Financing Agreement
(Additional Financing for the Higher Education Science and Technology Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 2nd July, 2015
AGREEMENT dated 1st July, 2015, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount equivalent to thirty two million Special Drawing Rights (SDR 32,000,000) (variously “Grant” or “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are June 15 and December 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) Decree Number 1/2015, or any provision thereof, shall have been amended suspended, abrogated, repealed, waived or not enforced in such a manner as to affect materially and adversely, in the opinion of the Association, the ability of MCTESTP to carry out its respective Parts of the Project.

(b) Decree Number 16/2007 or any provision thereof, shall have been amended suspended, abrogated, repealed, waived or not enforced in such a manner as to affect materially and adversely, in the opinion of the Association, the ability of ES-COREP to carry out its respective Parts of the Project.

4.02. The Additional Events of Acceleration consist of the following, namely that any of the events specified in paragraphs (a) and/or (b) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Operational Manual has been updated and adopted by the Recipient in form and substance acceptable to the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister at the time responsible for economy and finance or any successor thereto.

6.02. The Recipient’s Address is:

Ministry of Economy and Finance
Praça da Marinha Popular
Av. 10 de Novembro nº 929
Maputo
Republic of Mozambique

Facsimile:
+258 21313747

6.03. The Association’s Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

Authorized Representative

Name: Adriano Maleiane
Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Mark Lundell
Title: Country Director
The objectives of the Project are to: (a) increase the number and raise the quality of graduates at the undergraduate and graduate levels; (b) strengthen the national research capacities to produce research outputs of relevance to the Recipient’s strategic economic sectors; and (c) strengthen the institutional framework for TVET.

The Project consists of the Original Project and the following additional parts:

Part A: System Governance, Quality and Management Strengthening

1. Support to MCTESTP including through the following:

   (a) strengthening its administrative and technical capacities for policy development, monitoring, and evaluation, including carrying out of Training for its staff;

   (b) piloting and evaluating the financing instruments for the higher education reform under its responsibility;

   (c) carrying out of inspections for higher education to make them more regular and efficient;

   (d) developing internal and external quality assurance mechanisms for Public and Private Higher Education Institutions;

   (e) provision of advisory services to improve efficiency and expand its scholarships’ program in an equitable manner;

   (f) strengthening the implementation of its research and education network; and

   (g) design and implementation of a national math and science camp for secondary students participating in it scientists for tomorrow program.

2. Support to ES-COREP including through the following:

   (a) establishing the institutional framework for the governance of the TVET system, including providing advice on the implementation of the financing framework for TVET;
(b) carrying out of analytical work and stakeholder consultations through the development and adoption of methods and procedures for: (i) standard-setting; (ii) curriculum review and development; and (iii) assessment/certification arrangements, including the testing of selected occupational areas spread across six economic sectors (tourism, management and administration, industrial maintenance, agro-industry and mining and ICTs), through the following activities: (A) developing modularized course programs based on the occupational standards referred in (i) above and carrying out of training in the areas referred to under (iii) above; and (B) developing a standards-based assessment and certification system;

(c) provision of advisory services to improve the quality of TVET Institutions for developing and piloting capacity building activities for faculty and management staff;

(d) upgrading the data management information system including through the design of a system to cover all TVET Institutions, course programs, trainers and learners;

(e) development of a qualifications' framework and about 15 qualifications, including those that connect TVET medium level with higher education;

(f) design and implementation of certification and accreditation mechanisms;

(g) design and implementation of reallocation program of functions and staff competences to ANEP;

(h) establishment and operationalization of ANEP; and

(i) carrying out of capacity building activities to allow for the successful implementation of the decentralized management model in at least five TVET Institutions.

Part B: Improving Quality of Teaching, Learning and Research through Competitive Funds

1. Support to MCTESTP including through the following:

(a) provision of advisory services to put in place mechanisms for purposes of preparation and processing of bids for the grants, loans and scholarships to be awarded through MCTESTP under Parts B and C of
the Project, including in respect of communication and information for education;

(b) provision of Private Higher Education Institution Loans; and

(c) provision of: (i) Public Higher Education Institutions Grants; (ii) Higher Education Institution and Research Entity Education Grants; and (iii) Postgraduate Students Research Grants.

