

Operation Manual

For

Preschool Education Micro-Project Grants

Yerevan 2022

Contents

1. BACKGROUND.....	4
2. GOALS OF THE OPERATION MANUAL.....	6
3. DESCRIPTION OF GRANTS AND SELECTION PROCESS, IMPLEMENTATION OF MICRO-PROJECTS.....	7
3.1 PROMOTION ACTIVITIES IN THE SELECTED MARZES.....	8
3.2 SELECTION AND APPROVAL OF THE MICRO-PROJECTS.....	8
3.3 CYCLE OF THE IMPLEMENTATION OF MICRO-PROJECTS.....	12
3.4 THE PRINCIPLES OF THE MICRO-PROJECTS' IMPLEMENTATION.....	14
3.5 MICRO-PROJECTS' BENEFICIARIES.....	15
3.6 THE MICRO-PROJECTS' MANAGEMENT.....	15
4. DUTIES OF THE MICRO-PROJECTS' PARTIES.....	16
5. MICRO-PROJECTS' FUNDING, REPORTING AND MONITORING.....	18
6. PROCUREMENT.....	21

GRANT AGREEMENT FORM

ANNEX 1- Microproject Budget

ANNEX- 2 Microproject Implementation Schedule

ANNEX- 3 Financial report

ANNEX- 4 Progress Report

ANNEX- 5 Final Financial report

ABBREVIATIONS

CEP PIU	Center for Education Projects (Project Implementation Unit)
EIP	Education Improvement Project
ECD	Early Childhood Development
MED	Marz Education Department
MoESCS	Ministry of Education, Science, Culture and Sport
OM	Operation Manual
RA	Republic of Armenia
WB	World Bank

Operational Manual

Grants for the Implementation of Preschool-Education Micro-Projects

1. Background.

The main objectives of preschool education are creating the foundation for the child's physical, psychological, mental, and intellectual development, promoting the full development of his/her independent creative abilities, developing his/her communicative skills, and self-expression skills, and preparing the child for school. Education at an early age is a cornerstone for quality elementary education: it has a positive impact on a smooth transition to elementary school, fast adaptation, and on the progress in learning. From this point of view, the preschool education may be considered as a productive and perspective contribution to further education.

The development of pre-school education currently remains one of the priorities of education in Armenia. The priority directions of the reforms in the field of pre-school education are the improvement of the legislative field, the management system, the improvement of the technical-educational bases, the increase of the accessibility of the services and increase in enrolment, development of the professional capacities of the staff.

The Government places a special attention to the issue of readiness of 4 to 6 year old children to primary school, thus ensuring equal start opportunities for all children, their easy adaptation to school environment and smooth academic progress in later years, as well as establishing good basis for future development of their personal and social skills.

Improvement of the quality and accessibility of the preschool education services and increase of enrollment is achieved through both the enhancement of preschool institutions' capacities and introduction of alternative cost-effective pre-school education services.

The essence of the cost-effective models is to set up preschool education services for 4-6 old children (without providing hot meal or sleeping facilities) and getting them ready to enter primary school on equal terms. The costs of such preschool services are significantly lower as compared with usual costs of preschool institutions. Cost-effective pre-schools services could be opened in already functioning kindergartens/preschool institutions. In case if the community lacks or do not have an operating preschool institution/kindergarten, it is envisaged to arrange 1-year preschool education classes on the basis of schools). Those newly created preschool education classes would provide an appropriate environment for free and dynamic development of children, as well as promote growth of their cognitive, physical and creative abilities. As a result, children involved in such services develop their

own creative abilities; obtain cooperative and team-working skills that ensure their readiness to school. The advantage of the cost-effective preschool model is that it is based on the wide network of existing schools and it can operate in all rural localities as far as almost all villages have schools.

