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CONFORMED COPY

EFA-FTI TF GRANT NUMBER TF097384

**Education for All – Fast Track
Initiative (EFA-FTI)
Catalytic Trust Fund
Grant Agreement**

(EFA-FTI CF Program)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION**

(acting as Administrator of grant funds provided under
the EFA-FTI Catalytic Trust Fund)

Dated August 12, 2010

EFA-FTI TF GRANT NUMBER TF097384

**Education for All – Fast Track Initiative (EFA-FTI) Catalytic Trust Fund
GRANT AGREEMENT**

AGREEMENT dated August 12, 2010, entered into between: LAO PEOPLE'S DEMOCRATIC REPUBLIC ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as Administrator of grant funds provided under the EFA-FTI Catalytic Trust Fund.

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01 The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008, ("Standard Conditions"), with the modifications set forth in Section II of 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 Standard Conditions or in this Agreement.

**Article II
The Program**

- 2.01. The Recipient declares its commitment to the objective of the program described in Schedule 1 to this Agreement ("Program"). To this end, the Recipient shall carry out the Program through the MOE in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to thirty million United States Dollars (\$30,000,000) ("Grant") to assist in financing the Program.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Additional Remedies

- 4.01. The Additional Events of Suspension referred to in Section 4.02(i) of the Standard Conditions consist of the following:
 - (a) the right of the Recipient to withdraw the proceeds under the Financing Agreement Amending and Restating Development Financing Agreement and Providing Additional Financing for the Second Education Development Project dated February 8, 2010 shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the said Financing Agreement;
 - (b) the Co-financing Agreement has failed to become effective by December 31, 2010, or such later date as the World Bank has established by notice to the Recipient; provided, however, that the provisions of this paragraph shall not apply if the Recipient establishes to the satisfaction of the World Bank that adequate funds for the Program are available from other sources on terms and conditions consistent with its obligations under this Agreement;
 - (c) subject to paragraph (d), the right of the Recipient to withdraw the proceeds of any grant made to the Recipient by the Co-financier for the financing of the Program shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; and
 - (d) sub-paragraph (c) of this Section 4.01 shall not apply if the Recipient establishes to the satisfaction of the World Bank that:
 - (i) such suspension, cancellation, or termination is not caused by the failure of the Recipient to perform any of its obligations under such Co-financing Agreement; and
 - (ii) adequate funds for the Program are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

Article V
Recipient's Representative; Addresses

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
23 Singha Road
Nongbone Village
Saysettha District
Vientiane, Lao PDR
Facsimile: 856-21-412142

5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:	Telex:	Facsimile:
INTBAFRAD or INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Vientiane, Lao People's Democratic Republic, as of the day and year first above written.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By /s/ Viengthong Siphandone

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT AND INTERNATIONAL DEVELOPMENT
ASSOCIATION acting as Administrator of grant funds provided
under the EFA-FTI Catalytic Trust Fund

By /s/ Annette Dixon

Authorized Representative

SCHEDULE 1

Program Description

The objective of the Program is to support the Recipient to increase the coverage and improve the quality of pre-primary and primary education with a focus on the most educationally disadvantaged children.

The Program consists of the following parts:

Part A: Access and Quality for Pre-Primary and Primary Education

1. Community-Based Contracting for School Construction

Carry out a community-based contracting program for school construction at the village level in the Program Districts, including the provision of Construction Sub-project Grant or, in particular cases other sub-grants.

2. Community Grants

Carry out a Community Grant program to support the VEDCs, through the provision of Community Grants for the purchase of, *inter alia*: (i) basic materials and clothes for the children attending school; and (ii) goods necessary for school maintenance.

3. Quality Inputs

Support schools and the VEDCs through the provision of, *inter alia*: (a) textbooks, teachers' guides, pedagogical material; (b) training to teachers, VEDC members, officials from DEB, PES and MOE in pedagogical matters; (c) scholarships for girls from ethnic groups to be qualified teachers for pre-primary schools; and (d) technical assistance in the development of pedagogical material.

4. School Feeding

Carry out a school feeding program for primary and pre-primary school children in remote rural communities.

5. Non-Formal Education

Provide educational services in areas where no primary school is accessible within a walking or boating distance of thirty (30) minutes, including *inter alia*: (a) primary equivalency education through mobile teachers; (b) community-based school readiness programs; (c) the development of teaching material; and (d) training of teachers and pre-primary caregivers.

