
GPE GRANT NUMBER TF0B5137

Global Partnership for Education

Grant Agreement

(Additional Financing for General Education Quality Improvement Program for Equity)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND INTERNATIONAL DEVELOPMENT ASSOCIATION**

(acting as Grant Agent for Global Partnership for Education)

GRANT AGREEMENT

AGREEMENT dated as of the Signature Date entered into between the FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”), and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as Grant Agent for Global Partnership for Education, for the purpose of providing additional financing for activities related to the Original Operation (as defined in the Appendix to this Agreement).

WHEREAS:

(A) the Recipient, having satisfied as to the feasibility and priority of the Operation described in Schedule 1 to this Agreement, has requested the Bank to assist in financing the Operation;

(B) by a financing agreement dated December 21, 2017 (the “Original Financing Agreement”) (Grant No. D262-ET), in an amount equivalent to SDR 213,600,000; and a grant agreement dated July 12, 2019 (the “Original Grant Agreement”) (Grant No. TF0A8352), in an amount equivalent to USD 64,311,808.05, both intended to assist in financing the activities related to the program described in Part 1 of Schedule 1 hereto (“Program”) and the project described in Part 2 of Schedule 1 hereto (“Project). The Program and the Project hereinafter, jointly referred to as the “Original Operation”; and

(C) the Bank has agreed, on the basis, *inter alia*, of the foregoing to extend a Grant (as defined below) to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, the Recipient and the Bank agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard 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 Standard Conditions or in the Appendix to this Agreement.

**Article II
The Operation**

- 2.01. The Recipient declares its commitment to the objectives of the Operation. To this end, the Recipient shall carry out the Program and the Project through the MoE in

accordance with the provisions of Article II of the Standard Conditions.

- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the Bank shall otherwise agree, the Recipient shall ensure that the Operation is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III The Grant

- 3.01. The Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the following grants for the following amounts to assist in financing of the following:

- (a) an amount of ninety-two million five hundred thousand United States Dollars (USD 92,500,000) (“Program Grant”) to assist in financing the program described in Part 1 (“Program”) of Schedule 1 to this Agreement; and
- (b) an amount of thirty million United States Dollars (USD 30,000,000) (“Project Grant”) to assist in financing the project described in Part 2 (“Project”) of Schedule 1 to this Agreement,

(the Program and the Project hereinafter jointly referred to as the “Operation” and the Program Grant and the Project Grant hereinafter jointly referred to as “Grant”).

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV Additional Remedies

- 4.01. The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following, namely, that the Recipient has adopted a successor program to ESDP V which will materially and adversely affect the ability of the Recipient to achieve the objective of the Program and/or perform any of its obligations under this Agreement.

Article V
Effectiveness; Termination

- 5.01. This Agreement shall not become effective until the Bank shall have been furnished an opinion satisfactory to the Bank of counsel acceptable to the Bank, showing that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and is legally binding upon it in accordance with its terms.
- 5.02. Except as the Recipient and the Bank shall otherwise agree, 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 Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The 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 in charge of finance.
- 6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
PO Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia

Telex:	Facsimile:
21147	(251-111) 551355

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

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

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By:

H.E. Yasmin Wohabrebbi

Authorized Representative

Name: H.E. Yasmin wohabrebbi

Title: State Minister of Finance

Date: 05-Mar-2021

**INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT and
INTERNATIONAL DEVELOPMENT ASSOCIATION**
(acting as Grant Agent for Global Partnership for Education)

By:

Name: *Osmane Dione*

Title: Country Director

Date: 04-Mar-2021

SCHEDULE 1

Operation Description

The objective of the Operation is to improve internal efficiency, equitable access, and quality in general education (O-Class to Grade 12).

The Operation consists of the Program and the Project as follows:

Part 1: The Program

The Program consists of the following activities which form a subset of the ESDP V and the successor thereto:

- (a) Developing capacity for improved management in General Education by:
(i) developing a relevant management structure in the MoE, with a clear distribution of mandates and responsibilities at all levels and specifically, in managing the implementation of cross-cutting programs; (ii) regular gathering, processing and sharing of information to inform decision making, especially, education performance data and financial data; and (iii) promoting good coordination and communication within and across management levels through improved use of existing documentation centers and sharing platforms.
- (b) Improving the quality of General Education by: (i) strengthening teachers' and leaders' development and transforming teaching into a profession of choice; (ii) improving curriculum development and providing sufficient teaching and learning materials; (iii) supporting schools to develop and implement School Improvement Plans (SIP) with focus on the areas of community participation, school environment, teaching and learning and school leadership; and (iv) provide ICT infrastructure facilities and resources which include digital content for ICT; and (v) strengthening quality assurance systems with focus on school inspection, teacher and school leader licensing and assessment and examinations.
- (c) Improving access, equity and internal efficiency in General Education by: (i) increasing access to pre-primary education; (ii) increasing access to, and equity and internal efficiency of primary education; (iii) providing access to secondary education including through school construction; and (iv) providing special support programs for the Emerging Regions.
- (d) Providing support to address cross-cutting issues in General Education, specifically in the areas of gender, special needs and inclusive education and water, sanitation, and hygiene.

