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**GRANT NUMBER H354-AF**

# **Financing Agreement**

**(Second Education Quality Improvement Project)**

**between**

**ISLAMIC REPUBLIC OF AFGHANISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 10, 2008**

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**GRANT NUMBER H354-AF**

**FINANCING AGREEMENT**

AGREEMENT dated March 10, 2008, entered into between ISLAMIC REPUBLIC OF AFGHANISTAN (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined 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 grant in an amount equivalent to eighteen million nine hundred thousand Special Drawing Rights (SDR 18,900,000) (the “Grant”) to assist in financing the project described in Schedule 1 to this Agreement (the “Project”).
- 2.02. The Recipient may withdraw the proceeds of the Grant 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 Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is US Dollars.

**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 MOE 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 Co-financing Deadline for the effectiveness of the Co-financing Agreement is the date that is ninety (90) days after the Effective Date.

**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 shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the Minister of Finance.
- 6.02. The Recipient's Address is:

Ministry of Finance  
Pashtunistan Watt  
Kabul  
Islamic Republic of Afghanistan

Facsimile:

93-0-20-2103271

- 6.03. 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 Kabul, Islamic Republic of Afghanistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF AFGHANISTAN

By

/s/ Anwar-ul Haq Ahady  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Paul Edwin Sisk  
Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to assist the Recipient in increasing equitable access to quality basic education, especially for girls.

The Project consists of the following parts:

#### Part 1: School Grants

- (a) Supporting the improvement of teaching and learning by facilitating the creation of enabling school environments and the improvement of basic school facilities at existing government registered primary, middle and secondary schools, through the provision of Quality Enhancement School Grants to eligible schools to finance, *inter alia*: (i) the purchase of education materials, supplies, supplementary readers and toolkits; (ii) workshops, seminars and meetings; and (iii) transportation costs for teachers and School Shura and PTA members to participate in appropriate school meetings.
- (b) Rehabilitation and construction of schools through the provision of Infrastructure Development School Grants.
- (c) Mobilization and strengthening of School Shuras to manage their schools including: (i) carrying out of social mobilization to enable communities to implement activities under the Project; (ii) development of training modules for training and support to DEDs, PEDs, P-DOCs and MOE staff at the central level so as to strengthen their ability to support, train and mobilize School Shuras; and (iii) organization of community and provincial level dissemination of Project information.

#### Part 2: Teacher and Principal Training and Education

- (a) Supporting the creation of sustainable systems to increase the level of professional knowledge and skills of educators, through:
  - (i) the provision of training by DT3s at the district level to teachers in, *inter alia*, pedagogy and basic knowledge training, content-knowledge training and training to educate under-qualified female teachers and teachers in under served high schools;
  - (ii) the rehabilitation and construction of district education offices to provide appropriate facilities to support DT3s; and

- (iii) monitoring and evaluating the performance of the district teacher training.
- (b) Equipping principals in government registered schools with the most needed administrative and leadership tools for improving schools, and establishing a system of professional development networks for principals, through: (i) the provision of training to principals in leadership and school management; (ii) facilitating the discussion and exchange of ideas among principals for improvement in teaching and learning in schools; and (iii) monitoring and evaluating the performance of the principal training.
- (c) Supporting the increase in female enrollments in teacher training colleges (TTCs), through: (i) carrying out of a program aimed at hiring and placing qualified female individuals to teach in underserved TTCs around the country; (ii) establishment and implementation of a nation wide household scholarship program for girls entering TTCs; and (iii) construction of classrooms in TTCs with a priority for classrooms for females.

