Financing Agreement

(Learning for All Project)

between

REPUBLIC OF ANGOLA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JANUARY 16, 2014
AGREEMENT dated January 16, 2014, entered into between REPUBLIC OF ANGOLA ("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-eight million and eight hundred thousand Special Drawing Rights (SDR 48,800,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 May 15 and November 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 Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Education 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 Additional Condition of Effectiveness consists of the following, namely, that the Recipient has appointed to the Project Management Team the financial manager and the procurement specialist referred to in Section I.A.3(a) of Schedule 2 of this Agreement under terms of reference satisfactory to the Association.

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

4.03. 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 V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its minister in charge of planning.

5.02. The Recipient’s Address is:

Ministério de Planeamento
Largo do Palácio
Caixa Postal 1205
Luanda
República de Angola

Facsimile:

244-22233-9586
5.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

AGREED at Luanda, Republic of Angola, as of the day and year first above written.

REPUBLIC OF ANGOLA

By

[Signature]
Authorized Representative

Name: Joao G. Graça
Title: MINISTER

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Julio E. Revilla
Title: Acting Country Director
SCHEDULE 1

Project Description

The objectives of the Project are to improve teachers’ skills and knowledge as well as school management in Project-designated areas; and to develop a system for systematic student assessment.

The Project consists of the following parts:

Part A: Improving Teachers’ Skills and Knowledge and School Management in Primary Schools of Project-Designated Areas

1. Consolidating the Zones of Pedagogical Influence

   Strengthening the Zones of Pedagogical Influence (ZIP) model in the Recipient’s nine provinces where ZIPs are currently established and setting up additional ZIPs in the remaining nine provinces through: (a) carrying out of communication campaigns to inform schools of the ZIP structure to which they have been assigned as well as of their role as centre or satellite schools; (b) establishing a ZIP council and a school council in each of the schools within the ZIP; (c) carrying out of training to the ZIP and school councils in their roles and responsibilities; and (d) development and implementation of a system to produce, disseminate, and use school report cards for improved school management and accountability.

2. In-service Training Program for Teachers

   Improving primary teachers’ academic knowledge, pedagogical skills and use of time in the classroom through the preparation and delivery of an in-service teacher training program.

3. Improving School-Based Management Strategies for Enhancing Quality

   Devolving autonomy and responsibilities to school councils and communities in a sub-sample of the supported ZIPs through the: (i) design of Education Projects (EPs); and (ii) provision of grants to ZIP councils in the form of materials and other resources for the implementation of EPs.

Part B: Establishing a System for Student Assessment

Supporting MED’s efforts to improve the assessment system through the: (a) development of a five years assessment strategy; (b) carrying out of sample-based student learning assessment exercises of grades 4 and 6 in the subjects of Portuguese language and mathematics; (c) development and implementation of a
second early grade reading assessment (EGRA); (d) carrying out of a service delivery survey; (e) piloting of national exams in Portuguese language and mathematics in grade 6; and (f) design, data analysis, implementation and dissemination of an impact evaluation study of Part A of the Project.

Part C: Project Management

Supporting Project implementation by strengthening the management capacity of MED staff as well as provincial and municipal education administrators and officers from teacher training schools (TTS) participating in the Project, through the provision of technical assistance, carrying out of training, and provision of operating costs.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Ministry of Education (MED) shall have the responsibility for the overall implementation of the Project.

2. Project Steering Committee (PSC)

The Recipient shall maintain at all times during implementation of the Project the Project Steering Committee (PSC) which shall be responsible for the oversight of the Project, problem identification and solving and, as a central body, liaising with provincial authorities. The PSC shall be chaired by the Vice-Minister for Education and composed by the departmental directors of GEPE, INIDE and INFQ.

3. Project Management Team (PMT)

(a) Without limitation to the provisions of paragraph A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, the Project Management Team (PMT) within MED, led by a Project manager, and including a financial manager, a procurement specialist, and a senior monitoring and evaluation specialist, and with a composition, mandate and resources satisfactory to the Association.

(b) Without limitation to sub-paragraph (a) of this paragraph, the PMT shall have the overall responsibility for, inter alia: (i) ensuring timely implementation in accordance with the Project Implementation Manual (PIM); (ii) preparing Annual Work Plans and Budgets and annual procurement plans; (iii) overseeing Project activities under its direct responsibility and of those under the responsibility of other entities involved in Project implementation; (iv) managing Project finances; (v) maintaining consolidated Project accounts; and (vi) developing and maintaining a system of monitoring the Project key performance indicators.

