

**CONFORMED COPY**

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**CREDIT NUMBER 4853-PG**

# **Financing Agreement**

**(Flexible and Open Distance Education Project)**

**between**

**INDEPENDENT STATE OF PAPUA NEW GUINEA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 3, 2011**

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**CREDIT NUMBER 4853 –PG**

**FINANCING AGREEMENT**

AGREEMENT dated March 3, 2011, entered into between INDEPENDENT STATE OF PAPUA NEW GUINEA (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined and modified 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 three million two hundred thousand Special Drawing Rights (SDR 3,200,000) (the “Credit”) to assist in financing the project described in Schedule 1 to this Agreement, with the exception only of Part 2(f) which shall be financed exclusively by the Recipient (the “Project”).
- 2.02. The Recipient may withdraw the proceeds of the Credit 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent ( $\frac{3}{4}$  of 1%) per annum.
- 2.05. The Payment Dates are April 15 and October 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 Dollars.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the DOE 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient shall have selected, and then engaged in accordance with Section III of Schedule 2 of this Agreement, the Financial Management Specialist and the Project Accountant.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is the Minister for Treasury and Finance of the Recipient.

5.02. The Recipient's Address is:

Department of Treasury  
Vulupindi Haus 4<sup>th</sup> floor  
P.O. Box 542  
Waigani, 131 NCD  
Papua New Guinea

Facsimile:

(675) 3128804

With an additional copy to: (675) 3128808

5.03. 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 Port Moresby, Papua New Guinea, as of the day and year first above written.

INDEPENDENT STATE OF PAPUA NEW GUINEA

By/s/ Peter O'Neill

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By/s/ Ferid Belhaj

Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to increase the number of out-of-school youth who complete recognized secondary diploma and certificate equivalency programs.

The Project consists of the following parts:

Part 1:            Updating of Curriculum and Instructional Materials

Improvement of the quality of distance learning curricula and the quality and availability of instructional materials through *inter alia*:

- (a) development and/or upgrading of curricula for Grades 7 through 12;
- (b) development, production, printing and distribution of instructional materials;
- (c) establishment of a curriculum development library at FODE; and
- (d) improvements to the printing and distribution system for material.

Part 2:            Improving the Quality of Service Delivery

Improvements of the quality of services provided by FODE (at its central campus and in its provincial centers) through *inter alia*:

- (a) staff training;
- (b) simplification of the administrative and reporting forms and procedures;
- (c) establishment and implementation of an information technology plan;
- (d) provision of tutoring services to students in FODE's provincial centers;
- (e) renovation of office space in central FODE offices; and
- (f) renovation of FODE's provincial training centers.

Part 3: Expansion of the Grade 11-12 Matriculation Program

Expansion of the existing Grade 11-12 matriculation programs into at least one (1) secondary school in each of the Recipient's twenty (20) provinces through, *inter alia*, provision of School Grants and equipping and staffing of such schools as needed.

Part 4: Improving Information Technology, Monitoring and Evaluation

Improvement to the information technology capacity of FODE, through, *inter alia*:

- (a) carrying out an information technology needs assessment, and based on the results of such assessment, the establishment and implementation of an information technology plan including the equipping and support thereof, aimed to fully integrate the use of information technology into the administration, curriculum development, materials production and teaching and learning activities conducted by FODE;
- (b) carrying out of pilot activities satisfactory to the Association aimed to test the effectiveness of low-cost information technologies for service delivery; and
- (c) carrying out studies to evaluate the effectiveness of the Project inputs and innovations *including* the development of tracer studies to track graduates and non-graduates of the FODE programs.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall establish not later than six (6) months after the Effective Date, and thereafter maintain throughout the period of Project implementation, a Project Steering Committee to provide overall policy guidance and strategic direction for Project implementation. The Project Steering Committee shall meet semi-annually, be chaired by the Secretary for Education and include representatives of the Department of National Planning and Monitoring, Department of Treasury, FODE, the Office of Higher Education, and the University of Papua New Guinea Open Campus.
2. The Recipient shall maintain throughout the period of Project implementation a FODE management team with responsibility for implementation of the Project, subject to the oversight of FODE's Governing Council, including for maintaining project records, tracking the progress of the Project implementation, procurement, financial management, disbursement requests, implementation of the monitoring and evaluation framework, and preparation of all required Project related data and reports.
3. The Recipient shall strengthen DOE's implementation capacity by ensuring that DOE engages and maintains in FODE until completion of the Project qualified staff in sufficient numbers and under terms of reference satisfactory to the Association, for the day-to-day coordination, implementation, monitoring and evaluation of the Project activities, and including:
  - (i) a procurement advisor responsible for overseeing project procurement activities;
  - (ii) a financial management specialist responsible for overseeing financial management and financial reporting;
  - (iii) an accountant responsible for overseeing Project accounting; and
  - (iv) an information technology advisor responsible for producing the Information Technology Plan, and overseeing its implementation.
4. The Recipient shall ensure that FODE continues to produce annual work programs, budgets and quarterly progress reports in the context of reporting to its Governing Council and that such documentation shall be shared with the Association and the Project Steering Committee on a quarterly basis,

