Financing Agreement

(Big Results Now in Education Program)

between

THE UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 19 AUGUST, 2014
FINANCING AGREEMENT

AGREEMENT dated 19 August, 2014, entered into between the UNITED REPUBLIC OF TANZANIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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, a credit in an amount equivalent to seventy eight million eight hundred thousand Special Drawing Rights (SDR 78,800,000) (variously, "Credit" and "Financing"), to assist in financing the program described in Schedule I to this Agreement ("Program").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are February 1 and August 1 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.
ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program through its MoEVT and PMO-RALG 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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreements is December 31, 2014.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following, namely that, the Recipient has agreed with the Association and Co-financiers upon a four (4) year BRNEd Budget Framework, coded against specific budget lines in the Recipient’s Budget.

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 responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Finance
1 Maderaka Street
P.O. Box 9111
11468 Dar es Salaam
The United Republic of Tanzania

Facsimile:

(255) 222 11 0326

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 Dar es Salaam, The United Republic of Tanzania, as of the day and year first above written.

THE UNITED REPUBLIC OF TANZANIA

By

Authorized Representative

Name: Dr. Sebastian Bileveli
Title: Permanent Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Philippe Doncial
Title: Country Director
SCHEDULE I

Program Description

The objective of the Program is to improve education quality of the Recipient’s primary and secondary schools.

The Program consists of the following activities:

1. Strengthening performance and improving transparency of Schools through: (i) ranking of primary and secondary Schools based on annual exam results; and (ii) implementing a 3R skills assessment in Standard II of selected primary schools.

2. Providing: (i) School Incentive Grants to improving and best performing primary and secondary schools; and (ii) non-monetary incentives to, and clearing of outstanding claims for, primary and secondary school teachers.

3. Supporting Schools and addressing unequal resource distribution through, inter alia: (i) creation and distribution of practical toolkit for primary and secondary schools; (ii) organizing 3R training for primary school teachers; (iii) implementing the Student Teacher Enrichment Program; and (iv) strengthening the Recipient’s monitoring and delivery system for timely delivery of Capitation Grants.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

1. the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

1. Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

2. Without limitation upon the provisions of paragraph 1 immediately above, the Recipient shall carry out, annually, an assessment of risk and corruption incorporating appropriate reward and penalties for schools and LGAs.

C. Other Program Institutional and Implementation Arrangements

1. Program Institution:

(a) MoEVT and PMO-RALG

(i) Without limitation on the generality of Part A of this Section 1, the Recipient’s Ministry of Education and Vocational Training (MoEVT) shall be responsible for the overall implementation of Program activities at all times during the implementation of the Program and the Recipient shall take or cause to be taken, all actions, including, the provision of funding, personnel and other
resources to enable said MoEVT, as the case may be, to perform its respective functions under the Program.

(ii) The Recipient shall ensure that the MoEVT works in close collaboration with the PMO-RALG to implement Program activities, through the LGAs, at the local level and that said PMO-RALG is maintained at all times during the implementation of the Program with mandate, staffing and resources satisfactory to the Association.

(b) **NKRA Steering Committee**

(i) Without limitation upon the provisions of paragraph (a) immediately above, the Recipient shall maintain, at all times during the implementation of the Program, the National Key Result Area (NKRA) Steering Committee, with a composition mandate, terms of reference and resources satisfactory to the Association, to be responsible for overseeing the allocation, implementation, and use of the Program funds.

(ii) The NKRA Steering Committee shall meet monthly to, *inert alia*: (aa) get a progress update from each of the assigned working teams; (bb) make decisions and provide guidance to the program implementing teams; and (cc) resolve conflicts.

(c) **Education Ministry and PMO-RALG Delivery Units and President’s Delivery Bureau**

Without limitation upon the provisions of paragraph (a) and (b) above, the Recipient shall maintain, at all times during the implementation of the Program:

(i) the Education Ministry Delivery Unit, (MDU) under the MoEVT, with functions, staffing and resources satisfactory to the Association, to be responsible for overall Program management and monitoring;

(ii) the PMO-RALG Delivery Unit under the PMO-RALG, with functions, staffing and resources satisfactory to the Association, to be responsible for Program management and monitoring at PMO-RALG level and submitting reports including those related to financial audits to the Education Ministry Delivery Unit (MDU); and
(iii) the President’s Delivery Bureau (PDB), under the President’s Office, with functions staffing and resources satisfactory to the Association, to be responsible for ensuring Program delivery through collaboration with the MDU and other relevant ministries.

