower has ensured the disclosure of all Environmental and Social instruments/plans required for said activities in accordance with the ESCP, the Borrower has approved all such instruments, and the Borrower has ensured the implementation of any actions which are required to be taken under said instruments.
3. Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in Part 3 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CERCM.

**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: the Front-end Fee; 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>
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(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project	0	
(2) Cash Transfers under Part 1.2 of the Project (Takaful-1)	224,275,000	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	
(4) Emergency Expenditures	0	
(5) Front-end Fee	725,000	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	65,000,000	100%
<b>TOTAL AMOUNT</b>	<b>290,000,000</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 \$26,500,000 may be made for payments made on or after May 1, 2021 but prior to the Signature Date, under Category (6) of the Project.
  - (b) for payments under Category (2) unless the Bank has 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.
  - (c) under Category (6) unless and until the allocation under Category (6) of the Original Loan Agreement has been fully disbursed.

- (d) under Category (6) unless and until the Borrower has:
  - (i) entered into a Cooperation Agreement with SSC;
  - (ii) updated, adopted, and publicly disclosed the Rapid Social Assessment; and
  - (iii) updated, adopted, and publicly disclosed Labor Management Procedures, in form and substance acceptable to the Bank.
  
- (e) 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, the Borrower may withdraw the amount, as may be stipulated in the DFIL, as an advance under Category (2), provided, however, that if the PBCs in the opinion of the Bank, are not achieved (or only partially achieved) by the PBC Achievement Due Date, the Borrower shall refund such advance (or portion of such advance as determined by

the Bank in accordance with the provisions of Paragraph (4) of this Part B) to the Bank promptly upon notice thereof by the Bank. Except as the Bank may otherwise determine, the Bank shall cancel all so amounts refunded.

4. 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.
5. Notwithstanding the foregoing, if the Bank determines, at any time, that any portion of the amounts disbursed by the Borrower under Categories (1) and (2) 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.
6. 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.
7. The Closing Date is December 31, 2023.

**SCHEDULE 3**

**Amortization 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 October 15, 2055	1.64%
On April 15, 2056	1.6%

## 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:

Results Area	Description of achievement	Amount of the Loan Allocated (expressed in USD)	Disbursement Calculation Formula
<b>PBC# 1: Takaful-1 Beneficiaries enrolled and paid</b>	PBC#1.3 85,000 eligible households are enrolled in the Takaful-1 Cash Transfer Program and paid in 2022	80,000,000	PBC 1.3: from the baseline of 0, \$2,500,000 for each 10,625 households received their payments in each quarter of 2022, up to \$80,000,000
<b>PBC# 2: Improvements in Takaful-1</b>	PBC # 2.2: NAF implements the revised Takaful-1 Targeting methodology. PBC # 2.4: NAF implements the recertification of Takaful-1 Beneficiaries	50,000,000  19,275,500	PBC # 2.2: \$50,000,000 by December 31, 2022  PBC # 2.3: 19,275,500 by December 31, 2022
<b>PBC #3: Migration of Beneficiaries into Takaful-1 Cash Transfer Program</b>	PBC #3.3: NAF enrolls in the Takaful-1 Cash Transfer Program beneficiaries of the regular monthly cash transfer program that qualify for the Takaful-1 Cash Transfer Program (based on the recertification of beneficiaries of the Regular Monthly Cash	75,000,000	PBC # 3.3: From the baseline of 0, \$7,500,000 for each 10% of qualifying (for Takaful-1 Cash Transfer Program) <sup>1</sup> households of the regular monthly cash transfer program enrolled in the Takaful-1 Cash Transfer Program starting January 1, 2021, up to the maximum of \$75,000,000

<sup>1</sup> The percentage is calculated over a baseline which is the number of beneficiaries who are qualifying to Takaful-1 Cash Transfer Program. This baseline will be adjusted quarterly to take into account beneficiaries who exited the program.

