

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

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CREDIT NUMBER 6075-MZ  
AMENDMENT TO CREDIT NUMBER 5100-MZ  
AND GRANT NO. D0840-MZ

## Financing Agreement

(Additional Financing for Education Sector Support Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 2017

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**CREDIT NUMBER 6075-MZ  
AMENDMENT TO CREDIT NUMBER 5100-MZ  
AND GRANT NO. D0840-MZ**

**FINANCING AGREEMENT**

AGREEMENT dated July 13, 2017, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty-three million and five hundred thousand Special Drawing Rights (SDR 43,500,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement;
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The 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 objectives of the Project. To this end, the Recipient shall carry out the Project 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 — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following, namely that the Decree Number 1/2015, or any provision thereof, shall have been amended suspended, abrogated, repealed, waived or not enforced in such a manner as to affect materially and adversely, in the opinion of the Association, the ability of MINEDH to carry out the Project.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occur and are 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 at the time responsible for economy and finance or any successor thereto.

6.02. The Recipient's Address is:

Ministry of Economy and Finance  
*Praça da Marinha Popular*  
Av. 10 de Novembro n° 929  
Maputo  
Republic of Mozambique

Facsimile:

+258 21313747

6.03. The Association's Address is:

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

Telex:

248423 (MCI)

Facsimile:

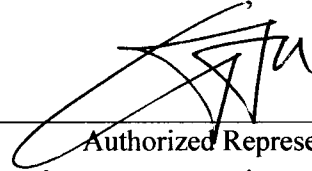
1-202-477-6391



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

REPUBLIC OF MOZAMBIQUE

By



Authorized Representative

Name: Adriano Malelane

Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: MARK R. LUNDELL

Title: COUNTRY DIRECTOR

## SCHEDULE 1

### Project Description

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

The Project consists of the following parts:

#### Part A: Improving the Quality of Education

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

#### Part B: Strengthening Local Governance and School-based Management

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

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

Carrying out an annual program of activities to support an expansion of access to quality ECD programs among children under six years of age living in rural communities in Selected Provinces and districts; and establishing the foundations for a community-based ECD service delivery system that can be replicated nationwide through: (1) provision of community-based ECD services in rural areas of Selected Provinces and districts through the delivery of ECD Basic Service Packages; (2) carrying out of a program to strengthen the Recipient's: (a) policy functions in the area of ECD; (b) implementation capacity to support ECD service delivery; and (3) carrying out of an impact evaluation of ECD activities under the Project.



**Part D: Institutional Strengthening and Support of Monitoring and Policy Development**

Carrying out an annual program of activities to support MINEDH in evaluating the impact of current interventions and developing a coherent set of reforms to form the foundations of the future education sector plan after 2019.



## SCHEDULE 2

### Project Execution

#### **Section I: Institutional and Implementation Arrangements**

##### **A. Institutional Arrangements**

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

##### **B. Implementation Arrangements**

###### **1. Project Administration and Management**

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

###### **2. Annual Action Plan**

- (a) The Recipient shall, not later than December 30 in each Fiscal Year, prepare and furnish to the Association, an annual program of activities proposed for inclusion in the Program during the following Fiscal Year ("Annual Action Plan"), including the details of aggregate expenditures required for such activities, and a proposed financing plan for such expenditures, setting forth the proposed sources of financing.
- (b) The Recipient shall exchange views with the Association on each such proposed Annual Action Plan, and thereafter adopt, and carry out such Annual Action Plan for such following Fiscal Year as shall have been agreed with the Association.
- (c) The Association shall, on the basis of the Annual Action Plan, determine the list of expenditures to be financed out of the combined proceeds of the Financing ("Annual Action Plan Expenditures") and the percentage of the Annual Action Plan Expenditures which may be financed out of the proceeds of the Financing.





3. **ECD Service Agreements**

- (a) To facilitate the implementation of Part C(1) of the Project, the Recipient shall enter into, and thereafter maintain throughout the implementation of the Project, if required, performance based agreements (“ECD Service Agreements”) in form and substance satisfactory to the Association with third party providers (each a “Third Party Provider” or “TPP”) selected in accordance with Section III of Schedule 2 to this Agreement, on the basis of RFPs acceptable to the Association, pursuant to which the TPPs shall implement Part C (1) of the Project, with respect to the delivery of ECD Basic Service Packages.
- (b) The ECD Service Agreements shall each include the obligation of the TPP to:
  - (i) carry out its activities under the ECD Service Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines and in accordance with the relevant provisions of the ECD Implementation Manual; and
  - (ii) maintain policies and procedures, which are adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities carried out under the ECD Service Agreement.

