

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4753-MW

Financing Agreement

(Project to Improve Education Quality in Malawi)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 22, 2010

Public Disclosure Authorized

FINANCING AGREEMENT

AGREEMENT dated November 22, 2010, entered into between the REPUBLIC OF MALAWI (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty three million Special Drawing Rights (SDR 33,000,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are June 15 and December 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 and the Program. To this end, the Recipient shall carry out the Project through MoEST 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:
 - (a) The FTI Grant Agreement has failed to become effective by December 31, 2010.
 - (b) The Association determines that an event has occurred that makes it unlikely that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Recipient has recruited the head of the procurement unit referred to in Section I.A.6 of Schedule 2 to this Agreement in accordance with the provisions of said Section.
 - (b) The Recipient has adopted the Sub-financing Manual referred to in Section I.B.2 of Schedule 2 to this Agreement in accordance with the provisions of said Section.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister at the time responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance
P. O. Box 30049
Capital City
Lilongwe 3
Malawi

Facsimile:
265-1-78-91-73

6.03. The Association's Address is:

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

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

AGREED at Lilongwe, Malawi, as of the day and year first above written.

REPUBLIC OF MALAWI

By

/s/Ken Edward Kandodo

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Sandra Bloemenkamp

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to increase access and equity and enhance the quality of teaching and learning environment in basic education.

The Project consists of the following parts:

Part 1: Access and Equity

- (a) (i) Updating of the school mapping exercise previously conducted in 2001; and
(ii) construction, rehabilitation and upgrading of a wide range of education facilities for pupils and teachers, including teacher training colleges.
- (b) Carrying out of a program of activities to encourage disadvantaged children to attend school, such activities to include the provision by schools of tuition and stipends for secondary school students through the provision of Direct Support Grants to the relevant schools, including development and implementation of a related communication strategy and carrying out an evaluation of such program to identify incentive packages that lead to improvement in education outcomes.

Part 2: Teaching and Learning Environment

- (a) Provision of text books, learning materials and pedagogical aids for basic education.
- (b) Development and implementation of an open distance learning program for training teachers, including recruitment and training of at least 12,000 teachers to be based in rural areas and evaluating the effectiveness of this program to improve education quality in underserved communities.

Part 3: Management Capacity at all Levels

- (a) (i) Carrying out a program of activities to support the implementation of continuous professional development and of teacher management.
(ii) Development and implementation of a human resource management information system.
- (b) Development and implementation of plans to increase student enrollment and enhance retention in primary schools through the provision of School Grants.

- (c) Carrying out of a program of activities aimed at improving the capacity of MoEST at district and central levels for planning, financial and technical oversight of its educational programs.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements.****1. Education Sector Working Group**

In order to ensure the proper and efficient oversight of the Project, the Recipient shall at all times during the implementation of the Project, maintain an education sector working group with terms of reference and resources acceptable to the Association, which shall:

(a) be responsible for, *inter alia*, providing overall strategic guidance for the implementation of the Project and Program and reviewing the Agreed Annual Work Plans;

(b) be chaired by the SEST and be comprised of representatives of, *inter alia*, department directors within MOEST, Partners, non-governmental organizations and the private sector; and

(c) meet at least once every calendar quarter.

2. Technical Working Groups

In order to ensure proper technical guidance for the Project, the Recipient shall maintain the technical working groups with terms of reference, staffing and other resources acceptable to the Association, which shall: (a) be responsible for, *inter alia*, assisting the Secretariat by providing guidance on technical aspects of the Agreed Annual Work Plans; and be comprised of the department directors within MOEST, representatives of Partners and other stakeholders; and (iii) meet at least once every month.

3. Secretariat

In order to ensure proper and efficient implementation of the Project, the Recipient shall maintain within MOEST, throughout project implementation, a secretariat (“Secretariat”) with qualified and experienced staff in adequate numbers and other resources needed to perform its functions, to be responsible for overseeing day-to-day implementation, management, coordination, and monitoring and evaluation of the Project.

4. **District Education Manager's Office**

In order to ensure proper and efficient implementation of the Project at District level, the Recipient shall maintain each District's manager's office with resources and qualified and experienced staff in adequate numbers to be responsible for overseeing day to day operation of education institutions in such District, including incorporating of school improvement plans into such District's education plans, planning and budgeting for school grants, posting of teachers and monitoring in-service teacher education programs within such District.