commencing June 30, 2011 and by no later than the last day of every calendar quarter thereafter during implementation of the Project.

**B. Anti-Corruption**

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

**C. Safeguards**

The Recipient shall ensure that all works contracts to be financed under the Project shall include environmental criteria satisfactory to the Association. Without limiting the generality of the foregoing, the Recipient acknowledges and agrees that all works contracts related to Part 2(f) of the Project, which the Recipient shall finance exclusively, shall also include environmental criteria satisfactory to the Association.

**D. School Grants**

1. Except as the Association shall otherwise agree, the Recipient shall make the proceeds of the Credit allocated from time to time to School Grants available on a non-refundable grant basis to selected schools in accordance with: (i) the School Grants Manual; and (ii) under School Grant Agreements to be entered into between the Recipient (through DOE) and each participating secondary school, on terms and conditions set forth in the School Grants Manual.
2. The Recipient (through DOE) shall exercise its rights in relation to each such School Grant in such manner as to: (i) protect the interests of the Recipient and the Association; (ii) comply with its obligations under this Agreement; and (iii) achieve the objective of the Project. Except as the Association shall otherwise agree, the Recipient (through DOE) shall not assign, amend, abrogate or waive any School Grant Agreement or any of its provisions.
3. The Recipient shall not amend or waive any of the provisions of the School Grants Manual without the prior written consent of the Association. In case of any inconsistencies between the School Grants Manual and this Agreement, the provisions of this Agreement shall prevail.

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

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in a Supplemental Letter of

even date herewith. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than one month 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 (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods required for the Project and to be financed out of the proceeds of the Credit 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 Credit 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 and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

| <b>Procurement Method</b>        |
|----------------------------------|
| (a) National Competitive Bidding |
| (b) Shopping                     |
| (c) Direct Contracting           |

**C. Special Procedures for National Competitive Bidding**

The following provisions shall be applied in National Competitive Bidding:

**Participation in Bidding**

1. The eligibility of bidders shall be as defined under the Procurement Guidelines.
2. Government-owned enterprises in Papua New Guinea shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient or the Project Implementing Entity.
3. A firm declared ineligible by the Association, based on a determination by the Association that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or in executing an Association-financed contract, shall be ineligible to be awarded an Association-financed contract during the period of time determined by the Association.
4. A firm which has been engaged by the Recipient to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works resulting from or directly related to the firm's consulting services for such preparation or implementation. This provision does not apply to the various firms which together are performing the contractor's obligations under a turnkey or design and build contract.
5. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders or goods in bid evaluation.

**Advertising; Time for Submission of Bids**

6. Invitations to bid shall be advertised in at least one (1) newspaper of national circulation, allowing a minimum of thirty (30) days for the preparation and submission of bids, such thirty (30) days to begin with the date of availability of the bid documents or the date of the advertisement, whichever is later.

**Bidding Documents**

7. Until national standard bidding documents approved by the Association are available, bidding documents approved by the Association shall be used.

**Bid Security**

8. All bidders should provide bid security if indicated in the bidding documents, in the amount and form so indicated. A bidder's bid security shall apply only to a specific bid. A bidder shall be permitted to withdraw or modify its bid prior to the bid submission deadline without forfeiting its bid security.

**Classification of Contractors; Qualification; Post-qualification**

9. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid. Qualification criteria (in case prequalification is not carried out) shall be stated in the bidding documents and shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities, as well as their financial position. Before contract award, the bidder having submitted the lowest evaluated, substantially responsive bid shall be subject to post-qualification.

