Financing Agreement

(Second Skills Development Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 11th, 2013
FINANCING AGREEMENT

AGREEMENT dated May 11th, 2013, entered into between ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to thirty five million seven hundred thousand Special Drawing Rights (SDR 35,700,000) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are May 15 and November 15 in each year.

2.05. The Payment Currency is Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Deputy Ministry of Technical and Vocational Educational and Training in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years (20) after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister responsible for finance.

5.02. The Recipient’s Address is:

Ministry of Finance
Pashtunistan Watt
Kabul
Islamic Republic of Afghanistan

Facsimile:

93-20-210-3258
5.03. The Association’s Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391 Washington, D.C.

AGREED at first above written.

ISLAMIC REPUBLIC OF AFGHANISTAN

By

[Signature]

Authorized Representative

Name: Omar Zakhilwal
Title: Finance Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Robert Smirn
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase the potential for employment and higher earnings of graduates from Technical and Vocational Education and Training (TVET) schools and institutes through improvements in the skills delivery system.

The Project consists of the following parts:

Part 1. Strengthening the TVET institutional system

(a) Formulating and implementing a detailed TVET strategy and plan designed to systematically address policy and systemic issues in the TVET sector.

(b) Developing quality standards for skills delivery and accreditation standards for service providers, including partial financing of the construction of DMTVET’s research building.

(c) Designing and implementing a labor market information system, including an overall management information system for the TVET sector.

(d) Carrying out a program of activities designed to improve the capacity of monitors and inspectors of schools and institutes accredited by DMTVET.

(e) Development and implementation of certification examinations, processes and related activities for TVET students.

Part 2. Improving performance of TVET schools and institutes

(a) Carrying out a program of activities designed to encourage schools and institutes accredited by DMTVET to implement Good Practices through the provision of Sub-grants to selected schools and institutes accredited by DMTVET to finance the preparation and implementation of Business Development Plans.

(b) Carrying out a program designed to facilitate further professional certification studies for meritorious students through the provision of Academic Vouchers.

(c) Carrying out a program of activities designed to strengthen the administrative and financial autonomy of selected schools and institutes, including rehabilitation or maintenance of infrastructure and provision of goods and equipment for the purpose.
(d) Carrying out a program of activities designed to continue implementing Good Practices at NIMA, ANIM, AIT and the Blind School through the provision of Sub-grants to finance preparation and implementation of Business Development Plans.

Part 3. Improving Teacher Competencies

Carrying out a program of activities designed to enhance teacher competencies through the provision of training to TVET teachers and master trainers, including construction of new buildings and rehabilitation of existing infrastructure for the Technical Teacher Training Institute and provision of equipment for the said institute.

Part 4. Project Management, monitoring and evaluation and public awareness

Carrying out a program of activities designed to build the capacity of the DMTVET for Project management, monitoring and impact evaluation studies, including supporting third party monitoring, development of a management information system for the Project and carrying out a public awareness campaign about the TVET programs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. DMTVET

The Recipient shall vest responsibility for overall implementation of the Project in the DMTVET.

2. Steering Committee

The Recipient shall by not later than July 15, 2013 establish, and thereafter maintain, throughout the Project implementation period, a Steering Committee chaired by the Minister of Education, and comprised of, inter alia, deputy minister of TVET; a representative at sector manager level of the MOF; the director general of administration and finance of MOE; three representatives of the donor community involved in the sector; and two private sector representatives. The Steering Committee shall: (a) be responsible for, inter alia, providing policy guidance and macro-level coordination for the Project; and (b) meet at least once every calendar quarter.

3. Standing Committee

The Recipient shall by not later than July 15, 2013 establish, and thereafter maintain, throughout the Project implementation period, a Standing Committee within DMTVET, chaired by the deputy minister of DMTVET, and comprised of, inter alia, the director general of administration and finance of MOE; the financial management specialist and procurement specialist of the Skills Team under DMTVET; two representatives of private sector and industry other than those sitting on the Steering Committee; and the head of the Skills Team. The Standing Committee shall; (a) be responsible for, inter alia, overseeing overall Project implementation; and (b) shall meet at least once every month.