Part 3: Project Management, Monitoring and Evaluation

- (a) Enhancement of MOE's Project management capacity through the provision of training and the carrying out of workshops, and supporting the day-to-day implementation of the Project.
- (b) Establishment of a monitoring and evaluation system that will enable communities, NGOs and Third Party Entities to monitor the achievement of progress under the Project against a defined set of indicators and disseminate such data at the district, provincial and national level.
- (c) Supporting the verification of information collected at the community level and measurement of the achievement of the key performance indicators of the Project so as to allow for better planning and programming of the Project.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Recipient shall vest in MOE responsibility for the implementation of the Project including: (i) overall coordination of the implementation, monitoring and reporting of progress under the Project and carrying out the day-to-day administrative oversight of the Project, through the EQUIP Coordination Unit; (ii) coordination of the preparation of annual work plans through MOE's budget committee; (iii) performing the procurement, financial management, disbursement and audit functions for the Project through the Grants Management Unit; (iv) overseeing the carrying out of all construction activities under Part 1 of the Project including providing technical guidance on institute rehabilitation and construction, through MOE's department of construction; (v) overseeing the technical aspects of human resource development under Part 2 of the Project, through the MOE teacher training department; (vi) continued development of EMIS and other relevant policy initiatives under the Project through the MOE department of planning; and (vii) liaising with the relevant central, provincial and district departments and units on progress reporting through the EQUIP Coordination Unit.
2. The MOE senior management group, consisting of, among others, the Minister, Deputy Ministers, head of the Grants Management Unit, the EQUIP Coordinator and other senior MOE staff, shall be responsible for overseeing the implementation of the Project and providing strategic and policy guidance, reviewing overall implementation progress, and reviewing annual work plans and budgets.
3. The EQUIP Coordination Unit shall work with Regional EQUIP Coordinators (RECs) who shall be responsible for coordinating the implementation of the Project in the regions of the Recipient that they are assigned to, through constant interface with the relevant Provincial EQUIP Team.
4. The Provincial Education Departments (PEDs) shall be responsible for the overall management and implementation of the Project at the provincial level and for coordinating district level tasks, including reviewing and approving/rejecting SIPs, reviewing and compiling quarterly monitoring reports and plans submitted by School Shuras, NGOs and DEDs of all Project activities in the respective provinces, and submitting them to the EQUIP Coordination Unit. In carrying out its functions, the PED shall be supported by the Provincial EQUIP Team which shall in turn be guided by the REC for the respective region/province.



5. At the district level, DEDs shall be responsible for: (i) supporting School Shuras in the preparation of SIPs and submitting them to PEDs and Provincial EQUIP Teams for review; (ii) tracking school needs and providing support to schools applying for Infrastructure Development School Grants; (iii) assembling DT3s for the provision of training and other follow-up activities for teachers; (iv) reviewing quarterly progress reports from DT3s and submitting them to PEDs and Provincial EQUIP Teams; and (v) receiving, reviewing and submitting monitoring results from School Shuras and NGOs to PEDs and Provincial EQUIP Teams.
6. The MOE shall, where it deems necessary, contract with NGOs and Third Party Entities in accordance with terms of reference and eligibility criteria satisfactory to the Association, to, in coordination with DEDs, PEDs and the EQUIP Coordination Unit, assist in, *inter alia*: (i) providing technical assistance to School Shuras in designing and preparing SIPs; (ii) supporting School Shuras and schools in the implementation of Sub-Projects including providing training in book-keeping, procurement and contracting; (iii) ensuring construction quality control; (iv) providing teacher and principal training and follow-on activities; (v) implementing teacher training college scholarship activities and placements; and (vi) conducting monitoring, evaluation and reporting with School Shuras and schools and submitting progress reports to DEDs.
7. With the assistance of PEDs, DEDs and Provincial EQUIP Team personnel, School Shuras shall be formed at the local community level to be responsible for, *inter alia*: (i) preparation of SIPs and for the administrative, procurement and financial management of Quality Enhancement School Grants; (ii) participating in the selection of construction designs for Infrastructure Development School Grants; (iii) providing support to DT3 personnel and NGOs as needed; (iv) carrying out social mobilization activities; and (v) conducting monitoring, evaluation and reporting with NGOs and Third Party Entities and submitting monitoring data and results to DEDs.

**B. Sub-projects**

1. Quality Enhancement School Grants
  - (a) To be eligible for a Quality Enhancement School Grant, a School Shura shall, with the assistance of DEDs, prepare a School Improvement Plan (SIP) that fully satisfies the criteria specified in the Project Implementation Manual and the Environmental and Social Management Framework.
  - (b) Quality Enhancement School Grants may be first generation or second generation, the former being given to schools that have not previously received any Quality Enhancement School Grant, and the latter being given to schools that have successfully utilized the first generation Quality Enhancement School Grant

and are eligible based on a per capita formula set out in the Project Implementation Manual.

- (c) In evaluating each SIP, consideration shall be given to the School Shura's capacity to carry out, manage and maintain the Sub-Project in conformity with appropriate administrative, financial, technical, environmental and managerial standards.
- (d) The Recipient, through MOE, shall make appropriate amounts of the proceeds of the Grant available to the School Shura under a School Grant Agreement. The School Grant Agreement shall provide for rights adequate to protect the interests of the Association and the Recipient, including to the extent that it shall be appropriate to:
  - (i) require the School Shura to carry out the Sub-Project with due diligence and efficiency and in accordance with sound administrative, financial, technical environmental and managerial standards including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient;
  - (ii) require the School Shura to maintain adequate records and accounts for the Sub-Project concerned and to permit the audit of its records and accounts;
  - (iii) require that all goods, works and services required for the Sub-Project shall be procured in accordance with the provisions of Section III of Schedule 2 to this Agreement and that such goods, works and services shall be used exclusively in the carrying out of the Sub-Project;
  - (iv) allow the Recipient to inspect, by itself or jointly with representatives of the Association, if the Association shall so request, any goods and construction works included in the Sub-Project, the operation thereof, and any relevant records and documents;
  - (v) require that the Sub-Project complies with the environmental and social safeguard standards set forth in the Environmental and Social Management Framework; and
  - (vi) suspend or terminate the right of the School Shura to the use of the proceeds of the Quality Enhancement School Grant upon the failure by the School Shura to perform any of its obligations under the School Grant Agreement.