(d) Without limitation upon the provisions of paragraphs (a), (b) and (c) of this Section I.C, the Recipient shall appoint and thereafter maintain, at all times during the implementation of the Program, an Independent Verification Agent, with qualifications, experience and terms and conditions of employment satisfactory to the Association, to be responsible for carrying out the Annual Performance Assessment provided for under Section III.D of this Schedule 2.

2. Local Government Authority

(a) To facilitate the carrying out of activities under the Program, the Recipient shall maintain at all times during the implementation of the Project each Local Government Authority (LGA) with a composition, mandate and resources satisfactory to the Association.

(b) Without limitation upon the provision of paragraph (a) immediately above, the Recipient shall ensure that each LGA shall: (aa) carry out its activities under the Program with due diligence and efficiency and in accordance with the Program Fiduciary, Environmental and Social Management Systems, the Anti-corruption Guidelines; the Program Operational Manual and the SIG and STEP Guidelines; (bb) maintain policies and procedures adequate to enable it to monitor and evaluate the progress of its activities under the Program and the achievement of the Program’s objective; (cc) enable the Recipient (and the Association, if the Association shall so request) to inspect the activities within said Program LGA’s jurisdiction, its operation and any relevant records and documents; (dd) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association may reasonably request relating to the foregoing; (ee) submit audited financial reports of schools to PMO-RALG within five (5) months after the end of each Fiscal Year; (ff) collect and display the details of the funds from the Credit, the Co-financing Agreements, and from the Recipient’s counterpart funds received by schools from the PMO-RALG in the local newspapers along with the budget and accounts of the relevant School; (gg) ensure that each school maintain a bank account in which the funds will be deposited and ensuring that the procurement plans, prepared by the Schools are submitted to the PMO-RALG; (hh) ensuring that yearly implementation and procurement plans are prepared by the Schools; (ii) monitor implementation activities to be carried out by the Schools
annually, and (jj) ensure that procurement is carried out in a timely fashion, in accordance with the Program Operational Manual and this Agreement, as applicable.

3. **Program Operational Manual**

   (a) Without limitation on the generality of Part A of this Section 1, the Recipient shall prepare, in form and substance satisfactory to the Association no later than three (3) months after the Effective Date, an operational manual containing detailed institutional, administrative, financial, environmental and social, technical and operational guidelines and procedures for the implementation of the Program, including a description of the BRNed Program and thereafter, carry out the Program in accordance with such operational manual, as shall have been approved by the Association (“Program Operational Manual”).

   (b) The Recipient shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended, any provision of the Program Operational Manual, without the prior written agreement of the Association. Notwithstanding the foregoing, if any provision of said Program Operational Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. **Additional Program Implementation Arrangements**

   Without limitation on the generality of Part A of this Section 1, the Recipient shall carry out the Action Plan, or cause the Action Plan to be carried out, in accordance with the schedule set out in the said Action Plan in a manner satisfactory to the Association.

**Section II. Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve the procurement of: (1) goods, estimated to cost 75 million US Dollars equivalent or more per contract; (2) non-consulting services, estimated to cost 50 million US Dollars equivalent or more per contract; or (3) consultants' services, estimated to cost 30 million US Dollars equivalent or more per contract.
Section III. **Program Monitoring, Reporting and Evaluation: Audits**

A. **Program Reports**

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

2. The Recipient shall, not later than one month prior to the mid-term review referred to in paragraph 4 of this Part A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Program, and giving details of the various matters to be discussed at such review.

3. The Recipient shall, not later than October 31, 2016, after the Effective Date, undertake in conjunction with all agencies involved in the Program, a comprehensive mid-term review of the Program during which it shall exchange views with the Association and implementing agencies (including Program LGAs) generally on all matters relating to the progress of the Program, the performance by the Recipient of its obligations under this Agreement (including the performance by said implementing agencies).

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Program, or to implement such other measures as may be required in furtherance of the objective of the Program.

B. **Program Financial Audits**

Without limitation on the generality of Section 1.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the 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.

C. **Procurement Audit**

Without limitation upon the provisions of Part B of this Section III, the Recipient shall, in each Fiscal Year (“FY”) beginning FY2016: (a) carry out under terms of reference satisfactory to the Association, an audit of contracts procured in the preceding FY and furnish said audit to the Association not later than six (6)
months after the end of the FY to which said audit relates; and (b) ensure that the findings of said audit are taken into account in the Annual Performance Assessment for the FY to which said audit relates. To this end, the Recipient shall take all actions including the provision of funding, personnel and other resources to carry out said audit.