2. Support to ES-COREP, including through the following:

(a) provision of advisory services to put in place mechanisms for purposes of preparation and processing bids for the grants and scholarships to be awarded through ES-COREP under Parts B and C of the Project, including in respect of communication and information for education; and

(b) provision of TVET Institutions Grants.

Part C: Equity and Competitiveness Scholarships

1. Support to MCTESTP including through the provision of: (a) Undergraduate Equity and Competitiveness Scholarships; and (b) Postgraduate Equity and Competitiveness Scholarships.

2. Support to ES-COREP including through the provision of TVET Lecturer Training Scholarships.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain in MCTE, at all times during Project implementation, a Project Coordination Unit (the PCU) with a structure, functions and responsibilities acceptable to the Association, including, \textit{inter alia}, the responsibility of the PCU to assist the Recipient in the coordination, monitoring and supervision of the Project.

2. The Recipient shall ensure that the PCU is, at all times during Project implementation, headed by a project coordinator, and staffed with a financial management specialist, a procurement specialist, a monitoring and evaluation specialist, and other professional and administrative staff, in numbers and with qualifications and experience acceptable to the Association.

B. The Operational Manual

1. The Recipient shall carry out the Project in accordance with a manual (the Operational Manual), acceptable to the Association, said manual to include, \textit{inter alia}:

   (a) an institutional implementation plan for the management of the Project (including, \textit{inter alia}, allocation of responsibilities among staff, yearly planning of activities and budget and time allocation for those activities);

   (b) procurement manuals to be followed by the Recipient during Project implementation;

   (c) a manual for the administration and provision of grants, loans, and scholarships under Parts B and C of the Project;

   (d) financial management manuals to be followed by the Recipient during Project implementation;

   (e) The criteria and procedures for:

      (i) the selection of Eligible Higher Education Institutions, Eligible Research Entities, and Eligible TVET Institutions respectively, to receive grants and loans under Part B and C of the Project;
(ii) the selection of Eligible Undergraduate Students, Eligible Faculty, Eligible Postgraduate Students, and Eligible TVET Lecturers to receive scholarships under Part C of the Project;

(iii) the review and approval of Private Higher Education Institution Loans, Public Higher Education Institution Grants, Higher Education Institution and Research Entity Grants, TVET Institution Grants, Postgraduate Student Research Grants, Undergraduate Equity and Competitiveness Scholarships, Postgraduate Equity and Competitiveness Scholarships, and TVET Lecturer Training Scholarships;

(iv) training;

(v) technical assistance; and

(vi) the implementation of the ESMF in connection with the carrying out of the Project and corresponding Environmental Management Plans (including environmental assessments, social assessments, and consequent mitigation measures);

(f) internal control systems to be followed during Project implementation;

(g) the guidelines for Project monitoring and evaluation;

(h) the Model Forms; and

(i) the Safeguard Policies.

2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.

3. In case of any conflict between the terms of the Operational Manual and those in this Agreement, the terms of this Agreement shall prevail.

C. Grants, Loans and Scholarship Agreements

1. The Recipient shall, through MCTESTP, enter into an:

1. (a) agreement (the Private Higher Education Institution Loan Agreement); and (b) agreement or amend an existing agreement (the Public Higher Education Institution Grant); with each Eligible Higher Education Institution for the provision of Private Higher Education Institution Loans, and Public Higher Education Institution Grants, respectively, all on terms and conditions acceptable to the Association;
2. agreement (the Undergraduate Equity and Competitiveness Scholarship Agreement), with each Eligible Undergraduate Student, for the provision of Undergraduate Equity and Competitiveness Scholarships, on terms and conditions acceptable to the Association;

3. agreement (the Higher Education Institution and Research Entity Grant Agreement) with each Eligible Higher Education Institution and/or Eligible Research Entity for the provision of Higher Education Institution and Research Entity Grants, on terms and conditions acceptable to the Association; and

4. (a) agreement (the Postgraduate Student Research Grant Agreement); and (b) agreement (the Postgraduate Equity and Competitiveness Scholarship Agreement), with each Eligible Postgraduate Student, and Eligible Faculty, respectively, for the provision of Postgraduate Student Research Grants, and Postgraduate Equity and Competitiveness Scholarships, respectively, all on terms and conditions acceptable to the Association.

