OFFICIAL DOCUMENTS

ADDITIONAL FINANCING CREDIT NUMBER 5552-BD

AMENDMENT CREDIT NUMBER 4999-BD

Financing Agreement

(Additional Financing for the Third Primary Education Development Program and Amendment to the Original Financing Agreement)

between

PEOPLE’S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 25, 2015
FINANCING AGREEMENT

AGREEMENT dated January 25, 2015, entered into between PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

WHEREAS (A) under an agreement dated October 13, 2011, between the Association and the Recipient, as amended ("Original Financing Agreement"), the Association agreed to provide to the Recipient a credit in an amount equivalent to one hundred and eighty seven million five hundred thousand Special Drawing Rights (SDR 187,500,000) ("Original Financing") to assist in financing the Third Primary Education Development Program described in Schedule 1 to the Original Financing Agreement;

(B) the Recipient has requested the Association to provide additional financial assistance to scale up the activities described in the Original Financing Agreement by increasing the amount made available under the said agreement;

(C) the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in (a) this Agreement; and (b) the amendments to the Original Project in Section II of the Appendix to this Agreement;

(D) by an agreement to be entered into between the Asian Development Bank ("ADB") and the Recipient ("ADB Loan Agreement"), ADB will make a loan to the Recipient in a principal amount equivalent to one hundred twenty million United States Dollars (US$120,000,000) ("ADB Loan") to assist in financing the Project on the terms and conditions set forth in the ADB Loan Agreement;

(E) by an agreement to be entered into between the European Union and the Recipient ("EU Financing Agreement"), the European Union will make an additional grant to the Recipient in an amount equivalent to thirty four million five hundred thousand Euros (€34,500,000) to assist in financing part of the Project on the terms and conditions set forth in the agreement to be entered into between the Recipient and each of the European Union; and

(F) this Agreement: (i) sets out the terms and conditions related to the Additional Financing for the Third Primary Education Development Program (Credit Number 5552-BD); and (ii) amends the Original Financing Agreement (Credit Number 4999-BD);

NOW THEREFORE, 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 two hundred and sixty-nine million eight hundred thousand Special Drawing Rights (SDR 269,800,000) (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 January 15 and July 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 the Ministry of Primary and Mass Education 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 Event of Suspension consists of the following, namely that the Joint Financing Arrangement is dissolved without the Recipient making alternative Project co-financing arrangements acceptable to the Association.

4.02. The Co-financing Deadline for the effectiveness of each Co-financing Agreement is December 31, 2016.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Secretary or the Additional Secretary, or any Joint Secretary, Joint Chief, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Senior Assistant Chief, Assistant Secretary, or Assistant Chief of the Economic Relations Division of the Ministry of Finance.

6.02. The Recipient's Address is:

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-E-Bangla Nagar
Dhaka 1207, Bangladesh
Facsimile:

88029180671
6.03. The Association's Address is:

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

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

Washington, D.C.

AGREED at Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By

[Signature]

Authorized Representative

Name: [Name]
Title: [Title]

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Johannes Zett
Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to increase participation and reduce social disparities in primary education; (b) to increase the number of children completing primary education and improve the quality of the learning environment and measurement of student learning; and (c) to improve effectiveness of resource use for primary education.

The Project consists of the Original Project, and the description of the Project set forth in Schedule 1 to the Original Financing Agreement is incorporated in this Schedule 1 to this Agreement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The provisions of Section I.A of Schedule 2 to the Original Financing Agreement is incorporated herein, except for the words “not later than three (3) months after the Effective Date, establish and thereafter” in sections 1.A.1.(a) and 1.A.3.(a), and apply to this Agreement, *mutatis mutandis*, and the Recipient hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

2. The provisions of Section I.B of Schedule 2 to the Original Financing Agreement are incorporated herein, except that the words “May 1, 2012” are replaced by the words “May 1, 2015”, and apply to this Agreement, *mutatis mutandis*, and the Recipient hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

B. Annual Reviews

1. The Recipient shall:

   (a) by not later than May 31 of each year commencing May 31, 2015, carry out joint reviews of the Project and the Program with the Association and the Co-financiers to, *inter alia*, assess the progress of implementation and achievement of the agreed results, and identify obstacles or impediments, if any; and

   (b) maintain continuous dialogue with the Association and the Co-financiers to afford the latter the opportunity to discuss options, respond to requests for advice, or identify issues.

