Global Partnership for Education
Grant Agreement

(Second Global Partnership for Education Project)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Supervising Entity of the Global Partnership for Education Fund

Dated June 04, 2015
GLOBAL PARTNERSHIP FOR EDUCATION FUND
GRANT AGREEMENT

AGREEMENT dated June 04, 2015, entered into between LAO PEOPLE’S DEMOCRATIC REPUBLIC ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively, “World Bank”), acting as Supervising Entity of the Global Partnership for Education Fund ("GPE"). The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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 (including the Preamble and Appendix thereto), as the case may be.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the MoES 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 sixteen million eight hundred thousand Dollars ($16,800,000) (“Grant”) to assist in financing the 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 GPE for which the World Bank receives periodic contributions from the donors to the GPE. In accordance with Section 3.02 of the Standard Conditions, 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 GPE, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Recipient’s Representative; Addresses

4.01. The Recipient’s Representative is its Minister at the time responsible for finance.

4.02. The Recipient’s Address is:

Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane, Lao PDR

Facsimile:

856-21-412142

4.03. 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

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

Authorized Representative

Name: Thipphakone CHANHAKONGSA

Title: Vice Minister

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Supervising Entity of the Global Partnership for Education Fund

By

Authorized Representative

Name: Ulrich Zachau

Title: Country Director
SCHEDULE 1
Project Description

The objective of the Project is to assist the Recipient in improving pre-primary and primary education quality. The Project consists of the following parts:

Part 1: Strengthening School Based Management

Provision of technical and operational assistance to central, provincial, district and school and community stakeholders to strengthen their capacity in performing and overseeing effective school based management, including, *inter alia:* (a) development of a framework and standardized materials for SBM, carrying out of SBM training, development of an improved school financial monitoring and reporting system and a complaint mechanism relating to the use of school resources, and integration of gender, disability and inclusion aspects in SBM educational activities; (b) development of a system of monitoring and quality control of SBM capacity development programs; (c) provision of operational support for DESB and PESS to monitor and provide implementation support to schools in the implementation of SBM activities; and (d) provision of School Block Grants to primary and pre-primary schools and kindergartens for the carrying out of SBM activities identified in the relevant school development plan.

Part 2: Improving Reading Outcomes and Assessment Capacity

2.1 *Reading Development Intervention for Grades 1 and 2 in Lao Language.* Provision of technical assistance to develop and pilot a new pedagogical approach for teaching and learning of reading in Lao language in Grades 1 and 2, including, *inter alia:* (a) development of the pedagogical approach and relevant instructional and assessment materials; (b) training of teachers on the pedagogical approach and monitoring strategies to track changes in teaching practice; and (c) provision of capacity building assistance to school principals and pedagogical advisors to improve teaching and learning environments in primary schools.

2.2 *Studies to Support Instructional Approaches to Ethnic Students.* Provision of technical assistance to assess the experience and inform effective instructional approaches to early grade reading development for students belonging to different ethnic groups, including, *inter alia:* (a) a review of country experiences with significant ethno-linguistic diversity in advancing effective approaches to reading development of ethnic students in the Lao language; (b) a study of the orthographic and linguistic features of the main ethnic languages in the Recipient’s territory; (c) an analysis of policy options and costing to address the reading deficits among non-proficient Lao speakers; and (d) an evaluation framework of instructional programs in the Lao language.
Part 3: Project Management and Monitoring and Evaluation

Provision of technical and operational assistance to the MoES to:

(a) carry out the day-to-day execution of the Project including, inter alia: planning, execution, financial management, procurement, environmental and social safeguards management, and monitoring and evaluation of Project activities; and

(b) support the monitoring and evaluation of sector wide indicators.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

For the purposes of carrying out the Project, the Recipient shall maintain, at all times during the implementation of the Project, a Project steering committee, an advisory council, a working group, a central coordination unit within MoES and dedicated Project implementation teams in each participating PESS and DESB, all with functions and resources satisfactory to the World Bank and detailed in the Project Implementation Manual, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the World Bank.

