

**CONFORMED COPY**

**GRANT NUMBER H008 AF**

# **Development Grant Agreement**

**(Emergency Education Rehabilitation and Development Project)**

**between**

**AFGHANISTAN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated June 8, 2002**

**GRANT NUMBER H008 AF**

## **DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated June 8, 2002, between AFGHANISTAN (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of

the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Association was authorized under Resolution No. IDA 194, adopted by its Board of Governors on April 8, 1999, to provide financing, under the Twelfth Replenishment, in the form of grants in the context of assistance to post-conflict countries, under a framework to be approved by the Executive Directors of the Association; and

(C) the Executive Directors of the Association approved such a framework with respect to post-conflict grants on July 1, 2001, and further determined that the development grant referred to in Section 2.01 of this Agreement (the Grant) is consistent with such framework;

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to make the Grant available to the Recipient upon the conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01. The following provisions of the “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

- (a) (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (12), (as modified below), (13) and (14), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Sections 4.01 (as modified below) and 4.05;
- (v) Sections 5.01, 5.03 (as such sections are modified below), 5.05, 5.06 and 5.07;
- (vi) Sections 6.02 (as modified below), 6.03 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01, 9.02, 9.03, 9.05, 9.06 (as modified below), 9.07 and 9.08;
- (ix) Article X;
- (x) Article XI; and
- (xi) Article XII.

(b) The General Conditions shall be modified as follows:

(i) the terms “Borrower”, “Credit”, “Credit Account” and “Development Credit Agreement”, wherever they appear in the General Conditions, are replaced by “the Recipient”, “the Grant”, “the Grant Account” and “the Development Grant Agreement”, respectively;

where  
Grant (ii) the terms “Development Credit Agreement” and “development credit”, used in Article I of the General Conditions, mean “Development Agreement” and “development grant”, respectively; and

(c) The second sentence of Section 5.01 is modified to read:

“Except as the Recipient and the Association shall otherwise agree, no withdrawals shall be made for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.”

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “AACA” means the Afghanistan Assistance Coordination Authority, an authority established pursuant to a Decree of the Recipient, dated March 30, 2002, as the same may be amended from time to time;

(b) “Advance” means those advances made by the Association, out of the resources of the Bank, and recorded in a receivable account on the Association’s financial ledger, for the purpose of financing expenditures incurred by the Association on account of the procurement, on behalf of the Recipient, of goods and services required to carry out Part C of the Project;

(c) “AIA” means the Afghanistan Interim Administration established under the Agreement on Provisional Arrangements in Afghanistan Pending the Re-Establishment of Permanent Government Institutions, dated December 5, 2001, and any successor thereto;

(d) “Beneficiaries” means, collectively, the University of Kabul, the Kabul Medical Institute, the Kabul Institute of Polytechnics and the Kabul Institute of Pedagogy, each a “Beneficiary”;

(e) “Capitation Grants” means grants made or proposed to be made by MOE (as hereinafter defined) to schools and by MOHE (as hereinafter defined) to universities or institutes other than the Beneficiaries, out of the proceeds of the Grant allocated to Parts B.5 and B.6 of the Project, to provide incentives to promote the participation of females in secondary and tertiary education;

(f) “Fiscal Year” means the Recipient’s fiscal year, commencing on March 21 of each calendar year and ending on March 20 of the following calendar year;

(g) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(h) “Framework” means the Recipient’s Environmental and Social Safeguards Framework which sets out, *inter alia*: (i) key policy principles for social and environmental management; (ii) measures to guide the screening of Sub-projects (as this term is hereinafter defined) for significant social and environmental impacts, and to assist in the mitigation of such impacts; (iii) procedures to ensure that these principles and measures are appropriately applied; and (iv) guidelines for capacity building and monitoring;

(i) “MOE” means the Ministry of Education of AIA;

(j) “MOHE” means the Ministry of Higher Education of AIA;

(k) “MOWA” means the Ministry of Women’s Affairs of AIA;

(l) “NGOs” means non-governmental organizations;

(m) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement;

(n) “Steering Committee” means the committee to be established pursuant to the provisions of paragraph A of Schedule 4 to this Agreement;