6. **Procurement Unit**

The Recipient shall, throughout implementation of the Project, maintain a procurement unit within MoEST with resources and staff, including the head of the unit, with qualifications, experience and terms of reference satisfactory to the Association to be responsible for all procurement under the Project.

B. Project Implementation.

1. **Annual Work Plans**

- (a) The Recipient shall, not later than May 31 in each Fiscal Year, prepare and furnish to the Association and Partners, in accordance with guidelines agreed among the Recipient, the Association and the Partners, an annual program of activities proposed for inclusion in the Project during the following Fiscal Year, together with a proposed budget and financing plan for such activities.
- (b) The Recipient shall exchange views with the Association and Partners on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association and Partners, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association and Partners ("Agreed Annual Work Plan").

2. **Sub-financing Manual**

- (a) The Recipient shall prepare a Sub-financing manual, in form and substance satisfactory to the Association, to include detailed financial, procurement and other implementation arrangements for the Sub-financings, including selection criteria for the Beneficiaries, and elaboration of the eligible activities for the Sub-financings, terms conditions of the Sub-financings and the maximum aggregate amount of

each Sub-financing to be made to a Beneficiary, consistent with the provisions of this Agreement.

- (b) The Recipient: (i) shall adopt the Sub-financing Manual and thereafter ensure that Parts 1(b) and 3(b) of the Project are carried out in accordance with the Sub-financing Manual; and (ii) except as the Association shall otherwise agree in writing, shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
- (c) In the event of any conflict between the provisions of the Sub-financing Manual on one hand, and those of this Agreement on the other hand, the latter shall prevail.

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:
 - (a) the Project is carried out in accordance with the provisions of the ESMF and RPF and any EMPs and RAPs.
 - (b) if any Agreed Annual Work Plan or would, pursuant to the ESMF, require the adoption of an EMP, then no activities included in the Agreed Annual Work Plan shall be implemented unless and until an EMP for such activities: (i) is prepared, in accordance with the ESMF and furnished to the Association for review and approval; and (ii) is disclosed as required by the ESMF and approved by the Association; and
 - (c) If a RAP would be required for any activities proposed for inclusion in any Agreed Annual Work Plan on the basis of the RPF, the Recipient shall: (a) prepare said RAP in accordance with the requirements of the RPF, disclose it locally and furnish it to the Association as part of the proposed Agreed Annual Work Plan; and (b) ensure that no works under the Agreed Annual Work Plan for said activities shall be commenced until: (i) all measures required to be taken under said RAP prior to the initiation of said activities have been taken; (ii) the Recipient has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP; and (iii) the Association has confirmed that said activities may be commenced.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the ESMF, RPF, and all EMPs and RAPs; and (b) prepare and furnish to the Association reports, as part of the Project Report, on the results of such monitoring activities, giving details of:
- (i) measures taken in furtherance of such ESMF, RPF, EMPs and RAPs;
 - (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, RPF, EMPs and RAPs; and
 - (iii) remedial measures taken or required to be taken to address such conditions.
3. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part D, and thereafter shall carry out with due diligence all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the ESMF, the RPF, and any RAPs and EMPs.

E. Sub-financings

1. General

The Recipient shall, through MOEST, review and approve, applications for Sub-financings, and thereafter monitor and evaluate the implementation of the activities covered by the Sub-financing Agreements, in accordance with the provisions of this Part E and the Sub-financing Manual.

2. Eligibility Criteria and Implementation Guidelines and Procedures for Sub-financing

No proposed Beneficiary shall be eligible for a Sub-financing unless, the Recipient, through MOEST, has determined, on the basis of a review conducted in accordance with this Part E and the Sub-financing Manual that the proposed Beneficiary and the activities for which the Sub-financing is proposed satisfy the eligibility criteria specified below and in further detail in the Sub-financing Manual:

- (a) in the case of a Direct Support Grant, the Beneficiary: (i) is providing education for students who have been identified and certified by the Beneficiary as vulnerable on the basis of malnutrition, poverty and education indicators; (ii) has developed a suitable program of activities to

be financed under the Sub-financing consisting of tuition and stipends to cover basic education costs such as costs of transportation to school, uniforms, toiletries, and learning materials for such vulnerable secondary school students; and (iii) has made all necessary arrangements, including provision of financial and human resources, for tracking key Project indicators relative to the implementation of the activities covered by the Sub-financing Agreement providing for the Direct Support Grant.