5. The Recipient shall cause MCTESTP to: (a) exercise its rights and carry out its obligations under each Private Higher Education Institution Loan Agreement; Public Higher Education Institution Grant Agreement; Undergraduate Equity and Competitiveness Scholarship Agreement; Higher Education Institution and Research Entity Grant Agreement; Postgraduate Student Research Grant Agreement; and Postgraduate Equity and Competitiveness Scholarship Agreement, in such a manner as to protect the interests of the Association, the Recipient, and of MCTESTP, and to accomplish the purposes of the Financing; and (b) except as the Association shall otherwise agree, the Recipient shall not allow MCTESTP to assign, amend, abrogate, terminate, waive or fail to enforce any Private Higher Education Institution Loan Agreement (or any provision thereof); Public Higher Education Institution Grant Agreement (or any provision thereof); Undergraduate Equity and Competitiveness Scholarship Agreement (or any provision thereof); Higher Education Institution and Research Entity Grant Agreement (or any provision thereof); Postgraduate Student Research Grant Agreement (or any provision thereof); and Postgraduate Equity and Competitiveness Scholarship Agreement (or any provision thereof).

II. The Recipient shall, through ES-COREP, enter into an:

1. agreement (the TVET Institution Grant Agreement) with each Eligible TVET Institution for the provision of TVET Institution Grants, on terms and conditions acceptable to the Association;

2. agreement (the TVET Lecturer Training Scholarship Agreement) with each Eligible TVET Lecturer for the provision of TVET Lecturer Training Scholarships on terms and conditions acceptable to the Association; and
the Recipient shall cause ES-COREP to: (a) exercise its rights and carry out its obligations under each TVET Institution Grant Agreement and TVET Lecturer Training Scholarship Agreement in such a manner as to protect the interests of the Association, the Recipient and ES-COREP, and to accomplish the purposes of the Financing; and (b) except as the Association shall otherwise agree, the Recipient shall not allow ES-COREP to assign, amend, abrogate, terminate, waive or fail to enforce any TVET Institution Grant Agreement (or any provision thereof); and TVET Lecturer Training Scholarship Agreement (or any provision thereof).

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Management Framework (ESMF) and, except as the Association shall otherwise agree in writing, shall not amend or waive any provision of the aforementioned documents.

2. Where required in terms of the ESMF, as the case may be, for the purposes of any Part of the Project, the Recipient shall proceed to have an EMP:

(a) prepared in accordance with ESMF, as the case may be;

(b) submitted to the Association for review and approval, and for public consultations as required; and

(c) thereafter adopted on a timely basis for the purposes of implementation of the corresponding Part of the Project.

3. Without limitation to its other reporting obligations under this Agreement, the Recipient shall submit to the Association on a quarterly basis reports on the status of compliance with the ESMF and giving details of:

(a) measures taken in furtherance of such ESMF;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF; and

(c) remedial measures taken or required to be taken to address such conditions.
4. The Recipient shall ensure, or caused to be ensured, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

F. Mid-Term Review

(a) Not later than October 31, 2016, or such later date as may be agreed upon by the Recipient and the Association, the Recipient shall carry out, in conjunction with the Association, a mid-term review of the Project, covering the progress achieved in the implementation of the Project.

(b) The Recipient shall prepare, under terms of reference satisfactory to the Association, and shall furnish to the Association approximately three (3) months prior to the beginning of such mid-term review of the Project, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date.

