Mr. Samir Sharifov  
Minister of Finance  
Ministry of Finance  
Republic of Azerbaijan

Re: Republic of Azerbaijan: Second Education Sector Development Project  
(Credit No. 4394-AZ)  
Amendment to the Financing Agreement

Dear Mr. Sharifov:

We refer to the Financing Agreement (the Financing Agreement) for the above-referenced Project, dated September 24, 2008 between the Republic of Azerbaijan (the Recipient) and the International Development Association (the Association). We also refer to your letters dated March 16, 2012 and June 24, 2013, requesting the Association as well as further discussions with the Association to introduce amendments to the Financing Agreement and Supplemental Letter No. 2 reflecting the revised performance monitoring indicators.

We are pleased to inform you that, after due consideration, the Association has agreed to amend the Financing Agreement and Supplemental Letter No. 2 as follows:

A. Financing Agreement

1. The Project description under Schedule 1 to the Financing Agreement is revised to read as follows:

“SCHEDULE 1

Project Description

The objective of the Project is to enhance the effectiveness of teaching and learning conditions in general education schools through curriculum reform and teacher in-service training.

The Project constitutes the second phase of the Program, and consists of the following parts:

Part A: Supporting the Implementation of the General Education Curriculum and Further Curriculum Reform

1. Supporting curriculum reform and the related sensitization campaigns, through the provision of goods, consultants’ services and training."
2. Developing new teaching and learning materials and school libraries through the carrying out of works and the provision of goods, consultants’ services and training.

Part B: Modernization of In-service Teacher Training

1. Supporting in-service teacher training for the implementation of the new curriculum, by training teachers, master trainers and rayon education methodologists, through the provision of goods, consultants’ services and training.

2. Modernizing in-service teacher training systems by training teachers to use student-centered learning strategies and information and communications technology (ICT) for pedagogical purposes, through the provision of goods, consultants’ services and training.

Part C: Using Student Assessment for Education Quality Improvement

1. Establishing a comprehensive national plan for evaluating education outcomes in the Recipient’s education system, through the provision of goods, consultants’ services and training.

2. Supporting the nationwide implementation of the new centralized secondary school-leaving examination, through the provision of goods, consultants’ services and training.

3. Supporting the development of materials, training modules and resources for school- and classroom-based assessment, through the provision of goods, consultants’ services and training.

4. Supporting the Recipient’s participation in: (a) the Programme for International Students’ Assessment (PISA) of 2009; and (b) the Trends in International Mathematics and Science Study (TIMSS) of 2011, through the provision of goods, consultants’ services and training.

Part D: Promoting School Readiness

Promoting school readiness of children below the age of six (6), by increasing access to pre-school education services in six pilot rayons, through the provision of goods and training.

Part E: Strengthening Education Policy Development and Management Capacity

1. Strengthening the institutional capacity at the central and rayon levels and supporting the revision of teacher profession policies, through the provision of consultants’ services and training.

2. Improving the efficiency of spending on general education, through the evaluation of pilot reforms using per capita financing, through the provision of consultants’ services.

3. Conducting a public awareness campaign on education reforms, through the provision of goods, consultants’ services and training.
Part F  Project Coordination, Monitoring and Evaluation

Assisting MoE and the PCU for the purposes of effective coordination, monitoring and evaluation of the Project, through the provision of goods, consultants’ services and training.”

2. Section IV.B.2 under Schedule 2 to the Financing Agreement is revised to read as follows:

“2. The Closing Date is March 31, 2016.”

3. All the terms and conditions of the Financing Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

B. Supplemental Letter No. 2: Performance Monitoring Indicators:

With reference to the provisions of Section II.A.1 of Schedule 2 to the Financing Agreement, the performance monitoring indicators shall be amended as set out in the modified Supplemental Letter No. 2, attached to this amendment letter (Annex 1).

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Amendment Letter and the Supplemental Letter No. 2. Upon receipt by the Association of the copy of this Amendment Letter and the Supplemental Letter No. 2 respectively countersigned and signed by you this Amendment Letter and the Supplemental Letter No. 2 will become effective as of the date of your countersignature and signature thereof.

Sincerely,

[Signature]
Henry G. Kerali
Country Director
South Caucasus Country Department
Europe and Central Asia Region

CONFIRMED:

REPUBLIC OF AZERBAIJAN

By: [Signature]
 Authorized Representative

Name: Samir Sharifov
Title: Minister of Finance
Date: 31 March, 2014