Amended and Restated Afghanistan Reconstruction Trust Fund Grant Agreement

(Third Emergency National Solidarity Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

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

Originally dated January 24, 2011
(As amended and Restated on 11.26.2015)
AFGHANISTAN RECONSTRUCTION TRUST FUND GRANT AGREEMENT

AGREEMENT originally dated January 24, 2011, amended and restated on 11.26.2015, between ISLAMIC REPUBLIC OF AFGHANISTAN (the "Recipient"); and the 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"), related to the Financing Agreement dated August 10, 2010 for the financing of the Third Emergency National Solidarity Project.

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.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (the "Project"). To this end, the Recipient shall carry out the Project through MRRD 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 one billion and fifty million United States Dollars (US$1,050,000,000) (the "Grant") to assist in financing the Project.

3.02. Additional Grant Funds may be added to the Grant as Donor contributions to ARTF are made from time to time. The World Bank shall promptly notify the Recipient of such contributions and any ensuing increase in the amount of the Grant, and shall take all necessary action required on its part to modify this Grant Agreement in order to reflect the increase in available Grant Funds.

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

3.04. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.03 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to availability of such funds.

Article IV
Recipient’s Representative; Addresses

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Pashtunistan Watt
Kabul
Islamic Republic of Afghanistan

4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions 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 Kabul, Islamic Republic of Afghanistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF AFGHANISTAN

By  
Authorized Representative

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

By  
Stephen N. Ndegwa
Authorized Representative  Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to build, strengthen and maintain Community Development Councils ("CDCs") as effective institutions for local governance and social-economic development.

The Project consists of the following parts:

Part 1: Capacity Building of CDCs

Establish and build the capacity of CDCs, and/or federations thereof, by relying on Facilitating Partners to: (i) mobilize communities with or without CDCs for the creation or reconstitution of CDCs; (ii) facilitate CDCs' transparent elections through secret ballot; (iii) support the development or revision of demand-driven and participatory Community Development Plans ("CDPs"), identifying Sub-Projects for financing through Block Grants; (iv) provide technical support during Sub-Project implementation; (v) assist CDCs in opening bank accounts, carrying out basic financial management and procurement tasks for Block Grants; (vi) increase gender awareness and women's involvement in decision-making processes; (vii) establish CDCs linkages among themselves, and/or with local governments, line agencies and development partners; and (viii) provide training on conflict management, social audits, community participatory monitoring, and financial management of community funds.

Part 2: Community Grants for Economic and Social Development

(A) Provide Block Grants to CDCs for the carrying out of prioritized Sub-Projects, developing community-based productive infrastructure, such as irrigation works, sanitation facilities, roads, water supply facilities, village electrification and schools, pursuant to the following scheme:

(i) Block Grants to newly created CDCs; and

(ii) Block Grants to CDCs that have successfully utilized their full grant allocation, and completed the respective Sub-projects, under NSP I and NSP II.

(B) Provide Maintenance Grants for the purpose of maintaining the infrastructure Sub-projects executed under the Block Grants to CDCs that have successfully utilized their full grant allocation, and completed the respective Sub-projects.
Part 3: Project Implementation Support

Strengthen the institutional capacity of MRRD to carry out its mandate, and its NSP Program Management Office ("PMO") for the carrying out of the Project, including the carrying out of studies for the assessment of qualitative performance and development impact of Project activities.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Overall Project Implementation and Coordination

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

2. MRRD shall maintain, throughout Project implementation, a NSP Program Management Office ("PMO"), comprised of two directorates (executive and operations) each headed by a qualified and experienced Director, acceptable to the World Bank, under terms of reference, satisfactory to the World Bank, to be responsible for: (i) policy formulation, program planning, external and donor relations, budget and fund management and general Project oversight (Executive Directorate); and (ii) the implementation of fiduciary aspects of the Project including procurement, financial management, Facilitating Partners management, monitoring and evaluation, human resources and training, administration, public communications, and the engineering departments and the high risk areas implementation and oversight unit (Operations Directorate).

3. MRRD shall, through its PMO, be responsible for, inter alia, policy and strategy development and application, coordinating with other ministries of the Recipient on the implementation of the Project, resource mobilization, program, budget, and financial planning and control, management of relations with Facilitating Partners and donors, appraisal, approval and processing of Sub-Project proposals, quality assurance for engineering works, monitoring and evaluation, public consultation and communication, and training and capacity development at central and provincial levels. MRRD shall also be responsible for financial management, Block Grant management, Maintenance Grant management and maintaining a management information system which it shall carry out with the assistance of an external / international Financial Management Agent that shall head the PMO’s financial management department.