(c) Without limitation to sub-paragraph (a) of this paragraph, the Recipient shall, not later than three (3) months after the Effective Date, appoint to the PMT and maintain, at all times until the completion of the Project, two procurement officers, two accountants and a senior monitoring and
evaluation specialist, all with qualifications, experience and terms of reference acceptable to the Association.

B. Implementation Arrangements

1. Project Implementation Manual

(a) The Recipient shall carry out the Project in accordance with the Project Implementation Manual (PIM).

(b) Except as the Association shall otherwise agree, the Recipient shall not amend, waive or fail to enforce the PIM, or any provision thereof. In case of any conflict between the provisions of this Agreement and those of the PIM, the provisions of this Agreement shall prevail.

2. Annual Work Plans and Budgets

The Recipient shall prepare and furnish to the Association for its approval, not later than December 31 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budgets containing all activities to be carried out in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association’s comments and views on the matter.

C. In-service Teacher Training Program under Part A.2 of the Project

1. The Recipient shall make the funds allocated to Category (2) to Selected TTSs so as to deliver and monitor the in-service teacher training program under Part A.2 of the Project, in accordance with funds flow mechanisms, implementation, evaluation and monitoring processes specified in the Project Implementation Manual, including but not limited to the following main features:

(a) the Selected TTSs shall carry out the in-service teacher training program in accordance with the Project Implementation Manual and the Anti-Corruption Guidelines, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial standards and practices satisfactory to the Association;

(b) the Selected TTSs shall maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the carrying out of the in-service teacher training program;

(c) the funds allocated to the Selected TTSs shall be used exclusively in carrying out the in-service teacher training program;
the Recipient shall have the right to obtain all information, as the
Recipient or the Association shall reasonably request, regarding the
administration, operation and financial management of the in-service
teacher training program by the Selected TTSs; and

the Recipient shall have the right to suspend or terminate the right of the
Selected TTSs to benefit from the proceeds of the Credit upon failure by
the Selected TTSs to perform any of their obligations under this
Agreement.

2. Without limitation to paragraph 1 of this Part C, the Recipient shall maintain, at
all times until the completion of the Project, the Selected TTSs with a mandate
and resources satisfactory to the Association.

D. Terms and Conditions for the implementation of Education Projects (EPs)
and EP Grants under Part A.3 (ii) of the Project

The Recipient, through MEC, shall ensure that the EP Grants are allocated to the
Selected ZIPs in accordance with, and subject to, the eligibility criteria,
elaboration of EPs, funds flow mechanisms, implementation, evaluation and
monitoring processes specified in the Project Implementation Manual, including
but not limited to the following main features:

(a) The EPs shall be prepared by Selected ZIPs using information compiled
in the schools' report cards to diagnose problems and outline strategies to
address those problems.

(b) The amounts of the EP Grants shall average USD 500 per school yearly
and school specific amounts will be determined based on each school’s
size.

(c) Upon approval of an EP Grant, funds in respect of each EP Grant shall
be transferred to the bank account of the Selected Municipality, opened
for such purposes by such municipalities, to support the EPs of the
Selected ZIP under its jurisdiction, for its provision to the Selected ZIP
of materials and other resources for the implementation of the EPs, as
provided under Part A.3(ii) of the Project.

(d) Upon approval of an EP Grant, each EP Grant so approved shall be made
available to a Selected Municipality under an EP Grant Agreement. The
EP Grant Agreement, as set out in the PIM, shall be executed under
terms and conditions satisfactory to the Association and shall include,
inter alia, the following provisions:

(i) The obligation of each Selected Municipality to carry out the EP
in accordance with the Project Implementation Manual and the
Anti-Corruption Guidelines, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association;

(ii) the obligation of each Selected Municipality to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the carrying out of the EP;

(iii) the requirement that: (1) the goods and services to be financed by the EP Grant shall be procured in accordance with the procedures set forth in Section III of Schedule 2 to this Agreement and in the PIM; and (2) such goods and services shall be used exclusively in carrying out the EP;

(iv) the right of the Recipient to inspect by itself, or jointly with the Association, if the Association shall so requests, the goods or plans included in the EP, the operations thereof and any relevant records and documents;

(v) the right of the Recipient to obtain all information, as the Recipient or the Association shall reasonably request, regarding the administration, operation and financial management of the EPs; and

(vi) the right of Recipient to suspend or terminate the right of the Selected Municipality and the Selected ZIP to benefit from the proceeds of the EP Grant upon failure by the Selected Municipality or Selected ZIP to perform any of its obligations under the EP Grant Agreement.

