HB4892

CREDIT NUMBER 5878-VN

Financing Agreement

(Enhancing Teacher Education Program)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 6, 2017

CREDIT NUMBER 5878-VN

FINANCING AGREEMENT

AGREEMENT dated February 6, 2017, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and 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 financing in an amount equivalent to sixty-seven million eight hundred thousand Special Drawing Rights (SDR 67,800,000) (variously, "Credit" and "Financing") to assist in financing the Program.

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are June 1 and December 1 in each year.

2.07. The principal amount of the Financing shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program through the Ministry of Education and Training 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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consist of the following, namely the Program has been modified or suspended so as to affect materially and adversely the ability of the Recipient to achieve the objective of the Program.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Operations Manual has been duly adopted by Ministry of Education and Training.

5.02. The Additional Legal Matter consists of the following, namely, the Operations Manual has been duly adopted by Ministry of Education and Training, and the implementation provisions of said Operations Manual are legally binding in accordance with this Agreement.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Governor, or a Deputy Governor, of State Bank of Vietnam.

6.02. The Recipient's Address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 3825 0612

6.03. The Association's Address is:

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

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

AGREED at Hanoi, Vietnam as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By _____

Authorized Representative

Name: LE MINH HUNG

Title: Governor of the State Bank of Vietnc

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____

Authorized Representative

Name: OUSMANE DIONE

Title: COUNTRY DIRECTOR

SCHEDULE 1

Program Description

The objective of the Program is to strengthen teacher education institutions to enhance teacher and principal effectiveness through improved continuous professional development.

The Program consists of the following activities, which constitute the Recipient's program to be carried out in the period between 2016-2021, as further elaborated in the National Teacher Education Program (NTEP):

Part I: Developing capacity of teacher training institutions to enhance quality of trainings and continuous professional development for school teachers and principals

1. Improved capacity of Lead Teacher Training Universities and central teacher management units to enhance teacher and principal education effectiveness. Enhancement of the Recipient's institutional capacity to develop and deliver continuous professional development (CPD) training and support to teachers and principals by strengthening Lead Teacher Training Universities (LTTU).

2. Development of a teacher and principal training needs assessment system to inform CPD program development. Assessment of teacher and principal in service professional development/training needs using web-based Teacher Education Management Information System (TEMIS) to inform teacher and principal training and CPD programs.

3. School-based and continuous professional development for teachers and principals. Provision of special training to selected teachers and principals designated, respectively, as Core Teachers and Principal Advisors at LTTUs and support the provision of CPD training and support by Core Teachers and Principal Advisors to other teachers and principals.

4. Teachers and principals have access to CPD programs and resources through an Information and Communication Technologies-based system. Development of a Learning Management System (LMS) - easily accessible by teachers and principals – housing e-learning and e-support services designed to provide: (a) on-demand, interactive e-learning courses for an assortment of CPD needs; (b) tailored knowledge resources and personalized support; (c) opportunities to collaborate with peers and experts online; and (d) mechanisms to allow beneficiaries to evaluate CPD services received.

5. Implementation Support. Overall coordination, management, monitoring and evaluation, and supervision of the implementation of the Program in collaboration with concerned agencies and the independent verification agent.

Part II: Technical Assistance

1. Strengthening the Recipient's institutional capacity for the implementation of the of the Program, in strategic and crosscutting areas such as: (i) issuing and implementing teacher education policies, standards, and regulations; ii) coordinating strategies, actions, and initiatives across teacher education institutions and agencies to ensure system-wide coherence; (iii) monitoring and evaluating the implementation, impact and cost-effectiveness of teacher education programs, interventions, and policies to inform future initiatives; and (iv) promoting knowledge sharing, innovation, and communications in the domain of teacher education.

2. Carrying out a program of technical assistance activities designed to develop effective school-based CPD, innovative CPD programs, online platform to host TEMIS, LMS, professional profile of Core Teachers and Principal Advisors, relevant regulations and procedures, teacher and principal professional standards, training needs assessment methods, and training programs in selected subject areas.