- (b) in the case of a School Grant, the Beneficiary has: (i) prepared a suitable plan of activities to increase student enrollment and enhance retention in its school and the required budget and furnished the plan and budget to the DEM's office; and (ii) if the activities include any works, such activities shall have been appraised on the basis of an environmental assessment and other guidelines acceptable to the Association, and an EMP or a RAP, if required pursuant to the ESMF or RPF, has been prepared and approved by the Recipient and the Association.

3. **Terms and Conditions of the Sub-financing Agreements**

- (a) The Recipient shall make each Sub-financing under a Sub-financing Agreement with the respective Beneficiary on a grant basis and other terms and conditions approved by the Association, which shall include the following:
 - (i) a description of the activities to be financed out of the proceeds of the Sub-financing; and
 - (ii) the obligation of the Beneficiary to: (A) carry out such activities 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 in accordance with the provisions of the ESMF, RPF, EMP, RAP and Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of such activities and the achievement of its objectives; and (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to such

activities; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the activities financed by the Sub-financing, their operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and

- (b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing, or obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement; and
- (c) The Recipient shall exercise its rights under each Sub-financing Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

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 semester, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

- 1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
- 2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the

end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
4. The Recipient shall appoint, no later than four (4) months after the Effective Date, external auditors in accordance with the provisions of Section III of this Schedule.

Section III. Procurement

A. General

1. **Goods, Works and Non-Consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B
(b) Limited International Bidding
(c) Direct Contracting
(d) Shopping

- 3. Modifications to National Competitive Bidding Procedures.** National Competitive Bidding may be used subject to the following additional procedures: (a) Regulation 80.3 (b) (ii) of the Public Procurement Regulations permitting the consideration of unquantifiable criteria, such as local content, technology transfer, and managerial, scientific, and operational skills development, in the evaluation of bids shall not apply; (b) Regulation 80.4 of the Public Procurement Regulations permitting domestic preference shall not apply; (c) Regulations 164 (i) and (j) of the Public Procurement Regulations permitting the division of contracts into small lots and the restriction of contracts to small enterprises, respectively, for purposes of promotion of the participation of small enterprises, shall not apply; and (d) bidding documents and contracts shall include the following provisions: (i) pursuant to paragraph 1.14 (e) of the Procurement Guidelines, bidders, suppliers, and contractors are required to permit the Association to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Association; and (ii) pursuant to paragraph 1.14 (a) (v) (bb) of the Procurement Guidelines, acts intended to materially impede the exercise of the Association’s said inspection and audit rights are considered to be an obstructive practice within the meaning of paragraph 1.14 of the Procurement Guidelines.

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.

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

E. Training Programs

For any Training activities proposed to be carried out during the period covered by the Procurement Plan, the Recipient shall identify in such Procurement Plan the general framework of such Training, and shall specify: (1) the type of Training; (2) the purpose of the Training; (3) the categories of personnel to be trained; (4) the country of the Training; (5) number of person days of the proposed Training; and (6) the expected outcome and impact of the Training.

F. Procurement Audits

The Recipient shall have all procurement activities undertaken by it under the Project audited annually by auditors under terms of reference and with qualifications and experience satisfactory to the Association. Each such audit shall cover the period of one Fiscal Year and shall be furnished to the Association not later than 6 months after the end of such Fiscal Year.

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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consultants’ services, non-consulting services (including said items listed above as may be financed by Direct Support Grants or School Grants), Training, and Operating Costs for the Project	33,000,000	Such percentage as the Association shall determine and communicate to the Recipient in its Annual Confirmation for the relevant Agreed Annual Work Plan
TOTAL AMOUNT	33,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is June 30, 2015.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 15 and December 15:	
commencing December 15, 2020 to and including June 15, 2030	1%
commencing December 15, 2030 to and including June 15, 2050	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX**Section I. Definitions**

