Amended and Restated
Afghanistan Reconstruction Trust
Fund Grant Agreement

(CASA-Community Support Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

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

Originally dated April 11, 2014
(as amended and restated on May 30, 2017)
AGREEMENT originally dated April 11, 2014, amended and restated on May 2017 between ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator (the "Administrator") of grant funds (the "Grant Funds") contributed by various donors (collectively the "Donors") to the Afghanistan Reconstruction Trust Fund (ARTF). The Recipient and the Administrator hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 ("Standard Conditions"), with the modification set forth below constitutes an integral part of this Agreement, namely that whenever used in the Standard Conditions, the terms “World Bank” shall mean the “Administrator”.

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 ("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 Administrator 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 Administrator 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 forty million United States Dollars ($40,000,000) ("Grant") to assist in financing the Project.

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

3.03. The Grant is funded out of the abovementioned trust fund for which the Administrator receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Administrator’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.

3.04. The amount of the Grant as approved by the ARTF Management Committee accordingly shall be available to the Recipient.

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 Administrator’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: INDEVAS Washington, D.C. 248423 (MCI) or 64145 (MCI) 1-202-477-6391

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

ISLAMIC REPUBLIC OF AFGHANISTAN

By: 
Authorized Representative
Name: EKLIL AHMAD HAKIMI
Title: Minister

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

By: 
Authorized Representative
Name: SHUBHAM CHAUDHURI
Title: Country Director for Afghanistan, South Asia Region.
SCHEDULE 1

Project Description

The objective of the Project is to provide access to electricity or other social and economic infrastructure services to communities in the Project Area in order to strengthen community support for CASA-1000 transmission line.

The Project consists of the following parts:

Part A. Community Service Standards Grants

Provision of service standards grants for the carrying out of prioritized Sub-Projects aimed at developing community-based productive infrastructure, such as water supply facilities, irrigation works, roads, and electrification pursuant to the Rural Area Service Standards Grants to CDCs.

Part B. Community mobilization

Engaging communities to increase the shared prosperity associated with the CASA-1000 transmission line which will pass through their villages, by facilitating community participation in sub-project planning, implementation and operations and maintenance.

Part C: Project Implementation Support

1. Provision of technical advisory services and logistical assistance for the implementation and monitoring of the Project.

2. Provision of service through a third party monitoring agency.

Part D: Communications & Outreach

Carrying out a communications campaign and information-sharing activities directed to relevant stakeholders within the Provinces with a special emphasis on outreach to communities in the Project areas.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest MRRD with the responsibility for overall implementation of the Project, and coordination amongst all agencies and entities involved in the Project, including DABS.

2. The Recipient, through MRRD shall:

(a) maintain, throughout Project implementation, the General Directorate for the Citizens' Charter, adequately staffed with professional and administrative staff with the necessary experience and qualifications acceptable to Administrator, and operating under terms of reference satisfactory to the Administrator, vested with the responsibility of overall Project implementation and coordination with other national line ministries;

(b) be supported, at the provincial level, by 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 Administrator, and operating under terms of reference satisfactory to the Administrator. The PMUs will be responsible for field monitoring of all Facilitating Partner activities on the ground, sample monitoring of all CDC activities under the Citizens’ Charter in rural areas, reviewing all Sub-Project proposals and disbursement requests under the Rural Area Service Standard Grants to the CDCs, coordinating with other line ministries and sectoral plans for the province, and database management and reporting; and

3. For the purposes of assistance in mobilizing local/rural communities to establish new CDCs; conducting elections of CDCs; building capacity of CDCs and facilitating consultative community planning exercises, the Recipient shall carry out the same through MRRD or contract with existing CCAP Facilitating Partners, in accordance with terms of reference and eligibility criteria satisfactory to the Administrator.

4. The Recipient shall carry out the Project in accordance with the CCAP Operations Manual, the Safeguards 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
Recipient and the World Bank. In the event of any conflict between the provisions of any of the Safeguards Instruments, the Financial Management Manual or the Procurement Plan on the one hand and the provisions of this Agreement on the other hand, the provisions of this Agreement shall prevail.

**B. Anti-Corruption**

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

**C. Sub-projects**

1. To be eligible for a Rural Area Service Standard Grant, a CDC shall:
   
   - have been duly established in accordance with the requirements of the CCAP Operations Manual; and
   
   - prepare and furnish to MRRD a Community Development Plan, which inter alia, includes actions related to gender mainstreaming; and
   
   - prepare and furnish one or more Sub-Project proposals to MRRD that fully satisfy the eligibility criteria specified in the CCAP Operations Manual and the Environmental and Social Management Framework. Several CDCs may combine together as a CDC cluster to prepare one or more Sub-Project proposals of common interest and benefit by pooling their Rural Areas Service Standards Grant entitlements;

2. For the purposes of each Rural Area Service Standards Grant:
   
   - In evaluating each Sub-Project proposal, consideration shall be given by MRRD to the CDC's capacity (as the case may be) to carry out, manage and maintain the Sub-Project in conformity with appropriate administrative, financial, technical, environmental (including in accordance with the provisions of the Safeguards Instruments) and managerial standards.
   
