Grant Agreement

(Australian Support to Lao People's Democratic Republic for the Education for All Fast Track Initiative (EFA-FTI) Program)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Australian Trust Fund for the Australian Support to Lao People's Democratic Republic for the Education for All Fast Track Initiative (EFA-FTI) Program

Dated July 14, 2011
GRANT AGREEMENT

AGREEMENT dated July 14, 2011, entered into between: LAO PEOPLE’S
DEMOCRATIC REPUBLIC ("Recipient"); and INTERNATIONAL DEVELOPMENT
ASSOCIATION ("World Bank"), acting as administrator of the Australian Trust Fund
for the Australian Support to Lao People’s Democratic Republic for the Education for All
Fast Track Initiative (EFA-FTI) Program

WHEREAS:

(A) under an agreement dated August 12, 2010 (as the same may be amended from
time to time, the "FTI Grant Agreement"), the International Bank for Reconstruction and
Development/International Development Association agreed to provide the Recipient
with a Grant in an amount equivalent to thirty million United States Dollars
(US$30,000,000) to assist in financing the EFA-FTI Program ("Program") described in
Schedule 2 to the FTI Grant Agreement;

(B) the Recipient has requested the World Bank to provide additional financial
assistance in support of the Program to co-finance activities under Parts A.1, A.3, A.5
and B.5 of the Program;

(C) AusAID has agreed to provide co-financing for Parts A.1, A.3, A.5 and B.5 of
the Program through the Australian Trust Fund for the Australian Support to Lao
People’s Democratic Republic for the Education for All Fast Track Initiative (EFA-FTI)
Program administered by the International Development Association;

WHEREAS AusAID and the World Bank, acting as administrator of the
Australian Trust Fund for the Australian Support to Lao People’s Democratic Republic
for the Education for All Fast Track Initiative (EFA-FTI) Program, have agreed on the
basis, inter alia, of the foregoing to extend such additional assistance to the Recipient
upon the terms and subject to the conditions set forth in this Grant Agreement;

NOW THEREFORE 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 31, 2010 ("Standard Conditions"), 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 Project

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 Parts A.1, A.3, A.5 and B.5 of 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 Project 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 twenty million two hundred sixty one thousand and five hundred seventy-eight Australian Dollars (AU$20,261,578) ("Grant") to assist in financing the Program ("Project").

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 above-mentioned 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; and

(b) the right of the Recipient to withdraw the proceeds under the FTI Grant Agreement shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the said Grant 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
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 Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 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 DEVELOPMENT ASSOCIATION acting as administrator of the Australian Trust Fund for the Australian Support to Lao People’s Democratic Republic for the Education for All Fast Track Initiative (EFA-FTI) Program

By /s/ Annette Dixon

Authorized Representative
SCHEDULE 1

Project 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 Project consists of Parts A.1, A.3, A.5 and B.5 of the following Program:

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

Project Execution

Section I. Institutional and Other Arrangements

A. Implementation Arrangements

1. The Recipient shall for the purposes of the Project:

(a) maintain, until completion of the Program, the Program Advisory Council, chaired by the 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 Program 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;

(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; and

(j) ensure there are sufficient funds in Australian Dollars in the Designated Account to cover expenditures in Kip to be paid from Project Accounts.

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-project shall be eligible for financing out of the proceeds of the Grant and approved unless:

(a) the corresponding proposals for the Sub-project has been prepared and submitted, and the review of proposals and award of the 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; and

(b) there are sufficient funds in Kip in the project account for the financing
of the Sub-grant.

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 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.

4. 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 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 (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, the World Bank, and the Donor 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 (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.

5. 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.

6. A Participating Village 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 Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
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.

E. Donor Visit

1. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Program Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare in respect thereof Project 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 Project 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 Project 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 Project as part of the 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. Goods. All goods 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 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

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods. The following methods, other than International Competitive Bidding, may be used for procurement of goods 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:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in AUD)</th>
<th>Percentage of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ services, Incremental Operating Costs</td>
<td>11,318,000</td>
<td>100%</td>
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<tr>
<td>and Training and Workshops under Parts A.1, A.3, A.5 and B.5 of the</td>
<td></td>
<td></td>
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<tr>
<td>Project</td>
<td></td>
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<tr>
<td>(2) Construction Sub-project Grants</td>
<td>7,125,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>1,818,578</td>
<td></td>
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<tr>
<td>TOTAL AMOUNT</td>
<td>20,261,578</td>
<td></td>
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</tbody>
</table>

**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 two hundred thousand Australian Dollars (AUD200,000) may be made for payments made prior to this date but on or after March 18, 2011 for Eligible Expenditures.

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

<table>
<thead>
<tr>
<th>Province</th>
<th>FTI-CF Districts</th>
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<tbody>
<tr>
<td>1</td>
<td>1701 Xaysetha</td>
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<td>2</td>
<td>1703 Sanamxay</td>
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<td>3</td>
<td>1704 Sanxay</td>
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<td>1705 Phouvong</td>
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<td>204 Samphanh</td>
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<td>61</td>
<td>206 Nhot-Ou</td>
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</tbody>
</table>
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 bid 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 Procurement Guidelines; 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**