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 carry out the Project in accordance with the Environmental Management Framework, the Social Management Framework, and the relevant Safeguards Plans.
2. Whenever an additional or revised Safeguard Plan shall be required for any proposed Project activity in accordance with the provisions of the EMF and the SMF, as the case may be, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such Safeguard Plan: (i) prepared in accordance with the provisions of the EMF and the SMF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted, disclosed, and implemented as approved by the Association, in a manner acceptable to the Association;

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Plan; and

(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement shall occur before necessary resettlement measures consistent with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the EMF, the SMF or any Safeguard Plans, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a bi-annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the EMF, the SMF and the Safeguard Plans, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

5. In the event of any conflict between the provisions of any of the EMF, the SMF or the Safeguard Plans, and the provisions of 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 indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester, 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.  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 the 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 of the Program 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 nine (9) months after the end of such period.

Section III.  Procurement

A.  General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines and the provisions of this Section provided, however, that with respect of goods, works and non-consulting services (other than ICB Goods, Works and Non-Consulting Services) jointly financed with ADB, the ineligibility provided for in Section 1.10(c) of the Procurement Guidelines shall also extend to firms or individuals sanctioned by ADB prior to the date of this Agreement in accordance with procedures acceptable to the Association.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of
B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

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

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works, and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, following the procedures of the Procurement Laws, subject to the additional provisions set forth in paragraph 3 below; and (b) Shopping.

3. The following provisions apply for the contracting of goods, works and non-consulting services under National Competitive Bidding, using bidding documents acceptable to the Association:

   (a) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;

   (b) bids should be submitted and opened in public in one location immediately after the deadline for submission;

   (c) lottery in award of contracts shall not be allowed;

   (d) bidders' qualification/experience requirement shall be mandatory;

   (e) bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder; and

   (f) single stage two (2) envelope procurement system shall not be allowed.

C. **Review by the Association of Procurement Decisions**

Each: (1) contract for ICB Goods, Works and Non-consulting Services, and (2) contract identified in the Procurement Plan as subject to Prior Review, shall be subject to Prior Review by the Association. All other contracts for goods, works, and non-consulting services shall be subject to Post Review.
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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Project Eligible Expenditures under Annual Plans</td>
<td>269,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>269,800,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

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

   (a) no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed fifty three million and nine hundred sixty thousand Special Drawing Rights (SDR 53,960,000) may be made for payments made prior to this date but on or after July 1, 2014 for Project Eligible Expenditures;

   (b) the Recipient shall only request withdrawal for payments made under Category (1) if the Recipient shall have: (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the Association of the applicable IUFR: (A) evidencing the incurrence of Project Eligible Expenditures during the respective DLI Period for which payment is requested; (B) indicating the source of funds
(i.e. Original Financing Agreement or this Agreement) against which the payments during the respective DLI Period shall be financed; and (ii) furnished evidence acceptable to the Association, in accordance with a verification protocol acceptable to the Association, that the DLI for the respective DLI Period for which payment is requested has been fully achieved;

(c) Project Eligible Expenditures incurred during the DLI Periods in Year 0, Year 1, Year 2 and Year 3 shall be financed out of the proceeds of the Original Financing Agreement, and Project Eligible Expenditures incurred during the DLI Periods in Year 4, Year 5, Year 6 shall be financed from the proceeds of this Agreement; and

(d) withdrawals under Category (1) shall not exceed the lesser of: (a) the DLI Value allocated to each DLI during the respective DLI Period for which payment is requested; and (b) the amount of payments incurred during the DLI Period for which payment is requested.

2. Notwithstanding the foregoing:

(a) if the Association is satisfied that a DLI has been fully achieved before the end of the applicable DLI Period, the Association may authorize the withdrawal of an amount of the Financing equivalent to the DLI Value corresponding to such DLI before the end of such period;

(b) if the Association is satisfied with the achievement of a DLI which has been agreed to by the Association as a replacement for a DLI not achieved by its scheduled disbursement date ("a replacement DLI"), the Association may authorize the withdrawal of an amount of the Financing equivalent to the DLI Value corresponding to such replacement DLI;

(c) if the Association is not satisfied that any DLI has been fully achieved before the end of the applicable DLI Period, then the Association may, at any time by notice to the Recipient, decide, in its sole discretion, to authorize the withdrawal of an amount of the Financing equivalent to the DLI Value corresponding to such DLI at such later date (prior to the Closing Date), if and when the Association shall be satisfied that such DLI has been fully achieved; and

(d) no withdrawal may be made in respect of a partially achieved DLI.

3. In the event that the Association has withheld, or was entitled to withhold, any part of the Financing pursuant to paragraph 2 above, the Association may at any time, by notice to the Recipient cancel the amount(s) so withheld/to be withheld, and/or reallocate it(them), whether in full or in part, to any other DLI or DLIs.