D. Annual Performance Assessment

1. Without limitation upon the provisions of Part A of this Section III, the Recipient shall, in each Fiscal Year during the implementation of the Program:

   (a) carry out or cause to be carried out, in accordance with the Program Operational Manual, an Annual Performance Assessment ("APA") covering the previous Fiscal Year ("FY") to determine: (i) whether there was quarterly release of funds to LGAs and payment of Capitation Grants to schools by LGAs for said FY; (ii) whether the LGAs have met the acceptable range for primary PTRs and there is an increase in schools meeting the acceptable range of primary PTRs for said FY; (iii) whether the Recipient has met the annual % of improvement in national 3R average for said FY; (iv) whether the Environmental and Social Management System Assessment has been followed for said FY; (v) whether the Recipient has complied with the debarment list for said FY; and

   (b) furnish said APA, not later than six (6) months after the end of said FY, to the Association.

2. The Recipient shall ensure that the APA takes into account the findings of the Procurement Audit, in accordance with the provisions of Sections III.C. above.

Section IV. Withdrawal of Financing Proceeds

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 may specify from time to time by notice to the Recipient to finance the Program Expenditures, on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable)
(“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI #1: Recipient has completed all the Foundational Activities</td>
<td><strong>DLR#1.1:</strong> The Recipient’s MoEVT, PMO-RALG and Ministry of Finance agreed with the Association and Co-financers on a 4-year BRNEd Budget Framework, coded against specific budget lines in the Recipient’s Budget in FY2013/14. <strong>DLR#1.2:</strong> The Recipient’s MoEVT has reviewed and revised (i) EMIS staff job description; aligned with appropriate civil service grading system; and (ii) finalized and approved school census format and guidelines and disseminated to all district education officers in FY2013/14. <strong>DLR#1.3:</strong> The Recipient’s MoEVT and PMO-RALG have agreed on a format for measuring and collecting verifiable data related to the transfer of Capitation Grants to schools in FY2013/14. <strong>DLR#1.4:</strong> The Recipient’s MoEVT has prepared a list of all primary and secondary schools on the Recipient’s territory with information on location, number of students and teachers in FY2013/14. <strong>DLR#1.5:</strong> The Recipient’s MoEVT has prepared a format for (i) measuring and collecting verifiable data related to primary PTR at school and LGA level and disseminated a summary primary PTR report format, with guidance notes to all LGAs (including acceptable ranges between 35-50); and (ii) established baseline values for 2013-14 and, agreed upon with PMO-RALG, 4 year targets for primary school PTRs in</td>
<td>10,000,000 (of which 2,000,000 is for each DLR)</td>
<td></td>
</tr>
</tbody>
</table>
(2) DLI#2: Recipient has evidenced timely and adequate resource flows for the Program

<table>
<thead>
<tr>
<th>FY2013/14</th>
<th>DLR#2.1: The Recipient has released, quarterly, total levels of funds as per BRNEd Budget Framework; FY2014/15 FY2015/16 FY2016/17 FY2017/18</th>
<th>The amount allocated is pro-rated in terms of percentage of funding released.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,000,000 (of which 1,250,000 per quarter over 16 quarters)</td>
<td></td>
</tr>
</tbody>
</table>

DLR#2.2. The Recipient has quarterly released full amount of Capitation Grants (CG) to schools within each LGA FY2014/15 FY2015/16 FY2016/17

<table>
<thead>
<tr>
<th></th>
<th>3,900,000 (of which 325,000 per quarter over 12 FY quarter)</th>
<th>The amount allocated is calculated as follows: funding per quarter will be divided equally across 168 LGAs and thereafter funding per LGA will be pro-rated in terms of percentage of CG funds released in the LGA.</th>
</tr>
</thead>
</table>

(3) DLI #3: The Recipient has produced an Annual Summary Education Performance Report (ASEPR) and an annual school-level EMIS data by each LGA

<table>
<thead>
<tr>
<th>DLR #3.1: The Recipient has released an ASEPR in acceptable format; FY2014/15 FY2015/16 FY2016/17</th>
<th>The amount allocated is pro-rated in terms of number of LGAs for which data exist.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,900,000 (of which 1,300,000 per year)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DLR #3.2: The Recipient has made available online an annual school-level EMIS data FY2014/15 FY2015/16 FY2016/17</th>
<th>The amount allocated is calculated as follows: funding per year will first be divided equally across 168 LGAs; funding per LGA will be pro-rated in terms of percentage of schools for which data is available online.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,900,000 (of which 1,300,000 per year)</td>
<td></td>
</tr>
</tbody>
</table>