4. **ECD Implementation Manual**

- (a) The Recipient shall maintain the ECD Implementation Manual for the purpose of implementation of Part C of the Project, in form and substance acceptable to the Association.
- (b) Without limitation upon the foregoing, said manual shall include, *inter alia*, a detailed elaboration of:
  - (i) each ECD Basic Service Package to be delivered by each TPP;
  - (ii) a model form of ECD Service Agreement for the provision of services under Part C (1) of the Project;
  - (iii) the detailed list of functions to be carried out by each level of the MINEDH (central, provincial, district) and the list of training to



be received by them in order to effectively carry out these functions;

- (iv) the indicators to be monitored by the MINEDH at the district and provincial levels and the template to be used for reporting on these indicators;
  - (v) details on the results based disbursement framework, that will regulate payments to TPPs, including the size and frequency of disbursements, the list of indicators to be verified, and the ToRs for the Independent Verification Agent; and
  - (vi) the ToRs for the TPPs.
- (c) The Recipient shall:
- (i) ensure that Part C (1) of the Project is carried out in accordance with the ECD Implementation Manual, as the same may be updated from time to time with the prior written agreement of the Association; and
  - (ii) without limitation to the provisions of paragraph (a) immediately above, not otherwise revise or waive any provision of the ECD Implementation Manual without the prior written agreement of the Association.
- (d) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the ECD Implementation Manual and those of this Financing Agreement, the provisions of this Agreement shall prevail.

5. **Independent Verification Agent**

Unless otherwise agreed with the Association, the Recipient shall maintain in accordance with the provisions of Section III of this Schedule 2, one or more (up to 5) independent verification agents, as agreed between the Recipient and the Association, whose terms of reference, qualifications and experience shall be satisfactory to the Association. Said agents shall monitor, evaluate and report on Part C(1) of the Project, and shall conduct independent verifications of the delivery of ECD Basic Service Packages by each TPP, including through interviews with consumers of ECD Basic Service Packages, inspections of the TPP's documentation and facilities, as well as employment of community organizations, whose terms of reference, qualifications and experience shall be satisfactory to the Association, to carry out satisfaction surveys of consumers of the ECD Basic Service Packages being delivered under Part C(1) of the Project.



**C. Anti-Corruption**

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

**D. Safeguards**

1. The Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Management Framework (“ESMF”) and the Resettlement Policy Framework (“RPF”), and, except as the Association shall otherwise agree in writing, shall not amend or waive any provision of the aforementioned documents.
2. Where required in terms of the ESMF or the RPF, as the case may be, the Recipient shall proceed to have an ESMP, a Pest Management Plan or a RAP, as the case may be:
  - (a) prepared in accordance with the ESMF or RPF, as the case may be;
  - (b) submitted to the Association for review and approval, and for public consultations as required;
  - (c) all applicable resettlement measures set forth in the applicable RAP shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all displaced persons; and
  - (d) thereafter adopted on a timely basis for the purposes of implementation of the Project.
3. The Recipient shall ensure or caused to be ensured, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.
4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and furnish to the Association on a quarterly basis, reports on the status of compliance with the ESMF, the RPF, the ESMPs, PMPs and RAP as the case may be, given details of: (a) measures taken in furtherance of the above; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Project, and (c) remedial measures taken or required to be taken to address such conditions.



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

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than three months after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than ninety (90) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

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

3. **Additional Procedures for National Competitive Bidding (NCB):**

- (a) **General**

The procedures to be followed for NCB shall be those set forth in the Regulation, with the modifications described in the following paragraphs.

- (b) **Eligibility**

- (i) 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.

- (ii) Prior registration, obtaining a license or agreement shall not be a requirement for any bidder to participate in the bidding process.

- (iii) 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 complain and to have their complaint handled in a timely manner.
- (k) **Right to Inspect/Audit**  
In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the 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 may 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.

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

**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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:





<b>Category</b>	<b>Amount of the Additional Financing (AFIII) Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, works, consultants' services, non-consulting services, and Operating Costs for Parts A.2, B.1, C and D of the Project	43,500,000	100%
<b>TOTAL AMOUNT</b>	<b>43,500,000</b>	

**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 June, 30 2019.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage) *</b>
On each May 15 and November 15, commencing on November 15, 2023, to and including May 15, 2055	1.5625%

\* 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. “ADE” means an amount made available annually to primary schools based on an allocation formula set by MINEDH.
2. “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.
3. “Annual Action Plan” means the Annual Action Plan referred to in Section I.B.2 of Schedule 2 to this Agreement.
4. “Annual Action Plan Expenditures” means the Annual Action Plan Expenditures referred to in Section I.B.2(c) of Schedule 2 to this Agreement
5. “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.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
8. “Decree Number 1/2015” means the Recipient’s decree number 1, dated January 16, 2015, published in the Recipient’s Official Gazette number 5/2015, establishing the MINEDH (as defined here below).
9. “ECD Basic Service Package” means a specific package of early childhood development services elaborated in an ECD Implementation Manual, to be delivered by a Third Party Provider under Part C (1) of the Project.
10. “ECD Implementation Manual” has the meaning ascribed to such term in Section I.B.4 of Schedule 2 to this Agreement.