During the implementation of “Education Improvement” project (EIP), 136 preschools were established and currently operate in all regions in Armenia –93 percent of the preschools were located in regions (mostly in villages). The majority of these preschools—128 of them—were school-based, and eight operate in kindergartens. The preschools established under the project in 2015-2020 in their first year alone welcomed a total of 3,462 children exceeding the end target of 3,450. About 258 teachers currently involved in newly established preschool had been provided with respective trainings in the frames of EIP. Additionally, from 2015 to 2020, around 13,580 children were enrolled in preschool education comprising 5-6 percent of the children entering first grade of primary education every year. Preschool students covered under the project also improved their Early Development Index (EDI) scores, but demand for further expansion of access to pre-school micro-projects and preschools in the country still remains high.

According to the provisions of paragraph 3 (Education) of Section 4 (Human Capital Development) of the RA Government Program 2021-2026 (RA Government Decree 1363-A dated 18.08.2021), - implementation of the following activities is foreseen:

“Build, capitally renovate or renovate at least 500 kindergartens and preschool institutions by the year 2026, making sure they are fully equipped with necessary items and equipment”.

Activities in the frames of EIP with AF in line with the priorities of RA Government Program 2021-2026 would scale-up the co-financing of community-driven micro-projects for the establishment of 80 preschools in disadvantaged areas of RA.¹ Activity revisions would include mechanisms to ensure communities in need of full financing are covered; communications activities with communities would include information about the environment and climate change preparation and mitigation (related to civil works and including installment of energy-efficient appliances, equipment and materials), additional principal training on school maintenance (including operation and maintenance of clean technologies), disaster-risk management, learning continuity through hybrid or remote modalities; and technical assistance to ensure building works consider energy savings solutions.

In the frames of the collaboration with United Nations Development Program (UNDP) up to 20% co-financing will be provided for the renovation of preschools through provision of energy-efficiency measures.

Activities with AF also envision establishment of playgrounds in the area adjacent to preschools, thus contributing to better physical education of preschool children.

¹ Project will not be active in dispute areas.

The micro-projects will be implemented in the following ways:

1. Implementation of one-year preschool curricula for the 4-6 age group children – through provision of an environment for their free and comprehensive development and through applying the child-centered teaching methods. Arranging pre-school education services in schools for 3.5/4-hour (without providing hot meals or bedding, children can bring lunch from home).
2. Introduction of low-cost preschool services and increase in attendance of children in existing preschool institutions through;
 - a) enrollment of children from socially vulnerable families by opening new groups or filling in under-staffed groups,
 - b) arrangement of 3.5/4-hours of preschool educational services (without hot meal or bedding; children can bring lunch from home).

Taking into account the huge importance and significance of preschool education in the comprehensive development of children as well as in the formation of their abilities and skills, it is planned to implement preschool education projects in remote and target communities all over the country.

2. Goals of the Operation Manual

The Operation Manual (hereinafter OM) developed for the implementation of the Preschool Education micro-projects in the frames of EIP has been revised respectively to ensure the continuity of the implementation of pre-school micro-projects with additional financing, since the implemented activities are in line with RA Government program 2021-2026 priorities.

The OM is being agreed with the WB and is being approved by the RA MoESCS Minister Decree.

The OM is the main document for all institutions implementing the micro-projects and is designed to assist the implementation of the micro-projects, to promote the sequence of activities, their efficiency, and transparency.

The OM regulates the implementation of the micro-projects, as well as defines the main principles and procedures for organization of the necessary activities.

The procedures described in the OM can be amended and improved. Amendments can be offered by any of project participants. Any amendment must be agreed with WB and be approved by the Minister of ESCU of RA.

3. Description of grants and selection process, implementation of Micro-Projects

In the framework of Component 1 “Enhancing the Quality of General Education” and *Sub-component* “Promoting School Readiness and equal opportunities at the start of General Education”, the Preschool Education Micro-projects (hereinafter micro-projects) are envisaged to be implemented on the basis of preschool institutions/kindergartens or schools in the selected RA Marzes.

The projects may vary from community to community depending on the educational needs of the community, its participation rate, and the number of the children in the age group and their choice.