4. The Recipient shall maintain, throughout Project implementation, an inter-ministerial Steering Committee, headed by the Recipient’s Second Vice-President, with representation from relevant ministries, which committee shall be responsible for providing guidance to MRRD on the overall policy and strategic planning and management of the Project, as well as the Project’s integration with other rural development programs. MRRD shall undertake periodic consultations with the Steering Committee.
5. The Recipient shall establish a mechanism to liaise with donors co-financing this Project to regularly exchange views on the progress achieved in carrying out the Project and assess the outputs and outcomes thereof.

6. MRRD shall, at the provincial level, be supported by thirty four (34) Provincial Management Units ("PMUs") (one per province). Each PMU shall be adequately staffed with professional and administrative staff with the necessary experience and qualifications acceptable to World Bank, and operating under terms of reference satisfactory to the World Bank. The PMUs will be responsible for receiving, reviewing and approving Sub-Projects and requests for disbursement of the Block Grants and Maintenance Grants. In addition to the foregoing, the PMUs shall be responsible:

(a) for the purposes of the Block Grant, for data entry; liaising with Facilitating Partners and overseeing their work; monitoring of NSP field activities including processes, quality of institutions, quality of Sub-project implementation and maintenance; and quality of training provided to CDCs by the Facilitating Partners.

(b) for the purposes of the Maintenance Grant, for assisting the CDCs to develop the Maintenance Plans, and for monitoring, reporting and overseeing the Maintenance Grants.

After the phasing out of Facilitating Partners, the PMUs shall be responsible for directly assisting CDCs in the operation and maintenance of Sub-Projects and in ensuring the sustainability of CDCs.

7. MRRD shall contract with Facilitating Partners, in accordance with terms of reference and eligibility criteria satisfactory to the World Bank, to assist in mobilizing new local/rural communities to establish new CDCs and remobilize existing CDCs; conducting elections or re-elections of CDCs; facilitating consultative community planning exercises including preparation of Community Development Plans; providing technical assistance in designing and preparing Sub-Project proposals; supporting communities in the implementation of Sub-Projects including construction quality assurance; improving CDCs linkages and knowledge sharing; building institutional capacity including training communities in book-keeping, procurement and contracting; and complying with monitoring, evaluation and reporting requirements.

8. CDCs shall be the primary entities responsible for the planning and implementation of Sub-Projects under the facilitation and technical guidance of the Facilitating Partners and/or the PMUs (as the case may be) CDCs shall be responsible for: (a) preparing Community Development Plans and for the administrative, procurement and financial management of Block Grants; and (b) preparing Maintenance Plans and for the administrative, and financial management
of Maintenance Grants. CDCs shall form appropriate committees for the management of Block Grants, Maintenance Grants and for the overseeing of individual Sub-Projects.

9. The Recipient shall, and shall cause MRRD to, carry out the Project in accordance with the Operations Manual (including its Annex on Gender and Annex on Maintenance Grants), the Financial Management Manual, the Procurement Manual, the Environmental and Social Management Framework, and the Governance and Accountability Action Plan and, except as the World Bank shall otherwise agree, the Recipient shall not amend, vary, or waive any provision of the said manuals, plans and framework without the prior written concurrence of the World Bank.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

C. Sub-Projects

1. To be eligible for:

(i) a Block Grant, a CDC shall:

(a) prepare a Community Development Plan, and prepare and furnish one or more Sub-Project proposals to MRRD that fully satisfy the eligibility criteria specified in the Operations Manual and the Environmental and Social Management Framework. Several CDCs may combine together to prepare one or more Sub-Project proposals of common interest and benefit by pooling their Block Grant entitlements;

(b) for purposes of Block Grants under Part 2 (A) (i) of the Project, ensure that the proposed CDC has been recently established and has not received any financing under NSP I and/or NSP II; and

(c) for purposes of Block grants under Part 2 (A) (ii) of the Project, ensure that the proposed CDC has: (i) fully utilized block grants received under NSP I or NSP II; (ii) submitted the respective final report for all completed sub-projects; (iii) recounted the number of families within the community and duly justified any variation thereof in excess of five percent (5%); (iv) carried out a second or subsequent rounds of elections as mandated in the CDC by-laws;
and (v) prepared a community action plan which include actions related to gender mainstreaming.

