H.E. Augusto Archer Mangueira  
Minister  
Ministry of Finances  
Largo da Mutamba  
Luanda  
Republic of Angola

Date: 18/04/2017

REPUBLIC OF ANGOLA: Learning for All Project  
(Credit No. 5254-AO)  
Amendment to the Financing Agreement

Excellency:

We refer to the Financing Agreement (the “Agreement”) dated January 16, 2014 between the Republic of Angola (“the Recipient”) and the International Development Association (“the Association”) for the above mentioned Project (the “Project.”). We also refer to your letter dated December 26, 2016 requesting the Association to amend certain provisions of the Agreement.

We are pleased to inform you that the Association agrees to your request and proposes to amend the Agreement as follows:

(a) Paragraph C (In-service Teacher Training Program under Part A.2 of the Project) under Section 1 of Schedule 2 of the Agreement is hereby deleted and replaced by the following:

"C. In-service Teacher Training Program under Part A.2 of the Project

1. The Recipient shall make the funds allocated to Category (2) to Selected Provincial Education Departments so as to deliver and monitor the in-service teacher training program under Part A.2 of the Project, in accordance with funds flow mechanisms, implementation, evaluation and monitoring processes specified in the Project Implementation Manual, including but not limited to the following main features:

(a) the Provincial Education Departments shall carry out the in-service teacher training program in accordance with the Project Implementation Manual and the Anti-Corruption Guidelines, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial standards and practices satisfactory to the Association;
the Provincial Education Departments shall maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the carrying out of the in-service teacher training program;

c) the funds allocated to the Provincial Education Departments shall be used exclusively in carrying out the in-service teacher training program;

d) the Recipient shall have the right to obtain all information, as the Recipient or the Association shall reasonably request, regarding the administration, operation and financial management of the in-service teacher training program by the Provincial Education Departments; and

e) the Recipient shall have the right to suspend or terminate the right of the Provincial Education Departments to benefit from the proceeds of the Credit upon failure by the Provincial Education Departments to perform any of their obligations under this Agreement.

2. Without limitation to paragraph 1 of this Part C, the Recipient shall maintain, at all times until the completion of the Project, the Provincial Education Department with a mandate and resources satisfactory to the Association."

Paragraph D (Terms and Conditions for the implementation of Education Projects (EPs) and EP Grants under Part A.3 (ii) of the Project) under Section 1 of Schedule 2 of the Agreement is hereby deleted and replaced by the following:

"D. Terms and Conditions for the implementation of Education Projects (EPs) and EP Grants under Part A.3 (ii) of the Project

The Recipient, through MED, shall ensure that the EP Grants are allocated to the Selected ZIPS in accordance with, and subject to, the eligibility criteria, elaboration of EPs, funds flow mechanisms, implementation, evaluation and monitoring processes specified in the Project Implementation Manual, including but not limited to the following main features:

a) The EPs shall be prepared by Selected ZIPS using information compiled in the schools' report cards to diagnose problems and outline strategies to address those problems.

b) The amounts of the EP Grants shall average USD 500 per school yearly and school specific amounts will be determined based on each school's size.

c) Upon approval of an EP Grant, funds in respect of each EP Grant shall be transferred to the bank account of the Selected Province, opened for such purposes by such provinces, to support the EPs of the Selected ZIP under its jurisdiction, for its provision to the Selected ZIP of materials and other resources for the implementation of the EPs, as provided under Part A.3(ii) of the Project."
(d) Upon approval of an EP Grant, each EP Grant so approved shall be made available to a Selected Province under an EP Grant Agreement. The EP Grant Agreement, as set out in the PIM, shall be executed under terms and conditions satisfactory to the Association and shall include, *inter alia*, the following provisions:

(i) The obligation of each Selected Province to carry out the EP in accordance with the Project Implementation Manual and the Anti-Corruption Guidelines, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association;

(ii) the obligation of each Selected Provincial Education Department to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the carrying out of the EP;

(iii) the requirement that: (1) the goods and services to be financed by the EP Grant shall be procured in accordance with the procedures set forth in Section III of Schedule 2 to this Agreement and in the PIM; and (2) such goods and services shall be used exclusively in carrying out the EP;

(iv) the right of the Recipient to inspect by itself, or jointly with the Association, if the Association shall so requests, the goods or plans included in the EP, the operations thereof and any relevant records and documents;

(v) the right of the Recipient to obtain all information, as the Recipient or the Association shall reasonably request, regarding the administration, operation and financial management of the EPs; and

(vi) the right of the Recipient to suspend or terminate the right of the Selected Province and the Selected ZIP to benefit from the proceeds of the EP Grant upon failure by the Selected Province or Selected ZIP to perform any of its obligations under the EP Grant Agreement.”

(c) Paragraph E (Independent Verification Agents) under Section 1 of Schedule 2 of the Agreement is hereby deleted and replaced by the following:

“E. **Independent Verification Agents**

The Recipient shall engage independent verification agents (IVAs) as agreed between the Recipient and the Association, whose terms of reference, qualifications and experience shall be satisfactory to the Association, to monitor, evaluate and report on the Project activities, and to: (a) conduct independent verifications and audits, including ensuring that Provincial Education Departments maintain adequate accounting systems and records of Project funds; (b) carry out short beneficiaries’ assessments; and (c) make recommendations and develop strategies for improvement of Project implementation.”
(d) Paragraph A.2 (Withdrawal of the Proceeds of the Financing) under Section IV of Schedule 2 of the Agreement is hereby deleted and replaced by the following:

"2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, non-consulting services under Parts A.1, A.2, A.3 (i), B and C of the Project, and Training and Operating Costs under Parts A.1, A.3 (i), B and C of the Project</td>
<td>25,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training and Operating Costs under Part A.2 of the Project</td>
<td>22,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, consultants’ services, non-consulting services, Training and Operating Costs for EPs under Part A.3(ii) of the Project</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>48,800,000</td>
<td></td>
</tr>
</tbody>
</table>

(e) Paragraph B (Withdrawal Conditions; Withdrawal Period) under Section IV of Schedule 2 of the Agreement is hereby deleted and replaced by the following:

"B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:

   (a) payments made prior to the date of this Agreement; or

   (b) under Categories 2 and 3, with respect to any Provincial Education Department, until: (i) the IVAs which shall be in charge of the functions described under Section LE of this Schedule in respect of all Provincial Education Departments have been hired in a manner satisfactory to the Association; and (ii) Training has been provided to the accounting staff of all Provincial Education Departments on the use of the financial management and accounting procedures specified in the PIM."
2. The Closing Date is February 28, 2020.

(f) Paragraph 23 of Section 1 (Definition) of the Appendix to the Agreement is hereby deleted and replaced by the following:

"23. "Provincial Education Department" means the unit in each Province responsible for overseeing that province's education system".

All other provisions of the Agreement, except as amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments to the Agreement on behalf of the Recipient by countersigning and dating the two original copies of this letter and returning one countersigned original to us. Upon receipt by the Association of this countersigned copy, this amendment shall become effective as of the date of your countersignature.

Sincerely,

[Signature]

Elizabeth Huybens
Country Director for Angola
Africa Region

AGREEED:

REPUBLIC OF ANGOLA

By: [Signature] H.E. Augusto Archer Mangueira
Minister of Finances

Date: 2/4/2020