Loan Agreement

(Education Modernization Project)

between

REPUBLIC OF KAZAKHSTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated August 21, 2017
LOAN AGREEMENT

Agreement dated August 21, 2017, between REPUBLIC OF KAZAKHSTAN ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). 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 lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of sixty-seven million Dollars (USD 67,000,000) as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

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. The Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore that, upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in
accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are February 15 and August 15 in 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.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through its Ministry of Education and Science (MoES), in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall
ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely that the Borrower, through MoES, has finalized and adopted a Project Operational Manual, satisfactory to the Bank.

4.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Minister of Finance of the Republic of Kazakhstan.

5.02. The Borrower’s Address is:

Ministry of Finance
11 Pobedy Avenue
Astana 010000
Republic of Kazakhstan

Telex: Facsimile:
265126 (FILIN) (7) (7172) 717785

5.03. 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 at Astana, Republic of Kazakhstan, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By

[Signature]

Authorized Representative

Name: Bakhyt Sultanov

Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Francis Atto Brown

Title: Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to improve quality and equity in primary and secondary education, particularly in rural and disadvantaged schools.

The Project consists of the following parts:

Part 1. Supporting system-wide improvement in primary and secondary education

A. Curriculum modernization

Provision of technical assistance to support the MoES to, inter alia: (a) monitor and evaluate the pilot activities of the new curriculum for primary and secondary education; (b) conduct stakeholder discussions; (c) update textbook standards to align with the new curriculum; (d) re-design the evaluative criteria for appraising and selecting textbooks; and (e) build the capacity of technical experts in quality assurance of textbooks selected for consideration.

B. Alignment of assessment systems with the new curriculum

Provision of technical assistance and goods to MoES institutions responsible for national student assessments to:

(i) (a) establish a test bank; and (b) build skills for staff to design tests that measure the content and skills of the new curriculum referred to in Part 1.A of the Project;

(ii) develop new standards in testing, and build the capacity of the respective institutions to train staff to: (a) design and adhere new testing standards for EALA and UNT to measure student progression and improvement and to certify learning achievements at the end of the secondary education cycle; and (b) more effectively analyze assessment data to produce actionable information for teachers, administrators, local government, parents and other stakeholders; and

(iii) train staff and test developers in managing, maintaining and upgrading the test bank.

C. Modernizing pedagogical education

Provision of technical assistance and goods to MoES to:
(i) (a) pilot a pre-service teacher education model for pedagogical universities, and (b) develop new education programs based on the evaluated model;

(ii) strengthen the capacity of selected pedagogical universities to deliver new programs, including the provision of relevant equipment;

(iii) train faculties of pedagogical universities to teach science and mathematics in English.

D. Enhancing accountability through school inspections

Provision of technical assistance to train teachers, school directors and community stakeholders in school based management and school inspections.

Part 2. Supporting rural and disadvantaged schools to reduce disparities in learning results

A. Provision of instructional materials and multimedia equipment for rural schools.

B. Provision of technical assistance and training to enhance pedagogical and management capacities.

C. Supporting inclusive education

Provision of technical assistance and Training to:

(i) support the MoES to design a model to integrate the children with special education needs ("SEN") into regular schooling in alignment with the national framework on inclusive education;

(ii) support inclusive education institutions to operationalize the said model and develop methodological guidance;

(iii) provide training for teachers and local education officials to implement the model described in paragraph (i) above.

Part 3. Supporting citizen engagement, monitoring and evaluation, and implementation

A. Provision of support for stakeholder participation and awareness-raising through: (i) consultations; (ii) implementation of a communications strategy; (iii) establishment of a grievance redress system; and (iv) third-party monitoring and evaluation of the Project implementation.

B. Support monitoring and evaluation of reform initiatives through the provision of technical assistance to:
(i) design and execute the evaluation of: (a) the specific initiatives covered by Parts 1.A (a) – (d), 1.C (i) and (iii) of the Project; and (b) the overall Project;

(ii) MoES to derive lessons learned from the evaluations to inform policy;

(iii) design and conduct grade 4 learning achievement surveys in years three (baseline) and five (impact assessment) of Project implementation;

(vi) design and/or adapt an evaluation instrument to observe teacher pedagogical practice in the classroom before and after training; and

(v) establish a Technical Advisory Panel to advise and support project implementation.