The micro-projects implementation proceeds through the following main stages:

- Undertaking a study which would identify communities with disadvantaged populations and potential organizations able to provide preschool educational services, as well as conduct needs assessment for communities identified with disadvantaged populations including the families with children with disability to understand their needs and priorities and also to determine which communities would be unable to provide co-financing and thus would require full financing; Conducting dissemination activities;
- Organizing evaluation and selection of micro-projects;
- Providing grants for the implementation of the micro-projects;
- Providing training to teachers and principals assigned to the new preschools on early childhood education;
- Providing technical assistance for the implementation of the micro-projects ensuring facilities are accessible and inclusive;
- Conducting monitoring and evaluation of the micro-projects.

3.1 Promotion activities in the selected marzes

Dissemination of information on preschool education micro-projects in communities will be carried-out mainly by the CEP PIU through promotion activities, with the participation of community Heads, institution directors, MEDs relevant employees and other stakeholders.

Dissemination activities for community leaders, parents, and communities at large would include information about preschool opportunities for children, including children with disabilities, and their benefits to startup these services in the community and associated grant procedures for micro-projects. Communications activities with education community stakeholders related to civil works would also include information and engagement about the environment and climate change preparation and mitigation.

Upon necessity the MoESCS, CEP PIU and donor organization staff will conduct visits to the institutions, have meetings, and more detailed discussions with the directors, teachers, parents and other beneficiaries.

Information dissemination regarding the project implementation is also organized by the CEP PIU staff via CEP official website - <https://www.cfep.am/hy/>

3.2 Selection and approval of the micro-projects

The list of communities that are in need of preschools establishment is being provided to PIU as by the MoESCS, as well as by the respective regional educational departments.

The selection process can be conducted in 2 ways:

1. through competitive selection
2. through target selection

Competitive selection

The institutions interested in the implementation of the micro-project in the given community submit their proposals to the CEP PIU within the defined deadlines. The CEP PIU staff receives and conducts preliminary evaluation of the submitted micro-project based on CEP PIU Director order. The submitted proposals should include:

- the application for participation in the micro-project;

- description of preschool education service micro-project, which will include the micro-project goals and objectives, statistics on the number of children and on the state of the institution; information on the size and ways of community and parental contribution, as well as expected outcomes and other data stipulated by the selection procedure.

During the selection process, the preference is given to micro-projects which better express /articulate the activities on achieving the micro-project main goals ensure the community and parents' contribution as well as provide the possibilities and guarantees for the project continuity.

The micro-projects proposals are being evaluated at a 1-5 scale for each criterion. The final score for each micro-project is calculated by the arithmetic average of all criteria (maximum 30 points).

Criteria are described below:

a/ Relevance – Is the compliance of the submitted proposal to micro- project goals, objectives and the strategic program for the development of pre-school education. The core preschool Curriculum and Standards had been approved by the MoESCS.

The proposed micro-project should reflect the project assumptions and address existing problems in the marz preschool education; it should clearly state goals, objectives of the project and describe expected results from the project implementation.

Furthermore, the proposed micro-project should not only enhance children's readiness for school but also should meet the minimum requirements set by Preschool Education standards for children aged 4-6. The following criteria should be considered:

- contribution of the micro-project to creating a sustainable foundation for the development of children's personal and social skills;
- preparing the child for school and promoting a smooth transition to primary education;
- development of child's skills and competences, particularly speech, logical thinking, literacy and general cognitive skills; ensuring the development of social and emotional, physical and motor skills, self-performance activities (including learning and creative abilities, healthy lifestyle), habits, value system, good behavior, esthetic, patriotic, environmental and work discipline.
- Conducted works aimed at the introduction of new and effective teaching methods.

b/ Investment

The size of investment as a financial resource in the total cost of the micro-project should be secured. In particular, 75% of the total cost of the micro-project should be the grant amount, and the remaining

25% should be the community and parental contribution. The community and parents contribution should be directed to remuneration of teachers and workers.

