



**THE WORLD BANK**  
IBRD • IDA | WORLD BANK GROUP  
Afghanistan Country Office

Street 15, House 19  
Wazir Akbar Khan  
Kabul, Afghanistan

Tel: (0093) 70113 3397

# OFFICIAL DOCUMENTS

July 3, 2018

H.E. Mohammad Khalid Payenda  
Acting Minister of Finance  
Ministry of Finance  
Islamic Republic of Afghanistan  
Kabul, Afghanistan

Excellency:

***Re: Afghanistan Reconstruction Trust Fund Grant No.TF0A8009  
Preparation of EQRA Project Letter Agreement***

In response to the request for financial assistance made on behalf of Islamic Republic of Afghanistan (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by various donors (“Donors”) under the Afghanistan Reconstruction Trust Fund (“ARTF”), proposes to extend to the Recipient, a grant in an amount not to exceed three million four hundred thirty thousand nine hundred and fifty-four United States Dollars (USD 3,430,954) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the activities described in the Annex (“Activities”).

The objective of the Activities is to facilitate the preparation of the proposed EQRA Project which has the objective to increase equitable access to primary and secondary education in selected lagging provinces, especially for girls and to improve learning conditions in the country (“Project”), for the carrying out of which the Recipient has requested the financial assistance from the World Bank, in its capacity as administrator of the ARTF.

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Grant does not constitute or imply any commitment on the part of the World Bank to assist in the financing of the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities in accordance with the terms and conditions set forth or referred to in this Agreement.

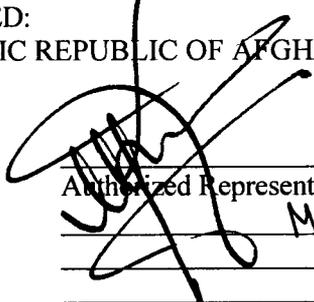
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Shubham Chaudhuri  
Shubham Chaudhuri  
Country Director, Afghanistan  
South Asia Region

AGREED:  
ISLAMIC REPUBLIC OF AFGHANISTAN

By:   
Authorized Representative  
Name: Mohammad Khalid Payenda  
Title: Acting Minister of Finance  
Date: July 11, 2018

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. **Definitions.** 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 (including the Appendix thereto).

**Article II**  
**Project Execution**

2.01. **Project Objectives and Description.** The Activities for which the Grant is provided consist of the following parts:

- (a) Provision of technical assistance to:
- (i) finalize and implement the social mobilization strategy to engage and empower communities to take ownership of education processes at the local level;
  - (ii) finalize a school grant manual including fiduciary and reporting requirements;
  - (iii) develop a grievance redress mechanism system;
  - (iv) develop policy guidelines on common standards of community based education for cost harmonization between its different modalities;
  - (v) finalize a curriculum policy and framework;
  - (vi) develop a distribution strategy for delivery of textbooks from provinces to schools;
  - (vii) prepare survey instruments for baseline data collection for teaching quality, and develop a teacher policy;
  - (viii) pilot monthly phone call survey to verify student and teacher attendance;
  - (ix) develop a school infrastructure policy to establish nation-wide criteria to prioritize school construction site selection in areas of the greatest need;
  - (x) develop output based reporting mechanisms through: (A) review of current reporting structures between central and provincial levels; (B) development of output based reporting mechanisms, including development of an annual operational plan for 2019; and (C) orientation and training on newly established reporting mechanism at central and provincial levels;

- (xi) support MoE to monitor existing programs, including the audit of the Second Education Quality Improvement Project, in order to enhance the financial management capacity of MoE to enable it to carry out the Project.

(b) Provision of technical and operational assistance to MoE for the day-to-day management of the Activities including financial management, procurement, general education, teacher education, social mobilization, environmental and social safeguards management, communications, infrastructure services, curriculum, planning, and monitoring and evaluation of the Activities.

2.02. **Activities Execution Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the MoE, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** The Recipient shall:

(a) through MoE, establish not later than one (1) month from the date of the Recipient’s signature of this Agreement, a Joint Working Group with a mandate, composition and resources satisfactory to the World Bank, throughout the period of implementation of the Activities, to oversee the implementation of the Activities and to facilitate the coordination among the technical agencies and timely implementation of the Activities.

(b) ensure appropriate coordination, collaboration, and inputs, as needed from its Ministry of Rural Rehabilitation and Development, and its Ministry of Urban Development and Housing are obtained in development of a school infrastructure policy referred to in Section 2.01(a)(ix) above.

2.04. **Environmental and Social Safeguards.** (a) The Recipient shall ensure that the terms of reference for any consultancies related to studies, assessments, regulations, technical guidelines, training, and technical assistance and capacity building activities under the Activities shall be satisfactory to the World Bank and, to that end, such terms of reference shall, *inter alia*, duly incorporate the requirements of the World Bank’s safeguard policies then in force, as applied to the advice conveyed through such studies, assessments, regulations, technical guidelines, training and technical assistance and capacity building activities.

2.05. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) 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 Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.06. **Documents; Records.**

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Activities are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements,

procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.

**2.07. *Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Activities and prepare Activities Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Activities Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

- (i) Teacher policy developed
- (ii) School infrastructure policy developed
- (iii) Monthly phone call survey piloted
- (iv) Annual operational plan developed for 2019
- (v) Grievance redress mechanism system developed

(c) 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.

**2.08. *Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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.

(c) The Recipient shall have its Financial Statements 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

### **2.09. *Procurement***

All goods, non-consulting services and consulting 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 the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 ("Procurement Regulations"), and the provisions of the Recipient's procurement plan for the Project ("Procurement Plan") dated May 24, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

## **Article III Withdrawal of Grant Proceeds**

**3.01. *Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing", dated February 2017, 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 following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, consulting services, Training, and Incremental Operating Costs under the Activities	3,430,954	100%
<b>TOTAL AMOUNT</b>	<b>3,430,954</b>	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, 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 USD 1,372,381 equivalent may be made for payments made prior to this date but on or after January 1, 2018, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2018.

#### **Article IV**

##### **Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance

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

Ministry of Finance  
Pashtunistan Watt  
Kabul  
Islamic Republic of Afghanistan

Facsimile: 93-20-210-3259

4.03. ***World Bank's Address.*** 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

Facsimile: 1-202-477-6391

**APPENDIX****Section I. Definitions**

1. “MoE” means the Recipient’s Ministry of Education, or any successor thereto.
2. “Incremental Operating Costs” means the incremental operating expenses incurred by the Recipient on account of implementation of the Activities, including car rentals, the operation and maintenance of vehicles, office rentals, office supplies, communication charges including internet charges, insurance costs, office administration costs, banking charges, utility charges, advertising expenses, domestic travel and per diem allowances, but excluding salaries and salary supplements of the Recipient’s civil servants.
3. “Second Education Quality Improvement Project” means the Second Education Quality Improvement Project in support of which the International Development Association, and the World Bank provided financing through Grant No.H354 and Grant No.TF093962 respectively to the Recipient.
4. “Training” means the costs associated with the training and workshop participation of personnel involved in implementation of the Activities, including travel and subsistence costs for training participants, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop.

**Section II. Modifications to the Standard Conditions**

The Standard Conditions are modified as follows:

1. The term “Project”, whenever used in the Standard Conditions, is modified to read “Activities” (and related text adjusted for grammatical correctness accordingly).
2. The term “Project Report”, whenever used in the Standard Conditions, is modified to read “Activities Report”.