(4) DLI #4: Teachers have been deployed efficiently across and within districts

<table>
<thead>
<tr>
<th>DLR #4.1: The Recipient has met the annual target for number of LGAs achieving the acceptable range for primary PTRs; FY2014/15 FY2015/16 FY2016/17 FY2017/18</th>
<th>The amount allocated is pro-rated in terms of number of LGAs achieving the acceptable range for primary PTRs as compared to target.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,200,000 (of which 1,300,000 per year)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DLR #4.2: The Recipient has met the annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA</th>
<th>The amount allocated is calculated as follows: funding per year will first be divided equally</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,000,000 (of which 2,000,000 per year)</td>
<td></td>
</tr>
</tbody>
</table>
FY2014/15  
FY2015/16  
FY2016/17  
FY2017/18  

across 168 LGAs; funding per LGA will be pro-rated in terms of number of schools achieving the acceptable range for primary PTRs as compared to target.

(5) DLI #5: Number of schools receiving SIG as indicated in the Program design

<table>
<thead>
<tr>
<th>DLR#5.1:</th>
<th>Guidelines have been prepared; FY13-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>4,000,000 (of which 2,000,000 is for each guidelines)</td>
</tr>
</tbody>
</table>

The Recipient has met the annual target for number of schools that have received SIG grant; FY 2014/15; FY2015/16; FY2016/17

<table>
<thead>
<tr>
<th>DLR#5.2:</th>
<th>The Recipient has met the annual target for number of schools that have received SIG grant;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>3,900,000 (of which 1,300,000 per year)</td>
</tr>
</tbody>
</table>

The amount allocated is pro-rated in terms of number of schools receiving SIG per annum as compared to target.

The Recipient has met the annual target for number of schools that have conducted STEP activities; FY 2014/15; FY2015/16; FY2016/17

<table>
<thead>
<tr>
<th>DLR#5.3:</th>
<th>The Recipient has met the annual target for number of schools that have conducted STEP activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>3,900,000 (of which 1,300,000 per year)</td>
</tr>
</tbody>
</table>

The amount allocated is pro-rated in terms of number of schools conducting STEP activities per annum as compared to target.

(6) DLI #6: Recipient has demonstrated an increase in student learning outcomes

<table>
<thead>
<tr>
<th>DLR #6.1:</th>
<th>The Recipient’s MoEVT has developed and agreed upon the 3R assessment tools with the PMO-RALG in FY2013.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>2,100,000</td>
</tr>
</tbody>
</table>

The amount allocated is calculated as follows: Amount per year = Annual improvement in wpm from previous maximum * SDR 2,500,000; up to SDR 2,500,000. Annual improvement has to be at least 0.5 wpm to trigger payment.

<table>
<thead>
<tr>
<th>DLR #6.2:</th>
<th>The Recipient has met the annual target of improvement in words per minute (wpm) in national 3R average FY 2014/2015; FY2015/16; FY2016/17; FY2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>10,000,000 (of which 2,500,000 pro-rated in terms of improvement in wpm)</td>
</tr>
</tbody>
</table>

TOTAL AMOUNT  

| TOTAL AMOUNT | 78,800,000 |
B. Withdrawal Conditions; Withdrawal Period

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

   (a) for purposes of Section 2.05 of the General Conditions, for payments for Program Expenditures made prior to the date of this Agreement; and

   (b) for any DLR referred to in the table in Paragraph A.2 of this Section unless and until the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved and verified in accordance with the Verification Protocol.

2. Notwithstanding the provisions of Part B.1 of this Section, if the Association is not satisfied that any of the DLRs (except DLRs under Category 1.2, 1.3, 1.4, 1.5, 5.1, and 6.1) has been achieved by end of each Fiscal Year or of the date by which the said DLR is set to be achieved, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (a) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or (b) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

3. The Closing Date is June 30, 2018.

4. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures paid by the Recipient, exclusive of any such expenditures financed by any other financier or by the Association or the Association under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable per annum (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each August 1 and February 1:</td>
<td></td>
</tr>
<tr>
<td>commencing August 1, 2020, to and including February 1, 2052</td>
<td>3.125%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “3R skills” means reading, writing and arithmetic skills in Standard II of selected primary schools.

2. “Action Plan” means the Recipient’s plan dated June 13, 2014, and referred to in Section 1.C(4) of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.


4. “BRNEd Program” or “Program” means the Recipient’s Big Results Now in Education Program launched in January 2013.

5. “Capitation Grants” or “CGs” means the grant paid by the Recipient to primary and secondary Schools to help them meet their operating expenses.