7. The Closing Date is December 31, 2017.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15, commencing January 15, 2021 to and including July 15, 2052.</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* 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.
### SCHEDULE 4

**Disbursement Linked Indicators (DLIs)**

**I – Improving the Quality of the Learning Environment and the Measurement of Student Learning**

#### DLI 1: Production and Distribution of Textbooks

<table>
<thead>
<tr>
<th>Textbook distribution to schools spread over several months Textbook content still based on current curriculum</th>
<th>At least 75% of all eligible schools receive all approved textbooks (Grade I to V) within one month of school opening day</th>
<th>At least 80% of all eligible schools receive all approved textbooks (Grade I to V) within one month of school opening day</th>
<th>At least 85% of all eligible schools receive all approved textbooks (Grade I to V) within one month of school opening day</th>
<th>At least 90% of all eligible schools receive all approved textbooks (Grade I to V) within one month of school opening day</th>
<th>At least 90% of all eligible schools receive all approved textbooks for Grades 1 to 5 within one month of school opening day, which are all based on new curriculum developed by NCTB</th>
<th>At least 90% of all eligible schools receive all approved textbooks for Grades 1 to 5 within one month of school opening day, which are all based on new curriculum developed by NCTB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third party validation of monitoring mechanism completed</td>
<td>Monitoring mechanism improved with actions agreed upon by MoPME and MOE based on validation results</td>
<td>At least 90% of all eligible schools receive all revised Grade I textbooks based on new curriculum developed by NCTB within one month of school opening day</td>
<td>Recommendations from MoPME/DPE/NCTB workshop (2014) for ensuring textbooks are printed according to specification are actioned</td>
<td>Study on production and distribution of textbooks completed (including print quality)</td>
<td>A workshop held to review findings from the Year 5 Study on production and distribution of textbooks makes recommendations for future planning</td>
<td></td>
</tr>
</tbody>
</table>

#### DLI 2: Diploma in Primary Education
<table>
<thead>
<tr>
<th>Low standards and competencies guiding teacher training (inservice)</th>
<th>Comprehensive TED plan prepared and adopted by MoPME</th>
<th>All preparatory steps for introduction of Dip-ed completed in accordance with the Plan</th>
<th>Dip in Ed, piloted in 7 PTIs with number of instructors according to the plan</th>
<th>Dip in Ed offered in 29 PTIs with number of instructors according to the plan</th>
<th>DPEd framework updated and endorsed by NAPE/MoPME</th>
<th>DPEd offered in 36 fully functional PTIs with a minimum of 13 instructors</th>
<th>Recommendations from the Year 4 study reviewed and endorsed by MoPME</th>
<th>DPEd offered in 50 fully functional PTIs in line with the updated DPEd framework</th>
<th>Recommendations of Year 5 study reviewed and endorsed by MoPME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 5 completion exam implemented for all primary school students in 2009. Content focused on testing students' memory more than ability to use subject knowledge</td>
<td>A 5-year Action plan for improvements in Grade V terminal exam developed by NAPE and endorsed by MoPME and including revising test items to gradually transform exam into competency based-test</td>
<td>Revised 2011 Grade V terminal exam based on action plan and pilot results, implemented, including guidelines developed for markers and training of markers</td>
<td>Action plan implemented with at least 10% of items competency-based introduced in the 2012 Grade V terminal exam and an additional 15% of competency-based items piloted</td>
<td>Action plan implemented with at least 25% of items competency-based introduced in the 2013 Grade V terminal exam and an additional 25% of competency-based items piloted</td>
<td>Grade 5 PECE Framework updated and approved by NAPE/MoPME and action plan prepared to implement it and updated action plan implemented with at least 35% of competency-based items introduced in the 2014 Grade 5 PECE and piloting based on 100% of curriculum competencies</td>
<td>Updated action plan implemented with at least 65% of competency based items introduced in the 2016 Grade 5 PECE and piloting based on 100% of curriculum competencies</td>
<td>Updated action plan implemented with at least 65% of competency based items introduced in the 2016 Grade 5 PECE and piloting based on 100% of curriculum competencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New test items developed by NAPE on selected</td>
<td>Analysis of results of 2011 Grade V terminal examination</td>
<td>Analysis of results of 2012 Grade V terminal</td>
<td>Analysis of results of 2013 Grade V terminal</td>
<td>Analysis of results of 2014 Grade 5 PECE completed by DPE and</td>
<td>Analysis of results of 2015 Grade 5 PECE completed by</td>
<td>Analysis of results of 2015 Grade 5 PECE completed by</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DLI 3: Grade 5 PECE Strengthened**
<table>
<thead>
<tr>
<th>Competencies and piloted with accompanying guidelines for pilot test administration and training of test administrators</th>
<th>Completed by DPE and NAPE and results disseminated</th>
<th>Examination completed by DPE and NAPE and results disseminated</th>
<th>Examination completed by DPE and NAPE and results disseminated</th>
<th>NAPE and results disseminated</th>
<th>DPE and NAPE and results disseminated</th>
</tr>
</thead>
</table>

**DIL 4: Teacher Recruitment and Deployment**

Approximately, 5,000 to 6,000 vacancies to be filled every year. In addition, new positions needed to reduce classroom overcrowding. Teacher recruitment procedures in place are competitive and merit-based.