The community and parental participation in micro-projects can be both monetary (money raised from parents, community members, local self-governance body and other sources) and non-monetary (through labor). Active involvement of children's parents in their voluntary participation in the renovation works of institutions is encouraged as well.

c/ Feasibility

The suggested project should be feasible; in particular:

- goals and objectives stated in the micro-project should be relevant to the described activities;
- existing and required capacities should be relevant and sufficient for the micro-project implementation;
- the estimate cost of described activities should be realistic;
- contribution/investment expenses should be relevant to the micro-project goals;
- time allocation and required capacities should be relevant to the planned activities.

d/ Sustainability /continuity

Capacities of ensuring the micro-project sustainability, guarantees, further funding sources and mechanisms should be clearly described in the proposed micro-project.

One of the crucial terms of the micro-project sustainability is the community and parent involvement in project design, implementation and monitoring processes.

The micro-project continuity assumes at least 3-year further performance, ensuring:

- solid basis and pre-conditions for continuing the achievements in Preschool education services upon the project completion; realistic pre-conditions for further financial-economical activities upon the project completion;
- Necessary pre-conditions for independent financial-economic activities in the institution upon the project completion.

e/ Staff

The micro-projects implementation process should consider availability of relevant educators, pedagogues and other specialists; their educational proficiency level, relevance of their involvement within the project, availability of invited specialists, voluntary involvement of the community workers and parents, etc., as well as the need for training both administrative and teaching staff.

f/ Beneficiaries

Information on the micro-project beneficiaries should be clearly stated in the proposed micro-projects along with description of the community and parent support options. The following criteria should be considered:

- number of beneficiary children, including the enrolment percentage of children from socially vulnerable families, percentage of children from resettled families in a result of 44-day war;
- number of other beneficiaries, such as teachers, parents, community members;
- expenditure/funding per child;
- community and parent participation/involvement in the micro-project design, development and implementation processes;
- the type and size of community investment including the amount of cash investment in the total cost of the micro-project;
- The type and size of parent's investment in the total cost of the micro-project.

The list of proposals that have received more than 18 points as a result of evaluation is submitted for the Project Board's approval. The CEP PIU signs a contract with the institutions, which are selected and approved by the Project Board. The contract is signed between the following two parties:

- a) “Centre for Educational Projects” Project Implementation Unit
- b) The kindergarten or school.

The integral part of the contract is also the micro-project budget and the timetable. The contract defines clearly the rights and responsibilities of the parties.

Target selection

The project will provide support to the following target and strategic communities:

- Communities specified in the list of vulnerable communities approved by the Government of Armenia as eligible to receive social assistance;
- Communities with high percentage of ethnic minorities;
- Communities with low socioeconomic characteristics.

Socio-economic status of the community is defined based on the statistics received by the Marz Administration and includes the following main criteria as (i) the size of the community budget; (ii) percentage of the subsidies provided by the Government in the overall community budget; (iii) percentage of the unemployed; (iv) percentage of the families receiving social assistance; (v) percentage of disabled; (vi) percentage of pensioners; (vii) poverty rate of the community; etc.,.

The share of community and parent contributions and the cost of micro-project for those communities will be determined by the Board. In those cases, when as a result of the conducted needs assessment, communities are identified that are unable to provide co-financing in the project and require full financing, the preschool establishment associated expenses for those communities will be 100% covered by the grant.

3.3 Cycle of the implementation of Micro-projects

Implementation of a Micro-Project starts upon development and submission of a relevant proposal by an institution.

The micro-project proposal should include the following information:

a/ Statistical data on the institution, particularly:

- type of institution;
- physical condition of the building and availability of a required space/facility, including playgrounds;
- the number of children enrollment in the institution by separate age groups, and if possible – with the forecast of enrollment for the next 3 years;
- the number of employees including the number of teachers/pedagogues;
- availability of technical and equipment supply in the institution;
- availability of furniture, educational, teaching and learning materials, toys and other necessary supplies;
- educational proficiency level of teachers / pedagogues;
- achievements of the institution during the last three years, etc.

b/ Micro-project description:

- main goals;
- priority objectives, the types of activities for their implementation and expected results;
- the micro-project impact on future operation of the preschool institution;
- necessary resources for the micro-project implementation;
- Information on the staff implementing the micro-project, number of beneficiaries.