(c) The Recipient shall, during the mid-term review, prepare an action program, acceptable to the Association for the further implementation of the Project having regard to the findings of the mid-term review, and thereafter implement such a program.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) Direct Contracting.
3. **Additional Procedures for National Competitive Bidding (NCB):**

(a) **General**
The procedures to be followed for NCB shall be those set forth in the Regulation with the modifications described in the following paragraphs.

(b) **Eligibility**
No restriction based on nationality of bidders and/or origin of goods shall apply. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement which will affect their ability to participate in the bidding process such as, but not limited to, the proof that they are not under bankruptcy proceedings in the Recipient’s territory; have a local representative; have an attorney resident and domiciled in the Recipient’s territory; form a joint venture with a local firm. In cases of joint ventures, they shall confirm joint and several liability.

Prior registration, obtaining a license or agreement shall not be a requirement for any bidder to participate in the bidding process.

Recipient’s government-owned enterprises or institutions shall be eligible to participate in the bidding process only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient.

(c) **Bidding Documents**
Standard bidding documents acceptable to the Association shall be used for any procurement process under NCB.

(d) **Preferences**
No domestic preference shall be given for domestic bidders and/or for domestically manufactured goods.

(e) **Applicable Procurement Method Under the Regulation**
Subject to these NCB exceptions, procurement under NCB shall be carried out in accordance with the Regulation’s public competition (*Concurso Público*) method.

(f) **Bid Preparation Time**
Bidders shall be given at least twenty-eight (28) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.
(g) **Bid Opening**

Bids shall be opened in public, immediately after the deadline for their submission in accordance with the procedures stated in the bidding documents.

(h) **Bid Evaluation**

(i) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder’s qualifications should be conducted separately from the technical and commercial evaluation of the bid. Qualification criteria shall be applied on a pass or fail basis.

(ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents; criteria other than price shall be quantified in monetary terms.

(iii) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid.

(iv) Bidders shall not be eliminated on the basis of minor, non-substantial deviations.

(i) **Rejection of All Bids and Re-bidding**

All bids shall not be rejected and new bids solicited without the Association’s prior concurrence.

(j) **Complaints by Bidders and Handling of Complaints**

The Recipient shall establish an effective and independent complaint mechanism allowing bidders to complain and to have their complaint handled in a timely manner.

(k) **Right to Inspect/Audit**

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Financing shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.
(l) **Fraud and Corruption**
Each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The Association may sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or service provider of an otherwise eligible firm being awarded an Association-financed contract.

(m) **Debarment under National System**
The Association may recognize, if requested by the Recipient, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further provided that the Association confirms that the particular debarment procedure afforded due process and the debarment decision is final.

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Least-Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**
The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultant’s services, Training, Operating Costs, grants, loans and scholarships for Parts A.1, B.1, and C.1 of the Project</td>
<td>25,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, consultant’s services, Training, Operating Costs, grants, and scholarships for Parts A.2, B.2 and C.2 of the Project</td>
<td>4,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>1,900,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>32,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 6,400,000 may be made for payments made prior to this date but on or after February 1, 2015, for Eligible Expenditures.

2. The Closing Date is December 31, 2018.
APPENDIX

Section I. Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “Decree Number 1/2015” means the Recipient’s decree number 1, dated January 16, 2015, published in the Recipient’s Official Gazette number 5/2015, that creates the MCTESTP (as defined here below).

5. “Decree Number 16/2007” means the Recipient’s decree number 16, dated December 17, 2007, published in the Recipient’s Official Gazette number 50/2007 that creates ES-COREP (as hereinafter defined) and its executive secretariat, responsible, inter alia, for the implementation of policies and strategies relevant to the reform of the professional education in the Recipient’s territory.

6. “Eligible Faculty” means a professor from a university and/or research institute of the Recipient eligible to benefit from a Postgraduate Students Research Grants (as hereinafter defined), in accordance with the provisions of the Operational Manual (as hereinafter defined).