Assessment of needs for new teachers based on:
(i) verification of current teaching force and (ii) needs based infrastructure plan completed and approved by MoPME.

All teachers and head teachers' positions (vacancies and new positions) filled according to agreed recruitment procedures and on needs basis.

All teachers and head teachers positions (vacancies and new positions) filled according to agreed recruitment procedures and on needs basis.

All teachers and head teachers positions (vacancies and new positions) filled according to agreed recruitment procedures and on needs basis.

All teachers and head teachers positions (vacancies and new positions) filled according to agreed recruitment procedures and on needs basis.

All teachers and head teachers positions (vacancies and new positions) filled according to agreed recruitment procedures and on needs basis.

And (ii) at least 90% of new teacher and head teacher posts identified by the Year 0 assessment to be filled for the year filled.

And (ii) at least 90% of new teacher and head teacher posts identified by the Year 0 assessment to be filled for the year filled.

And at least 90% of new teacher and head teacher posts identified by the needs-based plan to be filled for the year filled.

At least 90% of teachers and head teachers (vacancies and all new positions) filled according to needs based plan.

At least 90% of teachers and head teachers (vacancies and all new positions) filled according to needs based plan.

Revised final proposal of career paths for teachers and head teachers and, career paths, recruitment and promotion rules for DPE officers (field and Head Quarter) submitted by MoPME to the committee of the Joint Secretary, Regulations, Ministry of Public.

Recruitment rules with career paths for teachers and head teachers and, career paths, recruitment and promotion rules for DPE officers (field and Head Quarter) approved by Government of Bangladesh.

A comprehensive study on contact hours and policies and interventions conducted with recommendations for increasing contact hours between teachers and students.

Recommendations of comprehensive study (Year 4) on contact hours endorsed by MoPME.

Action plan to implement recommendations from the contact hour study endorsed.
II – Improving Access and Reducing Social Disparities

### DLI 5: Pre-Primary Education

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>About 1.4 million children entering Grade 1 with some PPE prior experience</td>
<td>PPE provision in 43% of GPS mostly through non-government providers</td>
</tr>
<tr>
<td>Guidelines prepared and endorsed by MoPME on the role of NGOs in pre-primary education.</td>
<td>Integrated database of PPE provision by type of provider completed</td>
</tr>
<tr>
<td>At least 15,000 PPE teachers placed and trained in areas of greatest need</td>
<td>At least 60% of PPE teachers in GPS are trained in using new pre-primary curriculum and materials</td>
</tr>
<tr>
<td>Assessment of current status of implementation of minimum quality standards in PPE classrooms</td>
<td>Expansion Plan updated, incorporating equity and quality criteria</td>
</tr>
<tr>
<td>Plan for PPE expansion approved by MoPME</td>
<td>Curriculum, standards, and materials for PPE and teacher training approved by MoPME</td>
</tr>
<tr>
<td>PPE provision in at least 75 percent of GPS</td>
<td>PPE provision (trained teachers and PPE materials availability) in at least 75% of the 37,000 GPSs</td>
</tr>
<tr>
<td>50% of all GPS and NNGPS to develop plans to upgrade provision to meet PPE minimum quality standards</td>
<td></td>
</tr>
</tbody>
</table>

### DLI 6: Needs based Infrastructure Development

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>53% of GPS, 49% of RNGPS and 31% of community schools overcrowded</td>
<td>Need for about</td>
</tr>
<tr>
<td>Plan for prioritized needs based infrastructure finalized and approved by MoPME.</td>
<td>At least 10% of planned needs-based infrastructure development completed according to criteria and technical standards</td>
</tr>
<tr>
<td>At least 30% of planned needs-based infrastructure development completed according to criteria and technical standards</td>
<td>At least 35% of planned needs-based infrastructure development completed according to criteria and technical standards</td>
</tr>
<tr>
<td>At least 65% of planned needs-based infrastructure development completed according to criteria and technical standards</td>
<td>100% of planned needs based infrastructure development completed</td>
</tr>
</tbody>
</table>
### III – Improving Program Planning and Management, and Strengthening Institutions