c/ Financial plan:

- micro-project budget (planned expenditure/budget);
- The grant amount required and the cost of each operation;
- the type and size of community and parents' contribution – guarantees of community and parental contributions must be provided;
- capacity of raising additional funds and ensuring the sustainability of the project beyond the project-funding period.

d/ Monitoring and assessment mechanisms:

- implementation of interim evaluation at different stages of the micro-project implementation which will ensure the improvement of the on-going micro-project as well as will provide the project implementing institution, the communities and other participants and beneficiaries with the necessary information;
- collection of baseline and end line data with the beneficiary and non-beneficiary groups through an application of the Early Development Instrument (EDI) every academic year.
- comparison of EDI index between the beneficiary groups (beneficiaries are those enrolled in preschools in participating communities) and non-beneficiaries (those not enrolled in preschools in participating communities or similar communities.).
- comparison of the scores between the children enrolled in the WB supported preschools and those children enrolled in preschools that are not supported by the WB project.
- definition of all data/indicators by stages – at the beginning and at the end of the project;
- carrying out summary assessments, which will be included in the reports submitted by the institutions and will contribute to the micro-projects improvement and to more effective planning of the next stages;
- other required information.

The director of the institution, who is also the Micro Project Director, is the responsible person for the implementation of the micro-project.

His/her main responsibilities are:

- a) to ensure the compliance with the provisions defined by the contract (in particular, the micro-project budget, planned activities, preparation of the reports and their submission to the CEP PIU, etc.).
- b) to ensure the preservation of the accounting, finance and micro-project related documents in the institutions implementing micro-projects;

- c) to ensure, the community and parent's contribution envisaged by the micro-project; in case of non-monetary contributions compile the relevant evaluation/executive acts);
- d) to register the procured goods in the institution according to established regulations;
- e) to ensure the implementation of other provisions defined by the contract.

The micro-project implementing institutions shall submit their program and financial reports to the CEP PIU in accordance with the forms and timetables specified in the contract.

3.4 The principles of the micro-projects' implementation

The micro-projects are implemented by maintaining the following principles:

a/ a) Compliance with RA legislation

The project should be in line with RA Government Program 2021-2026 priorities, comply with “RA Law on Education”, “RA Law on Preschool Education”, the MoESCU Minister decrees, orders and other legal normative documents.

b/ efficiency and monitoring

Within the micro-projects framework, human, financial and material resources should be used to the maximum efficiency. The implementation of the micro-project should be accompanied by ongoing supervision (monitoring), which will ensure the fulfillment of defined objectives and requirements. The monitoring will be carried out both by CEP PIU and the community –to ensure the effective implementation of the project.

c/ quality

For the implementation of the micro-projects, contracts will be signed only with institutions that assume responsibility for implementation of the project, goods procurement and providing services with high quality standards.

d/ publicity

The process of project implementation by MoESCS, CEP PIU and donors should be transparent. To ensure transparency and appropriate assessment of the project implementation, the results of bidding, selection of winners, and current reports will be provided to all interested parties upon request.

e/ participation and continuity

The micro-projects should encourage the active involvement of the communities, parents in the project implementation (financial, charitable and labor force/ physical participation) to address the main ECD needs of families and communities, as well as to ensure the micro-projects sustainability and continuity upon completion of loan financing.

3.5 Micro-projects' beneficiaries

The micro-projects beneficiaries are preschool children aged 4-6 of the selected communities, the preschool and general educational institutions implementing the projects, the parents and the community members.

Parents may:

- participate in identifying priority needs;
- participate in the development of micro-project proposals;
- support and participate in implementation of the micro-projects;
- submit suggestions on more efficient implementation of the micro-projects;
- make financial, material, and other types of investments.

Schools/Preschool institutions:

- implement the micro-projects;
- carry out self-evaluation;
- prepare and submit reports;
- ensure the micro-projects publicity within the community;
- organize presentations, etc.