7. “Eligible Higher Education Institution” means a private and/or public university of the Recipient, as the case may be, legally accredited in the Recipient’s territory under the Recipient’s Law Number 27/2009, and eligible to benefit from Private Higher Education Institution Loans (as hereinafter defined), Public Higher Education Institution Grants (as hereinafter defined), and/or Higher Education Institution and Research Entity Grants, as the case may be, in accordance with the provisions of the Operational Manual (as hereinafter defined).

8. “Eligible Postgraduate Student” means a postgraduate student who is a citizen of the Recipient and is eligible to benefit from a Postgraduate Equity and Competitiveness Scholarship (as hereinafter defined), in accordance with the provisions of the Operational Manual (as hereinafter defined).

9. “Eligible Research Entity” means a private and/or public research entity of the Recipient, as the case may be, legally accredited in the Recipient’s territory under the Recipient’s Decree Number 25/2007, and eligible to benefit from Higher
Education Institution and Research Entity Grants, in accordance with the provisions of the Operational Manual (as hereinafter defined).

10. “Eligible TVET Institution” means a private or public technical and vocational training institution of the Recipient, as the case may be, legally accredited in the Recipient’s territory under Law Number 23/2014, and eligible to benefit from the TVET Institution Grants, as the case may be, in accordance with the provisions of the Operational Manual (as hereinafter defined).

11. “Eligible TVET Lecturer” means a teacher or trainer from a TVET Institution of the Recipient who is eligible to benefit from a TVET Lecturer Training Scholarship (as hereinafter defined), in accordance with the provisions of the Operational Manual (as hereinafter defined).

12. “Eligible Undergraduate Student” means an undergraduate student who is a citizen of the Recipient and is eligible to benefit from an Undergraduate Equity and Competitiveness Scholarship (as hereinafter defined), in accordance with the provisions of the Operational Manual (as hereinafter defined).

13. “Environmental Management Plan” means each plan to be prepared and adopted by the Recipient pursuant to the ESMF (as hereinafter defined), as may be required, setting out the measures to be taken for the avoidance, minimization, mitigation and offsetting of potential adverse environmental and social impacts of the activities to be implemented under the Project, as each said plan may be amended and/or supplemented from time to time with the prior written concurrence of the Association.

14. “Environmental and Social Management Framework” and the acronym “ESMF” mean the Recipient’s environmental and social management framework dated June 30, 2009, and disclosed on that same date in the Recipient’s territory and on August 14, 2009, in the Association’s Info-Shop, as revised and re-disclosed on March 5, 2015, setting forth the policy framework, principles, standards, processes, and institutional arrangements to be applied to assess potential adverse environmental and social impacts associated with the Project, and the ways to avoid, minimize, mitigate, or offset them, including public consultation, disclosure and reporting, as the said framework may be amended and/or supplemented from time to time with the prior written concurrence of the Association.

15. “ES-COREP” or “Secretariado Executivo-Comissao Executiva da Reforma da Educacao Profissional” means the Recipient’s executive secretariat of the commission for professional education reform established further to Decree 16/2007, or any successor thereto.

17. “Higher Education Institution and Research Entity Grant” means any of the grants to be awarded under the relevant Higher Education Institution and Research Entity Grant Agreement (as hereinafter defined) to improve the quality, relevance and production of applied research in the Recipient’s territory.

18. “Higher Education Institution and Research Entity Grant Agreement” means any of the agreements referred to in paragraph C.3 of Section I of Schedule 2 to this Agreement.


20. “Model Forms” means the set of model draft agreements satisfactory to the Association, including standard drafts of Private Higher Education Institution Loan Agreements, Public Higher Education Institution Grant Agreements, Higher Education Institution and Research Entity Grant Agreements, TVET Institution Grants, Postgraduate Student Research Grant Agreements, Undergraduate Equity and Competitiveness Scholarships Agreements, Postgraduate Equity and Competitiveness Scholarship Agreements, and TVET Lecturer Training Scholarship Agreements.

