Global Partnership for Education Fund
Grant Agreement

(Additional Financing for the Education Sector Support Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as a Supervising Entity for the Global Partnership for Education Fund)

Dated 15 September 2015
GPEF TF GRANT NUMBER TF0A0429

GLOBAL PARTNERSHIP FOR EDUCATION FUND
GRANT AGREEMENT

AGREEMENT dated 2015, entered into between REPUBLIC OF MOZAMBIQUE ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as a Supervising Entity for the Global Partnership for Education Fund ("GPEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule I to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to fifty seven million nine hundred thousand United States Dollars ($57,900,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that Decree Number 1/2015, or any provision thereof, shall have been amended suspended, abrogated, repealed, waived or not enforced in such a manner as to affect materially and adversely, in the opinion of the Association, the ability of MINEDH to carry out the Project.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied, namely that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for economy and finance or any successor thereto.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile:
+258 21313747

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

[Signature]

Authorized Representative

Name: Adriano Malcione
Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Global Partnership for Education Fund)

By

[Signature]

Authorized Representative

Name: Mark E. Lunte
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient’s efforts to improve access to, and quality, and equity of education.

The Project consists of the following parts:

Part A: Improving the Quality of Education

Carrying out an annual program of activities to improve the quality of education, including: (1) supporting primary education teachers’ training activities, both pre-service training and on the job training; (2) supporting affordable production of revised primary school books and learning materials to support the curriculum reform; and (3) supporting ongoing curriculum reform for primary education, monitoring learning outcomes and promotion of action-oriented research, with a focus on development of basic skills in speaking, reading, writing and numeracy.

Part B: Strengthening Local Governance and School-based Management

Carrying out an annual program of activities to strengthen local governance and school-based management through: (1) ensuring the timely provision of Direct Support to School (ADE) and supporting activities aiming to strengthen the oversight of school councils in its efficient and transparent use of ADE; (2) strengthening the technical, institutional and management capacities of district education services within the Ministry of Education and Human Development (MINEDH) by providing operating expenses and training opportunities; and (3) strengthening the capacity of school directors to supervise and support school functioning through the provision of adequate training.

Part C: Supporting Community-Based Early Childhood Development (ECD) Activities

Carrying out an annual program of activities to support an expansion of access to quality ECD programs among children under six years of age living in rural communities in Selected Provinces and districts; and establishing the foundations for a community-based ECD service delivery system that can be replicated nationwide through: (1) provision of community-based ECD services in rural areas of Selected Provinces and districts through the delivery of ECD Basic Service Packages; (2) carrying out of a program to strengthen the Recipient’s: (a) policy functions in the area of ECD; (b) implementation capacity to support ECD service delivery; and (c) results-based framework of oversight capacity of both by the MINEDH and IVAs; and (3) carrying out of: (a) an impact evaluation of ECD activities under the Project; and (b) a study of ECD model activities currently being implemented in the Recipient’s urban areas including in the city of Maputo.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

The Ministry of Education and Human Development (MINEDH) shall have the responsibility for the overall implementation of the Project, including coordination, implementation, technical, fiduciary aspects (procurement and financial management), monitoring, evaluation, reporting and communication of Project activities and results.

B. Implementation Arrangements

1. Project Administration and Management under the Disbursement Modality: Category (I) Eligible Expenditures under the Project

The Recipient shall implement the Project in accordance with the Annual Action Plan and, except as the World Bank shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision thereof if, in the opinion of the World Bank, such amendment, abrogation or waiver may materially and adversely affect the implementation of the Project.

2. Annual Action Plan

(a) The Recipient shall, not later than December 30 in each Fiscal Year, prepare and furnish to the World Bank, an annual program of activities proposed for inclusion in the Program during the following Fiscal Year ("Annual Action Plan"), including the details of aggregate expenditures required for such activities, and a proposed financing plan for such expenditures, setting forth the proposed sources of financing.

(b) The Recipient shall exchange views with the World Bank on each such proposed Annual Action Plan, and thereafter adopt, and carry out such Annual Action Plan for such following Fiscal Year as shall have been agreed with the World Bank.