Part B: Stewardship of Education Sector at Local, Provincial and Central Levels

1. Strengthen Policy Planning and Implementation Capacities at Central and Local Levels

Carry out a program to strengthen the capacity of MOE in, *inter alia*, policy planning, budgeting and implementation capabilities at the central, provincial and district levels.

2. Strengthen Functioning of Educational Management Information Systems

Support MOE in the implementation of the EMIS Strategy in accordance with the EMIS Strategy Implementation Plan to ensure the timely availability of reliable and accurate data about the educational system and the use of such data for decision making.

3. Student Assessment

Support MOE in: (a) the implementation of the Assessment of Student Learning Outcomes; and (b) the development of a Lao language version of the Early Grade Reading Assessment.

4. Strengthen Monitoring and Evaluation Capacity

Enhance the capacity of MOE to implement the Performance Assessment Framework.

5. Program Management

Support the ESDF Coordination Unit in project management, conduct workshops, and carry out audits.

SCHEDULE 2

Program Execution

Section I. Institutional and Other Arrangements

A. Implementation Arrangements

1. The Recipient shall:

(a) maintain, until completion of the Program, the Program Advisory Council, chaired by the Vice Minister of Education and consisting of, *inter alia*, senior representatives of the MOE, MPI, MOF, the Ethnic Committee of the National Assembly, the Governor of each of the Program Provinces, the director of the Provincial Education Services of each of the Program Provinces, the Lao Front for National Construction, and the Institute for Linguistic Research, for the purpose of providing overall coordination and oversight of implementation of the Program and assigned with qualified staff in adequate numbers, in a manner and substance satisfactory to the World Bank;

(b) maintain, until completion of the Program, the Program Steering Committee, chaired by the Vice Minister of Education, and consisting of:

(i) the directors of all the departments within the MOE; and

(ii) representatives from the MPI and the MOF for the purpose of providing inter-ministerial coordination of Program activities;

assigned with qualified staff in adequate numbers and provided with sufficient funds, facilities and resources, all in a manner and substance satisfactory to the World Bank;

(c) maintain, until completion of the Program, a Program Working Group, consisting of a representative from each of the Implementing Units, chaired by the deputy director general of the DPC, for the purpose of coordinating and supporting Program activities, provided with sufficient resources and assigned with qualified staff in adequate numbers, in a manner and substance satisfactory to the World Bank; and,

(d) maintain, throughout the period of implementation of the Program, an ESDF Coordination Unit:

(i) to, *inter alia*: (A) provide overall management for the Program; (B) liaise with development partners; and (C) coordinate all aspects of the community-based contracting approach; and

- (ii) assigned with qualified staff consisting of, *inter alia*, a program coordinator, a program manager, a counterpart technical adviser, and administrative staff in adequate numbers, in a manner and substance satisfactory to the World Bank.

2. The Recipient shall:

- (a) implement and maintain until completion of the Program:
 - (i) a Program Implementation Manual, satisfactory to the World Bank, that includes, *inter alia*: (i) Program implementation arrangements; (ii) the procurement procedures set forth in Section III of this Schedule 2 and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit arrangements as set forth in Section II of this Schedule 2; (iv) the Program performance indicators, consistent with the provisions set forth in Section II.A.1 to this Schedule 2; and (v) procedures for the monitoring and reporting of the progress of the Program;
 - (ii) a Financial Management Manual, satisfactory to the World Bank, that sets forth the day-to-day financial management measures and procedures to be undertaken by the Recipient in the carrying out of the Program, consistent with the provisions set forth in Section II of this Schedule; and
 - (iii) in respect of Part A.1 of the Program, an Operational Manual for Community-Based Contracting, satisfactory to the World Bank, for the purposes of setting forth, *inter alia*, the principles of the Program, implementing entities' responsibilities, program staffing and program cycles, quality control, procurement arrangements consistent with Section III of this Schedule, monitoring and evaluation processes, flow of funds, the Land Acquisition Process Framework, Environmental Guidelines and the Ethnic Group Development Plan;
- (b) carry out the Program in accordance with the relevant provisions of the manuals referred to in paragraph (a), in a manner and substance satisfactory to the World Bank, and shall not amend, revise, delete, suspend, abrogate, or waive such manuals, or any part or parts thereof, without the prior written approval of the World Bank;
- (c) maintain: (i) a Program manager to be responsible for the day-to-day management of the Program; (ii) an Implementing Unit and Implementing Unit head within each of the MOE's departments, centers, institutes and the NUOL; and (iii) a Provincial Implementing Unit in each of the Project Provinces and a District Implementing Unit in each

corresponding Program Districts, provided with sufficient resources and assigned with qualified staff in adequate numbers, in a manner and substance satisfactory to the World Bank;