(ii) a Maintenance Grant, a CDC shall:

have successfully utilized their full Block grant allocation, and completed the respective Sub-projects; and

(a) have a Maintenance Plan prepared and approved in accordance with the Operations Manual (particularly with Annex N on Maintenance Grants).

2. (i) For the purposes of the Block Grant:

(a) In evaluating each Sub-Project proposal, consideration shall be given to the CDCs capacity to carry out, manage and maintain the Sub-Project in conformity with appropriate administrative, financial, technical, environmental and managerial standards.

(b) If a Sub-Project has been assessed to have potential adverse environmental and social impacts, the Facilitating Partner, in coordination with the CDC, shall prepare an Environment and Social Management Plan before the Block Grant can be awarded to it.

(ii) For the purposes of a Maintenance Grant, in evaluating each Maintenance Plan, consideration shall be given to the CDCs capacity to carry out, manage and maintain the Sub-Project in conformity with appropriate administrative, financial, technical, and managerial standards.

3. The Recipient, through MRRD, shall make the proceeds of the Grant available, as Block Grants and Maintenance Grants, to CDCs under Block Grant Agreements and Maintenance Grant Agreements respectively, each to be entered into by representatives of the CDC and the Recipient, all under terms and conditions which shall have been approved by the World Bank, which shall include the following:

(a) The Block Grant and Maintenance Grant shall be denominated in Afghani; and shall not be repayable except in circumstances described under (b)(i) below.

(b) The Recipient shall retain rights adequate to protect its interests and those of the World Bank, including the right to:

(i) suspend or terminate the right of the CDC to use the proceeds of the Block Grant or the Maintenance Grant, as the case may be, or
obtain a refund of all or any part of the amount of the Block Grant or the Maintenance Grant, as the case may be then withdrawn, upon the CDC's failure to perform any of its obligations under the Block Grant Agreement or the Maintenance Grant Agreement, as the case may be; and

(ii) require each CDC to:

(I) For the purposes of the Block Grant:

(A) carry out its Sub-Projects with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient;

(B) provide, promptly as needed, any agreed counterpart resources (whether in cash or in kind) required for the Sub-Project;

(C) procure the goods, works and services to be financed out of the Block Grant in accordance with the provisions of this Agreement;

(D) use any such goods, works and services procured under the Block Grants exclusively for the carrying out of Sub-Projects;

(E) enable the Recipient and the World Bank to inspect the Sub-Project, its operation and any relevant records and documents;

(F) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing; and

(G) ensure that the Block Grant shall not finance or support the cultivation of poppy.
(II) For the purposes of the Maintenance Grant:

(A) carry out its Sub-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, standards and practices satisfactory to the World Bank, including the CDCs obligation to maintain cashbooks and registers recording financial transactions to demonstrate meeting the requirements of the Operations Manual.

(B) provide, promptly as needed, any agreed counterpart resources (whether in cash or in kind) required for the Sub-Project;

(C) enable the Recipient and the World Bank to inspect the Sub-Project, its operation and any relevant records and documents;

(D) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing; and

(E) ensure that the Block Grant shall not finance or support the cultivation of poppy.

4. The Recipient shall exercise its rights under each Block Grant Agreement and each Maintenance Grant Agreement, in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant Agreement. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Block Grant Agreement or any of its provisions.

D. Safeguards

1. The Recipient shall ensure that:

(a) the Project is implemented in accordance with the Environmental and Social Management Framework and the Mine Risk-Management Procedures and ensuring protection of cultural property;
(b) except as the World Bank shall otherwise agree, the Environmental and Social Management Framework is not amended or any provision thereof waived, suspended or abrogated;

c) the Project shall be implemented as far as reasonably practicable on publicly-owned land, using exclusively land free from squatters, encroachments, or other encumbrances;

d) to the extent possible, the Project shall not involve any involuntary land acquisition and or resettlement; and

e) where unavoidable, land acquisition and/or resettlement shall be kept to a minimum, and undertaken in accordance with guidelines and procedures set forth in the Environmental and Social Management Framework.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient 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 agreed with the World Bank. Each Project Report shall cover the period of one (1) calendar quarter, 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 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; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, 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. MRRD, through the PMO, shall retain, throughout Project implementation, the services of an experienced and qualified Financial Management Agent, acceptable to the World Bank, under terms of reference satisfactory to the World Bank, to assist MRRD to comply with all financial management requirements under this Agreement, including the financial management monitoring of the Project.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. 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 requirements set forth or referred to in:


(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

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

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive
Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional provisions agreed upon from time to time between the Recipient and the World Bank and set forth in the Procurement Plan</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Community Participation</td>
</tr>
</tbody>
</table>

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Single-Source Selection</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(f) Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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 Grant Proceeds**

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article III of the Standard, 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 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, works, non-consulting services, consultants’ services, training, Block Grants and Incremental Operating Costs* for the Project</td>
<td>875,000,000</td>
<td>100% of amounts disbursed by MRRD for Block Grants, and 100% of amounts disbursed for all other Eligible Expenditures</td>
</tr>
<tr>
<td>(2) Remuneration of MRRD Contractual Staff**</td>
<td>23,310,000</td>
<td>40%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs of MRRD***</td>
<td>3,990,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Block Grants</td>
<td>35,000,000</td>
<td>100% of amounts disbursed by MRRD for Block Grants on or before May 31, 2016</td>
</tr>
<tr>
<td>(5) Maintenance Grants</td>
<td>46,000,000</td>
<td>100% of amounts disbursed by MRRD for Maintenance Grants on or after November 1, 2015 but before September 30, 2016</td>
</tr>
</tbody>
</table>
(6) Goods, works, consultants' services, non-consulting services, training, and Incremental Operating Costs* for the Project

<table>
<thead>
<tr>
<th>TOTAL AMOUNT</th>
<th>1,050,000,000</th>
</tr>
</thead>
</table>

*For the purposes of this Schedule, the term “Incremental Operating Costs” means the incremental expenses incurred on account of Project implementation and management, including the operation and maintenance of vehicles, office supplies, communication charges, insurance costs, office administration costs, banking charges, advertising expenses, utility charges, domestic travel and international travel and per diem allowances, but excluding salaries of the officials of the Recipient’s civil service.

**For the purposes of this Schedule, the term “Remuneration of MRRD Contractual Staff” means the remuneration of contractual staff engaged by MRRD to perform shared functions related to the Project and other programs undertaken by MRRD, including finance, procurement, internal audit, monitoring & evaluation, public communication functions and functions carried out by the offices of the Deputy Ministers for Programs and Administration and Finance.

***For the purposes of this Schedule, the term “Incremental Operating Costs of MRRD” means the incremental expenses incurred on account of Project implementation and management, including the operation and maintenance of vehicles, office supplies, communication charges, insurance costs, office administration costs, banking charges, advertising expenses, utility charges, domestic and international travel and per diem allowances, but excluding salaries of the officials of the Recipient’s civil service.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US$25,000,000 equivalent may be made for payments made prior to this date but on or after February 1, 2010, for Eligible Expenditures under Category (1).

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2017.
**APPENDIX**

**Section I. Definitions**


2. "Block Grants" means the grants made available by the Recipient to CDCs out of the proceeds of the Grant in order to finance the cost of goods, works, and services for Sub-Projects under Part 2 of the Project.

3. "Block Grant Agreement" means an agreement for a Block Grant referred to in Section I.C.3 of Schedule 2 to this Agreement.

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

5. "Community Development Council" or "CDC" means a community-based decision making body that includes a chairperson, vice-chairperson, secretary, and treasurer, and is responsible for, *inter alia*, preparing Community Development Plans and Sub-Project proposals, and for the implementation and management of Sub-Projects.

6. "Community Development Plan" means a plan developed by each CDC as the basis for identifying and prioritizing Block Grant investments for Sub-Projects.

7. "Environmental and Social Management Framework" means the Recipient’s framework approved by the World Bank and adopted on May 1, 2010 and publicly disclosed by the Recipient.

8. "Environment and Social Management Plan" means a plan acceptable to the World Bank to be prepared by each Facilitating Partner in coordination with CDCs for the management of natural resources and for the mitigation of any negative impacts on the environment that may be caused by the implementation of a Sub-Project. The Environment and Social Management Plan shall be prepared under the guiding principles of the Environmental and Social Management Framework.