(c) The World Bank shall, on the basis of the Annual Action Plan, determine the list of expenditures to be financed out of the Grant ("Annual Action Plan Expenditures") and the percentage of the Annual Action Plan Expenditures which may be financed out of the proceeds of the Grant.
3. Project Administration and Management under the Disbursement Modality:
Category (2) Disbursement Linked Indicators under Parts A and B of the Project

(a) The Recipient shall carry out the Project, and monitor and report on the achievement of the Disbursement Linked Indicators, not later than March 30 of each year during the implementation of the Project, in accordance with the arrangements and procedures set out in the DLI Verification Protocol (provided, however, that in case of any conflict between the arrangements and procedures set out in the DLI Verification Protocol and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive the DLI Verification Protocol or any of its provisions without prior approval in writing by the World Bank.

(b) Without limitation to the foregoing, the Recipient shall: (a) appoint, not later than March 30, 2016, and thereafter retain for the duration of the Project, an Independent Verification Agent having qualifications and terms of reference acceptable to the World Bank to verify the achievement of selected Disbursement Linked Indicators as provided in Schedule 3 to this Agreement and the DLI Verification Protocol; (b) cause said agent to verify the status of achievement of the relevant DLIs under terms of reference acceptable to the World Bank, not later than March 30 of each year during the implementation of the Project, commencing March 30, 2016; and (c) furnish to the World Bank in each year the DLI verification reports of said agent of scope and detail acceptable to the World Bank.

4. ECD Service Agreements

(a) To facilitate the implementation of Part C(1) of the Project, the Recipient shall enter into, and thereafter maintain throughout the implementation of the Project, if required, a number of performance based agreements (each “ECD Service Agreement”) in form and substance satisfactory to the Bank with third party providers (each a “Third Party Provider” or “TPP”) selected in accordance with Section III of Schedule 2 to this Agreement, on the basis of RFPs acceptable to the World Bank, pursuant to which the TPP shall implement Part C(1) of the Project, with respect to the delivery of ECD Basic Service Packages.

(b) The ECD Service Agreements shall each include the obligation of the TPP to:

(i) carry out its activities under the ECD Service Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social
standards and practices satisfactory to the Bank, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines and in accordance with the relevant provisions of the ECD Implementation Manual; and

(ii) maintain policies and procedures, which are adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the activities carried out under the ECD Service Agreement.

4. ECD Implementation Manual

(a) The Recipient shall adopt an ECD Implementation Manual for the purpose of implementation of Part C of the Project, in form and substance acceptable to the Bank.

(b) Without limitation upon the foregoing, said manual shall include, inter alia, a detailed elaboration of:

(i) each ECD Basic Service Package to be delivered by each TPP;

(ii) a model form of ECD Service Agreement for the provision of services under Part C (1) of the Project;

(iii) the detailed list of functions to be carried out by each level of the MEHD (central, provincial, district) and the list of training to be received by them in order to effectively carry out these functions;

(iv) the indicators to be monitored by the MEHD at the district and provincial levels and the template to be used for reporting on these indicators;

(v) details on the results based disbursement framework, that will regulate payments to TPPs, including the size and frequency of disbursements, the list of indicators to be verified, and the ToRs for the Independent Verification Agent; and

(vi) the ToRs for the TPPs.

(c) The Recipient shall:

(i) ensure that Part C(1) of the Project is carried out in accordance with the ECD Implementation Manual, as the same may be updated from time to time with the prior written agreement of the Bank; and
(ii) without limitation to the provisions of paragraph (a) immediately above, not otherwise revise or waive any provision of the ECD Implementation Manual without the prior written agreement of the Bank.

(d) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the ECD Implementation Manual and those of this Grant Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 (“Anti-Corruption Guidelines”).

D. Donor Visit

For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the donors to the GPEF to visit any part of the Recipient’s territory for purposes related to the Project.

E. Safeguards

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

2. Where required in terms of the ESMF or the RPF, as the case may be, the Recipient shall proceed to have an EMP, a Pest Management Plan or a RAP, as the case may be:

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

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

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

3. The Recipient shall ensure or caused to be ensured, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall
duly incorporate the requirements of the Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and furnish to the World Bank on a quarterly basis, reports on the status of compliance with the ESMF, the RPF, the EMPs, PMPs and RAP as the case may be, given details of: (a) measures taken in furtherance of the above; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation; and (c) remedial measures taken or required to be taken to address such conditions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar year, and shall be furnished to the World Bank not later than two 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 2.07 of the Standard Conditions.

