

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4156 MOZ and 4963-MZ

Financing Agreement

(Amending and Restating Financing Agreement)

**(Additional Financing for the
Technical and Vocational Education and Training Project)**

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 12, 2011

CREDIT NUMBER 4308-MOZ and 4963-MZ

**FINANCING AGREEMENT
(Amending and Restating Financing Agreement)**

AGREEMENT dated September 12, 2011, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) under an agreement dated March 30, 2006, between the Recipient and the Association (“Original Financing Agreement”), the Association agreed to provide the Recipient with a credit (“Original Credit”) in an amount of twenty million eight hundred thousand Special Drawing Rights (SDR 20,800,000), to assist in financing the Technical and Vocational Education and Training Project (“Original Project”);

(B) under an agreement dated June 29, 2006, between the Association and the Recipient (“Dutch Grant Agreement”), the Association, acting as the administrator of grant funds provided by the Government of the Netherlands, agreed to provide the Recipient a grant (“Dutch Grant”) in an amount equivalent to seven million three hundred fifty thousand Dollars (US\$7,350,000) to assist in financing the Original Project;

I the Recipient has requested the Association to provide additional financial assistance in support of the activities related to the Original Project, as fully described and restated in Schedule 1 to this Agreement (“Project”), by making available to the Recipient an additional credit (“Additional Credit”) in an amount equivalent to twenty-three million four hundred thousand Special Drawing Rights (SDR 23,400,000); and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement; and

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement as amended to date, as of the Effective Date of this Agreement, to read 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-four million two hundred thousand Special Drawing Rights (SDR 44,200,000) (variously, “Credit” and “Financing”), which consists of: (a) the Original Credit in an amount equivalent to twenty million eight hundred thousand Special Drawing Rights (SDR 20,800,000); and (b) the Additional Credit in an amount equivalent to twenty-three million four hundred thousand Special Drawing Rights (SDR 23,400,000) to assist in financing the Project.
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article IV of the General Conditions; (b) this Agreement; (c) the Operational Manual; (d) the FUNDEC Manual; (e) the COREP Internal Regulations; (f) the Executive Secretariat Internal Regulations; (g) the ESMF; (h) the RPF; and (i) the Annual Work Plans and Budgets.
- 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension is that the Program, or a significant part thereof, has been amended, repealed, or suspended, at the instance of the Recipient, so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration is that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Planning and Development.
- 6.02. The Recipient's Address is:

Ministério de Planificação e Desenvolvimento
Av. Ahmed Sekou Touré, No. 21, 4º. Andar
Maputo
Republic of Mozambique

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

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (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 Cuereneia
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Laurence C. Clarke
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the quality and relevance of technical and vocational training in the Recipient's territory, with a focus on selected key TVET institutions and programs.

The Project consists of the following parts:

Part A: Development of an Institutional Framework

1. Establishing the institutional framework for the governance of the TVET system,
2. Developing mechanisms for providing a sustainable financing basis for the TVET system, such as conducting analytical work and stakeholder consultations.
3. Developing administrative and regulatory arrangements to delegate greater levels of responsibility to management at the level of individual training institutions in order to decentralize management of TVET institutions.
4. Conducting studies and other research relating to the transition to a demand-led TVET system, the strategies to articulate the academic and technical modalities in the context of a competency-based scheme, the incorporation of the informal sector into PIREP, and the impact and mitigation of HIV/AIDS on training institutions and workplace issues.

All of the above activities to be supported through the provision of technical advisory services, capacity building through Training and Workshops, the acquisition of goods, and the financing of Operating Costs.

Part B: Development of Standard-Based Qualification and Training System

Support the Recipient in developing and adopting methods and procedures for: (a) standard-setting; (b) curriculum planning and development; and (c) assessment/certification arrangements, including the testing of the system targeting a minimum of 26 occupational areas spread across four economic sectors (tourism, management and administration, industrial maintenance, agro-industry), through the following activities:

1. Developing occupational competency standards, including the integration of gender and HIV/AIDS specific competences in all occupational standards.
2. Developing modularized course programs based on these occupational standards.

