Financing Agreement

(Education Enhancement Project)

between

REPUBLIC OF ZAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 26/08/2018
FINANCING AGREEMENT

AGREEMENT dated 26th February 2018, entered into between REPUBLIC OF ZAMBIA ("Recipient") and 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 forty-three million two hundred thousand Special Drawing Rights (SDR 43,200,000) (variously, "Credit" and "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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

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

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

2.08. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MoGE, 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 — EFFECTIVENESS; TERMINATION

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

4.02. 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 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Ministry of Finance.

5.02. The Recipient’s Address is:

Ministry of Finance
P.O. Box 50062
Lusaka, Zambia

Telex: Facsimile:
42221 (+260 211) 253494/251078

5.03. The Association’s Address is:

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

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED at LUSAKA, ZAMBIA, as of the day and year first above written.

REPUBLIC OF ZAMBIA

By:

[Signature]
Authorized Representative

Name: MAGARET MWANAKATWE
Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]
Authorized Representative

Name: MARLENE RUTHERFORD
Title: COUNTRY MANAGER
SCHEDULE 1

Project Description

The objective of the Project is to improve the quality of teaching and learning in mathematics and science in targeted primary and secondary schools and to increase equitable access to secondary education.

The Project consists of the following parts:

Part 1: Improving the Quality of Teaching and Learning

Improving the quality of teaching and learning in primary and secondary education in the Targeted Schools by supporting and strengthening the existing teacher training system and by increasing the availability of textbooks in mathematics and science subjects at the primary and secondary levels, through:

(a) Strengthening of the existing teacher training system, including, inter alia: (i) the development and establishment of a new feedback-based teacher training system based on a diagnostic analysis of student and teacher assessment data with the aim of identifying gaps in content knowledge and pedagogical skills of teachers; (ii) the development of training materials and methodologies; (iii) the carrying out of a pilot for training teachers in applying the newly developed materials and methodologies in Targeted Schools; and (iv) the carrying out of an impact evaluation of the pilot referred to in (iii) above, to evaluate the effectiveness of the new teacher training system in improving student learning in mathematics and science.

(b) Provision of support to address the severe textbook shortage, through: (i) the assessment, redesign and improvement of the Recipient’s current textbook management system, including planning, procurement, delivery and tracking of textbooks; and (ii) the procurement and distribution of textbooks in subject areas of mathematics and science for all grades in Targeted Schools.

Part 2: Increasing Equitable Access to Secondary Education

Increasing access to secondary education in underserved communities, through: (i) the addition of new classrooms and the necessary facilities (i.e. laboratories, office space, teacher accommodations, sanitary facilities) to about 82 existing rural schools covering grades 8-12; and (ii) the construction of about ten all-girl weekly-boarding facilities in about ten of the most remote schools among the 82 selected expansion schools.
Part 3: Enhancing Planning, Management, Monitoring and Evaluation Capacity and Project Coordination

Strengthening the capacity of MoGE and its participating institutions for planning, management and monitoring and evaluation, and provide support for Project implementation (e.g., M&E, fiduciary, safeguards), through:

(a) The carrying out of capacity-building activities to meet MoGE’s current and future needs, including: (i) strengthening the capacity of MoGE and its relevant institutions for planning, management, and M&E; (ii) strengthening data management and analysis, including upgrading the centrally-managed EMIS at MoGE to be able to connect with other data systems linked to teacher training and student assessments; and (iii) completing school mapping for schools without Global Positioning System (GPS) coordinates for future real-time monitoring, decision-making, and resource allocation.

(b) Provision of support to the PIU for the administration and coordination of Project implementation, including the recruitment of the Independent Verification Entity.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Implementation Steering Committee

The Recipient, not later than 30 days after the Effectiveness Date, shall create, and thereafter operate and maintain, a steering committee ("Project Implementation Steering Committee"), at all times during Project implementation, with a structure, functions and responsibilities acceptable to the Association, which shall be responsible for overall Project oversight and guidance. The Project Implementation Steering Committee shall be chaired by the Permanent Secretary of Education and shall include as members: (i) decision-making representatives from participating provincial and district education offices; (ii) representatives from relevant departments/units of MoGE, including the Director for Planning and Information, the Director for Teacher Education and Specialized Services, and the Director for Standards and Curriculum; (iii) the Ministries of Finance, National Development Planning and Housing and Infrastructure Development; and (iv) the chief coordinators responsible for each Part of the Project, as well as the Project coordinator.

2. Institutional Arrangements within MoGE

The Recipient shall carry out the Project through MoGE and shall ensure coordination among the PIU and the following units within MoGE: (i) TESS with respect to activities under Part 1(a) of the Project; (ii) PSU and DSC with respect to activities under Part 1(b) of the Project; and (iii) the Directorate of Planning with respect to activities under Part 3 of the Project.