2. The Recipient shall prepare and furnish to the World Bank not later than ninety (90) 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 World Bank.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or
2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Grant 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 World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works, and non-consulting Services

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

2. Other Methods of Procurement of Goods, Works and non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting Services. The Procurement Plan shall specify the circumstances under which such methods shall be used: (a) National Competitive Bidding, subject to provisions of paragraph 3 of this Part B; (b) Direct Contracting; and (c) Shopping.

3. Additional Procedures for National Competitive Bidding (NCB):
   (a) General
       The procedures to be followed for NCB shall be those set forth in the Regulation, with the modifications described in the following paragraphs.
   (b) Eligibility
       No restriction based on nationality of bidders and/or origin of goods shall apply. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement which will affect their ability to participate in the bidding process such as, but not limited to, the proof that they are not under bankruptcy proceedings in the Recipient’s territory; have a local representative; have an attorney resident and domiciled in the Recipient’s territory; form a joint venture with a local firm. In cases of joint ventures, they shall confirm joint and several liability.
Prior registration, obtaining a license or agreement shall not be a requirement for any bidder to participate in the bidding process.

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

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

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

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

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

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

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

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

(iii) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid.
(iv) Bidders shall not be eliminated on the basis of minor, non-
substantial deviations.

(i) **Rejection of All Bids and Re-bidding**
All bids shall not be rejected and new bids solicited without the World
Bank’s prior concurrence.

(j) **Complaints by Bidders and Handling of Complaints**
The Recipient shall establish an effective and independent complaint
mechanism allowing bidders to complain and to have their complaint
handled in a timely manner.

(k) **Right to Inspect/Audit**
In accordance with paragraph 1.16(e) of the Procurement Guidelines, each
bidding document and contract financed from the proceeds of the Grant
shall provide that: (i) the bidders, suppliers, and contractors and their
subcontractors, agents, personnel, consultants, service providers or
suppliers, shall permit the World Bank, at its request, to inspect their
accounts, records and other documents relating to the submission of bids
and contract performance, and to have them audited by auditors appointed
by the World Bank; and (ii) the deliberate and material violation by the
bidder, supplier, contractor or subcontractor of such provision may
amount to obstructive practice as defined in paragraph 1.16(a)(v) of the
Procurement Guidelines.

(l) **Fraud and Corruption**
Each bidding document and contract financed from the proceeds of the
Grant shall include provisions on matters pertaining to fraud and
corruption as defined in paragraph 1.16(a) of the Procurement Guidelines.
The World Bank may sanction a firm or individual, at any time, in
accordance with prevailing World Bank sanctions procedures, including
by publicly declaring such firm or individual ineligible, either indefinitely
or for a stated period of time: (i) to be awarded a World Bank-financed
contract; and (ii) to be a nominated sub-contractor, consultant, supplier or
service provider of an otherwise eligible firm being awarded a World
Bank-financed contract.

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

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

2. Other Methods of Procurement of Consultants' Services. The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection Based on the Consultants' Qualifications</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Quality-Based Selection</td>
</tr>
<tr>
<td>(d) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(e) Single-Source Selection*</td>
</tr>
<tr>
<td>(f) Least Cost Selection</td>
</tr>
</tbody>
</table>

* INE shall implement Part C (3)(a) of the Project further to Section 1.13(c) of the Consultants' Guidelines for which purpose it shall abide by an RFP acceptable to the World Bank.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such Additional Instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions, to finance: (i) such percentages (inclusive of taxes) of Eligible Expenditures as set forth in the table
A in paragraph 2 below of this Part A; and (ii) 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 B in paragraph 2 below of this Part A.