#### DLI 7: Decentralized School Management and Governance

<table>
<thead>
<tr>
<th>Limited involvement of SMCs in school management and improvement</th>
<th>Revised circular/guidelines for SLIPs, including monitoring arrangements, approved by MoPME and distributed to all schools</th>
<th>SMC guidelines (in accordance with and including reference to SLIP guidelines) and mechanism for funds flow approved by MoPME</th>
<th>At least 60% of schools having prepared SLIPs and received funds according to the SMC guidelines</th>
<th>At least 75% of schools having prepared SLIPs and received funds according to SMC guidelines validated by expenditure tracking survey</th>
<th>Recommendations of expenditure tracking survey (PETS) and lessons learned study are endorsed by MoPME</th>
<th>At least 75% of schools (GPS and NNGPS) have prepared SLIPs and have received funds on the basis of guidelines updated in Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low capacity of Upazila offices to provide support to schools</td>
<td>50% of schools having prepared SLIPs and received funds according to the SMC guidelines</td>
<td>At last 10% of upazilas having prepared UPEPs and received funds according to the UPEP guidelines</td>
<td>At least 25% of Upazila having prepared UPEPs and received funds based on UPEP guidelines validated by expenditure tracking survey</td>
<td>At least 40% of Upazilas have prepared UPEPs according to UPEP 2012 guidelines</td>
<td>At least 50% of Upazilas have prepared UPEPs on the basis of updated guidelines</td>
<td></td>
</tr>
</tbody>
</table>
### DLI 8: Sector Finance

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11-12</td>
<td>Links between budgetary process and medium-term education sector strategy</td>
</tr>
<tr>
<td></td>
<td>still weak Low level of public financing of primary education</td>
</tr>
<tr>
<td>FY12-13</td>
<td>Primary education budget aligned with program framework and consistent with</td>
</tr>
<tr>
<td></td>
<td>12-17 MTBF</td>
</tr>
<tr>
<td>FY13-14</td>
<td>Actual primary education expenditures for FY11-12 within 15% deviation of</td>
</tr>
<tr>
<td></td>
<td>the originally approved budget</td>
</tr>
<tr>
<td>FY14-15</td>
<td>Actual primary education expenditures for FY12-13 within 15% deviation of</td>
</tr>
<tr>
<td></td>
<td>the originally approved budget</td>
</tr>
<tr>
<td>FY15-16</td>
<td>Actual primary education expenditures for FY13-14 within 15% deviation of</td>
</tr>
<tr>
<td></td>
<td>the originally approved budget</td>
</tr>
<tr>
<td>FY16-17</td>
<td>Actual primary education expenditures for FY14-15 within 15% deviation of</td>
</tr>
<tr>
<td></td>
<td>the originally approved budget</td>
</tr>
<tr>
<td>FY17-18</td>
<td>Revised FY 16-17 primary-education budget allocation aligned with program</td>
</tr>
<tr>
<td></td>
<td>framework</td>
</tr>
</tbody>
</table>

### DLI 9: Annual Primary School Census

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASC</td>
<td>M&amp;E and EMIS insufficiently staffed IT support functions preventing</td>
</tr>
<tr>
<td></td>
<td>adequate and timely data analysis and effective M&amp;E Census data covering</td>
</tr>
<tr>
<td></td>
<td>only</td>
</tr>
<tr>
<td>DPE</td>
<td>Plan approved by DPE to expand coverage of monitoring system to all primary</td>
</tr>
<tr>
<td></td>
<td>schools with periodic validations</td>
</tr>
<tr>
<td>ASC</td>
<td>ASC administration and report preparation and dissemination complete within</td>
</tr>
<tr>
<td></td>
<td>academic year covering at least 6 types of schools</td>
</tr>
<tr>
<td>APSC (AY 2015)</td>
<td>ASC administration and report preparation and dissemination complete within</td>
</tr>
<tr>
<td></td>
<td>academic year covering all primary schools</td>
</tr>
<tr>
<td>APSC (AY 2016)</td>
<td>ASC administration and report preparation and dissemination complete within</td>
</tr>
<tr>
<td></td>
<td>academic year covering all primary schools</td>
</tr>
<tr>
<td>APSC (AY 2017)</td>
<td>ASC administration and report preparation and dissemination complete within</td>
</tr>
<tr>
<td></td>
<td>academic year covering all primary schools</td>
</tr>
</tbody>
</table>

- ASC questionnaire to meet PEDP 3 requirements as approved by MoPME
- New ASC questionnaire fully implemented
- Internal data validation mechanisms in place and validation of data accuracy completed as reported in an
- Third party validation of validation census data completed
- Agreed recommendations from the third party validation (Year 3) are implemented
- Third party validation completed examining the accuracy of data compared to prior Third Party Validation
|       | IT function separated from EMIS function; EMIS and M&E staffed with at least 2 statisticians each | annex of the ASC report describing the background check used during data entry and the data cleaning rules, and possible other validation mechanism |       | M&E capacity assessment study completed |
## SCHEDULE 5

