Mr. Zheng Xiaosong  
Director General  
International Department  
Ministry of Finance  
Sanlihe, Beijing, 100820  
People’s Republic of China  

China: IDF Grant for Building Provincial-level Capacity on  
Monitoring the Quality of Compulsory Education  
IDF Grant No. TF096254

Dear Mr. Zheng:

In response to the request for financial assistance made on behalf of the People’s Republic of China (the “Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (the “World Bank”) proposes to extend to the Recipient, a grant from the World Bank’s Institutional Development Fund (“IDF”) in an amount not to exceed two hundred fifty thousand United States Dollars (US$250,000) (the “Grant”) on the terms and conditions set forth or referred to in this letter agreement (the “Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (the “Project”).

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project 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. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

/s/ Klaus Rohland  
Klaus Rohland  
Country Director, China  
East Asia and Pacific Region
AGREED:
PEOPLE’S REPUBLIC OF CHINA

By:  /s/ Zheng Xiaosong
     Authorized Representative

Name: Zheng Xiaosong

Title: Director General

Date: June 1, 2010

Enclosures:


Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 1, 2008 (“Standard Conditions”), 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.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen monitoring and evaluation (M&E) capacity in compulsory education at provincial level. The Project consists of the following parts and activities:

**Part 1. Diagnostic Study of Compulsory Education Monitoring and Evaluation Practice at Province Level:** (a) conduct a survey of the current administrative system, assessment and evaluation process and practice, utilization of the results and its impact, knowledge and skills of responsible staff to understand the current M&E capacity at provincial level; and (b) prepare a survey report which will provide better understanding of needs, target and method for capacity building activities on M&E at provincial level.

**Part 2. Design Training Program and Develop Training Manual:** (a) design and revise the training program outlining the different training objectives, courses, schedules, assessment methods for different target groups through consultation and workshops; and (b) develop and finalize the training manual and other training materials for different target groups through consultation and workshops.

**Part 3. Participatory Training:**

(a) **Training Programs on general knowledge & skills:** conduct training programs on basic knowledge, theories and skills for M&E targeting the local government officials who are responsible for basic education and inspection, education researchers and practitioners, staff of provincial monitoring centers.

(b) **Training Programs on intermediate knowledge & technology:** conduct training programs on intermediate knowledge and technology for M&E targeting inspectors, researchers, staff of monitoring centers and local government officials.

(c) **Training Programs on advanced knowledge & technology:** conduct training programs on advanced knowledge and technology for M&E targeting staff of the
provincial monitor centers, plus inspectors, researchers and practitioners, and local government officials.

(d) **Evaluation of Training Programs**: Assess each training program on the basis of training content, method and administration through the questionnaire filled by all trainees at the end of the each training program.

**Part 4. M&E Pilot in Two Selected Provinces**: (a) develop M&E plan and tools including teacher/student questionnaires and tests; (b) conduct M&E by randomly selecting teachers and students of the primary and secondary schools within the selected counties/districts in each pilot province, and by filling in questionnaires and taking the tests; (b) conduct data collection, entry and analyze and produce M&E reports; and (c) evaluate the two pilots by assessing the M&E capacity of two provinces, identifying problems and providing suggestions for future improvement.

**Part 5. Consultation and Dissemination**: Hold workshops and seminars to engage government officials, experts and practitioners to consult on the effectiveness of capacity building, and to widely disseminate the pilot results on capacity building and implementation of educational M&E.

### 2.02. Project Execution Generally

The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through National Center for Basic Education Quality Assessment, 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 (c) this Article II.

### 2.03. Project Monitoring, Reporting and Evaluation

(a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project 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 Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following, namely that, a recommended model of capacity building at provincial level has been adopted by the Ministry of Education.

(c) The Recipient shall, upon the World Bank’s request, 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 three (3) months after the Closing Date.

### 2.04. 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 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 (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.

2.06. **Procurement**

(a) **General.** All goods and 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:

(i) Section I (excluding paragraph 1.16) of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”), in the case of goods; and

(ii) Sections I (excluding paragraph 1.24) and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services.

(b) **Definitions.** The capitalized terms used in the following paragraphs of 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 the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods.** Goods shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection based on Consultants’ Qualifications; (B) Selection of Individual Consultants; (C) Single Source Selection of Consulting Firms; and (D) Sole Source Procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) the first contract to be awarded in accordance with each procurement method regardless of value; (b) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more; (c) each contract for employment of individual consultants estimated to cost the equivalent of $50,000; and (d) each contract for consultants services selected on a Sole Source basis. All other contracts shall be subject to Post Review by 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) 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 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive/exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>45,570</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services</td>
<td>133,510</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Workshops</td>
<td>70,920</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>250,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Section the term “Training and Workshops” means the costs associated with training and workshop participation of personnel involved in the implementation of the Project including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation.

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 countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

**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 the 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  
Sanlihe  
Beijing 100820  
People’s Republic of China  

Facsimile:  
(86-10) 6855-1125

4.03.  **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:  
INTBAFRAD  
Telex:  
248423 (MCI) or 64145 (MCI)  
Facsimile:  
1-202-477-6391