- (d) provide such other requisite resources as shall be satisfactory to the World Bank;
 - (e) take all measures necessary to enable said Program manager, Implementing Unit, Implementing Unit heads, Provincial Implementing Unit and District Implementing Unit to carry out their respective activities under the Program in a manner and substance satisfactory to the World Bank;
 - (f) maintain the services of independent auditors, when required during Program implementation, satisfactory to the World Bank, to assist the Recipient in carrying out its obligations set forth in Section II of this Schedule;
 - (g) maintain, until completion of the Construction Sub-project Grants in a Program District, district engineers in said Program District whose qualifications and experience shall be acceptable to the World Bank;
 - (h) maintain, until completion of the Program, a computerized financial management system in the department of finance in the MOE, and train the accounting staffs of the MOE in the Program Provinces and the Program Districts in the preparation of financial monthly reports; all in a manner and substance satisfactory to the World Bank; and
 - (i) carry out its procurement activities in accordance with, *inter alia*, procurement bidding documents acceptable to the World Bank, in a manner and substance satisfactory to the World Bank.
3. In the event of any inconsistency between the provisions of this Agreement and those of any of MOE's, Financial Management Manual and Operational Manual for Community-Based Contracting, the provisions of this Agreement shall prevail.

B. Sub-grants

- 1. No Sub-grant shall be eligible for financing out of the proceeds of the Financing unless the corresponding proposals for the Sub-project has been prepared and submitted, and the review of proposals and award of the Community Grant or Construction Sub-project Grant has been undertaken, in accordance with the guidelines, procedures and selection criteria set forth in the Implementation Manual and the Operational Manual for Community Based Contracting.

2. No Sub-grant shall be made to finance expenditures pertaining to or involving:
 - (a) the use of environmentally hazardous goods (including asbestos, pesticides and herbicides), arms or drugs;
 - (b) the manufacture or use of dynamite;
 - (c) activities within a nature reserve or any other area designated by the Recipient for the management and/or the protection of biodiversity, except with the prior written approval of the Recipient's agency responsible for the management and/or protection of such area; or
 - (d) the provision of goods, works or services, directly or through intermediaries, by suppliers or contractors, as the case may be, who have been declared ineligible to participate in the procurement of any Bank-financed or Association-financed contract, whether indefinitely or for a stated period of time, as a result of a decision of the Bank or the Association, and in accordance with the terms of the decision.

3.
 - (a) A Community Grant may be provided to support activities under Part A.2 of the Program pertaining to Sub-projects, provided, however, that such Sub-projects:
 - (i) are technically and financially feasible, and capable of being implemented by the communities themselves with only locally available technical assistance;
 - (ii) are of benefit to the communities, and to the poor in particular; and
 - (iii) respond to a public need.
 - (b) The amount of each Community Grant shall be determined in accordance with the provisions of the Program Implementation Manual and the Operational Manual for Community-Based Contracting, as the case may be.

4.
 - (a) A Construction Sub-project Grant may be provided to support activities under Part A.1 of the Program pertaining to Sub-projects, provided, however, that such Sub-projects:
 - (i) are technically and financially feasible, and capable of being implemented by the communities themselves with only locally available technical assistance;
 - (ii) are of benefit to the communities, and to the poor in particular; and
 - (iii) respond to a public need.
 - (b) The amount of each Construction Sub-project Grant shall be determined in accordance with the provisions of the Program Implementation

Manual and the Operational Manual for Community-Based Contracting, as the case may be.

5. With respect to each eligible Sub-project for which the Recipient has decided to make available a Sub-grant, the Recipient shall enter into or cause to be entered into a Community Grant Agreement or a Construction Sub-project Grant Agreement with the proposed Participating Village on terms and conditions approved by the World Bank, which shall include the following:
 - (a) the amount of the Sub-grant which shall be denominated in Kip;
 - (b) details of agreed disbursement schedules;
 - (c) provisions to suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the beneficiary's failure to perform any of its obligations under the Sub-grant Agreement; and
 - (d) requirements to: (i) carry out its Sub-project with (A) due diligence and efficiency and in accordance with due diligence and efficiency and in conformity with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for such Construction Sub-project and Community Sub-project; and (B) in accordance with the provisions of the Anti-Corruption Guidelines Applicable to Recipients of Grant and Credit Proceeds other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose of the Sub-project; (iii) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of Section III of Schedule 2 to this Agreement; (iv) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-project; (v) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; (vi) from time to time, at the request of either the Recipient or the World Bank, exchange views with the Recipient and the World Bank regarding progress achieved in carrying out its Construction Sub-project and Community Sub-project; and (vii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.
6. No Sub-project shall be eligible for financing out of the proceeds of the Financing unless a Sub-grant Agreement has been concluded to this effect on terms and conditions set forth in this Part B and the Program Implementation Manual and the Operational Manual for Community-Based Contracting.