B. Project Implementation Manual

The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Implementation Manual ("PIM") (provided, however, that in the event of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall not amend, abrogate or waive any provision of the PIM unless the World Bank has provided its prior no-objection thereof in writing.

C. Annual Work Plans and Budgets

1. The Recipient shall cause MoES to prepare and furnish to the World Bank not later than March 31 of each year during the implementation of the Project (or such later date as the World Bank may agree) for the World Bank’s no-objection, a consolidated Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures, including Sub-projects, proposed to be included in the Project in the Recipient’s following fiscal year, including a specification of the source or sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.D of this Schedule.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plan and Budget accepted by the World Bank for the Recipient’s respective fiscal year; provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall not make or allow to be made any change to the Annual Work Plan and Budget without prior no-objection in writing by the World Bank.

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Ethnic Group Development Plan and the Environmental Code of Practice.

2. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Ethnic Group Development Plan and the Environmental Code of Practice, unless the World Bank has provided its prior no-objection thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the World Bank on a six-monthly basis (or such other frequency as may be agreed with the World Bank) consolidated reports on the status of compliance with the Ethnic Group Development Plan and the Environmental Code of Practice, giving details of:

   (a) measures taken in accordance with the said instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and

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

E. School Block Grants

The Recipient shall: (1) prior to financing any School Block Grants out of the proceeds of the Grant, adopt School Block Grants Guidelines, in form and substance satisfactory to the World Bank, detailing the eligibility criteria and approval and administration arrangements for the provision of School Block Grants, including provisions consistent with the Environmental Code of Practice applicable to any small maintenance and repair works financed from School Block Grants; (2) ensure that all School Block Grants financed out of the proceeds of the Grant are made and administered in accordance with the School Block Grants Guidelines (provided, however, that in the event of any conflict between the arrangements and procedures set out in the School Block Grants Guidelines and the provisions of this Agreement, the provisions of this Agreement shall prevail); and (3) except as the World Bank shall otherwise agree, not amend, abrogate or waive any provision of the said guidelines.
F. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause MoES to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank and set forth in the Project Implementation Manual. Each Project Report shall cover the period of six (6) months, 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 cause MoES to 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 and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each 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.

4. The Recipient shall cause MoES to recruit two (2) accounting assistants within six (6) months of the date of signature of this Agreement with terms of reference and qualifications acceptable to the World Bank.
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 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 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 the Attachment to this Annex; (b) Shopping; and (c) Direct Contracting.

3.  Additional NCB Provisions. The procurement procedure to be followed for National Competitive Bidding shall be based on the public bidding procurement method as defined in the Decree No. 03/PM on Government Procurement of Goods, Construction, Maintenance and Services, dated January 9, 2004 and the Implementing Rules and Regulations, dated March 12, 2004 as amended on May 5, 2009; provided that such procedure shall be subject to the provisions of Section...
I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

(a) **Eligibility:** The eligibility of bidders to participate in a procurement process and to be awarded a contract financed by the World Bank shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Procurement Guidelines.

(b) **Domestic Preference:** No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

(c) **Registration and Inclusion in the Reference List of Suppliers/Contractors:** Registration and inclusion in the reference list shall not be used as a basis for or as a substitute for assessing the bidders' qualifications.

(d) **Bidding Documents:** Procuring entities shall use the appropriate standard bidding documents acceptable to the World Bank, which documents shall be prepared to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

(e) **Bid Opening:** All bids must be opened in public immediately at the deadline set for the bid submission at the date, time and place stipulated in the tender documents. Bids shall be opened in public, that is, the bidders or their representatives may attend the bid opening. The tender committee shall announce the names of the bidders and the price offered by each bidder. A record of the bid opening shall be prepared and shall contain the names of the bidders, bid price, discounts and the names of persons in attendance and the organizations they represent.

(f) **Rejection of Bids and Re-bidding:** All bids (or the sole bid if only one bid is received) shall not be rejected, negotiations shall not take place at any time with a bidder, the procurement process shall not be cancelled, or new bids shall not be solicited without the World Bank's prior written concurrence.