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

7. “Co-financier” means any one of the following financiers other than the Association who provides or intends to provide financing to the Program: the Department of International Development (DFID) of the United Kingdom of Great Britain and Swedish International Development Agency (SIDA), and “Co-financiers” means, collectively, all such Co-financiers.

8. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of one hundred million United States Dollars (US$100 million) equivalent and an amount of thirty million United States Dollars (US$30 million) equivalent, to be provided by the Co-financiers to assist in financing the Program.

9. “Co-financing Agreements” means the agreement to be entered into between the Recipient and each Co-financier providing for the Co-financing.

10. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

11. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of
Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

12. “Environmental and Social Management System Assessment” or “ESSA” means the Environmental and Social Management System Assessment undertaken by the Association during the Program preparation.

13. “EMIS” or “Education Management Information System” means the Recipient’s system for collecting school data.

14. “Fiscal Year” or “FY” means the Recipient’s fiscal year from July 1 through June 30 of each calendar year.

15. “Foundational Activities” means the set of activities required to establish a framework for the Program.

16. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

17. “Local Government Authority” or “LGA” means any local authority within the Recipient’s territory.


19. “Program Operational Manual” means the Recipient’s manual, adopted pursuant to Section 1.C.2(b) of Schedule 2 to this Agreement, containing or referring to detailed institutional, administrative, financial, environmental, technical and operational guidelines and procedures for the implementation of the Program, including a description of the BRNEd Program.

20. “Program Fiduciary and Environmental and Social Systems” means the Recipient’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

21. “Program Budget Framework” or “PBF” means a 4-year BRNEd Budget Framework, coded against specific budget lines in the Government Budget prepared by MoEVT, PMO-RALG, and MoF and agreed upon with the Association and the Co-financiers.

22. “PMO-RALG” means the Recipient’s Prime Minister’s Office-Regional Administration and Local Government.

24. “School” means any public primary or secondary school within the Recipient’s territory.

25. “School Incentive Grant” or “SIG” means the annual monetary or non-monetary incentives to eligible primary and secondary schools as further described in the SIG Guidelines.

26. “SIG Guidelines” means the document to be prepared by the MoEVT and that includes the key principles, funding levels, and awards for the SIG award system.

27. “STEP Guidelines” means the document to be prepared by PMO-RALG and agreed upon with MoEVT that defines the process for assessing and independently verifying STEP activities.

28. “Standard II” means the Recipient’s second year of primary education.

29. “Student Teacher Enrichment Program” or “STEP” means the Recipient’s program for primary and secondary schools developed as part of the BRNEd Program to train teachers on how to identify and support low performing students.

30. “Verification Protocol” means the Recipient’s protocol entitled ‘DLI Verification Protocol Table’ and dated April 16, 2014, detailing the means by which the fulfillment of the Disbursement Linked Results will be verified under the Program.

31. “wpm” means words per minute.

32. “*” means multiplication.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows (references to Sections are to the respective Sections in the General Conditions):

1. Wherever used throughout the General Conditions, the term: (a) "the Project" is modified to read "the Program"; the term "the Project Agreement" is modified to read "the Program Agreement"; the term "Project Implementing Entity" is modified to read "the Program Implementing Entity"; the term "Project Report" is modified to read "Program Report"; and (b) the term "Eligible Expenditures" is modified to read "Program Expenditures".

2. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the substantive amendments set out below.
3. Section 2.02, Special Commitment by the Association, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (or finally numbered as Section 2.03), the heading "Applications for Withdrawal or for Special Commitment" is replaced with "Applications for Withdrawal", and the phrase "or to request the Association to enter into a Special Commitment" is deleted.

5. The section originally numbered as Section 2.05, Designated Accounts is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), Eligible Expenditures (renamed "Program Expenditures" in accordance with paragraph I of this Section II), is modified to read: "(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;".

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), Financing Taxes, is modified to read: "To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing specified in the Financing Agreement, as required to ensure consistency with such policy of the Association."

8. Section 2.06 (originally numbered as Section 2.08), Reallocation, is modified to read: "Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.

9. Section 6.01, Cancellation by the Recipient, is modified to read: "The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance."

10. Paragraph (d) of Section 6.03, Cancellation by the Association, is deleted, and subsequent paragraphs are relettered accordingly.

11. Section 6.04, Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association, is deleted in its entirety, and
subsequent Sections in Article VI and references to such Sections are renumbered accordingly.

12. In the Appendix, Definitions, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition paragraph 50 ("Special Commitment") is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.