### DLI Values

I - Improving the Quality of the Learning Environment and the Measurement of Student Learning

<table>
<thead>
<tr>
<th>DLI 1: Production and Distribution of Textbooks</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI Value (in SDR)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DLI 2: Diploma in Primary Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI Value (in SDR)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DLI 3: Grade 5 Primary Education Completion Exam Strengthened</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI Value (in SDR)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DLI 4: Teacher Recruitment and Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI Value (in SDR)</td>
</tr>
</tbody>
</table>
II – Improving Access and Reducing Social Disparities

### DLI 5: Pre-Primary Education

| DLI Value (in SDR) | 5,204,332 | 5,188,596.78 | 5,208,333.33 | 5,790,593.78 | 11,241,666.67 | 11,241,666.67 | N/A |

### DLI 6: Needs based Infrastructure Development

| DLI Value (in SDR) | 5,204,332 | 5,188,596.78 | 5,208,333.33 | 5,790,593.78 | 11,241,666.67 | 11,241,666.67 | N/A |

III – Improving Program Planning and Management, and Strengthening Institutions

### DLI 7: Decentralized School Management and Governance

| DLI Value (in SDR) | 5,204,332 | 5,188,596.78 | 5,208,333.33 | 5,790,593.78 | 11,241,666.67 | 11,241,666.67 | N/A |

### DLI 8: Sector Finance

| DLI Value (in SDR) | 0 | 5,188,596.78 | 5,208,333.33 | 5,790,593.78 | 11,241,666.67 | 11,241,666.67 | 11,241,666.67 |

### DLI 9: Annual Primary School Census

| DLI Value (in SDR) | 5,204,332 | 5,188,596.76 | 5,208,333.33 | 5,790,593.76 | 11,241,666.67 | 11,241,666.67 | 11,241,666.59 |
APPENDIX

Section I. Definitions

1. "Affected Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.


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

5. "Co-financier" means each of ADB and the European Union, and "Co-financiers" means all the Co-financiers.

6. "Co-financing" means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount to be provided by a Co-financier to assist in financing the Project.

7. "Co-financing Agreement" means each agreement to be entered into between the Recipient and each of the Co-financiers providing for the Co-financing.

8. "Directorate of Primary Education" or "DPE" means the Recipient's Directorate of Primary Education or any successor thereto.

9. "DLI Period" means Year 0, Year 1, Year 2, Year 3, Year 4, Year 5 or Year 6, as applicable to a particular DLI as specified in Schedule 4 to this Agreement, during which period such DLI is set to be achieved.

10. "DLI" means each disbursement linked target specified in Schedule 4 to this Agreement set to be achieved by the Ministry of Primary and Mass Education during the respective DLI Period.

11. "DLI Value" means the amount of the Financing allocated in Schedule 5 to this Agreement to each respective DLI.

12. "EMP" means each environmental management plan, acceptable to the Association and prepared on the basis of the Environmental Management Framework, detailing the specific actions, measures and policies designed to address adverse environmental impacts and facilitate the achievement of the objectives of the Environmental Management Framework; as said plan and any annexes or schedules to such plan, may be revised from time to time with the prior written approval of the Association.
"Environmental Management Framework" and the acronym "EMF" mean the Recipient’s Environmental Management Framework dated February 27, 2011 and updated on September 8, 2014 duly approved by the Association and referred to in Section I.D.1. of Schedule 2 to this Agreement, which sets forth the principles and procedures, governing, inter alia: (i) screening for eligible activities under the Project; (ii) screening for potential safeguard issues, including the required actions to prepare safeguard documents, including, inter alia: EMPs when required; and (iii) and the environmental protection measures, if any, required to be undertaken in order to avoid or mitigate potential adverse environmental impacts; as said framework and any annexes or schedules to such framework, may be revised from time to time with the prior written approval of the Association.

"FY" means the Recipient’s fiscal year.

"General Conditions" means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.

"ICB Goods, Works and Non-Consulting Services" means goods, works and non-consulting services:

(a) to be provided under contracts with a value of: (i) $600,000 equivalent or more for goods and non-consulting services; and (ii) $5,000,000 equivalent or more for works, or such other values as shall be specified and updated during annual reviews of the Procurement Plan; and

(b) identified as such in the Procurement Plan.

"Inter-Ministerial Steering Committee" means the committee referred to in paragraph 1 of Section I.A of Schedule 2 to the Original Financing Agreement.

"IUFR" means each of the interim unaudited financial reports to be furnished to the Association by the Recipient under Section II.B.2 and Section IV.B.1.(b) of Schedule 2 to this Agreement, and to be attached to a Request for Withdrawal of proceeds under the Credit.