2. The following table A specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants' services, non-consulting services, Training, and Operating Costs for Parts A and B of the Project</td>
<td>40,530,000</td>
<td>Such percentage of Eligible Expenditures as the World Bank may determine for each Fiscal Year and communicate to the Recipient</td>
</tr>
<tr>
<td>Sub-total Category 1</td>
<td>40,530,000</td>
<td></td>
</tr>
</tbody>
</table>

3. The following table B specifies the category of DLI 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 B in paragraph 2 below of this Part A and B.
### Table B

<table>
<thead>
<tr>
<th>Category</th>
<th>Disbursement Linked Indicators</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) DLI under Parts A and B of the Project</td>
<td>Disbursement under the Project for: DLI 1: Increase in number of teachers (1st and 2nd grade) with in-service training</td>
<td>8,370,000</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>DLI 2: Decrease in number of districts with a pupil teacher ratio over 80</td>
<td>4,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLI 3: Increase in number of primary school directors having participated in directors training</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLI 4: Increase in % of the trained school directors having their performance evaluated</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub-total Category 2</td>
<td>17,370,000</td>
<td></td>
</tr>
<tr>
<td>Total A and B</td>
<td>57,900,000</td>
<td></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;
   
   (b) (i) in any Fiscal Year commencing in Fiscal Year 2015, in respect of Categories I and 2 of Tables A and B until the Recipient has furnished to the World Bank, in form and substance satisfactory to the World Bank, a proposed Annual Action Plan along with details of the proposed Annual Action Plan Expenditures including the percentage of said Annual Action Plan Expenditures which may be financed out of the proceeds of the Grant; and (ii) both Annual Action Plan and Annual Action Plan Expenditures have been approved by the World Bank; and
(c) No withdrawal shall be made under Category (2): (i) until and unless the Recipient shall have: (I) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including submission to the World Bank of the applicable statements of expenditure evidencing the incurrence of Eligible Expenditures during the respective DLI Period for which payment is requested; and (II) furnished evidence satisfactory to the World Bank, in accordance with the DLI Verification Protocol set out in Section I.B.3 of this Schedule, that the DLI Target for the respective DLI Period for which payment is requested has been achieved as set forth in Schedule 3 to this Agreement; and (ii) until the DLI Verification Protocol shall have been submitted to the Bank and it has found satisfactory.

2. Notwithstanding the provisions of sub-paragraph B.1(c) immediately above:

(a) withdrawals may be made once yearly, over a period of consecutive years ending with the Closing Date, with respect to DLR achievements attained in the Fiscal Years (starting with those attained during Fiscal Year 2015) immediately prior to each such withdrawal, unless the World Bank determines to allow more frequent withdrawals;

(b) for each DLI, the corresponding DLR is subdivided into separate yearly achievement levels (e.g., DLR 1.1 for Fiscal Year 2015, DLR 1.2 for Fiscal Year 2016, DLR 1.3 for Fiscal Year 2017), and each such level (alternatively called “Target”) is allocated a Grant amount withdrawable according to such level’s degree of achievement, all as set forth in the Additional Instructions;

(c) for all DLRs (except DLR 1.1), withdrawals shall be made in amounts proportional to their degree of achievement as illustrated by the example in Part B.2 of this Section (these are “Scalable DLRs”);

(d) for each DLI associated with a Scalable DLR, a single baseline level (“Baseline”) is assigned, as set forth in the Additional Instructions, against which to measure progress in the achievement of its corresponding DLR;

(e) the allowable withdrawal corresponding to achievement of any yearly DLR is capped, as set forth in the Additional Instructions;

(f) no withdrawal shall be made for any yearly DLR, until and unless the Recipient has furnished evidence, verified according to protocols set forth in the Verification Protocol and thus satisfactory to the World Bank, that said DLR has been achieved in whole or in part, during the corresponding calendar year, above a minimum (“Floor”), as set forth in the Additional Instructions;
amounts not withdrawn for a given Fiscal Year, because of a shortfall in achievement of a DLR, can be rolled over into a subsequent year and then withdrawn to the extent the delayed achievement would have justified disbursement had it been attained on time, as also illustrated by the example in Part B.3 of this Section; and

no yearly DLRs are assigned for Fiscal Year 2018, and therefore any withdrawals corresponding to Fiscal Year 2018 can only be for amounts so rolled over from a previous year and withdrawable to the extent the delayed DLR achievement would have justified disbursement had it been attained on time.