E. Independent Verification Agents

The Recipient shall engage independent verification agents (IVAs) as agreed between the Recipient and the Association, whose terms of reference, qualifications and experience shall be satisfactory to the Association, to monitor, evaluate and report on the Project activities, and to: (a) conduct independent verifications and audits, including ensuring that selected Teacher Training Schools (TTSs) and Selected Municipalities maintain adequate accounting systems and records of Project funds transferred to provincial and local entities including Selected Municipalities and Selected TTSs; (b) carry out short beneficiaries' assessments; and (c) make recommendations and develop strategies for improvement of Project implementation.
F. Mid-Term Reviews

The Recipient shall:

(a) No later than thirty (30) months after the Effective Date carry out jointly with the Association a mid-term review of the progress made in carrying out the Project. As part of the midterm review, the Recipient and the Association shall review a report prepared and submitted by the PMT one month in advance of the midterm review.

(b) Assess, during the mid-term review, *inter alia*: the overall progress made during the implementation of the Project.

(c) No later than thirty (30) days after the completion of the mid-term review, start to implement the recommendations of the mid-term review as agreed with the Association.

G. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. 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 (6) months after the end of such period.

4. The Recipient shall: (a) appoint, no later than four (4) months after the Effective Date, an external auditor for the Project with qualifications, experience and terms of reference acceptable to the Association; and (b) no later than six (6) months after the Effective Date, install or caused to be installed a computerized accounting and financial management system for the Project, acceptable to the Association.

Section III. Procurement

A. General

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

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

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

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

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:
### Procurement Method

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>(a)</td>
<td>National Competitive Bidding (<em>subject to the additional procedures in paragraph 3 below</em>)</td>
</tr>
<tr>
<td>(b)</td>
<td>Shopping</td>
</tr>
<tr>
<td>(c)</td>
<td>Direct Contracting</td>
</tr>
</tbody>
</table>

3. National Competitive Bidding (NCB) shall follow the Recipient’s “Public Competitive Bidding” method (*Concurso Público*), set forth in the Recipient’s law no. 20/10 (*Lei No. 20/10 da Contratação Pública*), dated September 7, 2010, subject to the following additional procedures:

(a) **Eligibility.** The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. Bidding shall not be restricted to domestic bidders. No restriction based on nationality of bidders and/or origin of the goods shall apply other than those imposed by primary boycotts as contemplated in Section I of the Procurement Guidelines. Therefore 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 submission of evidence of good standing in terms of taxes paid to the Recipient and in terms of social security contributions made in the territory of the Recipient. Prior registration, obtaining a license or authorization shall not be a requirement for any bidder to participate in the bidding process. Government-owned enterprises or institutions of the Recipient 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.

(b) **Bidding documents.** Standard bidding documents, in form and substance acceptable to the Associations shall be used.

(c) **Participation of joint ventures.** No joint venture shall be allowed to participate in the bidding process, unless all joint venture partners accept to be jointly and severally liable for the entire contract, when they assign one of its firms to represent such joint venture.
(d) **Preferences.** No domestic/regional preference, or any other kind of preferential treatment, shall be given for domestic/regional bidders, and/or for domestically/regionally manufactured goods, and/or for domestically/regionally originated related services.

(e) **Qualification.** Qualification criteria shall entirely concern the bidder's capability and resources to perform the contract taking into account objective and measurable factors. The qualification criteria shall be clearly specified in the bidding documents, and only such criteria so specified shall be used to determine whether a bidder is qualified. Qualification criteria shall be assessed on a "pass or fail" basis, and merit points shall not be used. Post-qualification shall be used and such an assessment shall be conducted separately from the technical and commercial evaluation of the bids.

(f) **Advertising.** A shorter version of the advertisement text, including the minimum relevant information, may be published in a national newspaper of wide circulation provided that the full text is simultaneously published in the official gazette (Diário da República) or on a widely used website or electronic portal with free national and international access.

(g) **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.