3. Project Implementation Unit ("PIU")

(a) Not later than ninety (90) days after the Effectiveness Date, the Recipient shall create, and thereafter operate and maintain, a PIU within the MoGE, with a structure, equipment, functions and responsibilities acceptable to the Association, including, inter alia, the responsibility of the PIU to assist the Recipient in the day-to-day management of all Projects activities, including technical supervision and coordination, overall Project planning, quality oversight, communication, reporting, procurement, financial management, safeguards management, and monitoring of Project activities.
(b) The Recipient shall ensure that the PIU is headed by a Project coordinator and staffed, at a minimum, with a financial management specialist, a procurement specialist, an accountant, a safeguards specialist, a monitoring and evaluation officer, a communications specialist and technical specialists, and administrative staff, all hired with terms of reference, through competitive processes, in numbers and with qualifications and experience acceptable to the Association.

4. Project Implementation Manual

(a) Not later than 30 days after the Effective Date, the Recipient shall prepare and thereafter ensure that the Project is implemented in accordance with the provisions of a manual satisfactory to the Association ("Project Implementation Manual"), which shall include the following provisions:
   (a) institutional coordination and day-to-day execution of the Project;
   (b) Project budgeting, disbursement and financial management;
   (c) procurement; (d) monitoring, evaluation, reporting and communication of Project activities; (e) eligibility criteria for selection of pilot schools under Parts 1 and 2 of the Project; (f) terms of reference for the selection of the Independent Verification Entity as well as the protocol for the verification of achievement of DLIs; (g) criteria for the selection of communities for Part 2 of the Project; and (h) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.

(b) The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

5. Annual Work Plan and Budget

(a) The Recipient shall, not later than November 1 of each year of Project implementation, prepare and furnish to the Association, an annual work plan and budget ("Annual Work Plan and Budget") containing all activities proposed to be included in the Project and a proposed financing plan for the Eligible Expenditures required for such activities, setting forth the proposed amounts and sources of financing.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed Annual Work Plan and Budget and thereafter ensure that the Project is implemented in
accordance with such Annual Work Plan and Budget as shall have been approved by the Association.

B. Anti-Corruption

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

C. Independent Verification

For purposes of carrying out Parts 1 and 2 of the Project, the Recipient shall:

1. no later than six (6) months after the Effective Date, select, hire and retain an independent verification entity ("Independent Verification Entity" or "IVE") with qualifications and experience, and under terms of reference acceptable to the Association, in accordance with Section III of this Schedule;

2. cause the Independent Verification Entity to: (a) carry out a periodical technical verification of the level of achievement of the DLIs; and (b) (i) prepare Independent Verification Reports covering a period of one calendar quarter, of such scope and detail as set forth in the Project Implementation Manual, and (ii) furnish each Independent Verification Report, no later than forty-five (45) days after the end of each calendar quarter; and

3. no later than thirty (30) after the receipt of each Independent Verification Report, forward to the Association each said report.

D. Safeguards

The Recipient shall carry out the Project in accordance with the provisions of the Environmental and Social Management Framework ("ESMF").

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 (1) calendar semester, and shall be furnished to the Association not later than two (2) months 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 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 months after the end of such period.

**Section III. Procurement**

All goods, works, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

**Section IV. Withdrawal of the Proceeds of the Financing**

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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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, Operating Costs, Training, non-consulting services, and consulting services under Part 3 of the Project</td>
<td>6,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) EEPs under Parts 1 and 2 of the Project</td>
<td>36,700,000</td>
<td>100% up to the amount allocated to each DLI set forth in the table in Schedule 4</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>43,200,000</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) for payments made prior to the date of this Agreement, except that withdrawals up to:

   (i) an aggregate amount not to exceed SDR 1,300,000 may be made for payments made prior to this date but on or after March 1, 2017, for Eligible Expenditures under Category (1); and

   (ii) an aggregate amount not to exceed SDR 7,340,000 may be made for payments made prior to this date but on or after March 1, 2017, for Eligible Expenditures under Category (2); and

   (b) additionally under Category (2) unless and until the Recipient has furnished to the Association: (i) evidence, in form and substance satisfactory to the Association, that the respective DLIs specified in the table in Schedule 4 have been met and verified in accordance with Section I.C.2 of this Schedule; (ii) evidence of actual expenditures under the Eligible Expenditure Program ("EEP") to which the DLIs are attributed to and evidence that the expenditures have been verified in accordance with the Project Implementation Manual and the provisions of Section I.C.2 of this Schedule; and (iii) an EEP withdrawal application for said DLIs, in form and substance satisfactory to the Association.
Notwithstanding the provisions of part B.1(b) of this Section:

(a) if the Association is not satisfied that any of the DLIs has been achieved by the date by which said DLI is set to be achieved, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to the respective DLI which, in the opinion of the Association, corresponds to the extent of EEP execution and achievement of said DLI; (ii) when satisfied that said DLI has been complied with, authorize that the unwithdrawn amount by which the corresponding disbursement had been reduced be carried forward to the immediately subsequent withdrawal; or (iii) cancel all or a portion of the proceeds of the Financing allocated to said DLI.