The scalability and roll-over features of DLRs are illustrated in the following example, based on DLR 1.2:

<table>
<thead>
<tr>
<th>Category (Disbursement Linked Indicator)</th>
<th>Disbursement Linked Result</th>
<th>Baseline</th>
<th>DLI Targets to determine annual disbursement</th>
<th>Floor</th>
<th>Amount of the Grant Allocated (USD) (and initial date of availability for withdrawal)</th>
<th>Cumulative Cap (USD)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Increased number to 6,600 teachers (1st and 2nd grade) with in-service training</td>
<td>Increased number to 6,600</td>
<td>0</td>
<td>DLR 1.2: Increased number from 0 to 1,650</td>
<td>1,000</td>
<td>DLR 1.2: USD 3,000,000 (January 1, 2017)</td>
<td>USD 5,000,000 (January 1, 2017)</td>
</tr>
</tbody>
</table>

(a) Withdrawal of all or part of the Grant amount allocated to DLR 1.2 can only occur on or after January 1, 2017, and only if DLR 1.2 has been met at a level equal to or above the corresponding Floor. If DLR 1.2 has been fully met or exceeded, the withdrawal shall be for USD3,000,000. If DLR 1.2 has been partially achieved, at a level equal to or above the Floor, disbursement shall be made at a level proportional to such achievement, calculated as follows: disbursable amount attributable to Fiscal Year 2016 = USD3,000,000 x [(achieved level, not to exceed the Fiscal Year 2016 Sub-target – Baseline)/(Fiscal Year 2016 Sub-target – Baseline)].

(b) To the extent part of the Grant amount allocated to DLR 1.2 was not disbursable pursuant to (a) above, it can be withdrawn on or after January 1, 2018, if achievement of DLR 1.2 has improved over the level previously attained during Fiscal Year 2016. In such case, such remaining amount shall be disbursed at a level proportional to the improvement, calculated as follows: disbursable amount attributable to Fiscal Year 2017 = {USD 3,000,000 x [(improved achieved level, not to exceed the Fiscal Year 2016 Sub-target – Baseline)/(Fiscal Year 2016 Sub-target – Baseline)]} – Year 1 disbursed amount.
(c) To the extent part of the Grant amount allocated to DLR 1.2 was not disburseable pursuant to (a) and (b) above, it can be withdrawn on or after January 1, 2019, if achievement of DLR 1.2 has improved over the highest level previously attained during the combined Fiscal Year 2016 plus Fiscal Year 2017 period. In such case, such remaining amount shall be disbursed at a level proportional to the improvement, calculated as follows:

\[
\text{disbursable amount attributable to Fiscal Year 2018} = \left\{ \text{USD}3,000,000 \times \frac{\text{improved achieved level (not to exceed the Fiscal Year 2016 Sub-target - Baseline)}}{\text{Fiscal Year 2016 Sub-target - Baseline}} \right\} - \left( \text{Fiscal Year 2016 disbursed amount} + \text{Fiscal Year 2017 disbursed amount} \right).
\]

4. In the event that the World Bank has withheld, or was entitled to withhold, any part of the Grant pursuant to paragraph 3 above, the World Bank may at any time, by notice to the Recipient cancel the amount(s) so withheld.

5. Notwithstanding the foregoing provisions of Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the World Bank that the Withdrawn Grant Balance in relation to Category 2 of the Table B set forth in Section IV.A 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 World Bank or the World Bank under any other loan, credit or grant, the Recipient shall, promptly upon notice from the World Bank, refund to the World Bank such excess amount of the said Withdrawn Grant Balance. The World Bank shall cancel the refunded amount of the Withdrawn Grant Balance.

6. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2018.
## SCHEDULE 3

<table>
<thead>
<tr>
<th>Category (Disbursement Linked Result)</th>
<th>Disbursement Baseline</th>
<th>DLI Targets to determine annual disbursement</th>
<th>Floor</th>
<th>Amount of Grant Allocated (USD) (and initial date of availability for withdrawal)</th>
<th>Cumulative Cap (USD)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Number of teachers (1st and 2nd grade) with in-service training</td>
<td>Increased number to 8,250</td>
<td>DLR 1.1: Program elaborated, tested and adjusted</td>
<td>NA</td>
<td>DLR 1.1: 2,000,000 (January 1, 2016)</td>
<td>2,000,000 (January 1, 2016)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DLR 1.2: Increased number from 0 to 1,650</td>
<td>1,000</td>
<td>DLR 1.2: 3,000,000 (January 1, 2017)</td>
<td>5,000,000 (January 1, 2017)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DLR 1.3: Increased number from 1,650 to 8,250</td>
<td>4,000</td>
<td>DLR 1.3: 3,370,000 (January 1, 2018)</td>
<td>8,370,000 (January 1, 2018 and beyond)</td>
</tr>
<tr>
<td>(2) Number of districts with a pupil teacher ratio over 80</td>
<td>Decreased number to 2</td>
<td>DLR 2.1: Decreased number of districts from 12 to 8</td>
<td>8</td>
<td>DLR 2.1: 2,000,000 (January 1, 2017)</td>
<td>2,000,000 (January 1, 2017)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DLR 2.2: Decreased number of districts from 8 to 2</td>
<td>5</td>
<td>DLR 2.2: 2,000,000 (January 1, 2018)</td>
<td>4,000,000 (January 1, 2018 and beyond)</td>
</tr>
<tr>
<td>(3) Number of primary school directors having participated in directors training (non-cumulative)</td>
<td>Increased number to 1,800</td>
<td>DLR 3.1: Increased number from 0 to 800</td>
<td>400</td>
<td>DLR 3.1: 1,000,000 (January 1, 2017)</td>
<td>1,000,000 (January 1, 2017)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DLR 3.2: Increased number from 800 to 1,800</td>
<td>1,000</td>
<td>DLR 3.2: 1,000,000 (January 1, 2018)</td>
<td>2,000,000 (January 1, 2018 and beyond)</td>
</tr>
<tr>
<td>(4) % of the trained school directors having their performance evaluated</td>
<td>Increased percentage to 20 percent</td>
<td>DLR 4.1: Increased percentage from 0 to 10 percent</td>
<td>5%</td>
<td>DLR 4.1: 1,500,000 (January 1, 2017)</td>
<td>1,500,000 (January 1, 2017)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DLR 4.2: Increased percentage from 10 to 20 percent</td>
<td>15%</td>
<td>DLR 4.2: 1,500,000 (January 1, 2018)</td>
<td>3,000,000 (January 1, 2018 and beyond)</td>
</tr>
</tbody>
</table>
*Where no baseline is specified for a Scalable DLR in this column, its value will be deemed to be zero for purposes of carrying out the computations illustrated in Part B.2 of Section IV, of Schedule 2 of this Agreement.

**Cumulative cap equals (as of January 1, 2016) DLR x.1 allocated Grant amount; equals (as of January 1, 2017), such DLR x.1 amount plus the DLR x.2 allocated Grant amount; and equals (as of January 1, 2018, and beyond), such DLR x.1 amount, plus such DLR x.2 amount, plus the DLR x.3 allocated Grant amount.
APPENDIX

Section I. Definitions

1. “Additional Instructions” means the disbursement letter, from the World Bank to the Recipient, of even date herewith, as may be amended by the World Bank from time to time and referred to under Section IV.A.1 of Schedule 2 to this Agreement.

2. “ADE” means an amount made available annually to primary schools based on an allocation formula set by MINEDH.

3. “Affected Persons” means persons who, on account of an involuntary taking of land under the Project, had or would have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; and “Affected Person” means any of the Affected Persons.


5. “Annual Action Plan Expenditures” means the Annual Action Plan Expenditures referred to in Section I.B.2(c) of Schedule 2 to this Agreement.


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


10. “Disbursement Linked Indicator” or “DLI” means any one of the disbursement linked indicators set out in the table in Schedule 3 to this Agreement; and “DLIs” means, collectively, all such DLIs.
11. "DLI Period" means the period specified in Schedule 3 to this Agreement, during which each DLI Target is set to be achieved.

12. "DLI Target" means the target specified in Schedule 3 to this Agreement set to be achieved by the Recipient during the respective DLI Period.

13. "DLI Value" means the amount of the Grant allocated to each DLI in the "Allocated Amount" row in the table in Schedule 3 to this Agreement.