7. The beneficiary shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of said Sub-grant Agreement. Except as the World Bank shall otherwise agree in writing, the beneficiary shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

C. Anti-Corruption

The Recipient shall ensure that the Program is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section III of the Appendix to this Agreement.

D. Safeguards

1. In the carrying out of the Program, the Recipient shall:
 - (a) take and cause to be taken all such actions as shall be necessary to apply and cause to be applied:
 - (i) the Environmental Guidelines; and
 - (ii) the Ethnic Group Development Plan; and
 - (b) not amend, revise, delete, abrogate, suspend, or waive any of such Guidelines, or Plan or any provision thereof, without the written prior consent of the World Bank.
2. In the event of any inconsistency between the provisions of this Agreement and those of any of the Environmental Guidelines, and the Ethnic Group Development Plan, the provisions of this Agreement shall prevail.

Section II. Program Monitoring, Reporting and Evaluation

A. Program Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in Annex C to this Schedule 2. Each Program Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report

shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Program are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Program audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such 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 World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All goods, works and services required for the Program and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (a) Section I of the Procurement Guidelines in the case of goods and works, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and
 - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Program in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines.
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (a) National Competitive Bidding in accordance with the Recipient's Decree of the Prime Minister on Government Procurement of Goods, Construction, Maintenance and Services, 03/PM dated January 9, 2004, and in the Implementing Rules and Regulations on Government Procurement of Goods, Works, Maintenance and Services dated March 12, 2004, subject to the procedures listed in Annex B to this Schedule 2; (b) Shopping; (c) Direct Contracting on an exceptional basis with World Bank's written prior concurrence; (d) Force Account on an exceptional basis with World Bank's written prior concurrence; and (e) Community Participation procedures acceptable to the World Bank.

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 assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection on an exceptional basis with World Bank's prior concurrence; (e) Selection of Individual Consultants; and (f) Sole Source Procedures for the Selection of Individual Consultants on an exceptional basis with World Bank's prior concurrence.

D. Review by the World Bank of Procurement Decisions

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

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Works, Consultants’ services, Incremental Operating Costs and Training and Workshops under the Program	17,049,000	100%
(2) Construction Sub-project Grants	8,871,000	100% of amounts disbursed
(3) Community Grants	2,020,000	100% of amounts disbursed
(4) Unallocated	2,060,000	
TOTAL AMOUNT	30,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is August 31, 2013.

ANNEX A
to
SCHEDULE 2

Program Provinces and Program Districts

	Province	FTI-CF Districts	Check with Somkhan's list
1	17 Attapeu	1701 Xaisettha	1701 Xaysetha
2		1703 Samakkhixay	1703 Sanamxay
3		1704 Sanxay	1704 Sanxay
4		1705 Phouvong	1705 Phouvong
5	16 Champasak	1604 Pakxong	1604 Pakxong
6		1605 Pathoomphone	1605 Pathoomphone
7	15 Sekong	1501 Laman	1504 Thateng
8		1502 Karum	1502 Caleum
9		1503 Dakchung	1503 Dakcheung
10	14 Saravane	1401 Saravane	1401 Saravane
11		1402 Ta-Oy	1402 Ta-Oi
12		1403 Toumlan	1403 Toomlarn
13		1407 Laongam	1407 Laongarm
14		1408 Samouay	1408 Samoui
15	13 Savannakhet	1302 Outhomphon	1302 Outhomphon
16		1304 Phin	1304 Phine
17		1305 Xepon	1305 Sepone
18		1306 Nong	1306 Nong
19		1307 Thapangthong	1307 Thapangthong
20		1310 Xonbouri	1310 Xonbuly
21		1312 Vilabouri	1312 Vilabuly
22		1313 Atsaphon	1313 Atsaphone
23		1315 Phalanxai	1315 Phalanxay
24	12 Khammouane	1206 Boualapha	1206 Boualapha
25		1207 Nakay	1207 Nakai
26		1208 Xebangfai	1208 Xebangfay
27		1209 Xaibouathong	1209 Xaybuathong
28	11 Borikhamxay	1107 Saychamphone	1107 Saychamphone
29	10 Vientiane Province	1013	1013 Muen
30	9 Xienghuang	904 Khoun	904 Khoun
31		905 Mok-Mai	905 Mok
32	8 Xayabury	811 Saysathane	811 Saysathane
33	7 Huaphanh	704 Viangxai	704 Viengxay
34		705 Houamuang	705 Huameuang