3. Supporting the development of the Teacher Education Institutional Development Index to measure the effectiveness of LTTUs to provide quality and relevant services in a timely manner.

4. Carrying out third party verification of the achievement of agreed Disbursement Linked Results under the Program.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Institutional Arrangements

Without limitation upon Part A of this Section, the Recipient shall maintain at all times during Program implementation adequate institutional arrangements - satisfactory to the Association as necessary to achieve the objectives of the Program - as further detailed in the Operations Manual, including the Program Management Unit, which shall be maintained at the Ministry of Education and Training, and shall be responsible for *inter alia* day to day management and coordination of the Program.

D. Operations Manual

1. The Recipient shall, through Ministry of Education and Training, prepare an operations manual in form and substance satisfactory to the Association, containing detailed arrangements, policies, guidelines and procedures for implementation of the Program including inter alia: (a) disbursement and flow of funds arrangements; (b) institutional arrangements; (c) financial management,

governance and procurement systems; (d) environmental and social management systems including the ESSA and operation of grievance redress mechanism; (e) monitoring and evaluation, reporting and communication, including Program indicators; (f) Program Action Plan; (g) detailed arrangements for verification of achievement of the DLRs (including the verification protocol) and for quality review of the activities under Part II of the Program; (h) template of Performance Agreements as well as associated TEIDI assessment instruments and procedures and (i) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Program.

2. The Recipient, through Ministry of Education and Training, shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt such manual as shall have been acceptable by the Association (Operations Manual).

3. The Recipient shall, through Ministry of Education and Training, ensure that the Program is carried out in accordance with the arrangements and procedures set out in the Operations Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Operations Manuals and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Operations Manual or any of its provisions without prior written agreement by the Association.

E. Verification Arrangements

The Recipient, through Ministry of Education and Training, shall: (a) not later than six months after the Effective Date, recruit an independent verification agent, with experience and capacity, and under terms of reference satisfactory to the Association, and (b) thereafter cause said auditor to: (i) carry out the verification of compliance of the DLIs/DLRs which are set forth in the table in Section IV.A.2 of this Schedule and Schedule 4 to this Agreement; and (ii) not later than thirty days after the verification of compliance of said DLIs/DLRs has been completed, prepare and furnish to the Recipient and the Association, a report on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request.

F. Program Action Plan

Without limitation on the generality of Section I.A of this Schedule, the Recipient shall:

(a) undertake the actions set forth in the Program Action Plan;

(b) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Program Action Plan, or any provision thereof, without the prior written agreement of the Association; and

(c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Program Action Plan.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

A. in the opinion of the Association, 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: (1) works, estimated to cost USD 75 million equivalent or more per contract; (2) goods, estimated to cost USD 50 million equivalent or more per contract; (3) non-consulting services, estimated to cost USD 40 million equivalent or more per contract; or (4) consultants' services, estimated to cost USD 15 million equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one calendar year, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Program Financial Audits

Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the 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 seven months after the end of such period.

C. Midterm Review

The Recipient shall: (a) carry out jointly with the Association, by no later than October 31, 2019, a midterm review to assess the overall progress in implementation of the Program; (b) prepare and furnish to the Association, at least three (3) months prior to such review, a report, in scope and detail acceptable to the Association, needed to undertake the review, and (c) review, jointly with the Association, the report referred to in subparagraph (b) above and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

Section IV. Withdrawal of the Financing Proceeds for the Program

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 may specify from time to time by notice to the Recipient, to finance the Program Expenditures, on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A and Schedule 4 to this Agreement, respectively.