4. Skills Team

The Recipient shall maintain, throughout the Project implementation period, the Skills Team within DMTVET, with qualified and experienced staff, adequate resources and terms of reference satisfactory to the Association, to be
responsible for day to day implementation of the Project, including financial management and procurement for the Project. To this end, the Recipient shall ensure that, by not later than July 15, 2013, a social and gender specialist and an environmental focal person with qualifications, experience and terms of experience satisfactory to the Association, are hired and thereafter maintained, within the Skills Team, throughout the Project implementation period.

5. Governing Councils

In order to build the administrative autonomy of the schools and institutes supported under the Project, the Recipient shall ensure that:

(a) each such school and institute shall establish, within one month of being selected for participation [and prior to receiving any Sub-grant], a Governing Council, with responsibility for, *inter alia*: (i) ensuring the market relevance of curricula; (ii) establishing linkage of such school or institute with industries and job markets; (iii) building a placement system for students; and (iv) improving teaching and training.

(b) each respective Governing Council shall be: (i) comprised of three representatives of the said school or institute, one representative of DMTVET, and three representatives from the private sector; and (ii) chaired by one of the private sector representatives with the head of the school or institute as deputy chair.

(c) the private sector representatives participate in decision making for all academic and management activities.

(d) each respective Governing Council holds at least one meeting every two months.

B. Implementation Covenants

1. Project Implementation Manual

(a) The Recipient shall: (i) prior to the commencement of any Academic Voucher or Sub-grant activity and by not later than September 30, 2013, prepare and adopt the Project Implementation Manual in form and substance acceptable to the Association, and thereafter carry out the Project in accordance with the Project Implementation Manual; and (ii) except as the Association shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Project Implementation Manual, or any provision thereof.
(b) In the event of a conflict between the provisions of either the Project Implementation Manual and those of this Agreement, the latter shall govern.

2. Financial Autonomy

To ensure the financial autonomy of the schools and institutes supported under the Project, the Recipient shall by not later than June 15, 2014, prepare and adopt a plan, in accordance with terms of reference acceptable to the Association, setting forth steps to be undertaken to ensure financial autonomy of said schools and institutes, including the ability of such schools and institutes to control, spend and earn income.

C. Anti-Corruption

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

D. Academic Vouchers

To ensure proper and efficient implementation of Part 2(b) of the Project, the Recipient shall award Academic Vouchers to meritorious students who shall have been selected in accordance with criteria set forth in the Project Implementation Manual, which shall include a requirement that: (1) eligible students shall have passed a prerequisite examination conducted at institutes accredited by DMTVET and schools for the hearing and visually impaired; (2) the students shall have been recommended for the award by DMTVET; and (3) such recommendation shall have been ratified by the office of the Minister of Education.

E. Sub-grants.

1. The Recipient shall make Sub-grants in accordance with eligibility criteria and procedures acceptable to the Association and set forth in the Project Implementation Manual, which shall include the following:

(a) The Beneficiaries shall be schools or institutes accredited by DMTVET that shall be selected through a two-round selection process as detailed in Paragraph 2(a) of this Section E.

(b) The Beneficiaries shall prepare Business Development Plans setting forth the Good Practices to be implemented by the respective schools and institutes including physical improvements to be undertaken such as renovating or rehabilitation of buildings.

(c) Not more than 15% of the Sub-grant shall be used on works.
The Recipient shall make each Sub-grant under a Sub-grant Agreement with the respective Beneficiary on terms and conditions approved by the Association and further elaborated in the Project Implementation Manual, which shall include the following:

(a) The Sub-grant shall be on grant basis, and shall be in an amount of not more than: (i) $30,000 for the initial shortlisted schools and institutes accredited by DMTVET, selected during the first-round of the process, to finance the introduction and/or scaling up and/or replication of Good Practices and preparation of the final Business Development Plan, including providing any required goods and equipment for the purpose; and (ii) $400,000 for the implementation of the final approved Business Development Plans, selected in the second-round selection process.