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11. "ECD Service Agreements" has the meaning ascribed to such term in Section I.B.3 of Schedule 2 to this Agreement.
12. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework of the Recipient dated December 29, 2010, disclosed on the same date, revised and re-disclosed on April 27, 2015, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF.
13. "Environmental and Social Management Plan" or "ESMP" means an environmental and social management plan, prepared in accordance with the ESMF and the provisions of Section I.D of Schedule 2 to this Agreement for the purposes of the Project and acceptable to the Association, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the Project, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.
14. "Fiscal Year" means the Recipient's fiscal year from January 1 to December 31.
15. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
16. "Independent Verification Agent" and "IVA" has the meaning given to such term under Section I.B.5 of Schedule 2 to this Agreement.
17. "MINEDH" means the Ministry of Education and Human Development".
18. "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 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*, stipends for ECD volunteers under Part C(1) of the Project up to and including Fiscal Year 2018, but excluding salaries of the Recipient's civil servants.
19. "Original Credit" means the credit provided under the Original Financing Agreement.



20. “Original Financing Agreement” means the financing agreement for an Education Sector Support Project between the Recipient and the Association, dated July 18, 2011 (Credit No. 4930-MZ) as amended to the date of this Agreement
21. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
22. “Pest Management Plan” means the Pest Management Plan included in any ESMP, and in respect of any activity involving pest management, a plan for such activity prepared and implemented in accordance with the ESMF and the provisions of Section I.D of Schedule 2 to this Agreement and approved by the Association, such pest management plan to include specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under such activity, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on, compliance with such plan.
23. “Previous Additional Financing Agreements” means the additional financing agreement I for an Education Sector Support Project between the Recipient and the Association, dated August 29, 2012, (Credit No.5100-MZ) and the additional financing agreement II for an Education Sector Support Project between the Recipient and the Association, dated September 16, 2015, (Grant No. D0840-MZ).
24. “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” dated January 2011 (revised July 2014)
25. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 31, 2017, 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.
26. “Resettlement Action Plan” or “RAP” means in respect of any activity involving resettlement, a resettlement plan for such activity prepared and implemented in accordance with the RPF and the provisions of Section I.D. of Schedule 2 to this Agreement and approved by the Association, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of the Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on compliance with such plan.



27. “Regulation” means the Recipient’s rules on Procurement of Works, Provision of Goods and Services, (*Regulamento de Contratação de Empreitada de Obras Públicas, Fornecimento de Bens e Prestação de Serviços ao Estado*) published in the Recipient’s Official Gazette (*Boletim da República*) on May 24, 2010.
28. “RFP” means Request for Proposals provided under Section II.2.9 of the Consultants’ Guidelines and including provisions set forth in Section 1.23 (e) of the Consultants’ Guidelines.
29. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework of the Recipient dated December 29, 2010, disclosed on the same date and revised and re-disclosed on April 27, 2015, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the prior written agreement of the Association.
30. “Safeguard Instruments” means the ESMF, the RPF, related ESMPs, Pest Management Plans, and RAPs for the Project.
31. “Safeguard Policies” means the Bank/Association’s operational policies and procedures, set forth in the Bank/Association’s operational manual and identified as OP/BP 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, as said manual is published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).
32. “Selected Provinces” means each of the Recipient’s province of *Cabo Delgado, Nampula, Tete, Gaza* and *Maputo* Province.
33. “Third Party Provider” or “TPP” means an agent in charge of delivering an ECD Basic Service Package under an ECD Service Agreement under Part C (1) of the Project.
34. “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 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.



**Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

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

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

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

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

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).



ANNEX

**AMENDMENT TO THE ORIGINAL FINANCING AGREEMENT AND THE PREVIOUS ADDITIONAL FINANCING AGREEMENTS**

The Recipient and the Association hereby agree to amend the Original Financing Agreement (Agreement) and the Previous Additional Financing Agreements as follows:

1. The Closing Date set forth in Section IV.B.2 of Schedule 2 to the Original Financing Agreement shall be the date June, 30 2019.
2. Section I.A of Schedule 2 to the Original Financing Agreement and the Previous Additional Financing Agreements are amended as follows:

Part C is hereby amended to remove the 2 (c) results-based framework of oversight capacity of both by the MINEDH and IVAs and 3 (b) a study of ECD model activities currently being implemented in the Recipient's urban areas including in the city of Maputo.

Therefore, Part C is amended to read in its entirety as follows:

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

*Carrying out an annual program of activities to support an expansion of access to quality ECD programs among children under six years of age living in rural communities in Selected Provinces and districts; and establishing the foundations for a community-based ECD service delivery system that can be replicated nationwide through: (1) provision of community-based ECD services in rural areas of Selected Provinces and districts through the delivery of ECD Basic Service Packages; (2) carrying out of a program to strengthen the Recipient's: (a) policy functions in the area of ECD; (b) implementation capacity to support ECD service delivery; and (3) carrying out of an impact evaluation of ECD activities under the Project.*

A new Part D is added to the Original Project and the Previous Additional Financing Agreements to read in its entirety as follows:

**Part D: Institutional Strengthening and Support of Monitoring and Policy Development**

*Carrying out an annual program of activities to support MINEDH in evaluating the impact of current interventions and developing a coherent set of reforms to form the foundations of the future education sector plan post 2019.*