2. The following table specifies the categories for the withdrawal of the proceeds of the Financing and the allocated amounts of the Financing to each such Category including, as the case may be, the Disbursement Linked Indicators:

Category	Amount of the Financing Allocated (expressed in SDR)
(a) DLI #1: Institutional capacity of LTTUs to support the new Continuous Professional Development system for teachers and principals enhanced	19,260,000
(b) DLI #2: Systems are in place to: (i) measure whether teachers and principals meet new professional standards; (ii) track and record evaluations of CPD programs; and (iii) record assessments of CPD needs of teachers and principals	12,860,000
(c) DLI #3: Number of Core Teachers and Principal Advisors selected and trained to provide systematic face-to-face school-based CPD to teachers and principals	15,670,000
(d) DLI #4: Number of Core Teachers and Principal Advisors providing school-based continuous professional development to teachers and principals.	10,010,000
(e) DLI #5: Number of teachers and principals who are satisfied with ICT-based interactive CPD services provided under the Program	10,000,000
TOTAL AMOUNT	**67,800,0000**

B. Withdrawal Conditions for the Program

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement;

   (b) for any DLR referred to in Schedule 4 to this Agreement until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved on terms and in a manner acceptable to the Association.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may, from time to time, withdraw an amount of the Financing up to an aggregate amount not to exceed the equivalent of SDR 16,950,000 as an advance, provided, however, if any DLR set forth in Schedule 4 to this Agreement, in the opinion of the Association, has not been achieved (or has only been partially achieved) by the Closing Date, then the Recipient shall refund such advance(s) (or portion of such advances(s), as determined by the Association) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient,

the Association shall cancel the amount so refunded. Any further withdrawals requested as advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1 (b) of this Section: (a) the amount of the Financing to be withdrawn upon the verified achievement of any DLR shall be calculated in accordance with the DLR unit price per the actual target achieved, as set forth in the Operations Manual; and (b) if the Recipient has not furnished evidence satisfactory to the Association that any DLR has been achieved by the end of the Period corresponding to said DLR (if applicable on terms and in a manner acceptable to the Association), then the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (i) 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 Association, corresponds to the extent of achievement of said DLR; (ii) reallocate all or a portion of the proceeds of the Financing then allocated to such DLR to any other DLR(s); and/or (iii) cancel all or a portion of the unwithdrawn proceeds of the Financing then allocated to such DLR.

4. Notwithstanding the provisions of Part B.1 (b) of this Section, if the Association establishes after the Closing Date that the Withdrawn Financing Balance exceeds the total amount paid for Program Expenditures, exclusive of any such amounts financed by any other financier or by the Bank or the Association under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.

5. The Closing Date is June 30, 2022.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Financing repayable (expressed as a percentage)*
On each June 1 and December 1:	
commencing December 1, 2021 to and including June 1, 2031	**1.65%**
commencing December 1, 2031 to and including June 1, 2041	**3.35%**

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

SCHEDULE 4

Disbursement-Linked Indicators and Disbursement-Linked Results for each Period

Disbursement-Linked Indicators (DLI)	Disbursement-Linked Results				
	Period 1	Period 2	Period 3	Period 4	Period 5
DLI 1. Institutional capacity of LTTUs to support the new Continuous Professional Development system for teachers and principals enhanced	A total of eight (8) LTTUs have conducted TEIDI baseline assessment and signed Performance Agreements with MOET.		Each LTTU conducts an annual TEIDI assessment and MOET publishes the TEIDI scores on its website.	Each LTTU conducts an annual TEIDI assessment and MOET publishes the TEIDI scores on its website.	Each LTTU conducts an annual TEIDI assessment and MOET publishes the TEIDI scores on its website.
DLI 2. Systems are in place to: (i) measure whether teachers and principals meet new professional standards; (ii) track and record evaluations of CPD programs; and (iii) record assessments of CPD needs of teachers and principals.	MOET issues a circular describing guidelines and procedures to assess teachers and principals against new professional standards.	MOET establishes a Teacher Education Management Information System (TEMIS)	Up to fifteen (15) DOETs publish a TEMIS-generated CPD Annual Report for their respective province.	Up to thirty (30) DOETs publish a TEMIS-generated CPD Annual Report for their respective province.	Up to forty-five (45) DOETs publish a TEMIS-generated CPD Annual Report for their respective province.
DLI 3. Number of Core Teachers and Principal Advisors selected and trained to provide systematic face-to-face school-based CPD to teachers and principals	MOET issues a circular that defines rules and regulations for the selection, roles, responsibilities and working conditions of Core Teachers and Principal Advisors.	LTTUs provide basic training to 25,000 Core Teachers and 3,600 Principal Advisors.			
DLI 4. Number of Core Teachers and Principal Advisors providing school-based continuous professional development to teachers and principals.		Up to 6,000 Core Teachers and 900 Principal Advisors provide school-based continuous professional development to teachers and principals during Period	Up to 12,000 Core Teachers and 1,800 Principal Advisors provide school-based continuous professional development to teachers and principals during Period	Up to 18,000 Core Teachers and 2,700 Principal Advisors provide school-based continuous professional development to teachers and principals during Period	Up to 25,000 Core Teachers and 3,600 Principal Advisors provide school-based continuous professional development to teachers and principals during Period

