Project Agreement

(Naglu Hydropower Rehabilitation Project - Phase I)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as administrator of the Afghanistan Reconstruction Trust Fund)  

and

DA AFGHANISTAN BRESHNA SHERKAT

Dated January 19, 2016
PROJECT AGREEMENT

Agreement dated January 19, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator (the “World Bank”) of grant funds (the “Grant Funds”) contributed by various donors (collectively the “Donors”) to the Afghanistan Reconstruction Trust Fund (“ARTF”) and DA AFGHANISTAN BRESHNA SHERKAT (“Project Implementing Entity”) (“Project Agreement”) in connection with the Grant Agreement (“Grant Agreement”) of same date between the ISLAMIC REPUBLIC OF AFGHANISTAN (“Recipient”) and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant 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 Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article I of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is the Chief Executive Officer.

3.02. The World Bank Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America
Facsimile:
1-202-477-6391

3.03. The Project Implementing Entity's Address is:

DA AFGHANISTAN BRESHNA SHERKAT
Chaman Huzori
Kabul
Afghanistan

Facsimile:
+93752072973

AGREED at Kabul, Islamic Republic of Afghanistan, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as Administrator of the Afghanistan Reconstruction Trust Fund)

By

Authorized Representative

Name: Robert J. Saum
Title: Country Director

DA AFGHANISTAN BRESHNA SHERKAT

By

Authorized Representative

Name: Amdullah (Surbai)
Title: CEO DABS
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall:

   (a) maintain, at all times during Project implementation, within DABS's regular structure, a Project Implementation Team with functions and responsibilities acceptable to the World Bank, including, *inter alia*, the responsibility of said unit to coordinate and monitor the implementation of the Project in accordance with the provisions of this Agreement.

   (b) ensure that, at all times during Project implementation, the PIT shall be headed by a Project Director (reporting directly to DABS's Chief Operating Officer and DABS’s Projects Management Office), and adequately staffed with professional and administrative staff (including procurement, financial management, environmental specialists, social specialists, and Project related technical staff from DABS operation departments), with the necessary experience and qualifications acceptable to the World Bank, and operating under terms of reference agreed to between the Project Implementing Entity and the World Bank;

   (c) establish not later than three (3) months after the Effective Date and thereafter maintain at all times during Project implementation, a Project Steering Committee, headed by the Deputy Minister of Finance, and comprised of Deputy Ministers of Energy and Water and representatives from the Agriculture and Environment Ministries, and representatives from President Office and Afghanistan National Security Forces which shall be responsible for providing general Project oversight, policy level guidance and inter-agency coordination.

B. Project Documents

The Project Implementing Entity shall carry out the Project in accordance with the Safeguard Instruments, the Financial Management Manual and the Procurement Plan; and shall not amend, delete or waive any provision of the aforementioned instruments without prior written agreement between the Project Implementing Entity and the World Bank. In the event of any conflict between the provisions of any of the Safeguard Instruments, the Financial Management or the Procurement Plan on the one hand and the provisions of this Agreement and
the Grant Agreement on the other hand, the provisions of this Agreement and the Grant Agreement shall prevail.

C. **Anti-Corruption**

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

D. **Safeguards**

1. The Project Implementing Entity shall:

   (a) carry out the Project in accordance with the Safeguards Instruments, in a manner and substance satisfactory to the World Bank; and

   (b) refrain from amending, suspending, waiving, abrogating, and/or voiding any provision of the Safeguards Instruments, in whole or in part, without the prior written agreement of the World Bank.

2. The Project Implementing Entity shall:

   (a) take all necessary actions to avoid or otherwise minimize to the extent possible, and to mitigate, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;

   (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any Project activity which would result in such acquisition or displacement, develop and implement a RAP in accordance with the RPF, and make available to such people full compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the applicable RAP and in a manner satisfactory to the World Bank; and

   (c) ensure that prior to commencing any rehabilitation works on the Naghlu Hydropower Plant, as well any ancillary infrastructure under the Project, all resettlement measures set forth in the applicable RAP (if any), shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons, as per the entitlements provided in the applicable RAP.
3. Whenever a new or revised ESMP or RAP is required for any proposed activity under the Project in accordance with the provisions of the ESMF or the RPF (as the case may be), the Project Implementing Entity shall:

(a) prior to the commencement of such activity, proceed to have such ESMP or RAP (as the case may be): (i) prepared in accordance with the provisions of the ESMF or the RPF (as the case may be); (ii) furnished to the World Bank for review and approval; and (iii) thereafter adopted and disclosed as approved by the World Bank, in a manner acceptable to the World Bank; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP or RAP (as the case may be), including the payment of full compensation as applicable to Displaced Persons prior to the commencement of the relevant activity.

4. The Project Implementing Entity shall ensure that each contract for civil works under the Project include the obligation of the relevant contractor to comply with the relevant Safeguard Instrument applicable to such civil works commissioned/awarded pursuant to said contract.

5. The Project Implementing Entity shall establish, by no later than six (6) months after the Effective Date and thereafter maintain throughout Project implementation, a Project grievance redress mechanism, with staffing and operating procedures acceptable to the World Bank, for monitoring and addressing the concerns of people affected by the Project and building public and stakeholder support for the Project.

6. The Project Implementing Entity shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the World Bank, the implementation of the Safeguards Instruments. Without limiting its other reporting obligations under this Agreement, the Project Implementing Entity shall take all necessary measures to collect, compile and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments, particularly those related to the relevant RAP; and

(c) remedial measures taken or required to be taken immediately to address such conditions.
The Project Implementing Entity shall:

(a) establish, not later than three (3) months after the Effective Date, and thereafter maintain throughout Project implementation:

(i) a Project Technical Advisory Panel comprised of independent dam safety experts, with terms of reference, composition, functions, qualification, and experience satisfactory to the World Bank responsible for reviewing and advising the Project Implementing Entity on matters associated with dam safety risks and other critical aspects of dam rehabilitation and operation; and

(ii) an Environmental and Social Advisory Panel of experts, with terms of reference, composition, functions, qualification, and experience satisfactory to the World Bank responsible for providing independent advice and oversight on all aspects of the environmental and social management of the Project in accordance with the ESMIF;

(b) promptly provide to the World Bank the results of the review carried out by the Project Technical Advisory Panel of any dam safety plan prepared under the Project, and shall make such review and related dam safety plan publicly available;

(c) address the recommendations issued either by the Project Technical Advisory Panel (including those made as a result of the review of any dam safety plan) and/or the Environmental Advisory Panel in a timely manner acceptable to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

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

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Project Implementing Entity’s financial and narrative progress reports submitted to the World Bank; (iii) the Project Implementing Entity’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Project Implementing Entity’s implementation documentation (including sub-
agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

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

B. Project Reports

1. The Project Implementing Entity shall 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 indicators acceptable to the World Bank. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than forty five (45) days after the end of the period covered by such report for incorporation and forwarding by the Project Implementing Entity to the World Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months before the Closing Date, for incorporation in the report referred to in Section 2.06 of the Standard Conditions all such information as the Recipient or the World Bank shall reasonably request for the purposes of such Section.

C. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the World Bank not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.
Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.