(o) “Sub-grant” means a grant made or proposed to be made by MOHE to a Beneficiary out of the proceeds of the Grant allocated to Part B.4 of the Project to finance the carrying out of a Sub-project (as this term is hereinafter defined);

(p) “Sub-grant Agreement” means a written agreement to be entered into between MOHE and a Beneficiary in accordance with terms and conditions satisfactory to the Association, including those set forth in paragraph C.2 of Schedule 4 to this Agreement; and

(q) “Sub-project” means a specific development project to be carried out by a Beneficiary whose objective is to improve the quality of undergraduate education, the effectiveness of the educational process and the relevance of the curriculum offered.

## **ARTICLE II**

### **The Grant**

Section 2.01. The Association agrees to make available to the Recipient, on the conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to twelve million one hundred thousand Special Drawing Rights (SDR 12,100,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement: (i) for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A, B.1, B.2, B.3 and C of the Project and to be financed out of the proceeds of the Grant; and (ii) amounts paid (or, if the Association shall so agree, to be paid by:

(a) MOE on account of Capitation Grants under Part B.6 of the Project; and (b) MOHE on account of Sub-grants under Part B.4 of the Project and Capitation Grants under Part B.5 of the Project in respect of which withdrawal from the Grant Account is requested.

(b) The Recipient may open and maintain in dollars a special deposit account in a bank on terms and conditions satisfactory to the Association. In the event that said deposit account is opened in a commercial bank, such terms and conditions shall include appropriate under protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and pay to itself an amount equivalent to the balance of the Advance outstanding as of such date. No funds out of the Advance shall be expended after the Effective Date.

Section 2.03. The Closing Date shall be December 31, 2004, or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through MOE, MOHE and AACA with due diligence and efficiency and in conformity with appropriate education, administrative, financial and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project, and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.06 (c) of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, a plan designed to ensure the continued achievement of the Project's objectives; and

(b) afford the Association a reasonable opportunity to exchange views with the Recipient on said plan.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Recipient shall, not later than June 30, 2002, establish, and thereafter maintain, a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section, and the records and accounts for the Special Account, for each Fiscal Year, audited in accordance with auditing standards acceptable to the Association, consistently applied by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each Fiscal Year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such Fiscal Year as so audited, and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the Fiscal Year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such Fiscal Year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in paragraph B of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first Financial Monitoring Report shall be furnished to the Association not later than forty five (45) days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each Financial Monitoring Report shall be furnished to the Association not later than forty five (45) days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Termination**

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## **ARTICLE VI**

### **Representative of the Recipient; Addresses**

Section 6.01. The Vice Chairman and Minister of Finance of AIA is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance  
Afghanistan Interim Administration  
Kabul  
Afghanistan

For the Association:

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

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Kabul, Afghanistan as of the day and year first above written.

AFGHANISTAN

By /s/ Hedayat Amin-Arsala  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ William Byrd  
(Acting) Regional Vice President  
South Asia Region

### **SCHEDULE 1**

#### **Withdrawal of the Proceeds of the Grant**

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
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(1)	Goods	1,360,000	100%
(2)	Consultants' services and training	4,320,000	100%
(3)	Sub-grants under Part B.4 of the Project	1,010,000	100%
(4)	Capitation Grants under Part B.5 of the Project	1,010,000	100%
(5)	Capitation Grants under Part B.6 of the Project	2,020,000	100%
(6)	Operating Expenditures	540,000	100%
(7)	Refunding of Advance	1,840,000	Amount due pursuant to Section 2.02 (c) of this Agreement
	<b>TOTAL</b>	<b>12,100,000</b>	

2. For the purposes of this Schedule, the term "Operating Expenditures" means the incremental expenses incurred on account of Project implementation and management, including the rental of office space, the operation and maintenance of vehicles, computers and office equipment, communication and insurance costs, office administration costs, Special Account banking charges, utility charges, domestic travel and per diem, but excluding salaries of officials of the Recipient's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 2,400,000, may be made in respect of Categories (1), (2), (3), (4), (5) and (6) on account of payments made for expenditures before that date but after April 1, 2002.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures: (i) for goods under contracts costing less than \$250,000 equivalent each, (ii) for services under contracts costing less than \$100,000 equivalent each for consulting firms; (iii) for services under contracts costing less than \$50,000 equivalent each for individual consultants; (iv) for training; (v) for Sub-grants; (vi) for Capitation Grants; and (vii) for Operating Expenditures, all under such terms and conditions as the Association shall specify by notice to the Recipient.

