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EFA-FTI CF GRANT NUMBER TF099811-MZ

*Education For All Fast Track Initiative  
Catalytic Fund*

**Grant Agreement**

(Education Sector Support Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as Administrator of the Education For All  
Fast Track Initiative Catalytic Fund)

Dated July 18, 2011

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**CF GRANT NUMBER TF099811-MZ**

**EDUCATION FOR ALL – FAST TRACK INITIATIVE  
CATALYTIC FUND**

**GRANT AGREEMENT**

AGREEMENT dated July 18, 2011, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Education For All Fast Track Initiative Catalytic Fund.

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010, (“Standard Conditions”), 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 Standard Conditions or in this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”) and the Program. To this end, the Recipient shall implement the Project through the Ministry of Education in accordance with the provisions of Article II of the Standard Conditions and the Financing Agreement.
- 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 ninety million United States Dollars (US\$90,000,000) (“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 Catalytic Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**Article IV  
Remedies of the World Bank**

- 4.01. The Additional Event of Suspension consists of the following, namely, that as a result of events which have occurred after the date of this Agreement, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is December 31, 2013.

**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:
  - (a) the Financing Agreement dated the same date as this Agreement, between the Recipient and the Association, providing a credit in support of the Project (“Financing Agreement”), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled;
  - (b) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action; and

- (c) the Recipient has furnished to the World Bank, in form and substance satisfactory to the World Bank, an Annual Action Plan for Fiscal Year 2011.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01(b), 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 Recipient, showing the following matter, namely, that, on behalf of the Recipient, 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 5.04 (“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. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (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 responsible for finance.

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

Ministry of Planning and Development  
Av. Ahmed S. Toure, 21, 4<sup>th</sup> floor  
Maputo  
Mozambique

Cable:	Telex:	Facsimile:
MOBANCO Maputo	(258) 21 492-268	(258) 21 492-625

- 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:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By: /s/ Aiuba Cuerenia

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as administrator of Education For All Fast Track Initiative  
Catalytic Fund)

By: /s/ Laurence C. Clarke

Authorized Representative

## **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, subject to such modifications thereof as the Recipient and the World Bank may agree upon from time to time to achieve such objective:

#### **Part A: Improving Access to Education**

Carrying out an annual program of activities to improve access to education including: (1) construction, rehabilitation, and furnishing of, primary classrooms, secondary classrooms, and housing for head teachers; (2) Supporting recruitment and deployment of primary and secondary school teachers and education officials; and (3) Developing an integrated framework for a pre-primary education program.

#### **Part B: Improving the Quality of Education**

Carrying out an annual program of activities to improve the quality of education, including: (1) Strengthening the capacity of teacher training institutes to implement the integrated teacher training system (pre-service training and on the job training, distance training and support to new teachers in the workplace); (2) Supporting affordable production and equitable distribution of free textbooks to all primary school students; (3) Supporting ongoing curriculum reform activities for primary and secondary education, with a focus on development of basic skills in speaking, reading, writing and numeracy; (4) providing direct support to schools in particular: (a) meeting recurrent expenses and providing basic learning materials to primary schools, secondary schools, and technical/vocational training institutes; and (b) integrating social protection mechanisms for orphans and vulnerable children; and (5) Supporting reduction of adult illiteracy rates through provision of subsidies for trainers in the State literacy and civil society programs.

#### **Part C: HIV/AIDS Prevention and Mitigation**

Supporting an annual program of activities for: (a) preventing and mitigating the spread of and increasing knowledge on HIV/AIDS, with focus on the skills for life approach; and (b) integrating HIV/AIDS prevention and mitigation activities in key sector programs.

Part D: Strengthening Management of the Education Sector Administrative System

Strengthening the capacities of sector agencies and institutions for managing a decentralized education system, in particular: (1) supporting an integrated planning, evaluation and monitoring system including: (a) increasing the knowledge of provincial and district education officials in strategic planning and budgeting; (b) designing procurement plans at provincial levels and in selected districts; (c) reviewing, designing and upgrading the education management information system; and (d) evaluating selected interventions with a view to support policy development and timely decision making; and (2) strengthening the technical, institutional and management capacities of provincial directorates of education and culture and district education youth and technology services within the Ministry of Education for implementing a decentralized education system; and for construction, planning, financial management, and procurement.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

The provisions of Section I of Schedule 2 to the Financing Agreement (and related definitions) are hereby incorporated by reference in this Section and shall apply to this Agreement, *mutatis mutandis*, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, subject, however, to the following qualifications:

1. references to “Association” shall be construed as references to the World Bank, acting as administrator of the Education For All Fast Track Initiative Catalytic Fund; and
2. references to “Credit” and “Financing” shall be construed as references to the Grant provided for under this Agreement.

#### **Section II. Project Monitoring, Reporting and Evaluation**

##### **A. Project Reports; Completion Report**

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 Fiscal Year, and shall be furnished to the World Bank not later than four (4) months after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

##### **B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than ninety (90) days after the end of each fiscal quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such 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 World Bank not later than six (6) months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Procurement and Consultant Guidelines.** All goods, works, non-consulting services and 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:
  - (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services and Sections I and IV of the “Consultant Guidelines” in the case of consultants’ services; and
  - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).
2. **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 methods 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 for those contracts specified in the Procurement Plan: (a) National Competitive Bidding (*subject to the additional provisions in paragraph 3 below*); (b) Shopping; and (c) Direct Contracting. The Procurement Plan shall specify the circumstances under which such methods may be used.