(b) if the Association is satisfied that a DLI has been achieved before the date which said DLI is set to be achieved, the Association may decide, at its sole discretion and at any time, by notice to the Recipient, to authorize the withdrawal of the proceeds of the Financing then allocated to the respective DLI; and

(c) if, at any time, the Association determines that any portion of the amounts disbursed by the Recipient under Category (2) was made: (i) for expenditures which are not eligible under the EEP; or (ii) not in compliance with the provisions of Part B.1(b) of this Section, the Recipient shall promptly refund any such amount to the Association as the Association shall specify by notice to the Recipient.

3. The Closing Date is October 31, 2022.
ANNEX TO SCHEDULE 2

Eligible Expenditure Program
Sector Budget Codes

<table>
<thead>
<tr>
<th>Agency-Budgetary Institutions</th>
<th>Line Ministry/Institution Code</th>
<th>Item Code &amp; Description</th>
<th>Sub-Program Code</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MoGE</td>
<td>80</td>
<td>5502</td>
<td>001-008</td>
<td>Primary education</td>
</tr>
<tr>
<td>MoGE</td>
<td>80</td>
<td>5503</td>
<td>001-008</td>
<td>Secondary education</td>
</tr>
<tr>
<td>MoGE</td>
<td>80</td>
<td>5508</td>
<td>001-008</td>
<td>Management and support services</td>
</tr>
</tbody>
</table>
### SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing February 15, 2023, to and including August 15, 2042,</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing February 15, 2043, to and including August 15, 2047.</td>
<td>3.40%</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.
### SCHEDULE 4

**Disbursement-Linked Indicators**

<table>
<thead>
<tr>
<th>Disbursement-Linked Indicator (DLI)</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Total Amount of Financing for DLI (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI #1</td>
<td><strong>Improved teacher competencies and skills in teaching mathematics and science in Targeted Schools</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI #1.1</td>
<td>Identification of 300 schools and 764 teachers using the agreed criteria for the pilot under Part 1(a) of the Project</td>
<td>1,440,000</td>
<td></td>
</tr>
<tr>
<td>DLI #1.2</td>
<td>First-round diagnostic of teacher training needs in mathematics and science subject areas completed</td>
<td>720,000</td>
<td></td>
</tr>
<tr>
<td>DLI #1.3</td>
<td>Baseline survey completed which measures the prescribed curriculum competencies and pedagogical skills of teachers teaching mathematics and science in Grades 5 and 9 in targeted schools</td>
<td>1,440,000</td>
<td>14,390,000</td>
</tr>
<tr>
<td>DLI #1.4</td>
<td>At least 650 identified teachers in pilot schools trained in the first-round of training based on the outcome of the first-round diagnostic</td>
<td>2,870,000</td>
<td></td>
</tr>
<tr>
<td>DLI #1.5</td>
<td>Second-round diagnostic of teacher training needs in mathematics and</td>
<td>2,160,000</td>
<td></td>
</tr>
<tr>
<td>Disbursement-Linked Indicator (DLI)</td>
<td>Action to be Completed</td>
<td>Amount of the Financing Allocated (expressed in SDR)</td>
<td>Total Amount of Financing for DLI (expressed in SDR)</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>DLI#1.6</td>
<td>At least 90% of teachers trained in first-round receive second-round training based on the second round diagnoses</td>
<td>1,440,000</td>
<td></td>
</tr>
<tr>
<td>DLI#1.7</td>
<td>At least 5% increase from the baseline in proportion of teachers (teaching Grades 5 and 9) who meet the prescribed curriculum competencies and pedagogical skills in mathematics and science for Grades 5 and 9, respectively, in targeted schools</td>
<td>4,320,000</td>
<td></td>
</tr>
<tr>
<td>DLI #2A Improved textbook management system</td>
<td>Textbook management system improvement plan completed by the MoGE</td>
<td>720,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The improved textbook management system and guidelines are piloted and revised (as needed) and adopted by the MoGE</td>
<td>2,160,000</td>
<td>3,600,000</td>
</tr>
<tr>
<td></td>
<td>Training of representatives from at least 60% of all public schools in each district by the Provincial</td>
<td>720,000</td>
<td></td>
</tr>
<tr>
<td>Disbursement-Linked Indicator (DLI)</td>
<td>Action to be Completed</td>
<td>Amount of the Financing Allocated (expressed in SDR)</td>
<td>Total Amount of Financing for DLI (expressed in SDR)</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------</td>
<td>-----------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>DLI #2B Textbooks procured and delivered to targeted schools</td>
<td>Education Offices in advanced textbook delivery verification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI #2B.1</td>
<td>Bidding documents prepared according to the international bidding protocols outlined in the Government’s PPA and Regulations for procuring textbooks on predefined subjects and grade levels for the targeted schools</td>
<td>1,440,000</td>
<td>3,600,000</td>
</tr>
<tr>
<td>DLI #2B.2</td>
<td>Textbooks procured through the bidding process according to the MoGE’s improved textbook procurement guidelines are delivered to at least 80% of the targeted schools on time</td>
<td>2,160,000</td>
<td></td>
</tr>
<tr>
<td>DLI #3</td>
<td>Beneficiary schools (funded under the project for their expansion) identified and selected using criteria agreed with the Association</td>
<td>1,080,000</td>
<td>15,110,000</td>
</tr>
<tr>
<td>DLI #3.2</td>
<td>Action plan for preconstruction activities completed</td>
<td>1,080,000</td>
<td></td>
</tr>
<tr>
<td>DLI #3.3</td>
<td>Classrooms under Phase 1 Construction are</td>
<td>2,880,000</td>
<td></td>
</tr>
<tr>
<td>Disbursement-Linked Indicator (DLI)</td>
<td>Action to be Completed</td>
<td>Amount of the Financing Allocated (expressed in SDR)</td>
<td>Total Amount of Financing for DLI (expressed in SDR)</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------</td>
<td>----------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Classrooms constructed and utilized in selected expansion schools</td>
<td>constructed up to wall plate level in at least 50% of the selected expansion schools</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLI#3.4</td>
<td>Students are enrolled and use the classrooms constructed under Phase 1 Construction in the selected expansion schools</td>
<td>4,320,000</td>
<td></td>
</tr>
<tr>
<td>DLI#3.5</td>
<td>Classrooms under Phase 2 Construction are constructed up to wall plate level in at least 50% of the selected expansion schools</td>
<td>2,160,000</td>
<td></td>
</tr>
<tr>
<td>DLI#3.6</td>
<td>Students are enrolled and use the classrooms constructed under Phase 2 in the selected expansion schools</td>
<td>3,590,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>36,700,000</strong></td>
<td><strong>36,700,000</strong></td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” means each annual plan referred to in Section I.A.5 of Schedule 2 to this Agreement.