C. Project implementation

Provision of support to MoES and the PIU for Project implementation, including the provision of Operating Costs, and operation of the Technical Advisory Panel.
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A. Institutional Arrangements

1. Without limitation to the provisions of Article V of the General Conditions and except as the Bank shall otherwise agree, the Borrower, through MoES, shall:

   (a) be responsible for the implementation and oversight of the Project;

   (b) ensure that the requirements, criteria, policies, procedures and organizational arrangements set forth in the POM are applied in connection with carrying out the Project; and

   (c) not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, the POM, or any provision thereof, in a manner which, in the opinion of the Bank, may materially and adversely affect the implementation of the Project.

2. No later than thirty (30) days after the Effective Date, the Borrower, through MoES, shall establish and operate, and maintain throughout Project implementation, the PIU, with a composition, resources, terms of reference, and functions, all acceptable to the Bank.

3. (a) No later than ninety (90) days from the Effective Date, the Borrower, through MoES, shall establish, and thereafter maintain throughout Project implementation, a Technical Advisory Panel, with a composition, resources and terms of reference all satisfactory to the Bank, that will serve to ensure the maintenance of satisfactory standards in the implementation of the Project and the adherence to policy reforms based on best international standards, through the periodic review of the Project’s progress and, as needed, provision of advice to the MoES on remedial actions.

   (b) The Borrower shall, through MoES, ensure that the Technical Advisory Panel consists of international and Kazakhstani experts who have in-depth knowledge of global trends in teacher policy, curriculum, and assessment, and school reforms in Kazakhstan.

4. No later than forty-five (45) days from the Effective Date, the Borrower shall, through MoES, develop and launch, within the Borrower’s existing automated
accounting software, a module acceptable to the Bank to generate interim unaudited financial reports and capture the Project’s accounts.

B. Anti-Corruption

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

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall, through MoES, monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by each such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall, through MoES, maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower, through MoES, shall prepare and furnish to the Bank as part of each 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 relevant calendar quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank 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 Loan 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 Loan 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 Bank 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, subject to the additional provisions set forth in the Attachment to Schedule 2 of this Agreement; (b) Shopping; and (c) Direct Contracting.

**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) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms in compliance with paragraph 3.8 of the Consultant Guidelines; and (e) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank 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 Loan ("Category"), the allocation of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (exclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Training and Operating Costs for the Project</td>
<td>67,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>67,000,000</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:

   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or

   (b) for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2022.
Attachment to SCHEDULE 2

The procurement procedures to be followed for National Competitive Bidding shall be the tender procedure set forth in the Law of the Republic of Kazakhstan on Public Procurement No. 434-V, dated December 4, 2015; provided, however, that such procedures shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

(a) Eligibility: The eligibility of bidders to participate in a procurement process and to be awarded a Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB procedures, and shall not be obligated to partner with local bidders in order to participate in a procurement process.

(b) Registration: Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.

(c) Preferences: No preference of any kind shall be applied in bid evaluation on the basis of bidder nationality; origin of goods, services or labor; local content; citizen degree of ownership; and/or any other preferential programs.

(d) Bidding Documents: Procuring entities shall use the appropriate standard bidding documents, including contractual provisions, satisfactory to the Bank.

(e) Cost Estimates: Cost estimates shall be confidential and shall not be disclosed to prospective bidders.

(f) Bid Validity: An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the expiration date and for a minimum period required to complete the evaluation or award a contract, provided that such extension shall cover only the minimum period required to complete the evaluation and/or award a contract, but not to exceed four (4) weeks. No further extensions shall be requested without the prior written concurrence of the Bank.

(g) Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be opened in public immediately after the deadline for their submission. A copy of the bid opening minutes shall be promptly provided to all
bidders who submitted bids, and to the Bank with respect to contracts subject to the Bank's prior review.

(h) Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder's or prospective bidder's capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.

(i) Where prequalification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents referred to in paragraph (d) above.