21. “Operating Costs” means reasonable recurrent Project expenditures, based on an annual budget previously approved by the Association, that would not have been incurred by the Recipient absent the Project, on the account of: (a) office utilities and reasonable communications expenses; (b) office rental expenses; (c) Project’s vehicles maintenance costs, fuel and spare parts; (d) travel expenses and per diem for official Project staff (excluding salaries of Recipient’s civil servants); (e) operation and maintenance of office equipment; (f) insurance costs; (g) bank charges pertaining to the Designated Accounts for the Financing; (h) routine translation of Project related documentation; and (i) local advertising costs pertaining to Project related matters, financed with the proceeds of the Financing, all needed for the implementation and supervision of the Project.

22. “Operational Manual” means the manual referred to in paragraph B of Section I of Schedule 2 to this Agreement.


24. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.

25. “PCU” means the Project Coordination Unit referred to in Section I.A of Schedule 2 to this Agreement.
26. "Postgraduate Equity and Competitiveness Scholarship" means any of the scholarships to be awarded under the relevant Postgraduate Equity and Competitiveness Scholarship Agreement (as hereinafter defined) to undertake postgraduate studies in science, technology, engineering, mathematics, agriculture, forestry, and health under Part C.1(b) of the Project.

27. "Postgraduate Equity and Competitiveness Scholarship Agreement" means any of the agreements referred to in paragraph C.1.4(b) of Section I of Schedule 2 to this Agreement.

28. "Postgraduate Student Research Grant" means any of the grants to be awarded under the relevant Postgraduate Student Research Grant Agreement (as hereinafter defined) to improve the quality, relevance and production of applied research in the Recipient’s territory under Part B.1(b)(iii) of the Project.

29. "Postgraduate Student Research Grant Agreement" means any of the agreements referred to in paragraph C.4(a) of Section I of Schedule 2 to this Agreement.

30. "Private Higher Education Institution Loan" means any of the loans to be awarded under the relevant Private Higher Education Institution Grant Agreement to enhance the quality of their teaching and learning processes and included in Part B.1(b) of the Project.

31. "Private Higher Education Institution Loan Agreement" means any of the agreements referred to in paragraph C.1.1(a) of Section I of Schedule 2 to this Agreement.


33. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 12, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

34. "Public Higher Education Institution Grant" means any of the grants to be awarded under the relevant Public Higher Education Institution Grant Agreement (as hereinafter defined) to improve the quality, relevance and production of applied research in the Recipient’s territory and included in Part B.1(b)(i) of the Project.

35. "Public Higher Education Institution Grant Agreement" means any of the agreements referred to in paragraph C.1.1(b) of Section I of Schedule 2 to this Agreement.


38. “Training” means reasonable expenditures, based on an annual budget previously approved by the Association, (other than those for consultants’ services) incurred by the Recipient, to finance transportation costs and per diem of trainers and trainees, rental of training and workshop facilities, and acquisition of training equipment and material under the Project.


40. “TVET Institution Grant” means any of the grants to be awarded under the relevant TVET Institution Grant Agreement to enhance the quality of teaching and learning processes in the Recipient’s territory under Part B.2(b) of the Project.

41. “TVET Institution Grant Agreement” means any of the agreements referred to in paragraph C.II.1 of Section I of Schedule 2 to this Agreement.

42. “TVET Lecturer Training Scholarship” means a scholarship to an Eligible TVET Lecturer to improve his/her teaching techniques under Part C.2 of the Project.

43. “TVET Lecturer Training Scholarship Agreement” means any of the scholarships to be awarded under the relevant TVET Lecturer Training Scholarship Agreement referred to in paragraph C.II.2 of Section I of Schedule 2 to this Agreement.

44. “Undergraduate Equity and Competitiveness Scholarship” means any of the scholarships to be awarded by the Recipient through MEC under the relevant Undergraduate Equity and Competitiveness Agreement (as hereinafter defined) and included in Part C.1(a) of the Project.

45. “Undergraduate Equity and Competitiveness Scholarship Agreement” means any of the agreements referred to in paragraph C.1.2 of Section I of Schedule 2 to this Agreement.