9. "Facilitating Partners" or "FPs" means international and/or national non-governmental organizations and agencies, as well as United Nations agencies, that will assist the Recipient in carrying out the Project as provided for in Section I.A.7 of Schedule 2 to this Agreement.
10. "Financial Management Agent" means an agent/consulting firm retained by MRRD in accordance with Sections I.A.3 and II.B.4 of Schedule 2 to this Agreement.

11. "Financial Management Manual" means the manual utilized under NSP I and NSP II, as periodically updated with the concurrence of the World Bank, including for the purposes of the Project, which prescribes the applicable protocol for handling financial responsibilities, including, inter alia, segregation of fiduciary duties, procedures for documentation reviews and control of physical assets, guidelines and authorization protocols for the disbursement of Block Grants to CDCs, staff training requirements and terms of reference for the annual audit reviews.

12. "Governance and Accountability Action Plan" means the action plan adopted by the Recipient outlining the critical governance risks faced by the Project (i.e. development effectiveness, fiduciary risks, reputational risks; etc) and providing for appropriate mitigation measures to avoid their occurrence.

13. "Maintenance Grants" means a lump-sum cash grant proposed to be made out of the proceeds of the Grant under Part 2(B) of the Project to a selected CDC, pursuant to a Maintenance Grant Agreement meeting the requirements of Section I.C.3 of Schedule 2 to this Agreement.

14. "Maintenance Grant Agreement" means an agreement for a Maintenance Grant referred to in Section I.C.3 of Schedule 2 to this Agreement.

15. "Maintenance Plan" means a plan developed by each CDC and approved in accordance with the Operations Manual, to serve as the basis for identifying and prioritizing Maintenance Grant investments for Sub-Projects.

16. "Mine Risk-Management Procedures" means the Procedures for Mine Risk Management in World Bank Funded Projects in Afghanistan, a framework document that prescribes various measures and procedures to be followed for carrying out activities that could involve, or could potentially involve, exposure or contact with mines.

17. "MRRD" means the Recipient’s Ministry of Rural Rehabilitation and Development or any successor entity thereto.

18. "National Solidarity Program" or "NSP" means the Recipient’s program launched in 2003 for the purpose of providing basic rural infrastructure and expanding outreach to rural communities through a community driven approach.

19. "NSP I" means the National Solidarity Program financed through the International Development Association’s Grants H072-AF, H174-AF and H209-AF.
20. "NSP II" means the National Solidarity Program financed through the International Development Association's Grants H261-AF and H476-AF.

21. "NSP Program Management Office" and the acronym "PMO" means the National Solidarity program management office, referred to in Section I.A.2 of Schedule 2 to this Agreement.

22. "Operations Manual" means the Recipient’s Project implementation and operations manual utilized under NSP I and NSP II, as periodically updated with the concurrence of the World Bank, including for the purposes of the Project, setting forth the procedures governing the operation of the Project, and such term includes any schedules or annexes to the Operations Manual including, inter alia, an Annex on Gender intended to facilitate the mainstreaming of gender issues at community level, an Annex on Maintenance Grants, and the Project’s monitoring indicators, provided, however, that in the event of a conflict between this Agreement and the Operations Manual, the provisions of this Agreement shall prevail.

23. "Procurement Manual" means the manual utilized under NSP I and NSP II, as periodically updated with the concurrence of the World Bank, including for the purposes of the Project, for the implementation of procurement activities under the Project, which manual sets forth, inter alia: (i) the processing and approval procedures to be followed by the PMO, PMUs and CDCs in the procurement of goods, works and services under the Project; (ii) the allocation of procurement responsibilities, including the constitution of evaluations committees and designation of appointment authorities; and (iii) the timeframe and criteria for procurement approvals/reviews.

24. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated June 7, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

25. "Provincial Management Units" and the acronym “PMUs” mean collectively the units to be maintained at provincial level referred to in paragraph 6 of Section I.A of Schedule 2 to this Agreement.

26. "Steering Committee" means the inter-ministerial committee referred to in Section I.A.4 of Schedule 2 to this Agreement.

27. "Sub-Project" means a rehabilitation or development project or scheme to be carried out by a CDC or a cluster of CDCs with the technical assistance of Facilitation Partners and/or PMUs under Part 2 of the Project, which meets the eligibility criteria to receive financing in the form of Block Grants under this Project.