## **SCHEDULE 2**

### **Description of the Project**

The objectives of the Project are to assist AIA in: (a) increasing education opportunities

for under-served segments of the population; (b) reforming the education system's management; and (c) introducing modern information technologies into the education sector.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives.

Part A: Promoting Skills Development and Learning

Carrying out, through the provision of goods, consultants' services and training, a program to help those who have not been able to access education opportunities in recent years attain basic literacy, provide early childhood development activities for their children, and develop national early childhood development policies and programs.

Part B: Education Sector Management Reform

1. Preparation, through the provision of goods, consultants' services and training, of a policy development framework to include, *inter alia*, regulatory guidelines for the functioning of NGOs and private education providers, and provisions ensuring greater access for women in policy and decision-making.
2. Carrying out, through the provision of goods, consultants' services and training, a skill development program aimed at addressing capacity building requirements at all levels of the education system.
3. Carrying out, through the entering into twinning arrangements with one or more external universities, of a program to strengthen the capabilities of MOWA in the areas of management and leadership.
4. Carrying out of a rehabilitation program for the tertiary education sub-sector through the provision by MOHE of Sub-grants to the Beneficiaries.
5. Carrying out of a rehabilitation and quality enhancement program for the tertiary education sub-sector through the provision by MOHE of Capitation Grants.
6. Carrying out of a rehabilitation and quality enhancement program for the secondary education sub-sector through the provision by MOE of Capitation Grants.

Part C: Distance Learning and Communications

Carrying out, through the provision of goods, consultants' services and training, a program consisting of the establishment of a distance learning center and the development of an AIA web page with a view to strengthening the capabilities of ministries and agencies of AIA in implementing reconstruction programs through the use of information and communication technology.

\* \* \*

The Project is expected to be completed by June 30, 2004.

**SCHEDULE 3**

**Procurement and Consultants' Services**

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines); and (b) the provisions of the following Parts of this Section I.

Part B: Procurement Procedures

1. Limited International Bidding

Goods estimated to cost more than \$1,000,000 equivalent per contract, and goods which the Association agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines. In addition, the list of suppliers shall be derived from, *inter alia*, the expressions of interest received in response to the general procurement notice. Bidding documents may provide that bidders may send their bids by facsimile, in which case, bid security shall not be required. Furthermore, the entity responsible for the procurement of the above-mentioned goods shall be required to put in place arrangements satisfactory to the Association to ensure confidentiality of the bids received by facsimile.

2. International Shopping

Goods estimated to cost \$1,000,000 equivalent or less per contract, may be procured under contracts awarded on the basis of international shopping procedures, respectively in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. National Shopping

Goods estimated to cost \$25,000 equivalent or less per contract, may be procured under

contracts awarded on the basis of national shopping procedures, respectively in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Competitive Bidding Advertised Locally

Works financed through Sub-grants under part B.4 of the Project and goods estimated to cost the equivalent of \$250,000 or less per contract may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with the procedures set out in the Annex to this Schedule.

5. Direct Contracting

(a) Books, periodicals, software, training material, including video and audio equipment, and proprietary equipment and spare parts estimated to cost the equivalent of \$5,000 or less per contract, up to an amount equivalent to \$250,000 or less in the aggregate, may be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

(b) Goods under Part C of the Project which are compatible with the Association's Global Distance Network shall be procured by the Association on behalf of the Recipient in accordance with the provisions of paragraph 3.7 of the Guidelines.

6. Procurement of Small Works Financed Through Sub-Grants under Part B.4 of the Project

Small works financed through Sub-grants under Part B.4 of the Project estimated to cost less than \$50,000 equivalent per contract may be procured under any one of the following methods: (a) Under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully; (b) Through community participation procedures in accordance with paragraph 3.15 of the Guidelines; or (c) As a last resort, and with prior approval of the Association, through force account in accordance with the provisions of paragraph 3.8 of the Guidelines.