(b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) 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 (ii) require each Beneficiary to: (A) carry out the activities financed by the Sub-grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the Environmental and Social Management Framework, the Environmental Management Plans if any, and the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities financed by the Sub-grant and the achievement of the objectives of such activities; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the activities financed by the Sub-grant; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F)
enable the Recipient and the Association to inspect and undertake performance audits of the activities financed by the Sub-grant and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.


F. Safeguards.

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework and Environmental Management Plans, if any; and except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. Prior to the commencement of any works under the Project, the Recipient shall, and shall ensure that the relevant Beneficiary shall:

   (a) carry out the relevant site-specific environmental impact assessments, and thereafter prepare, in accordance with the Environmental and Social Management Framework, any Environmental Management Plans required, in form and substance satisfactory to the Association; and

   (b) except as otherwise agreed with the Association, submit the said Environmental Management Plans to the Association for review and approval, and thereafter adopt the Environmental Management Plans, ensure that such Environmental Management Plans are disclosed publicly and carry out the pre-work commencement requirements specified in such Environmental Management Plans.

3. Without limitation upon its other reporting obligations under Section II.A of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with such Safeguard Instruments, giving details of:
(a) measures taken in furtherance of such Environmental and Social Management Framework and Environmental Management Plans;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Environmental and Social Management Framework and Environmental Management Plans; and

(c) remedial measures taken or required to be taken to address such conditions.

4. In the event of any conflict between the provisions of the Environmental and Social Management Framework and/or any Environmental Management Plan, and those of this Agreement, those of this Agreement shall prevail.

5. The Recipient shall ensure that no land acquisition or Involuntary Resettlement is carried out under the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than thirty (30) after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty five (45) after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient.
The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

4. The Recipient shall maintain, throughout Project Implementation period, an internal audit office within DMTVET with composition, terms of reference and resources satisfactory to the Association to be responsible for internal audit functions for the Project. To this end, the Recipient shall, by not later than September 30, 2013, assign and thereafter maintain, an internal auditor with qualifications, experience and terms of reference satisfactory to the Association.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing 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 Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

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

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in subparagraph 3 of this Section B; (b) Shopping, (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association.
3. National Competitive Bidding procedures shall be subject to the following additional procedures:

(a) Standard bidding documents approved by the Association shall be used.

(b) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.

(c) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.

(d) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.

(e) Foreign bidders shall not be precluded from bidding.

(f) Qualification criteria (in case pre-qualifications were not carried out) shall be stated on the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity of registering, without any hindrance.

(g) Bidders may deliver bids, at their option, either in person or by courier service or by mail.

(h) All bidders shall provide bid security or a bid security declaration form as indicated in the bidding documents. A bidder’s bid security or the declaration form shall apply only to a specific bid.

(i) Bids shall be opened in public in one place preferably immediately, but no later than one hour, after the deadline for submission of bids.

(j) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Association.

(k) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association.

(l) Split award or lottery in award of contracts shall not be carried out. When two (2) or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which:

(A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and
qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Association.

(m) Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.

(n) Extension of bid validity shall not be allowed without the prior concurrence of the Association (A) for the first request for extension if it is longer than four (4) weeks, and (B) for all subsequent requests for extensions irrespective of the period in case of prior review.

(o) Negotiations shall not be allowed with the lowest evaluated or any other bidders.

(p) Re-bidding shall not be carried out without the Association's prior concurrence in case of prior review.

(q) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.

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 contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.
D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Category Allocated to be Financed (inclusive of Taxes)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, Academic Vouchers, Incremental Operating Costs, Training and consultants’ services for the Project (other than for Sub-grants)</td>
<td>29,210,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works and consultants’ services for Sub-grants</td>
<td>6,490,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>35,700,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement; or

   (b) under Category (2) for Sub-grants unless and until the Recipient has adopted the Project Implementation Manual referred to in Section I.B.1 of Schedule 2 to this Agreement.