**Registration of Bidders**

10. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable opportunity of registering, without any let or hindrance. Bidders shall not be required to register as a precondition for bidding.

**Evaluation Criteria**

11. Evaluation criteria shall be clearly specified in bidding documents, and evaluation criteria other than price shall be quantified in monetary terms.

**Bid Submission, Opening; and Bid Evaluation**

12. Bidders may submit bids, at their option, either in person or by courier service or by mail.
13. Bids shall be opened in public, immediately after the deadline for submission of bids. Bidders' representatives shall be allowed to attend. The name of the bidder, the total amount of each bid, and any discounts shall be read aloud and recorded in the minutes of the public bid opening. A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids. With respect to contracts which are subject to the Association's prior review, the Recipient shall promptly provide the Association a copy of the minutes of the public bid opening. No bid shall be rejected during the public bid opening. Bids received after the bid submission deadline shall be promptly returned unopened to the bidder.
14. The evaluation of bids shall be done in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the qualified bidder which submitted the lowest evaluated, substantially responsive bid.
15. No bid shall be rejected merely on the basis of a comparison with the owner's estimate or budget ceiling without the Association's prior written concurrence.
16. The Recipient shall publish the following information on contract award on a free and open access website when that website becomes operational, or on another means of publication acceptable to the Association: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) names of bidders whose bids were rejected and the reasons for the rejection; and (v) name of the winning bidder, price it offered, as well as the duration and summary scope of the contract awarded. This publication shall be updated at least quarterly.

**Rejection of Bids**

17. Rejection of all bids and re-bidding shall not be carried out without the Association's prior written concurrence.

**Extension of the Validity of Bids**

18. In exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids. In such cases, bidders shall not be requested nor permitted to amend the price or any other condition of their bids. Bidders shall have the right to refuse to grant such an extension without forfeiting their bid securities, but bidders granting such an

extension shall be required to provide a corresponding extension of the validity of their bid securities.

#### **No Contract Negotiations**

19. There shall be no negotiation of contracts, even with the lowest evaluated bidder, without the Association's prior concurrence. A bidder shall not be required, as a condition of award of contract, to undertake obligations not specified in the bidding documents, or otherwise to modify its bid as originally submitted.

#### **Suppliers, Contractors and Subcontractors**

20. The Association shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.
21. Each contract financed from the proceeds of the Credit shall provide that the suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.

#### **Conflict of Interest**

22. Suppliers and contractors that have a business or family relationship with a senior member of the Recipient's staff may not be awarded a contract, unless the conflict of interest stemming from this relationship has been resolved in a manner satisfactory to the Association throughout the process of evaluation of the bids and the execution of the contract.

#### **Bid Protest Mechanism**

23. The Recipient shall establish an effective bid protest mechanism related to the procurement process and contract award, acceptable to the Association that allows for bidder protests and the timely handling of such protests. The procedures to receive and handle complaints shall be disclosed in the bidding documents.

**D. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. Other Methods of Procurement of Consultants’ Services. The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

|   |
|---|
| <b>Procurement Method</b>   |
| (a) Quality-Based Selection   |
| (b) Least Cost Selection  |
| (c) Selection based on Consultants’ Qualifications                  |
| (d) Single Source Selection   |
| (e) Individual Consultants, including Section 5.4 of the guidelines |

**E. 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.

**F. Tutors**

Tutors for the purpose of Part 2(d) of the Project shall be selected and contracted in accordance with the provisions set forth in the Handbook for Tutors and Distance Teachers. The Recipient shall not amend or waive any of the provisions of the Handbook for Tutors and Distance Teachers for purposes of the Project without the prior written consent of the Association. In case of any inconsistencies between the Handbook for Tutors and Distance Teachers and this Agreement, the provisions of this Agreement shall prevail.

**Section IV. Withdrawal of the Proceeds of the Credit**

**A. General**

1. The Recipient may withdraw the proceeds of the Credit 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 Credit (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

| <b>Category</b>   | <b>Amount of the Credit Allocated (expressed in SDR)</b> | <b>Percentage of Expenditures to be Financed (exclusive of Taxes)</b> |
|---|--|---|
| (1) Goods, works under Part 2(e) of the Project, Tutor Payments, School Grants, Training, Incremental Operating Costs and consultants’ services for the Project | 3,200,000  | 100%  |
| <b>TOTAL AMOUNT</b>   | <b>3,200,000</b>   |   |

3. Pursuant to the Loans and Assistance (International Agencies) Act, Chapter No. 132 of the Revised Laws of Papua New Guinea (the “Act”), and by this Agreement with the Association, the Recipient confirms that any persons, income, matter or thing that is directly engaged in and directly forms part of this Agreement with the Association, is exempt from any tax, duty, or imposition under the revenue laws administered by the Commissioner General of the Internal Revenue Commission. If any change is made to the Act that will affect this exemption from tax, duty or imposition under the Project, the Recipient shall notify the Association in writing.

