His Excellency Eklil Ahmad Hakimi  
Minister of Finance  
Ministry of Finance  
Kabul, Islamic Republic of Afghanistan  

Re: Afghanistan Reconstruction Trust Fund Grant No. TF0A5400  
Preparation of Women’s Economic Empowerment National Priority Program Support  
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 ("Donors") under the Afghanistan Reconstruction Trust Fund ("ARTF"), proposes to extend to the Recipient, a grant in an amount not to exceed five million United States Dollars (U.S.$5,000,000) ("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 activities described in Section 2.01 of the Annex ("Activities").

The objective of the Activities is to facilitate the preparation of the proposed program designed to support the Recipient to establish a national priority program on women’s economic empowerment ("Women’s Economic Empowerment National Priority Program") that advances women’s access to economic assets and opportunities ("Program"), in support of which the Recipient has requested the financial assistance from the World Bank, in its capacity as administrator of the ARTF.

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 Program; 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.
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.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By /Shubham Chaudhuri
Country Director for Afghanistan
South Asia Region

AGREED:
ISLAMIC REPUBLIC OF AFGHANISTAN

By: [Signature]
Authorized Representative
Name: [Name]
Title: [Title]
Date: [Date]

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with “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 II 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 A: WEE-NPP Coordination and Program Management**

Provision of technical and operational assistance to MoLSAMD to:

(i) establish a Management Unit to carry out the day-to-day management of the Activities including, *inter alia:* planning; coordination with key line ministries; dialogue with civil society, private sector and donors; execution; financial management; procurement; environmental and social safeguards management; and monitoring and evaluation of the Activities.

(ii) support establishment of a Steering Committee.

(iii) manage Innovation Fund as described in Part C below.

(iv) develop a national WEE-NPP monitoring and results framework and carrying out of information sharing activities.

**Part B: Technical Assistance, Analytic Work and Capacity Building**

Provision of technical assistance to MoLSAMD to:

(i) develop jointly with MoF’s policy department and the Steering Committee a 3-year technical assistance, analytics and capacity building plan ("WEE-NPP Strategy Note").

(ii) coordinate, implement, monitor and report on WEE-NPP activities agreed upon with various line ministries based on the WEE-NPP Strategy Note.

(iii) carry out knowledge sharing and learning activities including workshops, trainings and study tours for key line ministries.
(iv) improve and scale up operational integration of WEE-NPP initiatives in the Recipient’s ongoing programs and operations such as in agriculture, creative industries, access to finance, vocational and basic skills training initiatives.

**Part C: Innovation Fund**

Provision of technical assistance to MoLSAMD to establish an Innovation Fund to provide Innovation Fund Grants out of the proceeds of the Grant for the purpose of carrying out a set of activities aimed at providing sustainable economic opportunities for women.

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.** (a) The Recipient shall vest the overall responsibility for the implementation of the Activities in MoLSAMD.

(b) **Management Unit**

To that end, MoLSAMD shall by not later than August 15, 2017 establish and thereafter maintain throughout the implementation of the Activities, a Management Unit, with functions and resources acceptable to the World Bank, and with competent staff in adequate numbers, including a financial management specialist, for the purposes of carrying out day-to-day implementation of the Activities.

(c) **Steering Committee**

The Recipient shall, by not later than August 15, 2017, 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 and policy guidance on the Activities; and (ii) facilitating the coordination of the Activities among the relevant ministries and the effective removal of any obstacles to the timely implementation of the Activities.

(d) **Operations Manual**

(i) The Recipient shall, by not later than September 30, 2017, prepare and adopt an Operations Manual, acceptable to the World Bank, which manual, *inter alia*, shall contain detailed arrangements and procedures for: (A) institutional coordination and day-to-day execution of the Activities; (B) the eligibility criteria, appraisal, approval and administration arrangements and procedures for the selection of IFGRs and terms and conditions of the IFGs, including, *inter alia*, those referred to in Section 2.03(e) of this Agreement; (C) the terms and conditions of the Innovation Fund; (D) disbursement and financial management; (E) procurement; (F) environmental and social safeguards management; (G) grievance redress procedures; (H) monitoring and evaluation, including indicators for monitoring and evaluating progress towards the attainment of objectives of the Activities, reporting and communication; and (I) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Activities; as said manual may be
modified from time to time with the prior written no-objection of the World Bank, and such term includes any schedules to such manual.

(ii) The Recipient shall not assign, amend, abrogate or waive the Operations Manual or any provisions thereof if, in the opinion of the World Bank, such assignment, amendment, abrogation or waiver will materially and adversely affect the implementation of the Activities. Any amendment to the said manual shall be made with the prior agreement of the World Bank. In case of any conflict between the provisions of the Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall govern.

(e) **Innovation Fund Grant**

(i) To be eligible for an Innovation Fund Grant (IFG), an Innovation Fund Grant Recipient (IFGR) shall:

(A) have been duly established in accordance with the requirements of the Operations Manual; and

(B) prepare and furnish, in accordance with the Operations Manual, to MoLSAMD an application for an IFG that fully satisfy the eligibility criteria specified in the Operations Manual and the ESMF, which, *inter alia*, includes activities to be undertaken to yield sustainable economic opportunities for women.

(ii) For the purposes of an IFG:

(A) in evaluating each application, consideration shall be given to the IFGR’s capacity to carry out, manage and maintain the proposed activities to be carried out under the IFGA in conformity with appropriate administrative, financial, technical, environmental (including in accordance with the provisions of the ESMF) and managerial standards.

(B) When required by the ESMF, the IFGR, shall have prepared an ESMP meeting the requirements of the Operations Manual and the ESMF and submitted the same to MoLSAMD and the World Bank for approval before MoLSAMD, shall be authorized to award an IFG to such IFGR.