2. Infrastructure Development School Grants

- (a) Infrastructure Development School Grants shall be provided to eligible schools, based on priority criteria for new construction of school facilities as set out in the Project Implementation Manual, or as a replacement of damaged and unusable facilities for schools already registered with MOE.
- (b) DEDs shall track school needs based on the criteria set out in the Project Implementation Manual, and encourage schools to apply to MOE for Infrastructure Development School Grants.
- (c) In deciding on the provision of Infrastructure Development School Grants, MOE shall give priority to: (i) girls' schools; (ii) schools with both boys' and girls' sections/shifts; and (iii) boys' schools which plan to open up sections/shifts for girls.
- (d) Schools, with the technical support of MOE's department of construction through PEDs, shall prepare designs and construct school facilities in accordance with the Environmental and Social Management Framework. Schools shall liaise with School Shuras in the selection of construction designs.
- (e) Infrastructure Development School Grants where community participation will be used shall not exceed the amount of \$100,000 and shall be made available to eligible schools by the Recipient, through MOE, under a School Grant Agreement. The School Grant Agreement shall provide for rights adequate to protect the interests of the Association and the Recipient, including to the extent that it shall be appropriate to:
  - (i) require the school to carry out the Sub-Project with due diligence and efficiency and in accordance with sound administrative, financial, technical environmental and managerial standards including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient;
  - (ii) require the school to maintain adequate records and accounts for the Sub-Project concerned and to permit the audit of its records and accounts;
  - (iii) require that all goods, works and services required for the Sub-Project shall be procured in accordance with the provisions of Section III of Schedule 2 to this Agreement and that such goods, works and services shall be used exclusively in the carrying out of the Sub-Project;
  - (iv) allow the Recipient to inspect, by itself or jointly with representatives of the Association, if the Association shall so request, any goods and

construction works included in the Sub-Project, the operation thereof, and any relevant records and documents;

- (v) require that the Sub-Project complies with the environmental and social safeguard standards set forth in the Environmental and Social Management Framework; and
- (vi) suspend or terminate the right of the school to the use of the proceeds of the Infrastructure Development School Grant upon the failure by the school to perform any of its obligations under the School Grant Agreement.

3. The Recipient shall ensure that all Sub-Projects are carried out in accordance with the Mine Risk-Management Procedures.

**C. Manuals**

- 1. (a) The Recipient shall adopt and thereafter implement the Project in accordance with the Project Implementation Manual which sets out the guidelines and procedures agreed with the Association for the implementation, supervision, and monitoring and evaluation, of the Project, including: (i) implementation arrangements, along with the criteria, and terms and conditions, for the selection of Sub-projects to be carried out under the Project, including the criteria for the preparation and approval of SIPs; (ii) reporting requirements; (iii) monitoring and evaluation procedures; (iv) financial management and disbursement guidelines and procedures; (v) audit procedures; and (vi) procurement procedures.
- (b) The Recipient shall not amend or waive any provision of the Project Implementation Manual if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.
- 2. (a) The Recipient shall, through MOE, carry out the Project in accordance with the Financial Management Manual that has been approved by the Association and adopted by the Recipient. The Recipient shall not amend the Financial Management Manual without the prior approval of the Association.
- (b) The Recipient shall ensure that an adequate number of qualified financial management and procurement staff with terms of reference satisfactory to the Association are retained throughout the implementation of the Project.

**D. Safeguards**

1. The Recipient shall carry out the Project in accordance with the Environmental and Social Management Framework.
2. The Recipient shall not amend or waive any provision of the Environmental and Social Management Framework if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.
3. The Recipient shall ensure that in the event that any land is to be acquired for the Project or any resettlement is to be carried out, such land shall be obtained and such resettlement carried out after prior consultation with the Association and in accordance with plans agreed with the Association.