7. Procurement of Goods Financed Through Sub-Grants under Part B.4 of the Project

Goods financed through Sub-grants under Part B.4 of the Project shall be procured at a reasonable price, account being taken of relevant factors such as time of delivery, efficiency, reliability of the goods, availability of maintenance facilities and spare parts therefor, and the quality and competence of the parties providing them.

Part C: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to: (i) each contract for goods and each contract for works estimated to cost more than the equivalent of \$250,000; and (ii) and the first three (3) contracts for goods, irrespective of the contract's value, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply when said contracts shall have been procured under the provisions of paragraphs B.1 and B.4 of this Schedule.

(b) In the event that any of the contracts referred to under sub-paragraph (a) (ii) above shall have been procured under the provisions of paragraphs B.2, B.3 or B.5 of Section I of this Schedule, the following procedures shall apply:

- (i) prior to the execution of any contract under shopping procedures, the Recipient shall provide to the Association a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under shopping or direct contracting procedures, the Recipient shall provide to the Association a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

## Section II. Employment of Consultants

### Part A: General

Consultants' services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Recipients" published by the Association in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines); and (b) the provisions of the following Parts of this Section II.

### Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services for the Project, estimated to cost less than \$50,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

### Part C: Other Procedures for the Selection of Consultants

#### 1. Quality-based Selection

Services under contracts costing less than \$2,000,000 equivalent each may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

#### 2. Selection Based on Consultants' Qualifications

Services estimated to cost less than \$200,000 equivalent or less per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

#### 3. Single Source Selection

(a) Services which are estimated to cost less than \$100,000 equivalent per contract may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines. Without prejudice to the foregoing provisions of this paragraph, services under Part C of the Project may be procured by the Association, on behalf of the Recipient, in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

(b) Early childhood development services under Part A of the Project may be procured from UNICEF in accordance with the provisions of paragraph 3.9 of the Guidelines.

4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

**ANNEX  
to  
SCHEDULE 3**

**Procedures for Competitive Bidding Advertised Locally**

A. Advertising

1. The invitation for bids shall be advertised in a newspaper of local circulation in the areas where the civil works are to be provided, and the goods are to be supplied. In those areas where this is not possible, the invitation for bids shall be posted at such place or places as shall be appropriate.

2. The invitation for bids shall be in local language and in such other language as may be



deemed appropriate by the Recipient's department or agency concerned, and shall include the information referred to in the model invitation for bids set forth in the Association's sample bidding documents for procurement of small works (in the case of civil works contracts) and for procurement of goods (in the case of goods), published by the Association on January 1995 and January 2001, respectively.

3. With due regard of the nature of the civil works to be provided and the goods to be supplied, the time period for bid submission from the date of invitation shall be sufficient to allow potential bidders a reasonable time to prepare and submit their bids. It shall be no less than thirty (30) calendar days, unless otherwise agreed with the Association.

B. Eligibility

1. The eligibility of bidders and the origin of goods supplied shall be as defined under the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Association in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines).

2. Foreign bidders shall be allowed to bid, if they wish to do so.

3. Joint ventures between foreign and local firms shall not be a condition for eligibility. Foreign bidders shall be allowed to bid alone. Nevertheless, foreign bidders may be required to have a local agent/intermediary in the Recipient's territory.

C. Bidding

1. In addition to the invitation for bids, the bidding documents shall include the following:

- (a) instructions to bidders, including the criteria to be used for bid evaluations;
- (b) conditions of contract;
- (c) technical specifications;
- (d) bid form and price schedules; and
- (e) performance security (optional for bids below a dollar equivalent sum to be agreed with the Association).

In case of civil works, the bidding documents shall also include a bill of quantities or a breakdown of the lump sum price, as the case may be.

2. Bids may be expressed in local currency or in such other foreign currency as may be set forth in the invitation for bids . If the currency of payment set forth in the invitation for bids is the local currency, the invitations may indicate that there is no obligation on the part of the Recipient's department or agency requesting the bids to convert into foreign currency the amounts to be paid.