Part 2: The Project

The Project consists of the following activities to assist with implementation of the Program and to mitigate implementation risks:

- (a) Enhancing capacity for delivering sustained results in the Program by providing ICT infrastructure and technical assistance to the MoE for: (i) development of a national policy framework for expansion of early childhood education; and (ii) integration of information communication technology (“ICT”) to improve EMIS and Education Dashboard, education service delivery, including carrying out a study to review challenges, and assess the impact of introducing ICT in secondary schools, and making recommendations for policy reform and future interventions; (iii) provision of assistive technologies to support education of children with disabilities; (iv) provision of mobile phones/tablets to support the work of cluster supervisors and key teachers for improved teacher instructional activities; (v) ICT infrastructure for enhancing digital skills and content knowledge of teachers, online examination and licensing system; and (vi) capacity building of Colleges of Teacher Education (CTEs) and Centers of Excellence at universities to deliver digital skills teacher training.
- (b) Carrying out the following activities to enhance emergency response preparedness: (i) provision of technical assistance to enhance the capacity of the MoE and of the relevant regional and *Woreda* offices to prepare and implement an emergency strategy and plan for schools to cope with drought, conflict, COVID-19 and other disasters; and (ii) providing immediate response to an Eligible Crisis or Emergency, as needed.
- (c) Provision of technical assistance and ICT infrastructure to the MoE, and responsible agencies in the Regions and *Woredas*, (i) to implement the new Environmental and Social Framework (ESF); (ii) to improve Program management, implementation, monitoring and evaluation, and third-party validation, as well as Project evaluations (including mid-term and end of Program evaluations); and (iii) to manage construction of and expansion of schools.

SCHEDULE 2

Operation Execution

Section I. Implementation Arrangements

A. Operation Institutions

1. The Recipient shall maintain, during the period of implementation of the Operation, the Program Steering Committee established within the MoE to oversee the coordination and monitoring, and to verify progress of implementation, of the Program and the Project.
2. The Recipient shall maintain, during the period of implementation of the Operation, the following with staffing and resources appropriate to fulfill their respective functions under the Program and/or the Project:
 - (a) the Program Coordination Office, established under the Planning and Resource Mobilization Directorate of the MoE, to oversee the implementation of the Program and the Project;
 - (b) the agencies, offices, directorates, units, branches and universities within or under the MoE and/or under other relevant ministries, each assigned with technical, social and environmental standards, fiduciary and other Program and Project related responsibilities for implementing the Program and the Project, all with powers, functions, capacity, staffing and resources appropriate to fulfill their respective functions under the Program and the Project;
 - (c) the Channel One Program Coordination Directorate within MoF, with a mandate, adequate resources and staff satisfactory to the Bank, to be responsible for financial coordination of the Program and the consolidation of financial reports related to the Program from the agencies, office, units and branches implementing the Program; and
 - (d) at regional, *Woreda*, and community levels, Operation implementation arrangements (including by CTEs and public schools), satisfactory to the Bank and as shall be further detailed in the Operations Manual.
3. No later than twelve (12) months after the Effective Date or any later date agreed upon in writing with the Bank, the Recipient, through MoE and REBs, shall establish and thereafter maintain, throughout the period of implementation of the Operation, facilities to oversee and manage school construction activities (“School Construction Management Facilities”), with terms of reference, composition and resources satisfactory to the Bank, as further sent forth in the Operations Manual.

B. Additional Program Implementation Arrangements

1. The Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan in a manner satisfactory to the Bank.
2. The Recipient shall:
 - (a) Appoint and thereafter maintain, at all times during the implementation of the Program, independent verification agents under terms of reference acceptable to the Bank (“Verification Agents”), to verify the data and other evidence supporting the achievement of one or more DLIs as set forth in the table in Section IV.A.1 of this Schedule 2 and recommend corresponding payments to be made, as applicable.
 - (b) (i) Ensure that the Verification Agents carry out verification and process(es) in accordance with the Verification Protocol; and (ii) submit to the Bank the corresponding verification reports in a timely manner and in form and substance satisfactory to the Bank.
 - (c) In the event that there is a need for verification services prior to the appointment of the Verification Agents in accordance with sub-paragraph (a) above, put in place adequate interim arrangements satisfactory to the Bank and approved in writing by the Bank for verification of the DLIs.