3. Developing a standards-based assessment and certification system, including the inclusion of gender and HIV/AIDS specialists in all standards development panels.

All of the above activities to be supported through the provision of technical advisory services, capacity building through Training and Workshops, the acquisition of goods, and the financing of Operating Costs.

Part C: Quality Improvement in Training Institutions

Support the Recipient in improving the quality of training institutions through the following activities:

1. Providing technical advisory services for developing and piloting capacity building activities for faculty and management staff, including technical advisory services to mainstream the issues of gender and HIV/AIDS in the development of teacher/trainer programs.
2. Providing relevant goods such as equipment, tools, and learning materials, including learning materials on mainstreaming the issues of gender and HIV/AIDS in the teacher/trainer programs.
3. Planning and providing works for the necessary rehabilitation of the physical infrastructure, including the rehabilitation of infrastructure to ensure proper water and sanitation facilities for students.
4. The provision of technical advisory services for developing and piloting new learning materials.
5. The provision of technical advisory services for developing and piloting student counseling and career path guidance methods, including assistance in facilitating internship arrangements with industry and counselling services to provide information or referrals to young students seeking social and emotional support.

All of the above activities to be supported through the provision of works, technical advisory services, capacity building through Training and workshops, and the acquisition of goods.

Part D: Skills Development Fund (FUNDEC)

1. Carrying out of the following activities through the use of FUNDEC IDA Grants or other grants:
 - (a) institutional capacity building, including staff upgrading, improvement of management, curriculum development, market assessment, and equipment and delivery of new capacity building programs; and

- (b) relevant and employment-oriented capacity building to underserved populations, in particular girls and women.
- 2. Providing goods for media campaigns and information materials to promote the availability of grants through FUNDEC.
- 3. Providing technical advisory services to support potential Beneficiaries in grant preparation or supervision.
- 4. Providing Training and Workshops for institutions to promote the availability of grants through FUNDEC.
- 5. Providing goods for the administration of grants through FUNDEC.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Executive Secretariat

The Recipient shall maintain the Executive Secretariat throughout the period of implementation of the Project, with structure, functions and responsibilities, and with competent staff in adequate numbers and qualifications satisfactory to the Association.

2. Project Manuals

Except as the Association shall otherwise agree, the Recipient shall: (a) in carrying out the Project, apply the criteria, policies, requirements and procedures set out in the Operation Manual, the FUNDEC Manual, the COREP Internal Regulations, and the Executive Secretariat Internal Regulations; and (b) not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Operational Manual, the FUNDEC Manual, the COREP Internal Regulations, or the Executive Secretariat Internal Regulations, or any provisions thereof, in a manner which, in the opinion of the Association may materially and adversely affect the implementation of the Project.

B. Annual Work Plans and Budgets

1. The Recipient shall throughout the course of Project implementation:

- (a) prepare an Annual Work Plan and Budget in form and substance satisfactory to the Association, and furnish it to the Association, on or about March 1 of each year, for a 12-month period starting the following January 1;
- (b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about March 30 of each year, an Annual Report (the Annual Report) integrating the results of compliance with the Project's monitoring and evaluation indicators; on the progress achieved in the carrying out of the Project during the period preceding the date of said report; and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

- (c) review with the Association, by April of each year, or such later date as the Association shall request, the Annual Report, and thereafter act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming identified in the implementation of the Project, or to implement such measures as may have been agreed between the Recipient and the Association in furtherance of the objective of the Project.

C. Grants

1. Eligibility Criteria for FUNDEC IDA Grant and Terms and Conditions for Financing

To be eligible for financing, a FUNDEC IDA Grant under Part D of the Project shall be:

- (a) initiated and identified by the relevant Beneficiaries as an activity, acceptable to the Association;
- (b) appraised and carried out in accordance with the procedures and conditions set forth in the FUNDEC Manual;
- (c) economically, environmentally, socially and technically viable in accordance with the standards specified in the Operational Manual and FUNDEC Manual;
- (d) in compliance with the standards set forth in the applicable laws and regulations of the Recipient relating to TVET implementation and management; and
- (e) satisfy any other requirements of eligibility specified in the Operational Manual and FUNDEC Manual.