3. Bidding documents shall be prepared in the local language or in such other language as may be deemed appropriate by the Recipient's department or agency concerned.

4. Bids may be delivered by mail or by hand at the place set forth for such purposes in the invitation for bids.

5. Bids shall be opened publicly to allow representatives of the bidders to attend if they so desire. Bids shall not be modified after the opening of bids except to correct arithmetical errors. All bids shall be opened at the same time.

6. Bids may not be rejected for the sole purpose of obtaining lower bids. The Recipient shall consult with the Association prior to rejecting all bids or soliciting new bids. All bids may not be rejected and new bids invited on the same specifications solely for the purposes of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount. In such cases, the Recipient may, as an alternative to rebidding and with the prior concurrence of the Association, negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract, and, failing a satisfactory response, with the next lowest evaluated bidder. Rejection of all bids may be permissible when bids are not substantially responsive or in case of a lack of effective competition.

7. In the comparison of bids between local and foreign bidders, no domestic or regional preference to local bidders shall apply. Bids shall be compared on the basis of delivered price, inclusive of any prevailing duties.

8. Contracts shall be awarded to the lowest evaluated responsive bidder. Price negotiation

with bidders shall not be undertaken before the contract is awarded except as provided in paragraph 6 above.

9. The award of contract shall be made within the period specified in the bidding documents. This period shall be determined in each case (goods or works) depending on the complexity of the contract and the approval.

10. A bid evaluation report shall be prepared by the Recipient's department or agency requesting the bids setting out a record of all bids submitted, the reasons for disqualification of any bids, the criteria, weighing and evaluation of all responsive bids, the recommended award, and, if recommended award is to other than the lowest price bidder, the reasons therefore. The concerned Recipient's department or agency shall furnish to the Association a translation in the English language of such bid evaluation report in accordance with paragraphs 2 and 3 or Appendix 1 to the Guidelines.

## SCHEDULE 4

### Implementation Program

A. Overall Project Implementation and Coordination

The Recipient shall vest responsibility for the implementation of Parts A, B.1, B.2, B.3 and B.6 of the Project in MOE, Parts B.4 and B.5 of the Project in MOHE and Part C of the Project in AACA. The Recipient shall cause MOW to coordinate the implementation of the Project and supervise the preparation of the reports referred to under paragraphs B (ii) (a) and B (ii) (b) of this Schedule. To that end, MOW shall, not later than September 30, 2002, establish and thereafter maintain a steering committee whose membership shall consist of the Minister of Women's Affairs of ASIA, the Minister of Education of ASIA and the Minister of Higher Education. The Steering Committee shall be supported in the carrying out of its functions by a technical unit with qualified staff in adequate numbers whose terms of reference shall be acceptable to the Association.

B. Progress Reports and Mid-Term Review

The Recipient shall:

- (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;
- (ii) prepare, under terms of reference satisfactory to the Association, and furnish to the Association: (a) on a quarterly basis, commencing October 1, 2002, a report on the progress achieved in the implementation of the Project and the achievement of the objectives thereof; and (b) on or about June 30, 2003, a report, to constitute the basis upon which the mid-term review shall take place, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (I) of this Section and consolidating the results of the reports referred to under sub-paragraph (ii) (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said 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; and
- (iii) review with the Association, by July 31, 2003, or such later date as the Association shall request, the report referred to in subparagraph (ii) (b) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

C. Sub-Grants under Part B.4 of the Project: Procedures, Terms and Conditions

1. Each Sub-grant shall be made by the Recipient, through MOSHE, only:

(a) to a Beneficiary, provided the Beneficiary shall have established, to the satisfaction of MOSHE and on the basis of guidelines acceptable to the Association, that it has the organization, management, staffing and other resources required for the efficient carrying out of the Sub-project, and has prepared an acceptable plan for the carrying out of said Sub-project; and

(b) for a Sub-project: (i) which is deemed by MOSHE to be technically feasible and cost effective, and to have been designed in accordance with appropriate educational standards; and (ii) which has been reviewed and approved by the Association.