"Joint Financing Arrangement" means the arrangement setting forth the coordination arrangements among the Recipient, the Co-finance under the Original Financing Agreement and the Co-finance under this Agreement and the Association in the financing of the Project dated November 28, 2011, as amended.

"Ministry of Education” and “MOE” mean the Recipient’s Ministry of Education, or any successor thereto.

"Ministry of Primary and Mass Education” and the acronym “MoPME” mean the Recipient’s Ministry of Primary and Mass Education, or any successor thereto.

"Ministry of Public Administration” means the Recipient’s Ministry of Public Administration, or any successor thereto.

"Operating Costs" means the reasonable costs incurred on account of the implementation of the Project (which expenditures would not have been incurred absent the Project) including:
consumable materials and supplies (including office supplies), office equipment, communications, translation services, mass media and printing services, vehicle rental, operation and maintenance, fuel costs, charges for the opening and operation of bank accounts required for the Project, postage and handling, travel, lodging and per diems for the Project staff and officials on field visit; subscriptions to e-publishers, bandwidth cost including commodity internet.

24. "Original Financing Agreement" means the financing agreement for a Third Primary Education Development Program between the Recipient and the Association, dated October 13, 2011 as amended to the date of this Agreement (Credit Number 4999-BD).

25. "Original Project" means the Project described in the Original Financing Agreement.


28. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated October 20, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraph.

29. "Program" and the acronym "PEDP3" means the Recipient’s primary education program described in the "Program Document PEDP3" (March 2011, as revised in September 2014) prepared by the Directorate of Primary Education.

30. "Project Eligible Expenditures" means the reasonable cost of:

(a) goods, works and non-consulting services (including ICB Goods, Works and Non-Consulting Services);

(b) Operating Costs related to the implementation of the Project, including salaries of the Recipient’s staff;

(c) stipends to students approved and paid in accordance with the Recipient’s Stipend Distribution Policy 2006 (revised 2010) as revised from time to time; and

(d) grants to schools approved and paid in accordance with the requirements of the School Level Improvement Plan Guidelines dated 2007 as revised from time to time;

incurred by the Recipient under budget codes set forth in the Recipient’s budget heads for this Project (PEDP 3) corresponding to Pay of Officers; Pay of Establishment; Allowances; Supplies and Services (minus budget codes for Consultancy); Repairs & Maintenance; Grants in Aid; Revenue General (Contingencies); Capital Expenditure; Civil Works; and Customs Duty and VAT; and any other budget head for PEDP3, related to the above budget heads, as the Association shall agree.
31. “RAP” means any resettlement plan, acceptable to the Association, prepared in accordance with the provisions of the Social Management Framework and “RAPs” means all resettlement plans.

32. “Safeguard Plan” means any EMP, SECP, and/or RAP prepared or to be prepared by the Recipient in accordance with the EMF and the SMF and the provisions of Section I.D of Schedule 2 to this Agreement; and “Safeguard Plans” means, collectively, all such plans.

33. “Small Ethnic Communities” means, for purposes of the Project, the social groups (including tribes, minor races, ethnic sects and communities) residing or engaged in livelihood activities in specific areas (or where a concentration of ethnic people are present) under the Project from time to time; each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (a) close attachment to ancestral territories and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinct cultural group; (c) a language, often different from the Bangla language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production.

34. “SECP” means a small ethnic community plan, acceptable to the Association, prepared in accordance with the terms of the Social Management Framework when construction activities affect Small Ethnic Communities and “Small Ethnic Communities Plans” means all the small ethnic communities’ plans.

35. “Social Management Framework” and the acronym “SMF” mean the Recipient’s framework satisfactory to the Association, dated February 27, 2011 and updated on September 8, 2014 duly approved by the Association and referred to in Section I.D of Schedule 2 to this Agreement, which sets forth the principles and procedures, governing, inter alia: (i) screening for eligible activities under the Project, and (ii) screening for potential social issues, including the required actions to prepare safeguard documents, including, inter alia: SECPs and/or RAPs as per the relevant framework, when required; as said framework and any annexes or schedules to such framework, may be revised from time to time with the prior written approval of the Association.

36. “Technical Committee” means the committee referred to in paragraph 3 of Section I.A of Schedule 2 to the Original Financing Agreement.

37. “Upazilla” means the sub-district level administrative unit, within a district, in the territory of the Recipient.

38. “Year 0” means the period from January 1, 2011 to June 30, 2011.

39. “Year 1” means the period from July 1, 2011 to June 30, 2012.

40. “Year 2” means the period from July 1, 2012 to June 30, 2013.

41. “Year 3” means the period from July 1, 2013 to June 30, 2014.

42. “Year 4” means the period from July 1, 2014 to June 30, 2015.

