H.E. Mohammad Humayon Qayoumi  
Acting Minister of Finance  
Ministry of Finance  
Islamic Republic of Afghanistan  
Kabul, Afghanistan

Re: ARTF Grant No. TF0A8312  
Preparation Grant for the Afghanistan Placing Labor Abroad, Connecting to Employment Domestically, and Addressing the Needs of Youth (PLACED+Y) Project  
Letter Agreement

Excellency:

In response to the request for financial assistance made on behalf of the Islamic Republic of Afghanistan ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors (collectively, the "Donors") under the Afghanistan Reconstruction Trust Fund ("ARTF"), proposes to extend to the Recipient, a grant in an amount not to exceed one million five hundred thousand United States Dollars (USD 1,500,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the pilot activities described in the Annex ("Activities").

The objective of the Activities is to facilitate the preparation of the proposed project designed to improve labor market conditions and address the needs of youth ("Project"), in support of which the Recipient intends to request the World Bank’s financial assistance, by: (a) establishing a labor contract management unit at MoLSAMD; (b) establishing a streamlined and efficient “exit procedure” for jobseekers leaving Afghanistan through managed labor migration; and (c) developing necessary safeguards instruments and implementation manuals.

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Grant does not constitute or imply any commitment on the part of the World Bank to provide financing in support of the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

1818 H Street NW · Washington, DC 20433 USA
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Sincerely,

[Signature]

Abdoulaye Seck
Acting Country Director, Afghanistan
South Asia Region

AGREED
ISLAMIC REPUBLIC OF AFGHANISTAN

By: [Signature]
Authorized Representative

Name: Prof. Mohammad Humayon Qayoumi
Title: Acting Ministry of Finance
Date: September 8, 2018

Enclosures:


2. Disbursement Letter of the same date as this Agreement, together with the “Disbursement Guidelines for Investment Project Financing”, dated February 2017
Article I
Standard Conditions; Definitions

1.01. Standard Conditions. The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. Definitions. 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
Activities Execution

2.01. Description of Activities. The Activities for which the Grant is provided consist of the following parts:

Part 1: Labor Contract Management Unit

Carrying out a program of activities designed to support establishment and capacity building of a labor contract management unit within MoLSAMD.

Part 2: Exit Procedure for Managed Labor Migration

Carrying out a program of activities designed to support: (i) process mapping of the exit procedures for managed international labor migration; and (ii) designing and implementation of a one stop shop for the exit procedure mentioned in paragraph (i) above.

Part 3: Safeguards Instruments and Project Implementation Manuals

Providing technical assistance to support MoLSAMD in developing necessary safeguards instruments and project implementation manuals for the Project.

2.02. Activities Execution Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through MoLSAMD in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 and as of July 1, 2016 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient shall:

(a) vest the overall responsibility for the implementation and management of the Activities in MoLSAMD, and, to this end, MoLSAMD shall, through its Department of Manpower and Regulating Labor Affairs, be responsible for the coordination, monitoring, evaluation, and reporting of the Activities throughout the implementation of the Activities.

(b) by no later than three (3) months after the effectiveness of this Agreement establish and thereafter maintain throughout the implementation of the Activities, a Steering Committee, with a
mandate, composition and resources satisfactory to the World Bank. The Steering Committee shall meet periodically for the purposes of, *inter alia*: (i) providing overall strategic, policy guidance and oversight of the Activities; (ii) facilitating the coordination of inter-sectoral issues and of the Activities among the relevant ministries and the effective removal of any obstacles to the timely implementation of the Activities; and (iii) approval of the overall implementation plan, budgets, and quarterly progress reports.

(c) cause MoLSAMD, by no later than three (3) months after the effectiveness of this Agreement, to establish and thereafter maintain throughout the implementation of the Activities, a Management Team, chaired by a PPG Director, with competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Bank, vested with powers, functions, competencies, and resources acceptable to the World Bank, for the purposes of carrying out day-to-day implementation and subsequent management of the Activities.

(d) by no later than three (3) months after the effectiveness of this Agreement, recruit and thereafter maintain throughout the implementation of the Activities, under terms and reference satisfactory to the World Bank, two adequately trained, duly qualified, and experienced procurement specialists in order to assist the Procurement Directorate of MoLSAMD in managing procurement activities for the Activities and preparatory procurement activities for the Project.

2.04. *Donor Visibility and Visit.* (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Activities through the ARTF.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Activities.

2.05. *Documents; Records.* In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Activities are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereto, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’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 Donors.

2.06. *Monitoring, Reporting and Evaluation.* (a) The Recipient shall monitor and evaluate the progress of the Activities and prepare Activities Reports in accordance with the provisions of Section 2.06 of the Standard Conditions. Each Activities Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
(b) 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 months after the Closing Date.

2.07. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Activities 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.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient or any other period as agreed in writing with the World Bank. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.08. **Procurement**

All goods, non-consulting services and consulting services required for the Activities 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 the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Activities (“Procurement Plan”) dated July 30th, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The 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, consulting services, non-consulting services, Training and Workshops, and Incremental Operating Costs under the Activities</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,500,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, 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 $100,000 may be made for payments made prior to this date but on or after [May 1st, 2018], for Eligible Expenditures.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is August 31, 2019.

Article IV
Recipient’s Representative; Addresses

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

4.02. Recipient’s Address. 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

Facsimile: 93-20-210-3259

4.03. World Bank’s Address. 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

Facsimile: 1-202-477-6391
APPENDIX

Section I. Definitions

(a) "Incremental Operating Costs" means the incremental operating expenses on account of implementation of the Activities, including car rentals, the operation and maintenance of vehicles, office rentals, office supplies, communication charges including internet charges, insurance costs, office administration costs, banking charges, utility charges, advertising expenses, domestic travel and per diem allowances, but excluding salaries and salary supplements of the Recipient's civil servants.

(b) "Management Team" means the team to be established and maintained by the Recipient in accordance with the provisions of Section 2.03(c) of this Agreement.

(c) "MoLSAMD" means the Recipient's Ministry of Labor, Social Affairs, Martyrs and Disabled, or any successor thereto.

(d) "Steering Committee" means the committee to be established and maintained by the Recipient in accordance with the provisions of Section 2.03(b) of this Agreement.

(e) "Training and Workshops" means the reasonable costs of goods and services required for the participation of personnel involved in training, workshops and study tours under the Grant, including travel and subsistence costs for training, workshops and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses, workshops or study tour preparation and implementation, but excluding fees of consultants.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. The term "Project", whenever used in the Standard Conditions, is modified to read "Activities" (and related text adjusted for grammatical correctness accordingly).

2. The term "Project Report", whenever used in the Standard Conditions, is modified to read "Activities Report".