(h) **Bid Submission and Opening.** Bids shall be submitted by electronics means only if the Association is satisfied with the adequacy of the system used, including *inter-alia* that the system is secure, maintains the integrity, confidentiality, and authenticity of the bids submitted, and uses an electronic signature system or equivalent to keep bidders bound to their bids. Bids shall be opened in public, immediately after the expiration of the deadline for their submission in accordance with the procedures stated in the bidding documents. The public bid opening shall take place in only one session, at which the names of the bidders and the total amount of each bid, and of any alternative bids if they have been requested or permitted, shall be read aloud and recorded when opened. Bids shall not be evaluated as part of the bid opening process, and no bid shall be rejected during the public bid opening session, except for late bids. Bidders shall not be allowed to complete their bids after the deadline for submission of bids has expired.

(i) **Bid validity.** No automatic extension of the bid validity shall apply, unless it is justified by exceptional circumstances and requested in writing from all bidders before the original bid validity expiration date.
The extension of the bid validity shall cover only the minimum period required to complete the evaluation and award of the contract and shall require the Association's no objection for those contracts subject to prior review.

(j) **Bid Evaluation.** (i) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms and the manner in which they will be applied for the purpose of determining the lowest evaluated bid shall be established in the bidding documents. A weighting/scoring system shall not be used. (ii) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid. No negotiations with the winning bidders shall be permitted. (iii) Bidders shall not be eliminated on the basis of minor, non-substantial deviations. (iv) Requests for clarification and the bidder's responses shall be made in writing and they shall not be notified to other bidders. (v) Following the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning the awards shall not be disclosed to bidders or other persons not officially concerned with this process until publication of the award of the contract.

(k) **Rejection of All Bids and Re-bidding.** All bids shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior concurrence.

(l) **Securities.** Bid securities shall not exceed three percent (3%) of the estimated cost of the contract; and performance securities shall not exceed ten percent (10%) of the contract price. The successful bidder shall be given at least fifteen (15) days from the receipt of notification of contract award to submit a performance security. No advance payment shall be made without the submission of a suitable advance payment security.

(m) **Publication of Contract Award.** Information on any contract award shall be published at least in one national newspaper of wide circulation within two (2) weeks after the receipt of the Association’s no objection to the award recommendation for contracts subject to prior review, and within two (2) weeks from the award decision for contracts subject to post review. Any such publication shall include the following information: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were rejected and the reasons for their rejection; and (e) the name of the winning bidder, the final total contract price, and the duration and summary scope of the contract.
(n) **Complaints by Bidders and Handling of Complaints.** The Recipient shall establish an effective and independent protest mechanism allowing bidders to protest and to have their protest handled in a timely manner.

(o) **Contract and Contract Modifications.** Contracts shall be in writing and the bid of the successful bidder shall become part of the contract documents without any modification introduced by the contracting authority. In the case of contracts subject to prior review, the Association's no objection shall be obtained before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent (15%); or (d) the proposed termination of the contract. A copy of all contract amendments shall be furnished to the Association for its record.

(p) **Right to Inspect/Audit.** Each bidding document and contract financed from the proceeds of the Financing shall provide that bidders, suppliers, and contractors, and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights constitute an obstructive practice as defined in the Procurement Guidelines.

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

(r) **Debarment under National System.** The Association may agree, if requested by the Recipient, that bidding documents under NCB procedures include a clause rendering ineligible for financing by the Association a firm, or an individual, of the Recipient that is under a sanction of debarment from being awarded a contract by the appropriate
judicial authority of the Recipient and pursuant to its relevant laws, provided that the Association has determined that the firm, or the individual, has engaged in fraud or corruption and the judicial proceeding afforded the firm or the individual adequate due process.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** 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 the 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) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(d) Single-Source Selection</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, non-consulting services under Parts A.1, A.2, A.3 (i), B and C of the Project, and Training and Operating Costs under Parts A.1, A.3 (i), B and C of the Project</td>
<td>33,830,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training and Operating Costs under Part A.2 of the Project</td>
<td>13,010,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, consultants’ services, non-consulting services, Training and Operating Costs for EPs under Part A.3(ii) of the Project</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>660,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>48,800,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

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

   (a) payments made prior to the date of this Agreement; or

   (b) under Categories 2 and 3, with respect to any Selected TTS and Selected Municipality, until: (i) the IVAs which shall be in charge of the functions described under Section I.E of this Schedule in respect of all Selected TTSs and Selected Municipalities have been hired in a manner satisfactory to the Association; and (ii) Training has been provided to the accounting staff of all Selected TTSs and Selected Municipalities on the
use of the financial management and accounting procedures specified in the PIM.