**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, with the exception of an amount of up to SDR 635,000 for eligible expenditures incurred after January 1, 2010.
2. The Closing Date is June 30, 2016.

**SCHEDULE 3****Repayment Schedule**

| <b>Date Payment Due</b>                                     | <b>Principal Amount of the Credit repayable (expressed as a percentage)*</b> |
|---|--|
| On each April 15 and October 15:                            |  |
| commencing April 15, 2021 to and including October 15, 2030 | 1.25%  |
| commencing April 15, 2031 to and including October 15, 2045 | 2.5%   |

\* 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. “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 with the modifications set forth in Section III of this Appendix.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
4. “DOE” means the Recipient’s Department of Education, and any successor thereto.
5. “Financial Management Specialist” means the financial management specialist referred to under Section I.A.3(ii) of Schedule 2 to this Agreement.
6. “FODE” means the unit in DOE which is responsible, under the general oversight of a Governing Council, for administering the Recipient’s program of flexible and open distance education, and any successor thereto.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
8. “Grades 7 through 12” means the secondary school years of the Recipient’s education system.
9. “Handbook for Tutors and Distance Teachers” means FODE’s procedures and rules dated August 5, 2010 for engaging and managing tutors or teachers who are employed on a contractual basis to provide teaching or tutoring services under FODE’s programs, as may be amended or supplemented from time to time with the prior written agreement of the Association.
10. “Information Technology Plan” means a plan based on a needs assessment conducted by the Recipient that defines information technology objectives for networking FODE with its provincial centers, identifies equipment specifications and includes a fully costed implementation schedule, as the same may be amended from time to time with the prior written consent of the Association.

11. “Incremental Operating Costs” means reasonable costs incurred on account of the Project including communications, media campaigns to increase awareness for the distance education program, utilities, supplies, accommodation, transportation, and travel allowances for project staff.
12. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 19, 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.
14. “Project Accountant” means the accountant referred to under Section I.A.3(iii) of Schedule 2 to this Agreement.
15. “Project Steering Committee” means the Project Steering Committee referred to in Section I.A.1 of Schedule 2 to the Financing Agreement
16. “School Grant” means a one-time payment made by DOE to a secondary school pursuant to a School Grant Agreement to support institutional costs for facility and equipment maintenance as part of the grades 11 and 12 matriculation under Part 3 of the Project.
17. “School Grant Agreement” means the agreement referred to in Schedule I.D.1 of Schedule 2 to this Agreement.
18. “School Grants Manual” means the manual adopted by the Recipient and dated August 5, 2010, which includes inter alia: (a) eligibility criteria and selection procedures for activities that may be funded by School Grants; (b) reporting requirements, financial management, disbursement and procurement guidelines and procedures for the implementation and monitoring and evaluation of the School Grants; (d) terms and conditions to be included in School Grant Agreements, as such manual amended or supplemented from time to time with the prior written agreement of the Association.
19. “Tutor Payments” means reasonable payments made to qualified persons who shall be employed by the DOE on the basis of temporary contracts, or stipends in addition to existing formal teaching positions, to teach in the non-formal education programs or coordinate the implementation thereof at local level.
20. “Training” means reasonable cost of training, study tours and workshops required for the Project as per FODE’s annual training plan as approved by its Governing Council and the Association, respectively, including materials, rental

of facilities, reasonable transportation costs, course fees, as well as domestic travel and subsistence of trainers.

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

Paragraph (a) of Section 2.05 is modified to read as follows:

“Section 2.05. *Eligible Expenditures*

(a) the payment is for the financing of the reasonable cost of goods, works, services, Incremental Operating Costs, Tutor Payments, School Grants (as said terms are defined in the Financing Agreement) required for the Project, to be financed out of the proceeds of the Financing and procured, all in accordance with the provisions of the Legal Agreements;”.

**Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made

by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”