

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5726-XK

Financing Agreement

(Education System Improvement Project)

between

REPUBLIC OF KOSOVO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated NOVEMBER 20 , 2015

CREDIT NUMBER 5726-XK

FINANCING AGREEMENT

AGREEMENT dated NOVEMBER 20, 2015, entered into between the REPUBLIC OF KOSOVO ("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 credit in an amount equivalent to seven million nine hundred thousand Special Drawing Rights (SDR 7,900,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 April 15 and October 15 in each year.

- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall, through MEST, carry out the Project 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 Conditions of Effectiveness consist of the following:
 - (a) The Recipient through MEST has in accordance with paragraph 1 of Section 1.A of Schedule 2 to this Agreement, established a Project Coordination Unit (PCU) and recruited core staff (including a Project coordinator, procurement specialist and financial management specialist) with qualifications and experience under terms of reference, and with resources satisfactory to the Association.
 - (b) The Recipient, through MEST, has adopted the Project Operations Manual which is prepared and approved in accordance with paragraph 4 of Section 1.A of Schedule 2 to this Agreement.
- 4.02. The Effectiveness Deadline is the date a hundred and twenty (120) 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 its Minister for Finance.

5.02. The Recipient's Address is:

Ministry of Finance
New Government Building
Mother Teresa Street
10000 Pristina
Republic of Kosovo

Facsimile:

+381-38-213-113

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 PRISTINA, R. OF KOSOVO of the day and year first above written.

REPUBLIC OF KOSOVO

By



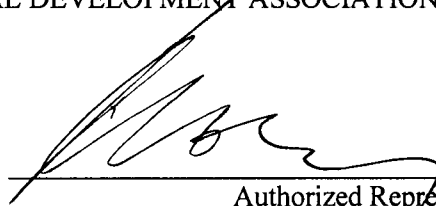
Authorized Representative

Name: H.E. AVDULLAH HOTI

Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: JAN-PETER OLTERS

Title: COUNTRY MANAGER FOR KOSOVO

SCHEDULE 1

Project Description

The objective of the Project is to strengthen selected systems that contribute to quality, accountability, and efficiency improvements in education in the Republic of Kosovo.

The Project consists of the following parts:

Part 1. Enhancing strategic planning, financial management, monitoring and decision – making in the education sector

(a) Strengthen strategic planning and financial management capacities of MEST, MEDs, schools and universities through training and technical assistance activities including:

(i) At the central level, *inter alia*: (A) carry out reviews of the national allocation formula for the education specific grant going to pre-university education and reviews of local budgeting processes in pre-university education; and (B) develop annual monitoring procedures for national and local budgeting processes and resource allocation based on the revised per capita financing formula, and develop education spending indicators to assess and monitor education spending efficiency.

(ii) At the municipal level, *inter alia*, provide support to MEDs to use the pre-university education financing formula and to apply the guidelines provided by MEST.

(iii) At the school level, *inter alia*, strengthen the financial management capacities of school directors.

(iv) At the university level, *inter alia*, strengthen governance and management structures and training including: (A) development of criteria and programs for full institutional financial autonomy; (B) defining accountability norms and standards through bylaws developed within the context provided by the Higher Education Law; and (C) development of procedures for assessing performance of university leaders and management.

(b) Enhance and modernize the systems and practices of data management and analysis in the education sector through activities including:

(i) Establish rules and procedures for effective information management, use, data analysis and dissemination.

(ii) Set up core central registries and detailed design of systems for integrated information management (new architecture and systems), and develop and implement key central registries (including student registry and school registry).

- (iii) Enhance the existing Education Management Information System platform for hosting and integrating existing and new information systems and databases, and its capabilities to aggregate data for more advanced statistical analysis and reporting.
- (iv) Build capacity of schools, MEDs, university leaders and managers, and central government staff (including MEST departments) in using the systems described above.
- (c) Provision of: (i) School Development Grants to Selected Schools to finance School Development Subprojects for the strengthening of school capacity to plan and manage resources, and promote citizen engagement; and (ii) technical assistance to support selected primary schools to prepare and implement multiple-year school development plans and training on management, planning and self-evaluation.