35		706 Xam-Tai	706 Xamtay
36		707 Sopbao	707 Sobbao
37		708 Et	708 Add
38	6 Luang Prabang	605 Nambak	605 Nambak
39		606 Ngoy	606 Gnoi
40		612 Phontong	612 Phontong
41	5 Bokeo	503 Meung	503 Meung
42		504 Pha-Oudom	504 Pha-Oudom
43		505 Paktha	505 Paktha
44	4 Oudomxay	402 La	402 La
45		403 Namo	403 Namor
46		404 Nga	404 Nga
47		405 Beng	405 Beng
48	3 Luang Namtha	302 Sing	302 Sing
49		303 Long	303 Long
50		304 Viangphoukha	304 Viengphoukha
51		305 Nale	305 Nalae
52	2 Phongsaly	201 Phongsali	201 Phongsaly
53		202 Mai	202 May
54		203 Khoa	203 Khoua
55		204 Samphan	204 Samphanh
56		206 Gnot-Ou	206 Nhot-Ou

**ANNEX B
To
SCHEDULE 2**

National Competitive Bidding Procedures

1. Bidding documents and contracts under national competitive bidding procedures financed by the World Bank shall include a provision requiring suppliers contractors and their subcontractors to permit the World Bank to inspect their accounts and records relating to the bid submission and the performance of the supplier and/or contractor, as the case may be, and to have them audited by auditors appointed by the World Bank, if so required by the World Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.
2. Immediately after completion of the bid opening proceedings, a copy of the bid opening record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the bid opening record shall be provided to all bidders who submitted bids.
3. The Recipient shall publish the following information on contract award on a free or open access website when it becomes operational or on another means of publication acceptable to the World Bank: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for rejection; (e) name of the winning bidder, contract price, explanation if it is different than the bid price as well as the duration and summary scope of the contract awarded; and (f) contract variation orders. This publication shall be updated quarterly.
4. The eligibility of bidders shall be as defined under section I of the Bank's Guidelines for Procurement under IBRD Loans and IDA Credits, published by the Bank in October 2006; accordingly, a firm or individual previously declared ineligible by the World Bank based on determination by the World Bank that this firm or individual has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices shall be declared ineligible to be awarded a contract financed by World Bank.
5. The World Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank and the Recipient, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a World Bank-financed contract.

ANNEX C

To

SCHEDULE 2

Performance Indicators

Program Outcome Indicators (PAF number in parentheses)	Baseline 2008-2009	Target Values			Data Collection and Reporting		
		YR1	YR2	YR3	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Primary Completion Survival Rate to grade 5*□; (in 56 targeted districts)	54.2	57	61	64	Yearly	EMIS	ESTIC
Gender Parity Index for Primary Education; *□	0.88	0.92	0.94	0.96	Yearly	EMIS	ESITC
Decline in shortfall of qualified teachers at Primary level; □	0	0	750	750	Yearly	EMIS	ESITC
Decline in shortfall of classrooms at the Pre-Primary and Primary level; □	0	228	228+266	228+266+266	Yearly	EMIS	ESITC
System for Learning Assessment (using Core IDA rating scale) □	1	1	2	2	Yearly	ASLO	RIES
Enrolment in targeted areas by category * (gender, ethnicity, location, grade-level) (1.5.1.a-1.5.2.a-b, 1.5.3.a-b)	Grade 1: 115,770 Female: 53,602 Grade 2: 66,630 Female: 30,380	93% net enrollment rate for the whole country	94% net enrollment rate for the whole country	95% net enrollment rate for the whole country	Yearly	EMIS	ESITC