(g) **Contract Modifications:** With respect to contracts subject to the World Bank's Prior Review, the Recipient shall obtain the World Bank's no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed
termination of the contract. A copy of all signed contract amendments shall be provided to the World Bank for its record.

(h) **Bid and Contract Securities:** All bid and contract securities shall be in the format specified in the bidding documents.

(i) **Fraud and Corruption:** To be deemed acceptable by the World Bank, the bidding documents and contract shall include provision(s) stating the World Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

(h) **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank. Acts intended to materially impede the exercise of the World Bank's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

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 World Bank of Procurement Decisions**

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 the Proceeds of the Grant

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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Training and Operating Costs other than those financed under School Block Grants</td>
<td>11,760,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) School Block Grants</td>
<td>5,040,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,800,000</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 for:

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

(b) School Block Grants under Category (2), unless the Recipient has adopted the School Block Grants Guidelines, in form and substance satisfactory to
the Bank, in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.

2. The Closing Date is July 15, 2019.
Definitions

1. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project accepted by the World Bank pursuant to the provisions of Section I.C of Schedule 2 to this Agreement; as the said plan and budget may be modified from time to time with the prior written no-objection of the World Bank.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "DESB" means a District Education and Sports Bureau established and operating under the laws of the Recipient, and any successor thereto.

6. "Environmental Code of Practice" means the Recipient's code dated August 21, 2014, setting out measures and procedures to avoid, minimize and/or mitigate any adverse environmental, social, health and safety impacts that may result from the implementation of the Project, as said code may be modified from time to time with the prior no-objection of the World Bank, and such term includes any schedules or annexes to such code.

7. "Ethnic Groups" means, for purposes of the Project, the social groups residing or engaged in livelihood activities, each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (a) a close attachment to ancestral territories and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinct cultural group; (c) a language, often different from the Lao language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production.

8. "Ethnic Group Development Plan" means the Recipient's plan dated August 21, 2014, setting out the special planning measures or actions to be undertaken aimed at ensuring that through informed consultation the Ethnic Groups receive the benefits from the Project in a culturally compatible manner acceptable to them,
and do not suffer adverse effects as a result of the implementation of the Project; as said plan may be modified from time to time with the prior no-objection of the World Bank, and such term includes any schedules or annexes to such framework.


10. “Operating Costs” means the reasonable costs of goods and non-consulting services required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service.

11. “PESS” means a Provincial Education and Sports Service established and operating under the laws of the Recipient, and any successor thereto.


13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 11, 2015 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.

14. “Project Implementation Manual” and the acronym “PIM” each means the manual adopted by the MoES for the implementation of the Project referred to in Section I.B of Schedule 2 to this Agreement, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as said manual may be modified from time to time with the prior written no-objection of the World Bank, and such term includes any schedules to such manual.

15. “SBM” means school based management.
16. "School Block Grant" means a grant to be made available by the MoES out of the proceeds of the Grant to an eligible primary or pre-primary school or a kindergarten to finance the reasonable costs of goods, minor works and non-consulting services required for a Sub-project under Part 1(d) of the Project in accordance with the provisions of Section I.E of Schedule 2 to this Agreement; and "School Block Grants" means, collectively, all such School Block Grants.

17. "School Block Grants Guidelines" means the operational guidelines to be adopted by MoES for the implementation of its national school block grants program including the School Block Grants in accordance with Section I.E of Schedule 2 to this Agreement.


19. "Sub-project" means a set of specific activities under Part 1(d) of the Project to be carried out by a respective School utilizing the proceeds of a School Block Grant; and the term "Sub-projects" means all such Sub-projects.

20. "Training" means the reasonable costs of goods and services required for the participation of personnel involved in training and educational activities, workshops and study tours under the Project as set forth in the respective Annual Work Plan and Budget, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, scholarships, and other costs directly related to training or education course, workshop or study tour preparation and implementation, but excluding fees of consultants.