C. Operations Manual

1. The Recipient, through the MoE, shall:
 - (a) maintain (in consultation with Channel One Program Coordination Directorate), an Operations Manual, with terms and conditions satisfactory to the Bank at all times during implementation of the Operation, setting out detailed institutional, administrative, financial, technical and operational guidelines and procedures for the implementation of the Program, the Project, Program Action Plan, and including: (i) detailed safeguards, financial management (including funds flow and budgeting) and procurement arrangements; and (ii) a monitoring and verification system for the Program; and
 - (b) implement the Operation in accordance with the Operations Manual.
2. No later than three (3) months after the Effective Date or any later date agreed upon in writing with the Bank, the Recipient, through MoE, shall update the Operations Manual, in a manner and substance satisfactory to the Bank, to reflect activities under this Grant.

3. The Recipient shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended any provision of the Operations Manual without the prior written agreement of the Bank.
3. Notwithstanding the foregoing, if any provision of the Operations Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Bank determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Bank, an action plan satisfactory to the Bank on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Bank.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall ensure that:

- (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
6. The Recipient shall strengthen, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

E. Annual Work Plan and Budget for the Project

1. For purposes of implementation of the Project, the Recipient shall:
- (a) prepare a draft annual work plan and budget (“AWPB”) for each EFY, setting forth, *inter alia*: (i) a detailed description of the planned activities under the Project for the following EFY; (ii) the sources and proposed use of funds therefor; (iii) procurement arrangements therefor; and (iv) responsibility for the execution of said Project activities, budgets, start and completion dates, outputs and monitoring indicators to track progress of each activity;
 - (b) not later than April 30 of each EFY, and after considering comments provided by the Program Steering Committee (referred to in Section I.A.1 above), furnish the draft AWPB to the Bank for its review, and promptly thereafter finalize the AWPB, taking into account the Bank’s comments thereon; and
 - (c) by June 15 of each EFY, adopt and implement the final AWPB after obtaining the Bank’s approval thereon.

F. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 2(b)(ii) of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in

accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and

- (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.

Section II. Excluded Activities

- 1. The Recipient shall ensure that the Program excludes any activities which:
 - (a) in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
 - (b) involve the procurement of: (i) works, estimated to cost \$75,000,000 equivalent or more per contract; (ii) goods, information technology, and non-consulting services estimated to cost \$50,000,000 equivalent or more per contract; or (iii) consultants' services, estimated to cost \$20,000,000 equivalent or more per contract.

Section III. Operation Monitoring, Reporting and Evaluation

A. Program and Project Reports

The Recipient shall furnish to the Bank each Program Report and Project Report not later than two (2) months after the end of each EFY semester, covering the EFY semester.

B. Program Financial Audits

Without limitation on the generality of Section I.A of this Schedule 2 and Section 2.07 of the Standard Conditions, the Recipient shall have its Financial Statements for the Program 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 Bank not later than six months after the end of such period.

Section IV. Withdrawal of Financing Proceeds

A. General

1. Without limitation upon the provisions of Article III of the Standard Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article III of the Standard Conditions, this Section, and such additional instructions as the Bank may specify from time to time by notice to the Recipient to finance: (a) with respect to the Program results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”) in the amount allocated against Categories (1) of the table below; and (b) with respect to the Project, finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against Categories (2), (3), and (4) of the table below.

DLI	Disbursement-Linked Result (DLR)	DLI Amount of GPE Grant (in USD)	DLR Amount of GPE Grant (in USD)	DLR allocation and Disbursement Formula (expressed in USD)
DLI 1: Quality Enhancement and Assurance Program for O-Class (IR 1.3)	DLR 1.0: Quality enhancement materials developed and translated; and training of trainers completed	33,500,000	0	
	DLR 1.1: Inspection framework developed for O-Class, validated and approved		0	
	DLR 1.2: Quality Enhancement and Assurance Program for O-Class implemented in		0	