14. "Independent Verification Agent" means the independent agent to be appointed by the Recipient in accordance with Section I.B.3(b) of Schedule 2 to this Agreement to verify the achievement of selected DLIs as specified in Schedule 3 to this Agreement and the DLI Verification Protocol.

15. "DLI Verification Protocol" means the Recipient's protocol referred to in Section I.B.3 of Schedule 2 to this Agreement, containing the technical standards and procedures for assessing the achievement of DLIs.

16. "ECD Basic Service Package" means a specific package of early childhood development services elaborated in an ECD Implementation Manual, to be delivered by a Third Party Provider under Part C(1) of the Project.

17. "ECD Implementation Manual" has the meaning ascribed to such term in Section I.B.4 of Schedule 2 to this Agreement.

18. "ECD Service Agreements" has the meaning ascribed to such term in Section I.B.3 of Schedule 2 to this Agreement.

19. "FASE" or "ESSF" means the Recipient's education sector support program implemented through a memorandum of understanding dated December 13, 2012, between the Recipient and a group of cooperating partners, of which the World Bank is a Party, that guides the pooled funding of external support for the ESSF.

20. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework of the Recipient dated December 29, 2010, disclosed on the same date, revised and re-disclosed on April 27, 2015, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF.

21. "Environmental Management Plan" or "EMP" means an environmental management plan, prepared in accordance with the ESMF and the provisions of Section LD of Schedule 2 to this Agreement for the purposes of the Project and acceptable to the World Bank, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies
designed to facilitate the achievement of the objective of the ESMF under the Project, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.

22. "Fiscal Year" means the Recipient's fiscal year from January 1 to December 31.

23. "Floor" means the minimum DLR achievement level necessary to permit disbursement by the World Bank of the corresponding Financing amount to the Recipient.

24. "INE" means Instituto Nacional de Estatística, the Recipient's national institute of statistics established further to Presidential Decree No. 9/96 of August 28, 1996.


26. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on an Annual Action Plan approved by the World Bank pursuant to Section I.B.2 of Schedule 2 to this Agreement, on account of office equipment and supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, up to and including Fiscal Year 2018, but excluding salaries of the Recipient's civil servants.

27. "Pest Management Plan" means the Pest Management Plan included in any ESMP, and in respect of any activity involving pest management, a plan for such activity prepared and implemented in accordance with the ESMF and the provisions of Section I.E of Schedule 2 to this Agreement and approved by the World Bank, such pest management plan to include specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under such activity, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on, compliance with such plan.


29. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 4, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

31. "Program Expenditures" means expenditures under FASE described under Parts A and B of Schedule 1 to this Agreement.

32. Resettlement Action Plan” or “RAP” means in respect of any activity involving resettlement, a resettlement plan for such activity prepared and implemented in accordance with the RPF and the provisions of Section I.D. of Schedule 2 to this Agreement and approved by the World Bank, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of the Displaced Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on compliance with such plan.


34. “RFP” means Request for Proposals provided under Section 11.2.9 of the Consultants’ Guidelines and including provisions set forth in Section 1.23(e) of the Consultants’ Guidelines.

35. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework of the Recipient dated December 29, 2010, disclosed on the same date and revised and re-disclosed on April 27, 2015, setting forth the modalities for resettlement and compensation of Displaced Persons under the Project, as the same may be amended from time to time with the prior written agreement of the Bank.

36. “Safeguard Instruments” means the ESMF, the RPF, related EMPs, Pest Management Plans, and RAPs for the Project.


38. “Scalable DLRs” means DLRs against which Financing withdrawals may be made in amounts proportional to their degree of achievement if it is equal to or above a Floor.

39. “SDR” means special drawing right.
40. "Selected Province" means each of the Recipient’s province of Cabo Delgado, Nampula, Tete, Gaza and Maputo Province.

41. "Third Party Provider" or "TPP" means an agent in charge of delivering an ECD Basic Service Package under an ECD Service Agreement under Part E(1) of the Project.

42. "ToRs" means terms of reference.

43. "Training" means the costs associated with training and workshops, based on an Annual Action Plan approved by the Bank pursuant to Section I.B.2 of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.