2. FUNDEC IDA Grant Agreements

- (a) For carrying out activities financed with FUNDEC IDA Grants under Part D of the Project, the Executive Secretariat shall conclude an agreement with the appropriate representative of each Beneficiary, whereby the Executive Secretariat shall agree to provide to each Beneficiary goods, works and/or services, as the case may be, from the proceeds of the Credit, on a non-reimbursable basis, and on terms and conditions satisfactory to the Association (the FUNDEC IDA Grant Agreement), including the eligibility criteria set forth in paragraph C.1 of Section I of this Schedule and details of disbursement schedules and procurement procedures as set forth in Section III of this Schedule,

details of any further environmental and social safeguards as may be needed, and the following additional terms and conditions:

- (i) The right of the Recipient to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants included in the relevant FUNDEC IDA Grant, the operations thereof and any relevant records and documents.
 - (ii) The right of the Recipient to obtain from the Beneficiary all such information, as the Association shall reasonably request, relating to the implementation of a FUNDEC IDA Grant, and the performance of the Beneficiary executing the FUNDEC IDA Grant.
 - (iii) The right of the Recipient to suspend or terminate the right of the Beneficiary to benefit from the use of the goods, works or services under the FUNDEC IDA Grant upon failure by such Beneficiary to perform its obligations under the FUNDEC IDA Grant Agreement.
 - (iv) The obligation of the Beneficiary to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of any FUNDEC IDA Grant under Part D of the Project, or the performance by the relevant Beneficiary of its obligations under the relevant FUNDEC IDA Grant Agreement.
 - (v) The stipulation that in case of conflict between any FUNDEC IDA Grant Agreement and this Agreement, the latter shall prevail.
- (b) Require the Executive Secretariat to ensure the execution of the FUNDEC IDA Grant by the Beneficiaries with due diligence and efficiency and in accordance with sound educational, technical, financial, managerial and environmental standards and practices, and maintain adequate records.
 - (c) The Recipient shall exercise its rights under the relevant FUNDEC IDA Grant Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the FUNDEC IDA Grant Agreement, or any provision thereof.

D. Anti-Corruption

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

E. Environmental and Social Safeguards

The Recipient shall:

- (a) prior to initiating the implementation of Part C of the Project, provide evidence to the Association, in form and substance satisfactory to the Association, demonstrating that the Recipient has: (i) complied with the provisions of the RPF; and (ii) complied with the environmental mitigation, monitoring, institutional strengthening and other environmental protection measures set forth in the ESMF;
- (b) without limitation upon the provisions of paragraph E(a) of this Section, when applicable, the Recipient shall prepare and implement Resettlement Action Plans in accordance with the RPF, in form and substance acceptable to the Association, defining a program of actions, measures and policies for compensation and resettlement of Affected Persons, as a result of the carrying out of the Project, including 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 capable of ensuring proper implementation of, and regular feedback on compliance with said Resettlement Action Plans;
- (c) without limitation upon the provisions of paragraph E(a) of this Section, when applicable, the Recipient shall prepare and implement Environmental Management Plans in accordance with the ESMF, in form and substance acceptable to the Association, defining a program of actions, measures and policies to avoid, minimize, mitigate, and offset potential adverse environmental and social impacts, as a result of the carrying out of the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with said Environmental Management Plans;
- (d) furnish to the Association any revisions proposed to be introduced into the RPF and/or ESMF in order to achieve their objectives and, thereafter, introduce such revisions into such frameworks as shall have been agreed with the Association;

- (e) except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the provisions of the ESMF, and the RPF; and
- (f) in case of any conflict between the terms of the ESMF, the RPF and those of this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions, and on the basis of the Project monitoring indicators set forth in the Operational Manual. Each Project Report shall cover the period of one (1) 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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

C. Midterm Review

1. The Recipient shall carry out, jointly with the Association, not later than September 30, 2013, a comprehensive midterm review aimed at: (a) documenting progress toward achieving the Project objective; (b) identifying and resolving obstacles to Project implementation; (c) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress achieved in the implementation of the Project as of the date of the review; and (d) an overall evaluation of the Project.