2. Sub-grants shall be made on terms whereby MOSHE shall obtain, through a Sub-grant Agreement, rights adequate to protect the interests of the Association and the Recipient, including the right, as applicable, to:

(a) require the Beneficiary to carry out and operate the Sub-project with due diligence and efficiency, in accordance with sound educational, technical, financial and managerial standards, and pursuant to the environmental, social and other principles, measures, procedures and guidelines set out in the Framework;

(b) require the Beneficiary to maintain policies, procedures and records adequate to enable the Beneficiary to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Sub-project and the achievement of the objectives thereof;

(c) require that: (i) the goods, works and services to be financed out of the proceeds of the Sub-grant shall be procured in accordance with the provisions of Schedule 3 to this Agreement; and (ii) such goods, works and services shall be used exclusively in the carrying out of the Sub-project;

(d) require that the Beneficiary shall insure or make adequate provision for the insurance of the goods financed out of the proceeds of the Sub-grant against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation;

(e) obtain all such information as the Association and/or the Recipient shall reasonably request relating to the foregoing and to the benefits to be derived from the Sub-project;

(f) inspect, by itself or jointly with representatives of the Association, if the Association shall so request, the goods and works financed under the Sub-project, the operation thereof, and any relevant records and documents related thereto; and

(g) suspend or terminate the right of the Beneficiary to the use of the proceeds of the Sub-grant upon failure by the Beneficiary to perform its obligations under its agreement with MOSHE providing for the Sub-grant.

3. When presenting a Sub-project to the Association for review and approval, the Recipient, through MOSHE, shall furnish to the Association a draft Sub-grant agreement, in form satisfactory to the Association, together with a description of the Sub-project, including a description of the expenditures proposed to be financed out of the proceeds of the Grant, and such other information as the Association shall reasonably request.

D. Capitation Grants under Parts B.5 and B.6 of the Project: Procedures, Terms and Conditions

1. Institutes and universities countrywide, other than the Beneficiaries, shall be requested to submit development action plans describing, among other things, actions to be taken to enhance the quality and relevance of their academic programs in the short term, and outline the manner in which Capitation Grants shall be used. Capitation Grants under Part B.5 of the Project shall be made by the Recipient, through MOSHE, to those institutes and universities with the highest number of female students enrolled in the first year of their academic program. Additional Capitation Grants shall be made in the following academic year on the basis of the net increase in the intake of female students over the previous year. The amount of each Capitation Grant under Part B.5 of the Project shall not exceed two hundred fifty dollars (\$250) per female student.

2. Schools countrywide shall be requested to submit development action plans describing, among other things, actions to be taken to enhance the quality and relevance of their academic programs in the short term, and outline the manner in which Capitation Grants shall be used. Capitation Grants under Part B.6 of the Project shall be made by the Recipient, through MOE, to those schools with the highest number of female students enrolled in the first year of their academic program. Additional Capitation Grants shall be made in the following academic year on the basis of the net increase in the intake of female students over the previous year. The amount of each Capitation Grant under Part B.6 of the Project shall not exceed one hundred dollars (\$100) per female student.

## **SCHEDULE 5**

### **Special Account**

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories ( 1), (2), (3), (4), (5) and (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the Project;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means an amount equivalent to one million five hundred dollars (\$1,500,000) to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Grant allocated to the eligible Categories for the Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.



(c) The Recipient may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

## **SCHEDULE 6**

### **Performance Indicators**

Unless otherwise agreed between the Recipient and the Association, the following indicators shall be used to judge progress in the implementation of the Project:

(1) Goods, works and services have been delivered in accordance with the procurement plan.

(2) The Vice Chairperson of ASIA responsible for the education portfolio has been carrying out his or her Project coordination functions effectively.

(3) Sub-grants to Beneficiaries have been used in accordance with development plans which shall have been pre-approved by the Association.

(4) Transfer of Capitation Grants to universities institutes and schools have been made in accordance with criteria acceptable to the Association, including increasing enrollment of girls and young women.

(5) Policy framework and education sector strategies have been developed in accordance with principles agreed with the Association.