2. The Closing Date is June 30, 2018.
APPENDIX

Definitions

1. “Academic Vouchers” means vouchers to be awarded to selected students of schools for the visually and hearing impaired and DMTVET accredited institutes to pursue further professional education under Part 2(b) of the Project.


3. “Beneficiary” means a TVET school or institute accredited by the DMTVET that has met the eligibility and/or selection criteria set out in the Project Implementation Manual, and as a result has received, or is entitled to receive, a Sub-grant for the preparation or implementation of a Business Development Plan under Part 2(a) and (d) of the Project.

4. “Business Development Plan” means each plan to be financed out of a Sub-grant, and designed to enhance the performance of schools and institutes accredited by the DMTVET to deliver quality TVET.

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


7. “DMTVET” or “Deputy Ministry of Technical and Vocational Educational and Training” means the entity, within MOE, responsible for technical and vocational education training, or any successor thereto.

8. “EMP” or “Environmental Management Plan” means an environmental management plan in form and substance satisfactory to the Association, to be prepared by the Recipient as required by and on the basis of the ESMF, and giving details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as any such plan may be amended and/or supplemented from time to time with prior written approval of the Association; and “EMPs” means, collectively, more than one such plan.
9. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework dated February 9, 2013 and entitled "Environment and Social Assessment and Environmental and Social Management Framework", defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.


12. "Good Practices" means practices, further elaborated in the Project Implementation Manual, designed to introduce or reinforce implementation of institutional reforms in schools and institutes accredited by DMTVET, such practices to include: (a) introduction of curricula reform aimed at making skills taught at school market-relevant; (b) broad basing of school governing councils to ensure private sector participation in management and decision making; (c) establishment of milestones for improvements in school administration and student welfare; and (d) enhancement of academic and administrative performance of TVET schools and institutes accredited by DMTVET.

13. "Governing Council" means each council established by a school or institute referred to in Section I.A.5 of Schedule 2 to this Agreement.

14. "Incremental Operating Costs" means incremental recurrent expenditures incurred on account of the Project implementation including office supplies, fuel and maintenance of vehicles and motor cycles, maintenance of equipment, telephone and other communications charges, advertising expenses, insurance for vehicles, bank and services fees, student internships and travel costs, office rentals, remuneration of the contracted staff in the Skills Team other than consultants included in Procurement Plan, but excluding salaries of officials of the Recipient’s civil service.

15. "Involuntary Resettlement" means the following caused on account of Project implementation: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks
and protected areas resulting in adverse impacts on the livelihood of the affected person.

16. "MOE" means the Recipient’s ministry responsible for education or any successor thereto.

17. "MOF" means the Recipient’s ministry responsible for finance or any successor thereto.


19. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated February 7, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. "Project Implementation Manual" means the manual referred to in Section I.B of Schedule 2 to this Agreement and with the Financial Management Manual attached as annex, outlining implementation arrangements for the Project, including organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, procurement arrangements, as well as guidelines detailing implementation arrangements for the Academic Vouchers and Sub-grants, including eligibility criteria for the Beneficiaries, as may be amended from time to time with prior written approval of the Association.

21. "Skills Team" means the team referred to in Section I.A.4 of Schedule 2 to this Agreement.

22. "Sub-grant" means a grant to be made out of the proceeds of the Financing to finance the preparation and implementation of the Business Development Plans under Part 2(a) and (d) of the Project.

23. "Sub-grant Agreement" means an agreement to be entered into between the Recipient, through the MOE, and a Beneficiary for the provision of a Sub-grant.

24. "Standing Committee" means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.

25. "Steering Committee" means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

26. "Technical Teacher Training Institute" means the institute in Kabul established to provide in-service training to technical teachers.
27. "Training" means the reasonable costs of training under the Project, based on the annual work plans and budgets approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.