**E. Anti-Corruption**

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

**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 agreed with 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.
2. Notwithstanding paragraph A.1 of this Section II, the Recipient, shall prepare, under terms of reference satisfactory to the Association, and, no later than October 31, 2010, or such later date as agreed with the Association, furnish to the Association for review and comment, a mid-term review report integrating results of the monitoring and evaluation activities performed under the Project including those performed under paragraph 1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date.
3. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall

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

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project 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 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 Grant shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>	
(a)	National Competitive Bidding*
(b)	Shopping
(c)	Direct Contracting
(d)	Community Participation**

\***National Competitive Bidding** procedures shall be subject to the following additional procedures:

- (i) Standard bidding documents approved by the Association shall be used.
- (ii) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.
- (iii) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
- (iv) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- (v) Foreign bidders shall not be precluded from bidding.
- (vi) Qualification criteria (in case pre-qualifications were not carried out) shall be stated on the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity of registering, without any hindrance.
- (vii) Bidders may deliver bids, at their option, either in person or by courier service or by mail.
- (viii) All bidders shall provide bid security or a bid security declaration form as indicated in the bidding documents. A bidder's bid security or the declaration form shall apply only to a specific bid.

- (ix) Bids shall be opened in public in one place preferably immediately, but no later than one hour, after the deadline for submission of bids.
- (x) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Association.
- (xi) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association.
- (xii) Split award or lottery in award of contracts shall not be carried out. When two (2) or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Association;
- (xiii) Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.
- (xiv) Extension of bid validity shall not be allowed without the prior concurrence of the Association: (A) for the first request for extension if it is longer than eight (8) weeks; and (B) for all subsequent requests for extensions irrespective of the period.
- (xv) Negotiations shall not be allowed with the lowest evaluated or any other bidders.
- (xvi) Re-bidding shall not be carried out without the Association's prior concurrence.
- (xvii) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.

**\*\*Community Participation** shall be carried out in accordance with paragraph 3.17 of the Procurement Guidelines and the procedures set out in the Project Implementation Manual.

**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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	Quality-Based Selection
(b)	Single-Source Selection
(c)	Least-Cost Selection
(d)	Selection Based on the Consultants' Qualifications
(e)	Selection under a Fixed Budget
(f)	Selection of Individual Consultants

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

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$200,000 or more; (b) each contract for works estimated to cost the equivalent of \$500,000 or more; (c) all contracts for goods or works procured on the basis of Direct Contracting regardless of value; (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (e) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (f) each contract for consultants' services procured on the basis of Single-Source Selection regardless of value. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Grant 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 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:

<b>Category</b>	<b>Amount of the Grant Allocated (Expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (Inclusive of Taxes)</b>
(1) Goods, works, consultants’ services, School Grants, training and Incremental Operating Costs* for the Project	18,900,000	100%
<b>TOTAL AMOUNT</b>	<b>18,900,000</b>	

\* For purposes of this Agreement, “Incremental Operating Costs” means Project-related incremental expenses incurred on account of project implementation support and management including the rental of office space; the operation, maintenance, rental and insurance of vehicles; fuel; communications supplies and charges; advertisements; books and periodicals; office administration and maintenance costs; bank transaction charges; utility charges; domestic travel and per diem but excluding salaries of officials and staff of the Recipient’s civil service.

**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 7,550,000 may be made for payments made prior to this date but on or after November 15, 2007, for Eligible Expenditures.
2. The Closing Date is September 1, 2012.

**Section V. Other Undertakings**

1. The Recipient shall no later than April 30, 2008, adopt an updated Project Implementation Manual for the Project, in form and substance acceptable to the Association.
2. The Recipient shall no later than October 31, 2010, appoint Third Party Entities in accordance with Schedule 2 Section III to this Agreement, to carry out evaluation of Project activities.
3. The Recipient shall retain, until completion of the Project, a budget officer, a provincial financial coordinator, a financial coordination officer and finance assistant in MOE.

## 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.
2. “ARTF” means Afghanistan Reconstruction Trust Fund, a trust fund administered by the Association on behalf of various donors to support, *inter alia*, the reconstruction effort in Afghanistan.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CDC” or “Community Development Council” means a community-based decision making body.
5. “Co-financier” means the Afghanistan Reconstruction Trust Fund administered by the Association on behalf of various donors.
6. “Co-financing” means the amount of fifty million United States dollars (US\$50,000,000) to be provided by the Co-financier.
7. “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.
8. “DED” means the District Education Department of each district of the Recipient responsible for the planning, implementation, coordination, management, and supervision of education activities carried out at the district level.
9. “DT3s” means District Teacher Training Teams established within each district to provide training to teachers and potential teachers under the Project with the support of NGOs.
10. “EMIS” means Education Management Information System.
11. “Environmental and Social Management Framework” means the Recipient’s framework document dated November 19, 2007, for environment and social safeguards management acceptable to the Association, setting out the guidelines and codes of practice for environmental mitigation measures to be incorporated in the design, contracting and monitoring of Projects, along with an implementation structure assigning responsibilities to implementing agencies and their consultants, a capacity building program for social and environmental management, and the Mine Risk-Management Procedures, as such

Environmental and Social Management Framework may be amended from time to time by agreement between the Recipient and the Association.