43. “Year 5” means the period from July 1, 2015 to June 30, 2016.
44. "Year 6" means the period from July 1, 2016 to June 30, 2017.

Section II. Amendments to the Original Financing Agreement

1. The words "operating costs" are replaced by the words "Operating Costs" throughout the Original Financing Agreement.

2. Section 4.01 of the Original Financing Agreement is replaced by the following:

"4.01. The Additional Events of Suspension consist of the following:

(a) that by December 31, 2011 the Joint Financing Arrangement shall not have been entered into by at least ADB and two other Project Co-financiers without the Recipient making alternative Project co-financing arrangements acceptable to the Association; and

(b) that the Joint Financing Arrangement is dissolved without the Recipient making alternative Project co-financing arrangements acceptable to the Association."

3. Section I.E. of Schedule 2 to the Original Financing Agreement is replaced by Section I.D of Schedule 2 to this Agreement.

4. Section II.A.1. of Schedule 2 to the Original Financing Agreement is replaced by Section II.A.1 of Schedule 2 to this Agreement.

5. Section II.B.2. and II.B.3 of Schedule 2 to the Original Financing Agreement are replaced by Section II.B.2 and II.B.3 of Schedule 2 to this Agreement.

6. Section III of Schedule 2 to the Original Financing Agreement is replaced by Section III of Schedule 2 to this Agreement.

7. The disbursement table specified in Section IV.A.2 of Schedule 2 to the Original Financing Agreement is replaced by the following disbursement table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) ICB Goods, Works and Non-Consulting Services, and Project Eligible Expenditures for:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(a) First scheduled disbursement (on or about the Effective Date)</td>
<td>33,301,322.67</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Second scheduled disbursement (on or about January 31, 2012)</td>
<td>8,333,333.33</td>
<td>100%</td>
</tr>
<tr>
<td>(c) Third scheduled disbursement (on or about July 31, 2012)</td>
<td>46,697,371</td>
<td>100%</td>
</tr>
<tr>
<td>(d) Fourth scheduled disbursement (on or about July 31, 2013)</td>
<td>46,875,000</td>
<td>100%</td>
</tr>
<tr>
<td>(e) Fifth scheduled disbursement (on or about July 31, 2014)</td>
<td>52,115,344</td>
<td>100%</td>
</tr>
<tr>
<td>(f) Cancelled on November 11, 2014</td>
<td>177,629</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>187,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

8. Section IV.B.2 of Schedule 2 of the Original Financing Agreement is replaced by Section IV.B.2 of Schedule 2 to this Agreement.

9. The Closing Date referred to in Section IV.B.4 of the Original Financing Agreement is extended to December 31, 2017.

10. Schedule 4 to the Original Financing Agreement is replaced by Schedule 4 to this Agreement.

11. Schedule 5 to the Original Financing Agreement is replaced by Schedule 5 to this Agreement.

12. Replacement of definitions in Section I of the Appendix to the Original Financing Agreement with definitions from Section I of the Appendix to this Agreement.

Ethnic Communities”, “SECP”, “RAP”, “Program or PEDP 3”, and “Social Management Framework” included in Section I of the Appendix to this Agreement; provided however that references in such definitions to “Schedule 2 to this Agreement” shall be read as “Schedule 2 to the Additional Financing Agreement”.

13. Definitions added to Section I of the Appendix to the Original Financing Agreement.

(a) The definitions of “DLI Period”, “DLI Value”, “FY”, “Joint Financing Arrangement”, “Ministry of Education”, “Ministry of Public Administration”, “Operating Costs”, “Safeguard Plan” and “Upazilla”, set out in Section I of this Appendix are inserted in alphabetical order in Section I of the Appendix to the Original Financing Agreement and all the subsequent paragraphs are renumbered accordingly; provided however that references in such definitions to “Schedule 2 to this Agreement” shall be read as “Schedule 2 to the Additional Financing Agreement”.

(b) A new definition of “Additional Financing Agreement” is added to Section I of the Appendix to the Original financing Agreement as follows, and all subsequent paragraphs are renumbered accordingly: “Additional Financing Agreement” means the agreement for additional financing for the Third Primary Education Development Program between the Recipient and the Association, dated as of the date of this amendment (Credit Number 5552-BD).”

14. Deletion of definition from Section I of the Appendix to the Original Financing Agreement.

The definitions of “Consultant Guidelines” and “Tribal Peoples Plan” in Section I of the Appendix to the Original Financing Agreement is deleted in entirety.

15. Section II of the Appendix to the Original Financing Agreement is deleted in entirety.

16. Notwithstanding the provisions of Section 8.03 of the General Conditions applicable to this Agreement, the amendments to the Original Financing Agreement contained in this Section II shall become effective as of the date that this Agreement has been signed by both the Recipient and the Association.