(iii) The Recipient shall make a portion of the proceeds of the Grant available, as an IFG to IFGRs under IFGAs to be entered into by representatives of the IFGR and MoLSAMD, all under terms and conditions which shall have been approved by the World Bank, which shall include the following:

(A) Each IFG 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 IFGR to use the proceeds of the IFG, or obtain a refund of all or any part of the amount of the IFG then withdrawn, upon the respective IFGR’s failure to perform any of its obligations under the IFGA; and
for the purposes of the IFG, require each IFGR to:

(a) carry out the activities under the IFGA 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 ESMF, the ESMP, the Operations Manual, and 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 activities under the IFGA;

(c) procure the goods and services to be financed out of such IFG in accordance with the provisions of this Agreement;

(d) use any such goods and services procured under such IFG exclusively for the carrying out of the activities under the IFGA;

(e) enable the Recipient and the World Bank to inspect the activities under the IFGA, 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 such IFG shall not finance or support the cultivation of poppy.

(iv) The Recipient shall exercise its rights under each IFGA in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of each IFG.

(v) Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any IFGA or any of its respective provisions.

2.04. Environmental and Social Safeguards.

(a) The Recipient shall ensure that the Activities are carried out in accordance with the provisions of the Environmental and Social Management Framework (“ESMF”).

(b) Whenever an ESMP shall be required for any proposed Activity in accordance with the provisions of the ESMF, the Recipient shall ensure that: (A) such ESMP is prepared, reviewed, disclosed and consulted upon, and adopted in accordance with the provisions of the ESMF and in a manner satisfactory to the World Bank; and (B) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP.
The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF or any ESMP, unless the World Bank has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

In the event of any conflict between the provisions of any of the ESMF or any ESMP, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2.05. **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.

2.06. **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 thereof, 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.

2.07. **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 and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Activities Report shall cover the period of one calendar semester, 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 performance indicators referred to above in paragraph (a) consist of the following:

(i) Steering Committee for WEE-NPP established.
(ii) Management Unit within MoLSAMD to serve as a coordination body for all WEE-NPP related activities across key line ministries established.
(iii) Number of line ministries, institutions and development programs that have been provided with improved data, analytical support and technical guidance increased.
(iv) National WEE-NPP monitoring and results framework developed.
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.

2.08. **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. 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.

2.09. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated June 21, 2017 (“Procurement Plan”) 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, non-consulting services, consultants’ services, Training and Workshops, and Incremental Operating Costs under the Activities</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Innovation Fund Grants</td>
<td>1,000,000</td>
<td>100% of amounts disbursed for Innovation Fund Grants</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,000,000</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: (a) payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $150,000 equivalent may be made for payments made prior to this date but on or after January 1, 2017, for Eligible Expenditures under Category (1); or (b) under Category (2) for Innovation Fund Grants, unless the Recipient has adopted the Operations Manual, in form and substance satisfactory to the World Bank, in accordance with the provisions of Section 2.03(d) of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is July 31, 2020.

**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: 93-20-210-3258

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) “Environmental and Social Management Framework” and the acronym “ESMF” each means the Recipient’s framework dated July 25, 2013, setting out, inter alia, the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with the Activities, including capacity building through training and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure, reporting and grievance redress procedures, including, inter alia, the guidelines, procedures and forms for preparing and implementing ESMPs, as said framework may be modified from time to time with the prior written approval of the World Bank, and such term includes any schedules or annexes to such framework.

(b) “Environmental and Social Management Plan” and the acronym “ESMP” each means any plan to be prepared in accordance with the ESMF pursuant to Section 2.04(b) of this Agreement, each such plan in form and substance satisfactory to the World Bank, setting out, inter alia, the mitigation, enhancement, monitoring and institutional measures, including capacity building through training; in each case as required to: (i) eliminate adverse environmental and social impacts associated with the implementation of the Activities; (ii) offset them, or reduce them to acceptable levels; (iii) enhance any positive impacts thereof, as such plan may be revised, updated or supplemented from time to time with the prior written agreement of the World Bank.

(c) “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.

(d) “Innovation Fund Grant Agreement” and the acronym “IFGA” each means an agreement for an Innovation Fund Grant to be entered into between MoLSAMD and an Innovation Fund Grant Recipient, in accordance with Section 2.03(e) of this Agreement.

(e) “Innovation Fund Grant Recipient” and the acronym “IFGR” each means a private sector organization, an education institution, or a civil society selected to receive an Innovation Fund Grant in accordance with the eligibility criteria and procedures set forth in the Operations Manual.

(f) “Innovation Fund Grant” and the acronym “IFG” each means a lump-sum cash grant proposed to be made out of the proceeds of the Grant under Part C of the Activities to a selected IFGR, pursuant to an IFGA meeting the requirements of Section 2.03(e) of this Agreement.

(g) “Innovation Fund” means the fund to be established and maintained by the Recipient in accordance with the provision of Section 2.03(e) of this Agreement.

(h) “Management Unit” means the unit to be established and maintained by the Recipient in accordance with the provisions of Section 2.03(b)(i) of this Agreement.

(i) “MoF” means the Recipient’s Ministry of Finance, or any successor thereto.
(j) "MoLSAMD" means the Recipient’s Ministry of Labor, Social Affairs, Martyrs and Disabled, or any successor thereto.

(k) "Operations Manual" means the manual to be adopted by the Recipient for the implementation of the Activities referred to in Section 2.03(d) of this Agreement.

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

(m) "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.

(n) "WEE-NPP" means the Recipient’s national priority program launched in October 2016 for the purpose of advancing women’s access to economic assets and opportunities.

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”.

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