2. The Closing Date is April 30, 2018.

Section V. Other Undertakings

1. The Recipient shall, not later than April 30 of each year, starting from April 30, 2013, until the completion of the Project, update the Cadastro database through a simple primary school census.

2. The Recipient shall ensure that the total amount of USD five (5) million equivalent be allocated to the Project on an annual basis through budgetary allocation for the whole period of implementation of the Project.

3. The Recipient shall install or caused to be installed, no later than six (6) months after the Effective Date, a computerized accounting and financial management system for the Project, acceptable to the Association.

4. The Recipient shall appoint an external auditor for the Project, no later than four (4) months after the Effective Date, with qualifications, experience and terms of reference acceptable to the Association.
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 May 15 and November 15</td>
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</tr>
<tr>
<td>commencing November 15, 2018, to and including May 15, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing November 15, 2028, to and including May 15, 2038</td>
<td>3.35%</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. “Annual Work Plan and Budget” means the Annual Work Plan and Budget referred to in Section I.B.2 of Schedule 2 to this Agreement.


3. “Cadastro” means MED’s database on the Recipient’s primary schools.

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


6. “Education Project” or “EP” means a set of small-scale education activities to be financed under Part A.3(ii) of the Project through an EP Grant and which meets the criteria set forth under Section I.D.1 of Schedule 2 to this Agreement and described in the PIM, as defined here below.

7. “EP Grant” means funds allocated or proposed to be allocated out of the proceeds of the Financing to a Selected Municipality, for the purpose of financing an EP in accordance with the provisions of Section I.D.1 of Schedule 2 to this Agreement.

8. “EP Grant Agreement” means an agreement entered into, or to be entered into, between the Recipient, through MED, and a Selected Municipality, for the purpose of extending an EP Grant.

9. “Fiscal Year” means the fiscal year of the Recipient from January 1 through December 31 of each calendar year.

10. “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.

11. “GEPE” means Gabinete de Estudos, Planeamento e Estatística, the Recipient’s Planning, Studies, and Statistics Unit established within the Ministry of Education.

12. “INFQ” means Instituto Nacional de Formação de Quadros, the Recipient’s Teacher Training Department established within the Ministry of Education.
13. "INIDE" means Instituto Nacional para a Investigação e Desenvolvimento da Educação, the Recipient’s National Institute for Research and Development of Education established within the Ministry of Education.

14. “Independent Verification Agent” and “IVA” has the meaning given to such term under Section 1.E of Schedule 2 to this Agreement.

15. “MED” means the Recipient’s Ministry of Education.

16. “Operating Costs” means the incremental expenses incurred on account of Project implementation, based on an Annual Work Plan and Budget approved by the Association 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 strictly related to Project implementation, excluding salaries of the Recipient’s civil servants.


18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 30, 2012 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.

19. “Project Implementation Manual” or “PIM” means the Recipient’s manual, containing or referring to detailed arrangements and procedures for implementation of the Project, including in relation to: (i) day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, and reporting; (v) the EP guide, which shall include, inter alia: (A) a sample of the EP Grant Agreement referred to in Section I.D.1(d) of Schedule 2 of this Agreement; and (B) the eligibility criteria, elaboration of EPs, funds flow mechanisms, implementation, evaluation and monitoring processes in respect of Part A.3(ii) of the Project; (vi) the Annual Work Plan and Budget for the first year of Project implementation; (vii) the ZIP manual; and (viii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended by the Recipient from time to time with the prior agreement of the Association.

20. “Project Management Team” or “PMT” has the meaning ascribed to it under Section I.A.3 of Schedule 2 to this Agreement.
21. "Project Steering Committee" or "PSC" has the meaning ascribed to it under Section I.A.2 of Schedule 2 to this Agreement.

22. "Selected Municipality" means a municipality under which jurisdiction an EP will be carried out in a Selected ZIP.

23. "Selected TTS" means a teacher training school selected to deliver and monitor the in-service teacher training program under Part A.2 of the Project.

24. "Selected ZIP" means a Zone of Pedagogical Influence, to which an EP Grant is allocated, in accordance with the eligibility criteria set forth under Section I.D.1 of Schedule 2 to this Agreement and described in the PIM.

25. "Training" means the costs associated with training and workshops, based on an Annual Work Plan and Budget approved by the Association 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.

26. "ZIPs" means Zones of Pedagogical Influence.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are 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 remaining 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).