		2, as per their individual annual plan.	3, as per their individual annual plan.	4, as per their individual annual plan.	5, as per their individual annual plan.
DLI 5. Number of teachers and principals who are satisfied with ICT-based interactive CPD services provided under the Program		MOET establishes a Learning Management System (LMS) that provides ICT-based interactive CPD services.	Up to 160,000 teachers and principals are satisfied with ICT-based interactive CPD services.	Up to 320,000 teachers and principals (additionally Periods 2 and 3) are satisfied with ICT-based interactive CPD services.	Up to 480,000 teachers and principals are satisfied with ICT-based interactive CPD services.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012 and revised July 10, 2015.

2. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement

3. "Core Teacher" means a senior school teacher, selected by the Department of Education and Training, to provide - under the Program - face-to-face CPD training and support to other teachers in the schools where they are deployed, in a manner and substance set forth in the Operations Manual.

4. "CPD Annual Report" means a TEMIS generated annual report presenting trends on professional standards, beneficiary assessments of CPD programs and assessments of CPD needs of teachers and principals.

5. "Department of Education and Training" or "DOET" means Recipient's department of education and training at the provincial level, and any successor thereto.

6. "Disbursement Linked Indicator" or "DLI" means an indicator set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of which a DLR is to be measured and "Disbursement Linked Indicators" or "DLIs" means, collectively, more than one, or said indicators (as the context may require).

7. "Disbursement Linked Result" or "DLR" means a result set forth in the table in Schedule 4 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; and "Disbursement Linked Results" or "DLRs" means, collectively, more than one, or all said results (as the context may require).

8. "ESSA" means the Environmental and Social Systems Assessment dated April 21, 2016 and applicable to the Program setting forth the description of the Program's activities, assessing the Recipient's environmental and social management systems, detailing the Program's environmental and social benefits, risks and impacts, and recommending remedial measures to strengthen the social and environmental systems performance.

9. "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.

10. "Lead Teacher Training Universities" or "LTTUs" means the following higher learning institutions selected to participate in the Program: Hanoi National University of Education, Hanoi Pedagogical University 2, Thai Nguyen University of Education - Thai Nguyen University, Departments of Teacher Education - Vinh University, Hue University of Education - Hue University, University of Education - The University of Da Nang, Ho Chi Minh City University of Pedagogy, and the National Institute of Education Management.

11. "Learning Management System" or "LMS" means a comprehensive learning management system that can make available four basic CPD services to teachers and principals namely: (i) on-demand, interactive e-learning courses for an assortment of continuous professional development needs; (ii) tailored knowledge (e.g. digitized and customizable lesson plans or videos of best practice) personalized support (e.g. help desks); and (iii) opportunities to collaborate with peers and experts online (e.g. through a social media teachers' network with mobile interface) and (iv) mechanisms to allow beneficiaries to evaluate CPD services received.

12. "Ministry of Education and Training" or "MOET" means the Recipient's ministry responsible for education or any successor thereto.

13. "National Teacher Education Program" or "NTEP" means the Recipient's program, authorized by the Recipient's Prime Minister, pursuant to Decision Number 732/QD-TTg, dated April 29, 2016.