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

4. “DLI” means disbursed-linked indicator.

5. “DSC” means MoGE’s Directorate of Standards and Curriculum.

6. “Eligible Expenditure Program” or “EEP” means a set of selected eligible expenditures (including, inter alia, goods, works, non-consulting services consulting’ services, Operating Costs and salaries of the Recipient’s civil service, and other allowances and honoraria to said staff) for activities under the Recipient’s budget codes set out in the Annex to Schedule 2 to this Agreement and incurred by the Recipient under the Project (and thus said set of expenditures constitute a subset of the Eligible Expenditures defined in the General Conditions).

7. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient and disclosed in-country on June 6, 2017, and in the Association’s InfoShop on June 6, 2017, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities as well as identification of use of pesticides and any physical cultural resources, forestry reserves, and natural habitats that may be impacted and handling and/or exclusion of any such activities from the Project, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.

8. “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.

9. “Independent Verification Entity” or “IVE” means either a consultant or consultants (hired in accordance with the provisions in Section III of this Agreement), or a panel of experts selected in accordance with the criteria set forth
in the Project Implementation Manual and referred to in Section I.C of Schedule 2 to this Agreement.

10. “Independent Verification Report” means each of the quarterly reports referred to in Section I.C.2 of Schedule 2 to this Agreement.

11. “MoGE” means the Recipient’s Ministry of General Education.

12. “Operating Costs” means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget, and consisting of expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, national and international travel and per diem, and salaries of Project staff, but excluding the salaries of the Recipient’s civil service, meeting and other sitting allowances and honoraria to said staff.

13. “Phase 1 Construction” means the first phase of construction of classrooms under Part 2 of the Project.

14. “Phase 2 Construction” means the second phase of construction of classrooms under Part 2 of the Project.

15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 27, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


17. “Project Implementation Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

18. “Project Implementation Unit” or “PIU” means the unit referred to in Section I.A.3 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Association.

19. “PSU” means MoGE’s Procurement and Supply Unit.

20. “Targeted Schools” means the selected 200 pilot primary schools and 182 pilot secondary schools of which 82 are the selected expansion schools.

22. "Training" means the costs associated with national and international training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget, consisting of reasonable expenditures (other than expenditures for consultants' services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the subsequent paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".
5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02(a).