Part 2. Strengthening management capacity and accountability to enhance quality of education

- (a) Implement the career system for teachers' professional development, performance assessment, and career advancement; and strengthen, complement and systematize the teacher career system and licensing scheme through, *inter alia*, provision of technical assistance to support: (i) the development of a staggered implementation plan for teacher performance assessment; (ii) the development of a competency-based teacher licensing and promotion scheme; (iii) the development of an induction program for new teachers with temporary one-year licenses; and (iv) the improvement of the teacher's professional development including, the upgrade of the teacher licensing database.
- (b) Strengthen the capacities of key institutions for monitoring educational outcomes and assessment of student learning through activities including:
 - (i) Set up a model national assessment program incorporating procedures, technical standards and reporting methods aligned with international best practices.
 - (ii) Develop feedback systems for examination for decision makers and schools that are timely, and provide comprehensive information on learning outcomes.
 - (iii) Establish an integrated Information Communications Technology system for processing examinations and assessments.
 - (iv) Participate in international student assessments including, analyzing results.
- (c) Improve accountability and quality assurance of higher education through development of key professional licensing statutes in priority economic fields.

Part 3. Implementation and Communications Support

(a) Provide Project implementation support to MEST and PCU including financing of: (i) consultants' services and training for implementing and managing Project procurement, disbursements, financial management, monitoring and reporting; and (ii) Operating Costs; and (b) carrying out of communication and outreach activities (including, convening of working groups, seminars and workshops).

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional and Other Arrangements.

1. The Recipient, through MEST, shall establish, and thereafter maintain at all times during the implementation of the Project, a PCU within MEST: with functions and responsibilities satisfactory to the Association including, carrying out Project procurement, financial management, and reporting and monitoring implementation progress, and with resources and staffing (with qualifications, experience and under terms of reference) satisfactory to the Association
2. Within sixty (60) days from the Effective Date, the Recipient, through MEST, shall establish, and thereafter maintain, a Project Steering Committee chaired by the Minister of Education, Science and Technology or his designee, which Steering Committee shall meet at least on a semi-annual basis and be responsible for providing policy guidance for, and oversight of, the Project.
3. Within forty (40) days from the Effective Date, the Recipient, through MEST, shall establish, and thereafter maintain, a Project Implementation Committee chaired by the Minister of Education, Science and Technology or his designee, and consisting of, but not limited to, the Deputy Ministers of MEST, Directors and heads of relevant departments or divisions, and heads of executing agencies involved in Project implementation, which Project Implementation Committee shall meet monthly and be responsible for: (i) overall coordination of Project activities with those of donors in the education sector; (ii) reviewing and validating the draft Annual Work Plans and Budgets; (iii) addressing implementation issues; and (iv) coordinating between the respective Departments and Units responsible for implementation of the Project, and other Recipient government institutions, including, the Recipient's Ministry of Finance.
4. The Recipient, through MEST, shall:
 - (a) prepare, in accordance with terms of reference satisfactory to the Association, a Project Operations Manual setting out the operational and administrative procedures and requirements for Project implementation including: (i) financial management and procurement procedures in accordance with Sections II.B and III respectively of this Schedule 2; (ii) the staffing, management and responsibilities of the PCU; (iii) procedures for accessing, disbursing and accounting for funds under the Project; (iv) the procedures for Project monitoring, supervision and evaluation; and (v) the School Grant Manual;
 - (b) carry out the Project in accordance with an Project Operations Manual that has been approved by the Association; and

- (c) furnish to the Association for its prior approval, any proposed amendment to the provisions of the Project Operations Manual and thereafter, put into effect such amendment as shall have been agreed with the Association.