	Transfer Program, using Takaful-1 targeting formula)		
<b>Total</b>		<b>224,275,000</b>	

## APPENDIX

### Section I. Definitions

1. “Annual Work Plan and Budget” means the work plan and budget approved by the Bank and adopted by the Borrower in accordance with the provisions of Section I.C of Schedule 2 of this Agreement, as said work plan and budget may be modified from time to time with the written agreement of the Bank.
2. “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, and revised in January 2011 and as of July 1, 2016.
3. “Audit Bureau” means the Borrower’s national audit agency established pursuant to Law No. 28 of 1952.
4. “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.
5. “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.
6. “Category” means a category set forth in the table in Section III of Schedule 2 to this Agreement.
7. “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.
8. "Contingent Emergency Response Part" means Part 3 of the Project.
9. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
10. “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.

11. “Eligible Employees” mean individuals employed by Eligible Firms who are deemed eligible, under the requirements of the *Istidama* Program Guidelines, to receive *Istidama* Program.
12. “Eligible Firm” means a private sector firm which applies and is eligible to participate in the *Istidama* Program under Part 4 of the Project.
13. “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.
14. “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.
15. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Borrower’s environmental and social commitment plan, acceptable to the Bank, dated May 31, 2020, updated and redisclosed on May 24, 2021, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank.
16. “Environmental and Social Standards” 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 at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>.



17. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated December 14, 2018, with the modifications set forth in Section II of this Appendix.
18. “GRM” means the Grievance Redress Mechanism referred to in Section I.H.5 of Schedule 2 to this Agreement.
19. “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.
20. “*Istidama* Program” means a national program, established in December 2020 under SSC to provide *Istidama* Benefits to eligible formal sector workers.
21. “*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.
22. “*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.
23. “Labor Management Procedures” or “LMP” means the document to be prepared by the Borrower, in form and substance satisfactory to the Bank, and in accordance with Environmental and Social Standard 2, setting out *inter alia* the overview of the labor use in the Project, an assessment of potential Project-related labor risks, the types of Project workers and their terms and conditions of employment, the age of employment, the details of the Project dedicated grievance mechanism to be provided to direct workers and contracted workers, and occupational health and safety requirements for Project workers; as the LMP may be revised from time to time, with prior written agreement of the Borrower, and such term includes any annexes or schedules to such LMP.
24. “MOPIC” means the Borrower’s Ministry of Planning and International Cooperation, or its legal successor.
25. “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.
26. “NAF’s Legislation” means National Aid Fund Law No. 36 (1986), as amended.
27. “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.

28. “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 1.1: PBC Achievement Due Date is March 31, 2021;
  - b. PBC 1.2, PBC 2.1, PBC 2.2, PBC 2.3, PBC 3.2: PBC Achievement Due Date is March 31, 2022;
  - c. PBC 1.3, PBC 2.4, PBC 3.1, PBC 3.3: PBC Achievement Due Date is four months following the Closing Date.
29. “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.
30. “PMU” means the Project management unit within NAF, referred to in Section I.A.1 of Schedule 2 to this Agreement.
31. “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.
32. “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.
33. “Procurement Regulations” means the “World Bank Procurement Regulations for Borrowers under Investment Project Financing”, dated July 1, 2016, revised November 2017, August 2018 and November 2020.
34. “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,

including costs related to: office supplies and consumables, stationary and sundries, maintenance of office equipment, communication, advertising, office rentals, utility costs, operation and maintenance of office vehicles, per diem and travel costs for Project staff (including NAF, the PMU and MOPIC), reasonable bank charges, allowances and salaries of Project staff (excluding the salaries of Borrower's civil servants).

35. "Rapid Social Assessment" means a systematic examination of the social risks and impacts, associated with the Borrower's Program supported by the Project. The examination includes (a) consideration of the full range of social impacts included in ESS1; (b) whether vulnerable individuals or groups have access to the development benefits resulting from the Program; and (c) proposal of appropriate mitigation and monitoring measures.
36. "Regular Monthly Cash Transfer Program" means the national program under NAF which has been functioning since the NAF establishment to provide unconditional Cash Transfers to Beneficiaries to provide income support aimed at the protection and inclusion of poor households with children, the poor elderly (above age 65), persons with permanent disability, and other categories.
37. "Safety Net Transfer" means, collectively, Cash Transfers under Parts 1.1 and 1.2 of the Project.
38. "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.
39. "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.
40. "Takaful-1 Beneficiary" means an individual participating in the Takaful-1 Cash Transfer Program under Part 1.2 of the Project.
41. "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.
42. "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.

43. “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.
44. “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.
45. “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.