	<p>all O-Classes in Phase 1 Schools (Scalable: 21-100%) (Baseline: 0)</p>			
	<p>DLR 1.3: 20% of Level 1 O-Classes in Phase 1 schools upgraded to higher level (Scalable :1-20%) (Baseline: 0)</p>		<p>0</p>	
	<p>DLR #1.4: 90% Level 1 Performance O-Classes in Phase I Schools upgraded to higher level (Scalable: 21-70%) (Baseline 20%)</p>		<p>0</p>	
	<p>DLR 1.5: Enhancement program implemented in 6,300 Phase 2 Schools (70 % of Phase 2 Schools) (Baseline: 0)</p>		<p>15,000,000</p>	<p>For DLR 1.5: Disbursement will be pro-rated based on the number of schools (US\$ 2,381 per school up to the ceiling allocated for the DLR)</p>
	<p>DLR 1.6: Quality Assurance program implemented in 6,300 Phase 2 Schools (70 percent of Phase 2</p>		<p>3,000,000</p>	<p>For DLR 1.6: Disbursement will be pro-rated based on the number of schools (US\$</p>

	Schools) (Baseline: 0)			477 per school up to the ceiling allocated for the DLR)
	DLR 1.7: Enhancement program implemented in 4,900 Phase 3 Schools (70 percent of Phase 3 Schools) (Baseline: 0)		11,500,000	For DLR 1.7: Disbursement will be pro-rated based on the number of schools (US\$ 2,347 per school up to the ceiling allocated for the DLR)
	DLR 1.8: Quality Assurance program implemented in 4,900 Phase 3 Schools (70 percent of Phase 3 Schools) (Baseline: 0)		2,500,000	For DLR 1.8: Disbursement will be pro-rated based on the number of schools (US\$ 511 per school up to the ceiling allocated for the DLR)
	DLR 1.9: Improvement in G2/G1 enrollment ratio in treatment schools (Baseline to be established in 2022)		1,500,000	For DLR 1.9: Disbursement will be pro-rated based on the percentage point increase in G2/G1 enrollment ratio (US\$500,000 per percentage point increase

				up to the ceiling allocated for the DLR).
DLI 2: Performance-based Awards to school on a timely basis to improve internal efficiency	DLR 2.1: 60% of Best-performing Schools receive awards by March 31, 2019		0	
	DLR 2.2: 70% of Best-performing Schools receive Performance-based awards by March 31, 2020 (scalable: 61-70%)		0	
	DLR 2.3: 80% of Best-performing Schools receive Performance-based awards by March 31, 2021 (Scalable: 71-80%)		0 (dropped)	
	DLR 2.3 80% of best-performing primary schools receive Performance-Based Awards on time (Scalable: 71-80%)		(new)	
	DLR 2.4: 90% of Best-performing Schools receive		0	

	Performance-based awards by March 31, 2022 (Scalable:81-90%)			
DLI 3: Improved girls-to-boys ratio in Grade 8 in Afar, Ethiopia Somali and Benishangul-Gumuz Regions	DLR 3.1: Gender-sensitive SIP Framework and Improved Girls' Clubs Guidelines approved by MoE		0	
	DLR 3.2: Girls-to-boys ratio in Grade 8 in Afar, Ethiopia Somali and Benishangul-Gumuz Regions increases to 64% (Baseline: 63%)		0	
	DLR 3.3: Girls-to-boys ratio in Grade 8 in Afar, Ethiopia Somali and Benishangul-Gumuz Regions increases to 68% (Scalable: 65-68%) (Baseline: 64%)		0	
	DLR 3.4: Girls-to-boys ratio in Grade 8 in		0	

	Afar, Ethiopia Somali and Benishangul-Gumuz Regions increases to 71% (Scalable: 69-71%) (Baseline: 68%)			
DLI 3a: Increased student enrollment in disadvantaged areas	DLR 3a.1: Costed-plans for identified model schools in line with Minimum Standards	25,000,000	500,000	Disbursement will be pro-rated based on the number of plans (US\$ 10,000 per school up to the ceiling allocated for the DLR)
	DLR 3a.2: 500 new classrooms comply to Minimum Standards (Baseline: 0 new model classrooms)		10,000,000	Disbursement will be pro-rated based on the number of classrooms (US\$ 20,000 per classroom up to the ceiling allocated for the DLR)
	DLR 3a.3: 25,000 students enrolled in Disadvantaged Areas (Baseline: 0 students in the new model classrooms)		14,500,000	Disbursement will be pro-rated based on the number of students (US\$ 580 per student up to the ceiling allocated for the DLR)

<p>DLI 4: Improved availability of Basic School Grants (“Basic SG”) and Additional School Grants (“Additional SG”) in Emerging Regions</p>	<p>DLR 4.0: Formulas for Additional SG and revised School Grant guidelines developed and adopted</p>		0	
	<p>DLR 4.1: 55% of schools receive Basic SG and Additional SG by June 30, 2019 (baseline 50%)</p>		0	
	<p>DLR 4.2: 60% of schools receive Basic SG and Additional SG by December 31, 2019 (scalable: 56-60%)</p>		0	
	<p>DLR 4.3: 65% of schools receive Basic SG and Additional SG by December 31, 2020 (scalable: 61-65%)</p>		0 (dropped)	
	<p>DLR 4.3: 65% of schools receive Basic SG and Additional SG by April 30, 2021 (scalable: 61-65%)</p>		0 (new)	