3. **Additional Procedures to National Competitive Bidding (NCB) Procedures.** The procedures to be followed for NCB shall be those set forth in Decree 15 of 2010 subject to the following additional procedures:-
- (a) *Eligibility.* No restriction based on nationality of bidders or origin of goods shall apply, 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 bid such as, but not limited to, the proof that they are not under bankruptcy proceedings in the territory of the Recipient, or have a local representative in the country. Prior to registration, obtaining a license or agreement shall not be a requirement for any bidder to participate in bidding procedures.
  - (b) *Qualification.* Post-qualification shall be used unless explicitly provided for otherwise in the Procurement Plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.
  - (c) *Bidding Documents.* Procuring entities shall use standard bidding documents, in form and substance satisfactory to the World Bank, for the procurement of goods, works and services.
  - (d) *Preferences.* No domestic preference shall be given for domestic bidders and for domestically manufactured goods.
  - (e) *Bid Evaluation.* (i) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only 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; (ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents. Criteria other than price should be quantified in monetary terms; (iii) A contract shall be awarded to the qualified bidder offering the lowest technically responsive evaluated bid; and (iv) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
  - (f) *Rejection of All Bids and Re-Bidding.* All bids shall not be rejected and new bids solicited without the World Bank's prior concurrence.
  - (g) *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.

- (h) *Right to Inspect/Audit.* Each bidding document and contract financed from the proceeds of the Grant shall provide that the suppliers, contractors and subcontractors shall permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the World Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to an Obstructive Practice.
- (i) *Fraud and Corruption.* The World Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank.
- (j) *Payment of Sitting Allowances.* Payment of sitting allowance to civil servants when serving as members of an Evaluation Committee is not permitted and shall not be made out of the proceeds of the Grant.
- (k) *Applicable Procurement Methods.* The only procurement methods to be used under the Project are those provided for in this Agreement and further elaborated in the agreed Procurement Plan. Methods such as limited bidding, small-scale bidding and reverse-auction bidding shall not apply to this Grant.
- (l) *Bidding Period Duration.* The duration of bidding procedures for NCB shall not be less than twenty-eight (28) days.

**C. Particular Methods of Procurement of Consultants' Services**

- 1. **Quality and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants' Qualifications; and (c) Procedures of Selection of Individual Consultants. The Procurement Plan shall specify the circumstances under which such methods may be used.

**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**

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 such percentage (inclusive of taxes) of Eligible Expenditures as set forth in the table below.

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, Works, Consultants’ Services, Non-Consulting Services, Training, and Operating Costs for the Project	90,000,000	Such percentage of Annual Action Plan Expenditures as the World Bank may determine for each Fiscal Year and communicate to the Recipient
<b>TOTAL AMOUNT</b>	90,000,000	

For the purpose of this paragraph A:

1. the term “Non-Consulting Services” means services for which the physical aspects of the activity predominate, are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied;
2. the term “Training” means the costs associated with training and workshops, based on an Annual Action Plan approved by the Association pursuant to Section I.B.2 of Schedule 2 to the Financing 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; and

3. the term "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on an Annual Action Plan approved by the Association pursuant to Section I.B.2 of Schedule 2 to the Financing 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*, excluding the salaries of the Recipient's civil servants.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:-
  - (a) for payments made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed twenty (20) percent of the Grant may be made for payments made prior to this date but on or after January 1, 2011, for Eligible Expenditures under the Category.
  - (b) in any Fiscal Year commencing in Fiscal Year 2012, until: (i) 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 Financing; and (ii) both Annual Action Plan and Annual Action Plan Expenditures have been approved.
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is July 31, 2014.

## APPENDIX

### Definitions

1. “Annual Action Plan” means the Annual Action Plan referred to in Section I.B.2(a) of Schedule 2 to the Financing Agreement.
2. “Annual Action Plan Expenditures” means the Annual Action Plan Expenditures referred to in Section I.B.2(c) of Schedule 2 to the Financing Agreement.
3. “Anti-Corruption Guidelines” means 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.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Co-financier” means any one of the following financiers other than the World Bank who provides or intends to provide financing to the Program: the Government of the Kingdom of the Netherlands, the Canadian International Development Agency (CIDA), the Government of Ireland, the Department of International Development (DFID) of the United Kingdom of Great Britain, the Government of the Federal Republic of Germany, the Government of the Republic of Finland, the Government of the Kingdom of Denmark, the Government of the Kingdom of Spain, the Government of the Republic of Portugal, the United Nations Children’s Education Fund (UNICEF), the Government of the Republic of Italy, the Flanders International Cooperation Agency (FICA) and other donors, and “Co-financiers” means, collectively, all such Co-financiers.
6. “Co-financing” means an aggregate amount of not less than two hundred and forty seven million United States Dollars (US\$247 million) equivalent, to be provided by the Co-financiers to assist in financing the Program.
7. “Co-financing Agreement” means one or more agreements to be entered into between the Recipient and Co-financier(s) providing for the Co-financing.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
9. “Decree 15 of 2010” means the Recipient’s Procurement Regulation dated May 24, 2010.

10. “Financing Agreement” means the agreement dated the same date as this Agreement, between the Recipient and the International Development Association (the Association), providing a credit in support of the Project (Financing).
11. “Fiscal Year” means the fiscal year of the Recipient commencing on January 1 and ending on December 31 of the same year.
12. “Ministry of Education” means the Recipient’s Ministry responsible for education.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 15, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
15. “Program” means the Recipient’s Strategic Plan for Education and Culture for the period 2006-2011, issued by its Council of Ministers on June 13, 2006, and the successor Strategic Plan for Education thereto.
16. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 31, 2010.