3.6 The Micro-projects' management

The governing body of the Preschool micro-project is the Board established for the implementation of pre-school micro-projects that coordinates micro-projects implementation and ensures the transparency of those processes.

The Board is established by the RA MoESCS Minister Decree.

The Chairman of the Board is the Deputy Minister who coordinates the relevant field of education.

The Board composes of the following members:

1. Deputy Minister of RA MoESCS (chairman);
2. Head of General Education department of RA MoESCS;
3. Representative of the General Education department of RA MoESCS;
4. Representative from National Center for Education Development and Innovation;
5. Director of CEP PIU of RA MoESCS
6. CEP PIU employee (coordinator of the Project)

Representatives from Regional Education Departments will also be invited to participate in Board meetings.

The Board meetings are held upon necessity. The meetings are convened on the initiative of the chairman, Board members or CEP PIU.

The sitting is considered valid if more than half of the board members participate in it. All the decisions are made and approved by simple majority of the votes of the members present at the meeting.

The Board:

- Monitors the implementation of the micro-projects based on the OM;
- Reviews the selection results and approves the micro-projects;
- Recommends to make necessary amendments/revisions to the micro-projects OM;
- Discusses and approves the proposed changes;
- Makes decisions on urgent and extraordinary issues arising during the process of micro-projects implementation.

4. Duties of the Micro-projects' Parties

The parties implementing micro-projects are the MoESCS, CEP PIU, local self-government bodies of the selected communities and institutions receiving grants.

The implementation of the micro-projects is supported by Marz Education Departments (MED), as well as by international Donor organizations.

The functions of micro-project participants during the implementation process are:

a/ CEP PIU

- Provides technical support to the institutions during the micro-projects development, implementation, thus ensuring that facilities are accessible and inclusive, ensuring the safe physical conditions of the buildings, the refurbishment of classrooms, and the purchase of equipment that privileges energy efficient devices and appliance;
- Carries out preliminary evaluation of submitted micro-projects proposals and submits them to the Board's approval;
- Signs contracts with the selected institutions and provides financing;
- Organizes training of the Directors of the institutions and the teachers involved in the newly opened preschools, (no more than 2 teachers from each newly opened group of the preschool institution will be trained). Ensure that in addition to ECD related materials, the training modules and manuals include materials on (a) school maintenance (including operation and maintenance of clean technologies), (b) learning continuity through hybrid or remote modalities (including for students with disabilities), in the case of disruptions to in-person learning due to epidemiological, geo-political, or climate-related shocks, and (c) disaster risk management and prevention (including activities such as earthquake drills or climate-related emergency response training for teachers throughout the school year).
- Monitors the effective implementation of the micro-projects;
- Conducts evaluation on the development dynamics of children enrolled in pre-school educational institutions.

b/ Marz Education Departments

- Support the promotion and information dissemination activities;
- Assist the institutions, ensuring the children enrollment;
- Provide technical assistance to the institutions for the development and implementation of the micro-projects;
- Participate in micro-projects selection and monitoring.

c/ Self-government bodies (communities)

- Determine the pre-school education needs of the communities, assist the institutions in the development of micro-projects' proposals;
- Ensure children enrollment in the institutions implementing micro-projects;
- Ensure envisioned investments (including renovation of buildings and premises. Develop mechanisms for the micro-projects' sustainability/continuation and submit recommendations
- Ensure publicity of micro-projects in communities.

d/ Institutions implementing micro-projects

- Develop micro-project proposals and submit to CEP PIU;
- Implement micro-projects and provide on-going supervision;
- Prepare and submit phased and summary reports on micro-projects performance in accordance with the forms provided by CEP PIU accompanied with the substantiate documents.

5. Micro-projects' Funding, Reporting and Monitoring

The 75% of the total cost of the micro-project should be the grant amount and the remaining 25% should be community / parent contribution. The maximum amount of the grant may not exceed AMD equivalent of Euro 15.000, which will be calculated at the average exchange rate set by the Central Bank of the RA as of the proposal submission day. In case of the micro-project being implemented fully with grants (without community / parental contribution), the maximum grant amount may not exceed AMD equivalent of Euro20,000, calculated at the average exchange rate set by the Central Bank of the RA as of the proposal submission day.