	DLR 4.4: 70% of schools receive Basic SG and Additional SG by December 31, 2021(Scalable: 66-70%)		0	
DLI 4a: Number of children with disabilities and special needs in IERCs cluster schools	DLR 4a.1: Additional 300 IERCs within the Cluster Center Schools with community outreach activities and support of special needs children in cluster schools Baseline: 800	10,000,000	5,000,000	Disbursement will be pro-rated based on the number of new IERC (US\$ 16,667 per IERC up to the ceiling allocated for the DLR)
	DLR 4a.2: Enrollment of 21,000 children with disabilities and special needs in new IERC cluster schools (Baseline: 28,000)		5,000,000	Disbursement will be pro-rated based on the number of students (US\$ 239 per student up to the ceiling allocated for the DLR)
DLI #5: Improved teachers' instructional activities	DLR 5.0: Framework for school-based continuous teacher professional development approved by the State Minister for		0	

	General Education			
	DLR 5.1: 95% of supervisors and key teachers in Phase 1 Schools are trained		0	
	DLR 5.2: 85% of Phase 1 Schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development (Scalable: 51-85%)		0	
	DLR 5.3: 90% of Phase 1 Schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development (Scalable :81-90%)		0	
	DLR 5.4: Score of a Composite Index of School		0	

	<p>Inspection Standards on teaching practices in Phase 1 Schools reaches 62% (Scalable: 55-62%)</p> <p>(Baseline: 54%)</p>			
	<p>DLR 5.5: 95% of Phase 1 Schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development (Scalable: 86-95%)</p>		0	
	<p>DLR 5.6: Score of a Composite Index of School Inspection Standards on teaching practices in Phase 1 Schools reaches 70%</p>		0	
DLI 5a: Improved digital competences of teachers	DLR 5a.1: Teacher licensing assessment updated to include a	1,500,000	500,000	Disbursement will be made as a lump sum once the result is achieved

(IR 6.2 and 6.3)	digital skills module and piloted			
	DLR 5a.2: Digital skills teacher training program developed and piloted		1,000,000	Disbursement will be pro-rated based on the number of teachers trained (US\$1,000 per teacher up to the ceiling allocated for the DLR)
DLI 5b: Improved child development and learning	DLR 5b.1: MELQO and EGRA adapted and piloted for remaining main languages of instruction with procedures for nationwide assessments approved	16,500,000	500,000	Disbursement will be pro-rated (50 percent for MELQO and 50 percent for EGRA)
	DLR 5b.2: Nation-wide baseline data on child development and learning collected using MELQO and EGRA		2,000,000	Disbursement will be pro-rated (50 percent for MELQO and 50 percent for EGRA)
	DLR 5b.3: MELQO and EGRA reports prepared, published, disseminated, and used to guide the development of classroom-based		2,000,000	Disbursement will be pro-rated (50 percent for MELQO and 50 percent for EGRA)

	assessments			
	<p>DLR 5b.4: Improved child development and learning as measured by the percentage of O-class students which correctly respond to MELQO preliteracy test items</p> <p>(Baseline to be established in 2022)</p>		12,000,000	Disbursement will be pro-rated (US\$2.4 million for each percentage points increase up to the ceiling allocated for the DLR)
DLI 6: Timely availability of textbooks	<p>DLR 6.1: Required textbooks are at regional centers or WEO by March 31, 2020 (scalable: 0-70%)</p>		0	
	<p>DLR 6.2: Students in Target Grades have Target Textbooks by May 31, 2020. (Scalable: 0-65%)</p>		0 (dropped)	
	<p>DLR 6.2: Students in Target Grades have Target Textbooks by May 31, 2021 (Baseline: 58%)</p> <p>Scalable: 0-</p>		0 (new)	

	65%)			
	DLR 6.3: New curriculum framework developed for all subjects and all grade levels (O-Class to Grade 12) by June 30, 2021		0	
	DLR 6.4: Textbooks for 1 mother tongue and grades 7-8 English and mathematics are piloted (used) in 100 Phase 1 schools by June 30, 2022 (Scalable: 80-100%)		0 (dropped)	
	DLR 6.4: Textbooks for Targeted Grades meeting contract quality standards are utilized in selected Phase 1 Schools by June 30, 2022. (Scalable: 80-100%)		0 (new)	
	DLR 6.5: Online textbook distribution and inventory		0	

	management system piloted by June 30, 2022			
DLI#7: Improved availability, quality and use of data	DLR 7.0: School identification (“ID”) guideline validated, approved by Minister of Education and notified to all Regions and directorates and Unique School IDs issued by EMIS		0	
	DLR 7.1: EGRA report of raw student test scores available by June 30, 2018		0	
	DLR 7.2: ESAA reports and Annual Inspection Reports, using the new unique IDs, approved by the Minister and published by October 31, 2019		0	
	DLR 7.3: NLA report of raw student test scores available by September 30, 2019		0	
	DLR 7.4: Joint report published by		0	