(j) Bid Evaluation: Evaluation criteria shall be clearly specified in the bidding documents. Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points and bracketing shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Bidders shall not be eliminated on the basis of minor, nonmaterial deviations. The procuring entity shall ask bidders for clarifications needed to evaluate their bids, but shall not ask or permit bidders to change the substance or price of their bids after the bid opening.

(k) Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents; and (ii) to offer the lowest-evaluated cost. No negotiation as to the price or substance of the bid shall take place.

(l) Rejection of Bids and Re-Bidding: No bids shall be rejected solely because they fall below or exceed the estimated cost or outside of a range or "bracket" of bid values. All bids (including in the case when less than two bids are received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank's prior written concurrence.

(m) Guarantees: Bid and contract guarantees shall be in the format and have the required period of validity specified in the bidding documents referred to in paragraph (d) above. If required, bid security shall be expressed as a fixed amount and shall not exceed two percent (2%) of the estimated cost of the contract. No
advance payments shall be made to contractors without a suitable advance payment guarantee.

(n) Confidentiality: The process of bid evaluation shall be confidential until the publication of contract award.

(o) Electronic Procurement Systems: Electronic procurement systems may be used, provided that the Bank is satisfied with the adequacy of the systems, including *inter alia*, that the system is secure, maintains the integrity, confidentiality, and authenticity of bids submitted.

(p) Fraud and Corruption: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank’s policy to sanction firms or individuals, found to have engaged in fraudulent, corrupt, collusive, or obstructive practices as defined in the Procurement Guidelines.

(q) Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Loan shall provide that bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Bank to inspect all accounts, records and other documents relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

(r) Publication of the Award of Contract: The procuring entity shall publish the following information on contract award in a free and open access website or on another means of publication acceptable to the Bank: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) name of bidders whose bids were rejected and the reasons for their rejection; and (v) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded.
SCHEDULE 3
Amortization Schedule

1. 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"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15</td>
<td></td>
</tr>
<tr>
<td>Beginning February 15, 2023 through August 15, 2033</td>
<td>4.35%</td>
</tr>
<tr>
<td>On February 15, 2034</td>
<td>4.30%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any
amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


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


4. "External Assessment of Learning Achievements" or "EALA" means the national large-scale assessment that is meant to assess the quality of education services and student’s mastery of curricula at the end of basic secondary education and higher education in specific subjects, as referred to in Part 1.B (ii) of the Project.


7. "Ministry of Finance" means the Ministry of Finance of the Borrower, or any successor or successors thereto.

8. "Operating Costs" means the reasonable incremental operating costs directly incurred by the MoES and the PIU in carrying out Project implementation, management and monitoring, including communications, translation and interpretation services, bank charges, office supplies, advertisements, conferences, seminars, dissemination of Project-related information, office rent and utilities, office equipment insurance, maintenance and repair, vehicle maintenance and report, Project-related travel, security, and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the Bank, but excluding salaries of any of the Borrower’s civil servants.

9. "Project Implementation Unit" or "PIU" means the Project implementation unit as established by the Borrower pursuant to Section 1.2 of Schedule 2 to this Agreement and referred to in Section 1.A.2 of Schedule 2 to this Agreement, or any successor or successors thereto, acceptable to the Bank, for the purpose of providing Project management support and coordination.
10. “Project Operational Manual” or “POM” means the operational manual for the Project acceptable to the Bank, setting forth, inter alia, the institutional, reporting and oversight, disbursement, procurement, and environmental and social management arrangements for the implementation of the Project, as the same may be amended from time to time with the prior approval of the Bank, and such term includes any schedules to the POM.


12. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated January 18, 2017 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.

13. “Technical Advisory Panel” means the technical advisory panel referred to in Section I.A.3 of Schedule 2 to this Agreement, or any successor or successors thereto.

14. “Training” means reasonable expenditures (other than those for goods or consultants’ services) incurred for Project-related study tours, training courses, seminars, workshops and other training activities, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers and trainers’ fees, and other training related miscellaneous costs, all based on an annual budget agreed with the Bank.

15. “UNT” means Unified National Test.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

“Section 3.01. Front-end Fee: Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).
The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty (60) days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.