1. “Agreed Annual Work Plan” means the program of activities agreed each year among the Recipient and the Association and Partners for inclusion in the Project and financing in accordance with Section I.B.1 of Schedule 2 to this Agreement during the following Fiscal Year, as the same may be revised from time to time, all in accordance with the provisions of said Section I.B.1.
2. “Annual Confirmation” means for each Agreed Annual Work Plan, the Association’s written confirmation of: (i) its agreement with such Agreed Annual Work Plan; and (ii) the percentage and amount of the Eligible Expenditures under the Agreed Annual Work Plan which may be financed out of the proceeds of the Financing.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
4. “Beneficiary” means a school attended by the secondary school student for whose benefit a Direct Support Grant is made or proposed to be made, or a primary school for whose benefit a School Grant is made or proposed to be made, and which has entered into a Sub-financing Agreement with the Recipient.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Co-financier” means each Partner, and is referred to in paragraph 10 of the Appendix to the General Conditions.
7. “Co-financing” means an aggregate amount of approximately \$90, equivalent to be provided by the Co-financiers to the Recipient through the Common Fund (“Common Fund Co-financing”) to assist in financing the Project.
8. “Co-financing Agreement” means each agreement to be entered into between the Recipient and each Co-financier providing for part of the Co-financing.
9. “Common Fund” means the designated account referred to in Section 2.04 of the General Conditions, into which the proceeds of the Financing, FTI Grant and the Common Fund Co-financing will be deposited for purposes of the Project.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.

11. “DEM” means District education manager.
12. “Direct Support Grant” means a grant made or proposed to be made out of the proceeds of the Financing to a Beneficiary for activities to be carried out by the Beneficiary for the benefit of an eligible student under Part 1 (b) of the Agreement.
13. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter, (B) loss of assets or access to assets, or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and “Displaced Persons” means more than one Displaced Person.
14. “District” means a local government area established pursuant to the Regional and District Boundaries and Place Names Act, Chapter 18:04 of the laws of the Recipient.
15. “EMP” means, if required by the ESMF for an Agreed Annual Work Plan, the environmental management plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the ESMF, and giving details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of the Agreed Annual Work Plan, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as any such plan may be amended and/or supplemented from time to time with prior written approval of the Association; and “EMPs” means, collectively, all or several such plans.
16. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated May 2004, and updated in September 2009, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities.
17. “FTI Grant” means the grant to be provided to the Recipient under the FTI Grant Agreement.
18. “FTI Grant Agreement” means the agreement to be signed between the recipient and the Association, acting as administrator for the Education for all Fast Track

Initiative Catalytic Fund, proving for a FTI Grant to assist in the financing of the Project.

19. “Fiscal Year” means the Recipient’s fiscal year, which commences on July 1 and ends on June 30.
20. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
21. “MoEST” means the Recipient’s ministry of education, science and technology.
22. “NESP” means the Recipient’s National Education Sector Plan for the period 2008-2017, setting forth the Recipient’s strategy to achieve equitable access to education, improve quality, and improve governance and management of the education sector in its territory.
23. “Operating Costs” means the reasonable costs for operating expenditures incurred on account of the implementation of the Project, consisting of office supplies; operation and maintenance of vehicles and equipment, utilities, bank charges, consumables, travel expenses including per diems, and salaries of non-consultant Project staff but excluding salaries of the Recipient’s civil servants.
24. “Partner” means one of the following financiers other than the Association which intends to provide or is providing financing to the Project: the United Nations Children’s Fund, Embassy of the Federal Republic of Germany and the United Kingdom Department for International Development; and “Partners” means, collectively, all such financiers.
25. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 29, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
27. “Program” means the NESP.
28. “Public Procurement Regulations” means Recipient’s public procurement regulations of 2004.

29. “RAP” means, if required by the RPF for any activities Annual Work Plan, the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with the procedural and institutional measures needed to implement such actions, measures and policies.
30. “RPF” means the Resettlement Policy Framework acceptable to the Association, dated May 2004, and updated in September 2009, adopted by the Recipient, and giving details of provisions for compensation, rehabilitation and resettlement assistance to Displaced Persons.
31. “SEST” means the secretary for education, science and technology.
32. “School Grant” means a grant made or proposed to be made out of the proceeds of the Financing to a Beneficiary to finance school improvement plans under Part 3(b) of the Project.
33. “Secretariat” means the secretariat referred to in Section I.A.3 of Schedule 2 to this Agreement.
34. “Sub-financing” means a Direct Support Grant or School Grant.
35. “Sub-financing Agreement” means the agreement between the Recipient, represented by MoEST, and the Beneficiary for purposes of providing for a Sub-financing.
36. “Sub-financing Manual” means the Recipient’s manual to be adopted in accordance with the provisions of Section I.B.2 of Schedule 2 to this Agreement, setting forth the modalities for provision of Sub-financings.
37. “Training” means the reasonable costs associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:
“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”