	EMIS, GEID and NEAEA on learning gaps by June 30, 2020			
	DLR 7.5: EGRA report of raw student test scores available by June 30, 2020		0 (dropped)	
	DLR 7.5: EGRA report of raw student test scores available by June 30, 2021		0 (new)	
	DLR 7.6: NLA report of raw student test scores available by September 30, 2021		0 (dropped)	
	DLR 7.6: NLA report of raw student test scores available by September 30, 2022		0 (new)	
	DLR 7.7: EGRA report of raw student test scores available by June 30, 2022.		0 (dropped)	
	DLR 7.7: EGRA report of raw student test scores available by June 30, 2023.		0 (new)	
DLI 8: Improved pre-service teacher	DLR 8.0: Strategic framework for Concurrent		0	

training for English and Mathematics Grades 5-8	Program approved and adopted by the Minister of Education			
	DLR 8.1: Teacher training curriculum for the Concurrent Program approved and adopted by the Minister of Education		0	
DLI 9: Strengthened linkage between funding for REBs and results achieved by each region	DLR 9.0: MoE and REBs sign MOUs setting out roles, responsibilities and accountabilities and DLI regional performance incentives.		0	
	DLR 9.1: First annual report of REB performance of DLI 1 and DLI 5 approved by MoE.		0	
	DLR 9.2: Second annual report of REB performance of DLI 1 and DL 5 approved by MoE.		0	
DLI 10: Improved/functional E&S and procurement	DLR 10.1-DLR 10.4: Functional E&S and procurement		6,000,000	Disbursement will be pro-rated (50% for functional E&S management

management systems	management systems (annual; throughout Program implementation)			system and 50 percent for functional procurement management system)
	Sub-total		92,500,000	

Categories 2, 3 and 4

Category	Expenditures	Amount of GPE Grant (USD)	Percentage of Eligible Expenditures to be financed (inclusive of taxes)
Category 2	Goods, non-consulting services, consulting services, training and incremental operating costs under Part 2(a) (ii), (iii); (iv), (v) and (vi); Part 2(b)(i); Part 2(c)(i), and (iii)of the Project (new parts under this additional financing)	26,500,000	100%
Category 3	Goods, non-consulting, consulting services, training and incremental operating costs under Part 2 of the Project (old parts continuing from Original Financing Agreement)	3,500,000	After Credit No. D262 (Original Financing Agreement) category 9 is fully disbursed, 100%
Category 4	Emergency Expenditures under Part 2(b)(ii) of the Project	0	100%
	Sub-total	30,000,000	
	TOTAL	122,500,000	

B. Withdrawal Conditions for the Program

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for any DLR until and unless the Recipient has furnished evidence satisfactory to the Bank that said DLR has been achieved, including verification reports from the Verification Agent, based on reports prepared by the Recipient certifying the achievement of the DLRs in accordance with the Verification Protocol.
2. Notwithstanding the provisions of Part B.1(b) of this Section, with respect to the Program, the Recipient may withdraw an amount not to exceed USD 20,000,000 as an advance; provided, however, that if the DLRs in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined with reference to the Verification Protocol) to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Recipient, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Recipient.
3. Notwithstanding the provisions of Part B.1(a) of this Section, with respect to the Program, if any of the DLR has not been achieved by the date by which the said DLR is set to be achieved, the Bank may, by notice to the Recipient:
 - (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Disbursement Formula; and/or
 - (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or
 - (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
4. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Bank that the amount of the Grant withdrawn from the Grant Account does not exceed the total amount of Program Expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such excess amount of the Grant withdrawn from the Grant Account. The Bank shall cancel the refunded amount of the Grant withdrawn from the Grant Account.

C. Withdrawal Condition for the Project

1. Notwithstanding the provisions of Part A of this Section:

- (a) with respect to Categories (2), (3), and (4), no withdrawal shall be made for payments made in respect of Part 2(b)(ii) of the Operation prior to the Signature Date;
- (b) under Category (3) for the new activities to be financed through Additional Financing unless and until the allocated amount under Category (3) for the existing activities under the Original Financing Agreement is fully disbursed.
- (c) With respect to for Emergency Expenditures under Category (4), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Grant amounts under Category 4; and (B) the Bank has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.