<table>
<thead>
<tr>
<th>Program Outcome Indicators (PAF number in parentheses)</th>
<th>Baseline 2008-2009</th>
<th>Target Values</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Completion Survival Rate to grade 5*; (in 56 targeted districts)</td>
<td>54.2</td>
<td>YR1 57, YR2 61, YR3 64</td>
<td>Frequency and Reports Yearly, Data Collection Instruments EMIS, Responsibility for Data Collection ESTIC</td>
</tr>
<tr>
<td>Gender Parity Index for Primary Education; *‡</td>
<td>0.88</td>
<td>YR1 0.92, YR2 0.94, YR3 0.96</td>
<td>Yearly, EMIS, ESITC</td>
</tr>
<tr>
<td>Decline in shortfall of qualified teachers at Primary level; †</td>
<td>0</td>
<td>YR1 0, YR2 750, YR3 750</td>
<td>Yearly, EMIS, ESITC</td>
</tr>
<tr>
<td>Decline in shortfall of classrooms at the Pre-Primary and Primary level; †</td>
<td>0</td>
<td>YR1 228, YR2 228+266, YR3 228+266+266</td>
<td>Yearly, EMIS, ESITC</td>
</tr>
<tr>
<td>System for Learning Assessment (using Core IDA rating scale) ‡</td>
<td>1</td>
<td>YR1 1, YR2 2, YR3 2</td>
<td>Yearly, ASLO, RIES</td>
</tr>
<tr>
<td>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)</td>
<td>Grade 1: 115,770 Female: 53,602, Grade 2: 66,630 Female: 30,380, Grade 3: 53,144 Female: 24,123, Grade 4: 42,927 Female: 19,254, Grade 5: 35,573 Female: 92,430</td>
<td>93% net enrollment rate for the whole country, 94% net enrollment rate for the whole country, 95% net enrollment rate for the whole country</td>
<td>Yearly, EMIS, ESITC</td>
</tr>
<tr>
<td>Dropout rate in targeted areas by category * (gender, ethnicity, location, grade level)</td>
<td>Grade 1: 17.3 Female: 17.8, Grade 2: 7.8 Female: 7.9, Grade 3: 7.4</td>
<td>Average 8% from Grade 1-Grade 5, Average 5% from Grade 1-Grade 5, Average 3% from Grade 1- Grade 5</td>
<td>Yearly, EMIS, ESITC</td>
</tr>
</tbody>
</table>
| Increase in the number of schools meeting SOQ (School of Quality) standards | Female: 7.1  
Grade 4: 6.4  
Female: 8.4  
Grade 5: 8.9  
Female: 7.9 | 0 | 750 | 1500 | +1600 | Yearly | M&E | DEB |
| Intermediate Outcome Indicators | Baseline 2008-2009 | YR1 | YR2 | YR3 | Frequency and Reports | Data Collection Instruments | Responsibility for Data Collection |
| 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 in terms of physical environment (W&S, furniture, building), as defined in the MOE’s instruction of June 2009 | 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 | (i) 750 | (i) 15 | 0 | (i) 1600 | Yearly | M&E | DEB |
| | (ii) 0 | (ii) 750 | (ii) 150 | 0 | (ii) 1600 | | |
| | (iii) 0 | (iii) 750 | (iii) 150 | 0 | (iii) 1600 | | |
| 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 | 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 | 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. Targeted completion rate in the priority districts is mentioned in this table.
APPENDIX

Definitions


2. “Assessment of Student Learning Outcomes” and the acronym “ASLO” mean the standardized student assessment carried out periodically by the RIES for grades three (3) and six (6) in tested subjects that include the Lao language, mathematics, science, and social studies.

3. “AusAID” means the Australian Agency for International Development.

4. “Australian Dollars” and “AUD” mean the official currency of Australia.

5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “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.

7. “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.

8. “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.

9. “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.
10. “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.

11. “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. “DEB” means the District Education Bureau established by the Recipient and maintained in each of the Program Districts, or any successor or successors thereto.

14. “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)(ii) of Schedule 2 to this Agreement.

15. “Donor” means AusAID.

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” and the acronym “ESITC” mean the center for management of educational information at the MOE which is responsible for the collection, analysis and dissemination of educational statistics, or any successor thereto.

20. "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.

21. "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.


23. "ESDF Coordination Unit" and the acronym "ECU" mean 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.


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 Project incurred by the Recipient under the Project (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.


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. "M&E" means monitoring and evaluation.

35. "MOE" means the Recipient’s Ministry of Education or any successor thereto.

36. "MOF" means the Recipient’s Ministry of Finance or any successor thereto.

37. "MOIC" means the Recipient’s Ministry of Information and Culture or any successor thereto.

38. "MPI" means the Recipient’s Ministry of Planning and Investment, or any successor thereto.

39. "NUOL" means the Recipient’s National University of Lao PDR established under the Prime Minister’s decree No.50/PM dated June 9, 1995.

40. "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)(ii) of Schedule 2 to
this Agreement, as the same may be amended from time to time with the prior agreement of the Association.

41. "Participating Village" means a Participating Village within a Program District that receives a Construction Sub-project Grant and carries out or will carry out a 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.


43. "PES" means the Recipient's Provincial Education Service or any successor thereto.

44. "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.

45. "Procurement Plan" means the Recipient's procurement plan for the Program dated March 24, 2010, updated on May 19, 2011, 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.

46. "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.

47. "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.

48. "Program Implementation Manual" means the Program Implementation Manual referred to in Section I.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.

49. "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.

50. "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.

51. “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.

52. “Project Accounts” means the accounts being operated by the ECU and the Provinces under the FTI Grant Agreement.

53. “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.

54. “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.

55. “RIES” means the Recipient’s Research Institute for Educational Sciences, or any successor thereto.

56. “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.

57. “Sub-grant” means a Construction Sub-project Grant.

58. “Sub-grant Agreement” means a Sub-Grant Agreement for a Construction Grant Agreement, as the case may be.

59. “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.

60. “VEDC” means a Village Education Development Committee or any successor thereto and the term “VEDCs” means, collectively, more than one VEDC.

61. “Vice Minister of Education” means the Vice Minister of the Ministry of Education or any successor thereto.