Grant funds should be mainly used for renovation works, furnishing and equipping, for the procurement of teaching/learning materials, (books, toys, teaching materials, puzzles, and big toys for a role –playing games etc.),

During the implementation of micro-projects, institutions are required to make investments in accordance with the grant budget.

Community and parents' contributions should mainly be directed to the payment of teachers' salaries and also would cover repair works. For repair works the contribution may be monetary and non-monetary (for example in the form of labor).

The amount of non-monetary investment is estimated on the basis of market prices, is approved by the school evaluation committee and is fixed in the contract signed between the institution and the service provider/ organization.

The grant funds allocation to the beneficiary institution will be made via bank transfers to beneficiaries' bank account opened for the micro-project, in accordance with the provisions of the contract concluded between beneficiary institution and CEP PIU. The first phase of the grant is financed only after the institution submits the payment invoice for the first phase financing. In case of a monetary investment the financing is provided only after the institution submits to PIU the payment

order for the transfer of the defined co-financing for the first phase to the special account opened for the micro-project. Further allocations of the grant funds will be made only after acceptance of the detailed program and financial reports on the previous stage, including: (i) the program report on the works done at that phase of micro-project implementation and (ii) the financial report on expenditures incurred in the reporting phase. The payments for the purchased goods and services will be made in non-cash form through transfer to the beneficiary institution bank account.

The micro-project implementation is monitored by CEP PIU staff through the review of (i) current and final reports submitted by the beneficiary institution, (ii) financial reports accompanying documents substantiating the expenses and payments (iii) the documents substantiating the procurement process. The review of the submitted documents is carried out by the PIU grants coordinator with the assistance of a finance and procurement specialist. The PIU staff should check all the supporting documents to ensure that the expenditures are made in accordance with the contract budget, as well as compare the verified documents with the data reflected in the financial statements.

The grant coordinator prepares a summary sheet for the acceptance of the relevant stage reports, which is being filled in by the respective specialists, accepted by the head of the subcomponent, and further approved by the CEP PIU director.

The Subcomponent staff will also conduct micro-project monitoring visits. During the visits, the progress of the grant project will be monitored, the availability of the goods purchased within the framework of the grant micro-project as well as their compliance with the documents submitted to the PIU will be checked.

In case the required reports and supporting documents are not submitted or are submitted partially or incorrectly, CEP PIU has the right not to accept or partially accept expenses incurred as well as demand recovery of the amount of ineligible expenses. In case of non-performance/under performance, or any deviation from terms of the agreement by the institution, PIU has the right to terminate the contractual relationship with the institution in accordance with the provisions of the grant agreement.

Also a phone survey will be conducted with the families with the children with disabilities to understand if their priorities are incorporated in the established preschools hence to be able to further measure their satisfaction with the project.

Upon completion of the micro-project, the beneficiary will submit the final report and if no deficiencies are observed and the implementation of the micro-project meets the terms of the contract, the parties will sign project implementation and completion act. The micro-project accounting will be maintained by the beneficiary institution in accordance with legislation of RA. Inventory, equipment, and other assets procured within the micro-project will be entered into the balance-sheet as the

property of the institution. The beneficiary institution will carry out the procurement processes in accordance with the established procedures and must ensure the proper storage and efficient use of the purchased fixed assets.