D. Operation Withdrawal Period

The Closing Date is June 30, 2024.

Section V. Other Undertakings

Notwithstanding any provision to the contrary, Emergency Expenditures required for the Contingent Emergency Response Part of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CERC Manual.

APPENDIX

Definitions

1. “Additional SG” means additional school grants for cluster resource centers, which are to be transformed into inclusive education resource centers, for the purpose of supporting education of students with special needs and additional grants to schools in four Emerging Regions.
2. “Annual Inspection Reports” means the annual inspection reports issued by the General Education Inspection Directorate assessing school performance using twenty-six standards for inspection.
3. “Anti-Corruption Guidelines” means for purposes of paragraph 2 of the Appendix to the Standard Conditions, 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 and as of July 1, 2016.
4. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
5. “AWPB” means the annual work plan and budget to be prepared and adopted in accordance with Section I.E of Schedule 2 to this Agreement.
6. “Basic SG” means grant funds provided by the Government of Ethiopia to alternative basic education centers and government schools in the Recipient’s country, based on the number of students enrolled in O-Class to Grade 12.
7. “Best-performing Schools” means the top 10 percent of schools in each Region that rank the highest in year-to-year improvement, as determined in accordance with the Operations Manual.
8. “Category” means a category set forth in the table in Section IV.A.1 of Schedule 2 to this Agreement.
9. “Centers of Excellence” means the universities with teacher education/training institutions that meet the highest standards of teaching and research in the field of education, as more particularly set out in the Operations Manual.
10. “CERC Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank and which is an integral part of the Operational Manual.

11. “Cluster Center School” means a school better equipped with resources and staff and selected by a *Woreda* to provide administrative and pedagogical support to learners and teachers in three to five satellite schools.
12. “Composite Index of School Inspection Standards on Teaching Practice” or “Composite Index” means the composite index of school inspection standards on teaching practices, which is a simple average of scores in school inspection standards 11, 12, 13 and 18, as more particularly set out in the Operations Manual.
13. “Concurrent Program” means the four-year degree pre-service program that provides concurrent training to prospective primary and secondary school teachers on content and pedagogy.
14. “Contingent Emergency Response Part” means any activity or activities to be carried out under Par 2 of the Operation to response to an Eligible Crisis or Emergency.
15. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARSCoV-2).
16. “CTE” means College of Teacher Education established by the Regional government.
17. “Disadvantaged Areas” means areas within the Recipient’s territory, identified and agreed with the Bank, in accordance with criteria further set forth in the Operations Manual.
18. “Disbursement Formula” means the formula set forth in the table in Section IV.A.1 of Schedule 2 to this Agreement.
19. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.1 of Schedule 2 to this Agreement.
20. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.1 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
21. “EFY” means the Ethiopian Fiscal Year, the fiscal year of the Recipient which commences on July 8 and ends on July 7.
22. “EGRA” means Early Grades Reading Assessment, a tool used to measure students’ progress toward learning to read.

23. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
24. “Emergency Action Plan” means the plan referred to in Section 1.F.1 of Schedule 2 to this Agreement detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
25. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section 1.F.1 of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
26. “Emerging Regions” means Afar, Benishangul-Gumuz, Gambella, and Ethiopia Somali Regions.
27. “EMIS” means Education Management Information Systems.
28. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 11, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
29. “Environmental and Social Standards” or “ESSs” means, collectively:
 - (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”;
 - (ii) “Environmental and Social Standard 2: Labor and Working Conditions”;
 - (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”;
 - (iv) “Environmental and Social Standard 4: Community Health and Safety”;
 - (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”;
 - (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”;
 - (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”;
 - (viii) “Environmental and Social Standard 8: Cultural Heritage”;
 - (ix) “Environmental and Social Standard 9: Financial Intermediaries”;
 - (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”;effective on October 1, 2018, as published by the Bank.