B. Anti-Corruption

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

C. School Development Grants

1. For the purpose of carrying out Part 1(c)(i) of the Project, the Recipient, through MEST, shall:
 - (a) Make School Development Grants available to Selected Schools on the terms and conditions set forth in the School Grant Manual including, without limitation, the terms and conditions set forth in paragraphs 2 and 3 of this Section I.C.
 - (b) Exercise its rights and carry out its obligations under the respective School Development Grant Agreement in relation to each such School Development Grant in such manner as to protect its interests and the interests of the Association, and except as the Association shall otherwise agree, the Recipient shall not assign, abrogate, amend, suspend, terminate, waive or otherwise fail to enforce any School Development Grant Agreement or any provisions thereof and in case of any inconsistency between the provisions of any School Development Grant Agreement and those of this Agreement, the provisions of this Agreement shall prevail.
 - (c) Supervise, monitor and report on the carrying out by Selected Schools of School Development Subprojects in accordance with the School Grant Manual.
2. The Recipient, through MEST, shall apply the criteria and procedures set out in the School Grant Manual in its appraisal and selection of schools and their proposed school development subprojects to be carried out under Part 1(c)(i) of the Project and shall exclude any activities on the negative list (including any activities that entail civil works) in the School Grant Manual.
3. Prior to making any School Development Grant available to a Selected School, the Recipient, through MEST, shall enter into a School Development Subproject Agreement with the MED of the municipality in which the Selected School is located and the Selected School, on terms and conditions acceptable to the Bank, including the right of the Recipient to:
 - (a) require the respective MED and Selected School to implement the respective School Development Subproject(s) with due diligence and efficiency and in accordance with sound technical, financial, managerial and social standards and practices satisfactory to the Association, including in accordance with the

provisions of the School Grant Manual and the Anti-Corruption Guidelines and to maintain adequate records;

- (b) require that: (i) the goods, non-consulting services or consultants' services to be financed out of the proceeds of the School Development Grant shall be procured in conformity with the provisions of Section III of Schedule 2 to the Financing Agreement; and (ii) such goods, non-consulting services and consultants' services shall be used exclusively for the carrying out of the School Development Subprojects;
- (c) inspect, by itself or jointly with representatives of the Association if the Association shall so request, such goods, non-consulting services, consultants' services included in the School Development Subprojects and any relevant records and documents;
- (d) obtain all such information as the Association or the Recipient shall reasonably request relating to the foregoing; and
- (e) suspend or terminate the right of the respective Selected School to the School Development Grant proceeds upon failure by such Selected School to perform its obligations under its respective School Development Subproject Agreement.

D. Annual Work Plan and Budget

- 1. The Recipient, through MEST, shall:
 - (a) prepare and furnish to the Association not later than November 15 of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; and (iii) any training activities that may be required under the Project including: (A) the type of training; (B) the purpose of the training; and (C) the cost of the training;
 - (b) afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the Association; and
 - (c) not make or allow to be made any change to the approved Annual Work Plan and Budget without the Association's prior written approval.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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

B. Financial Management, Financial Reports and Audits

1. The Recipient through MEST 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. The Recipient, through MEST, 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 through MEST shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

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

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule; (c) Shopping; and (d) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Commercial Practices which have been found acceptable to the Association; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the

amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services (including for Project audits), School Development Grants, Training and Operating Costs	7,900,000	100% of Expenditures and 100% of School Development Grants disbursed
TOTAL AMOUNT	<u>7,900,000</u>	

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, except that withdrawals up to an aggregate amount not to exceed SDR 359,000 equivalent may be made for payments made prior to this date but on or after September 15, 2014, for Eligible Expenditures
2. The Closing Date is December 31, 2019.

**ANNEX
To
Schedule 2
NATIONAL COMPETITIVE BIDDING – MODIFICATIONS**

The procurement procedure to be followed for National Competitive Bidding shall be the Open Tendering Procedure set forth in the Kosovo *Public Procurement Law No. 04/L-042* dated August 31, 2011 (the “PPL”), provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) and the following additional provisions:

1. Eligibility

Eligibility to participate in a procurement process for, and to be awarded, an Association-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.

2. Registration of Contractors and Suppliers

Registration shall not be used to assess bidders’ qualifications.

A foreign economic operator shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Recipient, prior to contract signing.

3. Bidding Documents

Bidding documents acceptable to the Association shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

4. Qualification

Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant; and (iii) capability of construction and/or manufacturing facilities.