2. The Recipient shall not later than four (4) weeks prior to the midterm review referred to in paragraph C.1 above, furnish to the Association a midterm report, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in the Project implementation.
3. Promptly after completing the midterm review, the Recipient shall take all measures required to fulfill the recommendations arising out of said review for the efficient completion of the Project and the achievement of the objective thereof, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

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 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 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method	
(a)	Limited International Bidding
(b)	National Competitive Bidding (<i>subject to the additional procedures in paragraph 3 below</i>)
(c)	Shopping
(d)	Direct Contracting
(e)	Procurement from UN Agencies

3. Additional Procedures to 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 Association 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 Association's prior concurrence.

(j) **Complaints by Bidders and Handling of Complaints**

The Recipient shall establish an effective and independent complaint mechanism allowing bidders to complaint 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 Financing shall provide that: (i) the 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; 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 Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The Association shall 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.

(m) **Debarment Under National System**

The Association 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 Association 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. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 may be comprised entirely of national consultants.

Procurement Method	
(a)	Quality-based Selection
(b)	Selection Under a Fixed Budget
(c)	Least-Cost Selection
(d)	Selection Based on Consultants' Qualifications
(e)	Single Source Selection
(f)	Individual Consultants

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 as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Original Credit Allocated (expressed in SDR)	Amount of the Additional Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Works	8,300,000	5,818,000	100%
(2) Goods	3,200,000	6,641,000	100%
(3) Consultants services including audits and Training and Workshops under Parts A(2), B(1), and C of the Project	4,500,000	5,376,000	100%
(4) FUNDEC IDA Grants under Part D(1) of the Project	1,400,000	3,162,000	100% of the amounts disbursed for goods, works and services financed by FUNDEC IDA Grants
(5) Operating Costs	1,400,000	1,138,000	100%
(6) Unallocated	2,000,000	1,265,000	
TOTAL AMOUNT	20,800,000	23,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is September 30, 2014.

SCHEDULE 3

Repayment Schedule

1. Original Credit

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing May 15, 2016 to and including November 15, 2025	1%
commencing May 15, 2026 to and including November 15, 2045	2%

2. Additional Credit

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2021 to and including May 15, 2031	1%
commencing November 15, 2031 to and including May 15, 2051	2%

* 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

Definitions

1. “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.
2. “Annual Work Plan and Budget” means an annual work plan to be prepared by the Executive Secretariat (as hereinafter defined), including all projected project costs and activities for the upcoming year.
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. “Beneficiary” means a public or private training provider, non-governmental organization, civil society organization or trade association who is a recipient of a FUNDEC IDA Grant (as hereinafter defined), selected on the basis of eligibility criteria defined in the Operational Manual (as hereinafter defined), and referred to in paragraph C.1 of Section I of Schedule 2 to this Agreement; and the term Beneficiaries means more than one Beneficiary.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Co-financier” means the Government of the Netherlands.
7. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of seven million three hundred fifty thousand Dollars (US\$7,350,000), provided by the Co-financier to assist in financing the Project.
8. “Co-financing Agreement” means the agreement dated June 29, 2006, as amended to date between the Recipient and the Co-financier providing for the Co-financing.
9. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011.