30. “ESAA” means Education Statistics Annual Abstract, which aims to publicize national performance in education and training in General Education, based on the data gathered from the annual education census.
31. “ESDP V” means the Education Sector Development Program covering years 2015 through 2020 adopted by the Ministry of Education in 2015, setting out an overarching education framework for the country.
32. “Formulas for Additional SG” means the formula for additional school grants for cluster resource centers, which are to be transformed into inclusive education resource centers, for the purpose of supporting education of students with special needs, and the formula for additional grants to schools in Emerging Regions, including Afar, Ethiopia Somali, Benishangul-Gumuz and Gambella and as more specifically set out in the Operations Manual.
33. “GEID” means the General Education Inspection Directorate of the Ministry of Education.
34. “Gender-sensitive SIP Framework” means the gender sensitive school improvement planning framework with updated descriptors to be validated and approved by the Ministry of Education.
35. “General Education” means the levels of school education, from O-Class to Grade 12.
36. “IERC” means Inclusive Education Resource Centers.
37. “Labor Management Procedures” means the instrument prepared and disclosed by the Recipient, satisfactory to the Bank, in accordance with the Environmental and Social Standard 2, as said instrument may be updated from time to time with the written prior agreement of the Bank.
38. “Level 1 Performance O-Classes” means the O-classes whose weighted performance score of inspection standards is less than 50%.
39. “MELQO” means Measuring Early Learning Quality and Outcomes.
40. “Minimum Standards” means minimum building and construction quality standards for selected schools, acceptable to the Bank.
41. “MoE” means the Recipient’s Ministry of Education, or any successor thereto.
42. “MoF” means the Recipient’s Ministry of Finance, or any successor thereto.
43. “NEAEA” means the National Education Assessment and Examinations Agency.

44. “NLA” means the National Learning Assessment which consists of nationally representative sample surveys of student performance in key subjects in Grade 4, 8, 10 and 12.
45. “O-Class” means the one-year reception class (nine-month program) based in government primary schools for children aged 6 years, before formal schooling starts at age 7.
46. “Operation” means, collectively, all activities described under the Program and the Project in Schedule 1 to this Agreement.
47. “Operations Manual” means the operations manual to be prepared and adopted in accordance with Section I.C of Schedule 2 to this Agreement.
48. "Original Financing Agreement" means the financing agreement for General Education Quality Improvement Program for Equity dated December 21, 2017 (Grant No. D262-ET).
49. "Original Grant Agreement" means the grant agreement for General Quality Education Improvement Program for Equity dated July 12, 2019 (Grant No. TF0A8352).
50. "Original Operation" means the Operation described in Schedule 1 to the Original Financing Agreement and Original Grant Agreement.
51. “Performance-based Awards” means the monetary award disbursed directly to schools using the school bank account under the responsibility of the Recipient’s school improvement Program directorate, as more specifically set out in the Operations Manual.
52. “Phase 1 Schools” means a group of about 2,000 schools in randomly selected *Woredas* across all Regions that will benefit from the school-based teacher professional development program during the Program period, from 2019 through 2022.
53. “Phase 2 Schools” means a group of about 9,000 schools (additional to Phase 1 Schools) in selected *Woredas* across all Regions that will benefit from the scale-up of the school-based teacher professional development program during the Program period, from 2021 through 2024.
54. “Phase 3 Schools” means a group of about 7,000 schools (additional to Phase 1 and Phase 2 Schools) in selected *Woredas* across all Regions that will benefit from the scale-up of the school-based teacher professional development program during the Program period, from 2021 through 2024.

55. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017, August 2018 and November 2020.
56. “Program Action Plan” means the Recipient’s Program Action Plan referred to in Section I.B.1 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Bank.
57. “Program” means the activities described in Part 1 of Schedule 1 to this Agreement.
58. “Project” means the activities described in Part 2 of Schedule 1 to this Agreement.
59. “QEAP” means the Quality Enhancement and Assurance Program that ensures quality enhancement and quality assurance for O-Class, including through in-service training of teachers, managers and supervisors, provision of materials, and school inspection.
60. “REBs” means the Recipient’s Regional Education Bureaus within the Ethiopia regional states and two city administrations which formulate and implement regional education strategies in line with the division of responsibilities within the federal system of governance of Ethiopia.
61. “Region” means the second tier of government in the Recipient’s administrative system as established under the Recipient’s Constitution.
62. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement.
63. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
64. “Target Grades” means Grades 1 and 2 and Grades 7 and 8 in government primary schools.
65. “Target Textbooks” means with respect to Grades 1 and 2, Mother Tongue language textbooks and with respect to Grades 7 and 8, English language and mathematics textbooks.
66. “Unique School IDs” means the unique and systematic school identifications to be developed by the Recipient’s information and communication directorate for use in EMIS and nationally adopted.

67. “Verification Agents” means independent entities to be engaged by the Recipient for the purposes of certifying the achievement of the DLRs as referred to in Section I.B.2 of Schedule II to this Agreement.
68. “Verification Protocol” means the Recipient’s Verification Protocol, acceptable to the Bank, setting forth the means by which the achievement of DLRs will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the Bank.
69. “*Woreda*” means the lowest administrative unit of government in the Recipient’s territory as established pursuant to the relevant Regional legislation.