Prequalification procedures and documents acceptable to the Association shall be used for large, complex and/or specialized works. The verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder's capability with respect to personnel and equipment.

In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post qualification, applying the qualification criteria stated in the bidding documents.

5. Cost Estimate

The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.

6. Bid Submission and Bid Opening

Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association's prior review.

7. Bid Evaluation

Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

No domestic preference shall be granted in bid evaluation on the basis of bidder nationality, origin of goods or services, and/or preferential programs. Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents, and (ii) to offer the lowest-evaluated cost. No negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

8. Rejection of All Bids and Re-bidding

All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence.

9. Bid Validity

The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the PPL. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process; a corresponding extension of any bid guarantee also shall be required in such cases. A bidder may refuse the request to extend the bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the Association.

10. Guarantees

Guarantees shall be in the format included in the bidding documents. The bid security shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made to without a suitable advance payment guarantee.

11. Fraud and Corruption

Each bidding document and contract financed out of the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The Recipient will sanction a firm or an individual, at any time, in accordance with prevailing Recipient sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Recipient-financed contract; and (ii) to be a nominated sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Recipient-financed contract.

12. Inspection and Audit Rights

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Recipient, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Recipient; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

13. Contract Modifications

With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the

scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing on October 15, 2020, to and including April 15, 2030	1.65%
commencing October 15, 2030, to and including April 15, 2040.	3.35%

* 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

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 and revised in January 2011.
2. "Annual Work Plan and Budget" means the work plan and budget prepared annually by the Recipient and approved by the Association in accordance with Section 1.D of Schedule 2 to this Agreement.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
5. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
6. "Higher Education Law" means Law No. 04/l-037 on Higher Education in the Republic Kosovo published in the Official Gazette of the Republic of Kosova No. 14/9 September 2011, Pristina, and as amended from time to time.
7. "MED" means Municipal Education Directorate of any municipality in the Republic of Kosovo.
8. "MEST" means the Recipient's Ministry of Education, Science and Technology or its legal successor thereto.
9. "Operating Costs" means the reasonable incremental expenses incurred by MEST and PCU under the Project, and based on the Annual Work Plan and Budget, consisting of expenditures for communications, translations, interpretation, advertising, lodging and per diem, (excluding the salaries of officials of the Recipient's civil servants).
10. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
11. "Procurement Plan" means the Recipient's procurement plan for the Project, dated August 4, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

12. "Project Coordination Unit" or "PCU" means the Recipient's unit to be established for the implementation of the Project pursuant to paragraph 1 of Section I.A of Schedule 2 to this Agreement and referred to in Section 4.01(a) of this Agreement.
13. "Project Operations Manual" means the manual to be prepared in accordance with paragraph 4(a) of Section I.A. of Schedule 2 to this Agreement and adopted by the Recipient pursuant to Section 4.01(b) of this Agreement.
14. "School Grant Manual" means the manual that details the eligibility criteria and application, selection and approval (including, establishment of a School Grants Approval Board to review and approve the list of beneficiary school and the school development plans) procedures for the selection of schools and school development subproject activities (including a negative list of activities) to be financed by School Development Grants, as well as the terms and conditions applicable to the School Development Grants, which School Grant Manual forms part of the Project Operations Manual.
15. "School Development Grant" means a grant made by the Recipient out of the proceeds of the Financing to a Selected School in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
16. "School Development Grant Agreement" means any agreement signed between the Recipient, the MED of the municipality in which the Selected School is located and the Selected School for the provision of a School Development Grant to carry out a School Development Subproject.
17. "School Development Subproject" means a school development subproject under Part 1(c)(i) of this Project to be carried out by a Selected School utilizing the proceeds of a School Development Grant and made available pursuant to a School Development Grant Agreement.
18. "Selected School" means a school which has been selected for the carrying out of a School Development Subproject in accordance with the eligibility criteria and procedures set forth in the School Grant Manual.
19. "Training" means the reasonable costs associated with the training, workshop and study tour participation of personnel involved in Project activities, as specified in the Annual Work Plan and Budget, said costs to consist of travel and subsistence for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshops or study tour preparation and implementation (but excluding costs of consultants' services).