14. "Operations Manual" means the manual referred to in Section I.D.2 of Schedule 2 to this Agreement, and such term includes any annexes or schedules to such Manual.

15. "Performance Agreement" means an agreement signed by an LTTU and MOET governing the LTTU participation in the Program, provide for funding of the LTTUs on the basis of performance, and setting forth inter alia the LTTU's TEIDI targets.

16. "Period" means any of the Periods 1 through 5 of Program implementation, as determined by the context.

17. "Period 1" means the first period of implementation of Program activities, expected to take place in date of signing of the Financing Agreement to December 31, 2017 in order to achieve the results shown in the second column of the table in Schedule 4 to this Agreement.

18. "Period 2" means the second period of implementation of Program activities, expected to take place in January 1, 2018 - December 31, 2018 in order to achieve the results shown in the second column of the table in Schedule 4 to this Agreement.

19. "Period 3" means the third period of implementation of Program activities, expected to take place in January 1, 2019 - December 31, 2019 in order to achieve the results shown in the second column of the table in Schedule 4 to this Agreement.

20. "Period 4" means the fourth period of implementation of Program activities, expected to take place in January 1, 2020 - December 31, 2020 in order to achieve the results shown in the second column of the table in Schedule 4 to this Agreement.

21. "Period 5" means the fifth period of implementation of Program activities, expected to take place in January 1, 2021 – December 31, 2021 in order to achieve the results shown in the second column of the table in Schedule 4 to this Agreement.

22. "Principal Advisor" means a school principal, selected by the Department of Education and Training, to provide - under the Program - face-to-face CPD training and support to principals of a cluster of six or seven schools, all in a manner and substance set forth in the Operations Manual.

23. "Program" means the activities described in Schedule 1 to this Agreement.

24. "Program Action Plan" or "PAP" means the action plan - annexed to the Operations Manual and - designed to strengthen the Program Fiduciary, Environmental and Social Systems, as said plan may be amended from time to time with the agreement of the Association.

25. "Program Fiduciary and Environmental and Social Systems" means the Recipient's systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

26. "Program Management Unit" means the unit referred to in Section I.C of Schedule 2 to this Agreement.

27. "Teacher Education Institutional Development Index" or "TEIDI" means a tool that assesses the readiness of the LTTUs to deliver quality teacher education programs and monitor their accountability using a quantified and weighted checklist of indicators to measure institutional performance.

28. "TEMIS" means the Recipient's teacher education management information system that among other things: (i) tracks teacher and principal professional standards rating; (ii) records beneficiary evaluations of CPD programs and interventions; and (iii) records teacher and principal CPD needs.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Wherever used throughout the General Conditions, the term "the Project" is modified to read "the Program", the term "the Project Agreement" is modified to read "the Program Agreement", the term "Project Implementing Entity" is modified to read "the Program Implementing Entity", the term "Project Report" is modified to read "Program Report"; and the term "Eligible Expenditures" is modified to read "Program Expenditures".

2. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

3. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (originally numbered as Section 2.03), the heading "*Applications for Withdrawal or for Special Commitment*" is replaced with "*Applications for Withdrawal*", and the phrase "or to request the Association to enter into a Special Commitment" is deleted.

5. The section originally numbered as Section 2.04, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed "Program Expenditures" in accordance with paragraph 1 of this Section II), is modified to read: "(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;".

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: "To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association."

8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: "Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.

9. Section 3.02 is modified to read as follows:

"Section 3.02. *Service Charge and Interest Charge*

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

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

10. Section 6.01, Cancellation by the Recipient, is modified to read: "The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance."

11. Paragraph (d) of Section 6.03, Cancellation by the Association, entitled "Misprocurement", is deleted, and subsequent paragraphs are relettered accordingly.

12. Section 6.04, Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.

13. In the **Appendix**, *Definitions*, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term "Special Commitment" set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.

14. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the

words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

15. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

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

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

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