	Grade 3: 53,144 Female: 24,123 Grade 4: 42,927 Female: 19,254 Grade 5: 35,573 Female: 92,430						
Dropout rate in targeted areas by category * (gender, ethnicity, location, grade level)	Grade 1: 17.3 Female: 17.8 Grade 2: 7.8 Female: 7.9 Grade 3: 7.4 Female: 7.1 Grade 4: 6.4 Female: 8.4 Grade 5: 8.9 Female: 7.9	Average 8% from Grade 1-Grade 5	Average 5% from Grade 1-Grade 5	Average 3% from Grade 1- Grade 5	Yearly	EMIS	ESITC
Increase in the number of schools meeting SOQ (School of Quality) standards	0	750	1500	+ 1600	Yearly	M&E	DEB
Intermediate Outcome Indicators	Baseline 2008-2009	YR1	YR2	YR3	Frequen cy and Reports	Data Collectio n Instrume nts	Respons ibility for Data Collecti on
Number of schools with a functioning VEDC (including in their new M&E role) (3.4.5)		750	1500	+ 1600	Yearly	M&E	DEB

Number of schools that become complete (1.4.1)	0	195	445	570	Yearly	M&E	DEB
Number of schools that upgraded to meet quality standards ¹ in terms of physical environment (W&S, furniture, building)	0	195 + 57	445 + 57 + 57	570 + 57 + 57 + 57	Yearly	M&E	DEB
Number of schools with teachers trained for (i) multi-grade teaching, (ii) pre-primary teaching, (iii) inclusive education	(i) 0 (ii) 0 (iii)0	(i) 750 (ii)750 (iii)750	(i) 1500 (ii) 1500 (iii)1500	(i) 1600 (ii) 1600 (iii) 1600	Yearly	M&E	DEB
Number of schools with principals trained on their 7 roles / duties (2.4.1)	0	500	1000	1000	Yearly	M&E	DEB
Percentage of schools where block grants have effectively been used (1.1.1,2,3 and 3.4.1)	0	50%	75%	100%	Yearly	M&E	DEB
Equivalency programs for primary education [Requires definition]	0	0	120	300	Yearly	M&E	DEB
Number of playgroups with a trained caregiver and adequate materials (1.6.1)	0	0	30	180	Yearly	M&E	DEB
Addition of at least one data point in EMIS reporting (3.1.2, 3.6.1)	1 data point	1 data point	1 data point	2 data points	Yearly	EMIS	ESITC

* Denotes indicators that will be tracked by the program, but will not form part of the performance indicators of the program itself.

□ Denotes a Core IDA Education Indicator which is mandatory for all projects that use resources from IDA. The nation-wide Primary Completion rate and Gender Parity Indicator is a Core IDA Indicator. Program performance will examine targeted districts specifically though overall progress will be monitored. T targeted completion rate in the priority districts is mentioned in this table.

¹ as defined by the June 2009 instruction

APPENDIX**Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Assessment of Student Learning Outcomes” means the standardized student assessment carried out periodically by the Recipient’s Research Institute for Educational Sciences for Grades 3 and 6 in tested subjects that include the Lao language, mathematics, science, and social studies.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Co-financier” means, for the purpose of the Standard Conditions, the Australian Agency for International Development.
5. “Co-financing” means the contribution to be provided by the Co-financier to assist in financing the Program.
6. “Co-financing Agreement” means the agreement to be entered to provide the Co-financing to the Recipient.
7. “Community Grant” means a grant in Kip made or to be made available by the Recipient through the relevant VEDC out of the proceeds of the Grant to a Participating Village to finance, in part, the carrying out of the corresponding Community Sub-project under Part A.2 of the Program in accordance with, *inter alia*, the relevant provisions of the Program Implementation Manual, and the term “Community Grants” means, collectively, more than one Community Grant.
8. “Community Grant Agreement” means the agreement to be entered into between the VEDC and a Participating Village for purposes of providing a Community Grant and the carrying out of a Community Sub-project by a Participating Village under Part A.2 of the Program, and the term “Construction Sub-project Grant Agreements” means collectively, all said Construction Sub-project Grant Agreements.
9. “Community Sub-project” means a community sub-project carried out or to be carried out by a Participating Village under Part A.2 of the Program, using the proceeds of a Community Grant in accordance with the relevant provisions of the Program Implementation Manual.