12. "EQUIP" means the Recipient's Education Quality Improvement Program financed in part by IDA Grant number H119-AF and ARTF Grant number TF054730, which forms part of the Program.
13. "EQUIP Coordination Unit" means the unit established and operating in MOE pursuant to the laws of the Recipient for purposes of coordinating the implementation of the Program.
14. "Financial Management Manual" means the manual prepared and adopted by MOE in form and substance acceptable to the Association and included in the Project Implementation Manual, setting out the financial management arrangements and procedures for the Project including the roles and responsibilities of all financial management staff, documentation and approval procedures for payments, reporting requirements and quality assurance measures, as such manual may be amended from time to time by agreement between the Recipient and the Association.
15. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005, (as amended through October 15, 2006).
16. "Grants Management Unit" means the unit in MOE established and to be responsible for the administrative management of all of the MOE implemented donor-funded projects.
17. "Infrastructure Development School Grants" means a grant made, or proposed to be made by MOE to a school out of the proceeds of the Grant under Part 1(b) of the Project.
18. "Mine Risk-Management Procedures" means the Procedures for Land Mine Risk Management set out in the Environmental and Social Management Framework, a framework document that prescribes various measures and procedures to be followed for carrying out activities under the Project that could involve, or could potentially involve, exposure or contact with mines.
19. "MOE" means the Recipient's Ministry of Education or any successor thereto.
20. "NGO" means a non-governmental organization operating in accordance with the laws of the Recipient.
21. "Part" means a part of the Project as described in Schedule 1 to this Agreement.
22. "P-DOC" means a Provincial Department of Construction within MOE.

23. "PED" means the Provincial Education Department of each province of the Recipient responsible for the planning, implementation, coordination, management, and supervision of education activities carried out at the provincial level.
24. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004, and revised in October 2006.
25. "Procurement Plan" means the Recipient's procurement plan for the Project, dated, November 17, 2007, 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.
26. "Program" means the Recipient's National Education Strategic Plan of 2007, setting out the Recipient's strategic vision for education which plan includes EQUIP.
27. "Project Implementation Manual" means the Project implementation and operation manual adopted by the Recipient under EQUIP and to be updated in accordance with Section V paragraph 1 of Schedule 2 to this Agreement, setting forth the procedures governing the operation of the Project, as the same may be amended from time to time, and such term includes any schedules to the Project Implementation Manual, provided however, that in the event of a conflict between this Agreement and the Project Implementation Manual, the provisions of this Agreement shall prevail.
28. "Provincial EQUIP Team" means the team of officers located in a PED to assist in the implementation of the Project, which team shall consist of an EQUIP officer, social mobilization officers, engineers and a financial management officer.
29. "Quality Enhancement School Grants" means a grant made, or proposed to be made, by MOE to a School Shura out of the proceeds of the Grant under Part 1(a) of the Project.
30. "School Grants" means, collectively, Quality Enhancement School Grants and Infrastructure Development School Grants.
31. "School Grant Agreement" means a written agreement to be entered into between MOE and a School Shura in the case of Quality Enhancement School Grants, and a school in the case of Infrastructure Development School Grants, in accordance with terms and conditions satisfactory to the Association, including those set forth in Section I paragraphs B.1(d) and B.2(e) of Schedule 2 to this Agreement.

32. “School Shura” means a group of individuals in a community in which a school is located, including a principal/head teacher, an assistant teacher, a representative of a Shura, a representative of the Imam Community, a parent representative, a female representative, and a member of a CDC, established or to be established for the purpose of representing a school community in the implementation of activities under the Project that benefit schools.
33. “SIP” means a School Improvement Plan, a school-based decision making and resource management plan prepared by a School Shura under Part 1(a) of the Project, with terms and conditions satisfactory to the Association.
34. “Sub-project” means a quality enhancement and infrastructure development project or scheme to be carried out by a School Shura under Part 1(a) or by a school under Part 1(b) of the Project, as the case may be, which meets the eligibility criteria set out in the Project Implementation Manual.
35. “Third Party Entities” means non-governmental organizations, firms or entities engaged or to be engaged by the Recipient for the purpose of carrying out specified activities under the Project.