The beneficiary institution must manage the resources properly and should implement the project with due-diligence and efficiency in accordance with the contractual obligations

The beneficiary institution should implement the micro-project in accordance with the “Loan Agreement” Additional financing for “Education Improvement” Project (EIP) (particularly the requirement specified in para. C.of Section I of Schedule 2), which is as follows:

1. The Borrower, through the MOESCS, shall make Sub-grants to Beneficiaries to finance Micro-projects in accordance with eligibility criteria and procedures acceptable to the Bank, further detailed in the Project Operational Manual, which shall include the following:

(a) The proposed Micro-project is economically, financially and technically feasible, environmentally sound, and to be carried out by eligible Beneficiaries in selected areas of the Borrower’s territory;

(b) the proposed Micro-project consists of specific development activities under Part A.1.(iv) or Part B of the Project, respectively, and further elaborated in the Project Operational Manual and complies with all applicable laws and regulations of the Borrower;

(c) the proposed Micro-project satisfies the eligibility criteria for safeguards specified in the Project Operational Manual and is in compliance with the provisions of the safeguard frameworks and other safeguards documents required; and

(d) If, on the basis of the environmental screening conducted for the Micro-project pursuant to the Project Operational Manual, an ESMP shall be required; such ESMP shall have been prepared pursuant to the ESMF and shall have been approved by the Bank.

2. The Borrower, through the MOESCS, shall make each Sub-grant under a Sub-grant Agreement with the respective Beneficiary on terms and conditions approved by the Bank, and described in the Project Operational Manual, which shall include the following:

(a) The Sub-grant shall be on a grant basis. (b) The Borrower, through the MOESCS, shall obtain rights adequate to protect its interests and those of the Bank, 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.

(c) The Borrower, through the MOESCS, shall require each Beneficiary to:

(i) carry out its Micro-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;

(ii) provide, promptly as needed, the resources required for the purpose;

(iii) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Micro-project and the achievement of its objectives;

(v) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Micro-project ; and (2) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank;

(vi) enable the Borrower and the Bank to inspect the Micro-project, its operation and any relevant records and documents; and

(vii) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

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

4. The Borrower, through the MOESCS, shall appraise, review, approve, and monitor the Pre-school Micro-projects in accordance with the Project Operational Manual and this Agreement.

6. Procurement

All goods are procured in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" dated July 2016 revised November 2017, August 2018 and November 2020 ("Regulations").

The CEP PIU can conduct combined procurement in case the same product or service is required by multiple institutions at the same time.

Goods will be procured through the request for quotations method (limited national) in accordance with clause 6.7 of the above-mentioned guidelines. During the request for quotation, prices are compared through quotations received from at least three different suppliers.

Requests for quotations (the sample will be provided by CEP) shall indicate the description, technical specifications and quantity of the goods, as well as desired delivery date and place. Quotations should be submitted in a written form by the deadline set in the Invitation to Quote. The terms of the winner's quote are the basis for the contract.

Quotation implementation actions are as follows;

- a)* Establish a procurement decision committee of three to five members;
- b)* Prepare the list of the procured goods and their technical specifications;
- c)* Prepare a preliminary list of suppliers to ensure a sufficient level of competition and the required minimum of at least three quotes. Such a list may be prepared based on the past experience, as well as based on the direct market research;
- d)* Prepare request for quotes using the sample provided by CEP and send them to the suppliers;
- e)* Receive quotations by the end of the deadline and evaluate them²;
- f)* Prepare an evaluation report based on the sample provided by PIU;
- g)* Approve the evaluation report and contract award by the Project manager;
- h)* Sign the contract with the awarded organization.

Keep the process confidential until the contract is signed.

The procurement specialist of the beneficiary institution should ensure:

²The evaluation can be completed if there are minimum three responsive quotations. In case the number of responsive quotations is less than three, the evaluation cannot be completed and new request for quotations should be conducted enlarging the list of suppliers to be provided with the quotation to ensure the minimum quantity of responsive quotations

- adherence to procurement procedures and timetables;
- inclusion of necessary data on procurement in the current reports;
- availability of all the proper records of procurement documents in the institution.

Monitoring of procurement is carried out by the director of the institution.

“Other expenses” Article:

This article includes the below-stated expenses (for goods and services) the cost of which may not exceed 2% of the total cost of the micro-project. Those can be:

- technical supervision of repair works;
- transportation costs related to the transportation of the goods purchased;
- bank fees;
- other (unforeseen) expenses.

Under the article "Other expenses" the acquisition of goods and services from the preschool micro-project's budget could be conducted without applying the procurement procedures specified in the OM.