10. “Construction Sub-project” means a construction sub-project carried out or to be carried out by a Participating Village under Part A.1 of the Program, using the proceeds of a Construction Sub-project Grant in accordance with the provisions of the Operational Manual for Community-Based Contracting and the relevant Construction Sub-project Grant Agreement.
11. “Construction Sub-project Grant” means a grant in Kip made or to be made available by the Recipient through the relevant Provincial Education Services office out of the proceeds of the Grant to a Participating Village to finance, in part, the carrying out of the corresponding Construction Sub-project under Part A.1 of the Program in accordance with the provisions of the relevant Construction Sub-project Grant Agreement, and the term “Construction Sub-project Grants” means, collectively, more than one Construction Sub-project Grant.
12. “Construction Sub-project Grant Agreement” means the agreement to be entered into between the relevant Provincial Education Services office and a Participating Village for purposes of providing a Construction Sub-project Grant and the carrying out of a Construction Sub-project by a Participating Village under Part A.1 of the Program, pursuant to, inter alia, the provisions of the Operational Manual for Community-Based Contracting, and the term “Construction Sub-project Grant Agreements” means collectively, all said Construction Sub-project Grant Agreements.
13. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
14. “DEB” means the District Education Bureau established by the Recipient and maintained in each of the Program Districts, or any successor or successors thereto.
15. “District Implementing Unit” means the unit to be established by the Recipient in each of the Program Districts in accordance with Section I.A.2(c)(iii) of Schedule 2 to this Agreement.
16. “DPC” means the Department of Planning and Cooperation maintained in the MOE for the purpose of education sector policy development, planning, maintaining and disseminating statistics, and coordinating external assistance, or any successor or successors thereto.
17. “Early Grade Reading Assessment” means the assessment of students to ascertain their ability to read in grades 1 through 3 and administered by the teachers in the classroom.

18. “Education Statistics and Information Technology Center” means the center for management of educational information at the Ministry of Education or any successor thereto.
19. “Environmental Guidelines” means the guidelines adopted by the Recipient on July 10, 2003 and included in the Operational Manual for Community-Based Contracting and the Program Implementation Manual, which Guidelines set forth measures to mitigate any adverse environmental impact that may result from the implementation of the Program, as said Guidelines may be amended from time to time with the prior written agreement of the World Bank.
20. “EMIS Strategy” means the Recipient’s Education Management Information Strategy of the MOE dated May 2009.
21. “EMIS Strategy Implementation Plan” means the Recipient’s plan to implement the EMIS Strategy referred to in Part B.2 of Schedule 1 to this Agreement.
22. “ESDF” means the Recipient’s Education Sector Development Framework 2009-2015 approved by the Prime Minister Decree No. 100/PMO dated April 4, 2009.
23. “ESDF Coordination Unit” means the unit established within MOE for the purposes describe in Section I.A.1(d) of Schedule 2 to this Agreement.
24. “Ethnic Committee of the National Assembly” means the committee of the National Assembly dealing with ethnic affairs or any successor thereto.
25. “Ethnic Group Development Plan” means the plan, adopted on July 10, 2003, maintained and implemented by the Recipient, providing procedures, rules, and guidelines for: (i) the informed involvement of the Recipient’s ethnic groups, through a process of informed consultation, in the design and implementation of the Program in locations in which such people reside or which they use for their livelihood; and (ii) designing and implementing measures to provide benefits which are socially and culturally acceptable to them, and reduce, mitigate and offset adverse impacts, under the Program, as such plan may be amended from time to time with the prior written agreement of the Association.
26. “Financial Management Manual” means the Financial Management Manual referred to in Section I.A.2(a)(ii) of Schedule 2 to this Agreement.
27. “Governor” means the Governor of a Program Province or any successor thereto.
28. “Implementing Unit” means a unit established and maintained by the Recipient at the central level in each of the MOE’s departments of finance, teacher training, planning and cooperation, non-formal education, department of primary and pre-primary education, Strategic Research and Education Analysis Center, Education Statistics and Information Technology Center, and the NUOL, for the purpose of

providing and coordinating the input of each respective entity into the implementation of the Program, and in accordance with the provisions of Section I.A.2(c) of Schedule 2 to this Agreement.