10. “COREP” means *Comissão Executiva da Reforma da Educação Profissional*, the Recipient’s National Commission for TVET (as hereinafter defined) Reform established by the Recipient’s Council of Ministers on August 23, 2005.
11. “COREP Internal Regulations” means regulations approved by COREP on January 27, 2006 describing the functions and procedures of COREP.
12. “Environmental Management Plan” means each plan to be prepared and adopted by the Recipient pursuant to the ESMF (as hereinafter defined), as may be required, setting out the measures to be taken for the avoidance, minimization, mitigation and offsetting of potential adverse environmental and social impacts of the activities to be implemented under the Project, as each said plan may be amended and/or supplemented from time to time with the prior written concurrence of the Association.
13. “Environment and Social Management Framework” and the acronym “ESMF” means the framework adopted by the Recipient on September 9, 2005, and disclosed on September 15, 2005, describing the environmental and social planning, review, approval, mitigation, monitoring, technical advisory and other services, and institutional measures under the Project, referred to in paragraph E of Section I of Schedule 2 to this Agreement.
14. “Executive Secretariat” means the Recipient’s entity responsible for the day-to-day implementation of this Agreement on behalf of the Recipient, established pursuant to Decree No. 29/2005 dated August 23, 2005, referred to therein as the Implementation Unit, and referred to in paragraph A.1 of Section I of Schedule 2 to this Agreement.
15. “Executive Secretariat Internal Regulations” means regulations approved by COREP on February 6, 2006, describing the functions and procedures of the Executive Secretariat.
16. “FUNDEC” means *Fundo para o Desenvolvimento de Competências Profissionais*, the Recipient’s Fund for the Development of Professional Competencies.
17. “FUNDEC IDA Grant” means a grant made or to be made to a Beneficiary, through FUNDEC, out of the proceeds of the Credit to finance goods, works, and/or services under Part D of the Project.
18. “FUNDEC IDA Grant Agreement” means an agreement to be entered into between the Executive Secretariat and a Beneficiary for the provision of a FUNDEC IDA Grant in accordance with the provisions of paragraph C.2 of Section I of Schedule 2 to this Agreement.

19. “FUNDEC Manual” means the manual that shall include the criteria, policies, requirements and procedures for awarding FUNDEC IDA Grants to Beneficiaries.
20. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
21. “HIV/AIDS” means human immune deficiency virus/acquired immune deficiency syndrome.
22. “Operating Costs” means the incremental expenses incurred on account of implementation of the Project, including vehicle operating expenses and maintenance costs, fuel and insurance costs, real estate insurance costs, internet charges, office supplies, office equipment maintenance, documents duplication/printing, consumables, and travel cost and per diem for Executive Secretariat staff for travel linked to the implementation of the Project, but excluding salaries of officials of the Recipient.
23. “Operational Manual” means the manual referred to in paragraph A.2 of Section I of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes and schedules to the Operational Manual.
24. “Original Financing Agreement” means the development credit agreement for the financing of the Original Project (as hereinafter defined) between the Recipient and the Association, dated March 30, 2006.
25. “Original Project” means the Project described in the Original Financing Agreement.
26. “PIREP” means *Programa Integrado de Reforma da Educação Profissional*, the Recipient’s five-year program for the reform of technical and vocational education.
27. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011.
28. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 20, 2011 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.
29. “Program” means the Recipient’s Education Strategic Plan.

30. “Regulation” means the Recipient’s regulation for the procurement of public works, provision of services, and acquisition of goods, approved through Recipient’s decree number 15/2010, published in the Recipient’s Official Gazette number 20 on May 24, 2010.
31. “Resettlement Action Plan” means each plan to be prepared pursuant to the RPF (as hereinafter defined) as may be required, setting out the principles, procedures, the time schedule governing acquisition of rights to land, resettlement and compensation of Affected Persons, as well as reporting and monitoring arrangements to ensure compliance with said plan.
32. “Resettlement Policy Framework” and the acronym “RPF” mean the resettlement policy framework, prepared by the Recipient, dated September 9, 2005, and disclosed on September 15, 2005, satisfactory to the Association; setting forth the guidelines and procedures for preparation of Resettlement Action Plans, in the likely event of acquisition of rights of land, detailing resettlement procedures and compensation of Affected Persons, institutional arrangements, including valuation procedures, budget, public consultation and participation, monitoring and evaluation, and disclosure, as the same may be amended from time to time with the agreement of the Association.
33. “Training and Workshops” means educational programs financed under Project activities, including purchase of course fees, training materials, rental of training facilities, health insurance for travel abroad, per diem and related travel costs.
34. “TVET” means technical and vocational education and training.