29. “Incremental Operating Costs” means reasonable expenditures directly related to the Program incurred by the Recipient (which expenditures would not have been incurred absent the Program), including gasoline and maintenance for Program vehicles, staff travel and per diem, office supplies, communications services (including telephone and internet costs), publication services, translation services, bank charges, and maintenance of office equipment, but excluding civil service salaries of officials of the Recipient’s civil service.
30. “Institute for Linguistic Research” means the independent research institute for linguistic research under the MOIC or any successor thereto.
31. “Kip” means the official currency of Lao People’s Democratic Republic.
32. “Lao Front for National Construction” means the Lao Front for National Construction of Lao People’s Democratic Republic, or any successor thereto.
33. “Land Acquisition Process Framework” means the framework adopted on July 20, 2003 by the Recipient, satisfactory to the Association and set out in the Operational Manual for Community-Based Contracting, for the compensation, rehabilitation and resettlement assistance of Displaced Persons; as such framework may be amended from time to time with the prior concurrence of the Association.
34. “MOE” means the Recipient’s Ministry of Education or any successor thereto.
35. “MOF” means the Recipient’s Ministry of Finance or any successor thereto.
36. “MOIC” means the Recipient’s Ministry of Information and Culture or any successor thereto.
37. “MPI” means the Recipient’s Ministry of Planning and Investment, or any successor thereto.
38. “NUOL” means the Recipient’s National University of Lao PDR established under the Prime Minister’s decree No.50/PM dated June 9, 1995.
39. “Operational Manual for Community-Based Contracting” means the manual, adopted, maintained and implemented by the Recipient, satisfactory to the Association, for the purposes set forth in Section I.A.2(a)(iii) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior agreement of the Association.

40. “Participating Village” means a Participating Village within a Program District that: (i) receives a Construction Sub-project Grant and carries out or will carry out a Community Construction Sub-project under Part A.1 of the Program in accordance with the provisions of the relevant Community Construction Sub-Grant Agreement and Community Construction and Community Grant Operation Manual; or (ii) receives a Community Grant and carries out or will carry out a Community Sub-project under Part A.2 of the Program in accordance with the relevant provisions of the Community Construction and Community Grant Operation Manual.
41. “Performance Assessment Framework” means the Recipient’s Performance Assessment Framework dated March 2010.
42. “PES” means the Recipient’s Provincial Education Service or any successor thereto.
43. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
44. “Procurement Plan” means the Recipient’s procurement plan for the Program dated March 24, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
45. “Program Advisory Council” means the Program Advisory Council established and maintained in the Ministry of Education in accordance with the provisions of Section I.A.1(a) of Schedule 2 to this Agreement.
46. “Program Districts” means those districts of the Recipient listed in Annex A to Schedule 2 to this Agreement, as said Annex may be amended from time to time with the prior written concurrence of the World Bank, and a “Program District” means any of said Program Districts.
47. “Program Implementation Manual” means the Program Implementation Manual referred to in Section 1.A.2(a)(i) of Schedule 2 to this Agreement, as such Manual may be amended from time to time with the prior written agreement of the World bank, and such term includes annexes and schedules to such Manual.
48. “Program Provinces” means those provinces and municipalities of the Recipient listed in the Annex A to Schedule 2 to this Agreement, as said Annex may be amended from time to time with the prior concurrence of the World Bank, and a “Program Province” means any of said Program Provinces.

49. “Program Steering Committee” means the Program Steering Committee established within the Ministry of Education and maintained for the purposes set forth and in accordance with the provisions set forth in Section I.A.1(b) of Schedule 2 to this Agreement.
50. “Program Working Group” means the Recipient’s Program Working Group established and maintained in accordance with the provisions of Section I.A.1(c) of Schedule 2 to this Agreement.
51. “Provincial Education Services” means the Provincial Education Services established by the Recipient and maintained in each of the Program Provinces in accordance with Section I.A.1(a) of Schedule 2 to this Agreement, or any successor thereto.
52. “Provincial Implementing Unit” means the unit established or to be established by the Recipient in each of the Program Provinces in accordance with the provisions set forth in Section I.A.2(e), as the case may be, of Schedule 2 to this Agreement.
53. “Strategic Research and Education Analysis Center” means the center for strategic research and educational policy analysis of the Ministry of Education or any successor thereto.
54. “Sub-Project” means a Community Sub-project or a Construction Sub-project, as the case may be.
55. “Sub-grant” means a Community Grant Agreement or a Construction Sub-project Grant as the case may be.
56. “Sub-grant Agreement” means a Sub-Grant Agreement for a Community Grant or a Construction Grant Agreement, as the case may be.
57. “Training and Workshops” means training and workshops conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, refreshments, consumables, course fees, and travel and subsistence of trainees.
58. “VEDC” means a Village Education Development Committee or any successor thereto and the term “VEDCs” means, collectively, more than one VEDC.
59. “Vice Minister of Education” means the Vice-Minister of the Ministry of Education or any successor thereto.
60. “World Around Us” means social studies in the Lao education system.

Section II. Modifications to the Standard Conditions

1. The term “Project” is modified to read “Program”.

Section III. Modifications to the Anti-Corruption Guidelines

The Anti-Corruption Guidelines are modified as follows:

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

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

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

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

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions

policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

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

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