   - When required by the Environmental and Social Management Framework, the CDC (as the case may be), shall have prepared an Environment and Social Management Plan meeting the requirements of the CCAP Operations Manual and the ESMF and submitted the same to MRRD and the Administrator for approval before MRRD, as the case may be, shall be authorized to award either a Rural Area Service Standards Grant to such CDC.
3. The Recipient shall make a portion of the proceeds of the Grant available, as Rural Area Service Standards Grants to CDCs (including clusters of CDCs) under Rural Area Service Standards Grant Agreements to be entered into by representatives of the CDC and MRRD, all under terms and conditions which shall have been approved by the Administrator, which shall include the following:

(a) Each Rural Area Service Standards 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 Administrator, including the right to:

(i) suspend or terminate the right of the CDC to use the proceeds of the Rural Area Service Standards Grant, or obtain a refund of all or any part of the amount of the Rural Area Service Standards Grant then withdrawn, upon the respective CDC’s failure to perform any of its obligations under the Rural Area Service Standards Grant Agreement; and

(ii) require each CDC (including clusters of CDCs), to:

(I) For the purposes of the Rural Area Service Standards 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 Administrator, including in accordance with the provisions of the Safeguards Instruments, the CCAP 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 Sub-Project;

(C) procure the goods, works and services to be financed out of such Rural Area Service Standards Grant in accordance with the provisions of this Agreement;
(D) use any such goods, works and services procured under such Rural Area Service Standards Grant exclusively for the carrying out of Sub-Projects;

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

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

(G) ensure that such Rural Area Service Standards Grant shall not finance or support the cultivation of poppy.

4. The Recipient shall exercise its rights under each Rural Area Service Standards Grant Agreement, in such manner as to protect the interests of the Recipient and the Administrator and to accomplish the purposes of each Rural Area Service Standards Grant Agreement.

5. Except as the Administrator shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Rural Area Service Standards Grant Agreement or any of its respective provisions.

D. Safeguards

1. The Recipient shall:

(a) carry out the Project and cause each CDC to carry out its respective Sub-projects in accordance with the Safeguards Instruments, including each ESMP and RAP to be prepared pursuant to paragraph 2 of this Sub-Section;

(b) refrain from taking any action, or consenting to an action to be taken, which would prevent or interfere with the implementation of the Safeguards Instruments, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Administrator; and

(c) promptly and timely provide the financial resources required for the carrying out of the measures stipulated in the Safeguards Instruments.

2. The Recipient shall, and shall cause each CDC to:
prior to commencing each activity under the Project and each Sub-project:

(i) prepare: (A) each ESMP, required by and consistent with the ESMF for such activity or Sub-project; and (B) each RAP required by and consistent with the RPF for such activity or Sub-project;

(ii) have each ESMP and RAP furnished to the Administrator for its prior review and approval; and

(iii) adopt and disclose as approved by the Administrator and each ESMP and RAP in a manner acceptable to the Administrator;

(b) thereafter take such measures as shall be necessary to ensure compliance with the requirements of each ESMP and RAP; and

(c) in the case of any activity under the Project or Sub-projects involving Displaced Persons, ensure that no displacement or loss of income sources or means of livelihood, whether or not the affected persons are displaced, shall occur before necessary resettlement measures consistent with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Displaced Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived Safeguards Instruments, unless the Administrator 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.

4. Without limitation upon its other reporting obligations under this Agreement, every three (3) months, shall collect, compile and furnish, as part of the Project Report, reports on the status of compliance with the Safeguards Instruments giving details on:

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

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

(c) remedial measures taken or required to be taken to address such conditions.

5. The Recipient shall ensure that each contract procured under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguards
Instruments applicable to the respective activities commissioned/awarded pursuant to said contract.

6. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

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 acceptable to the Administrator. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Administrator not later than 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 Administrator not later than six 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 financial reports for the Project are prepared and furnished to the Administrator as part of the Project Report not later than 45 days after the end of each quarter, covering the quarter, in form and substance satisfactory to the Administrator.

3. The Recipient shall have its Financial Statements for the Project 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 Administrator not later than six months after the end of such period.

Section III. Procurement

All goods, works, non-consulting services and consulting 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 the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the Administrator 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 Administrator 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, consultants' services and Training under the Project; and Rural Area Service Standards Grants under Part A of the Project</td>
<td>36,000,000</td>
<td>100% of amounts disbursed by MRRD for Rural Area Service Standards Grants; and 100% for all other Eligible Expenditures</td>
</tr>
<tr>
<td>(2) Incremental Operating Costs*</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>40,000,000</td>
<td></td>
</tr>
</tbody>
</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 and international travel (with the prior approval of the Administrator) 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.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2022.
APPENDIX

Definitions


2. “CASA 1000” means the Central Asia South Asia Electricity Transmission and Trade Project to be financed by the Association.

3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. “CCAP Operations Manual” means the Recipient’s operations manual, dated January 2017, prepared for the CCAP, as periodically updated with the concurrence of the Administrator, setting forth the procedures governing the operation of the CCAP, and such term includes any schedules or annexes to the CCAP Operations Manual including the Financial Management Manual, gender annex intended to facilitate the mainstreaming of gender issues at community level, an annex on Service Standards Grants, an annex setting forth the procedures governing the operation of the Project and the Project’s monitoring indicators, provided, however, that in the event of a conflict between this Agreement and the CCAP Operations Manual, the provisions of this Agreement shall prevail.

5. “CCAP” means the Recipient’s Citizens’ Charter Afghanistan Project financed by the International Development Association under a Financing Agreement dated December 6, 2016 (Grant No. D1390-AF), and by the Administrator under an Afghanistan Reconstruction Trust Fund Grant Agreement also dated December 6, 2016 (Grant No.TF0A3827).

6. “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.

7. “Community Development Plan” means a plan developed by each CDC as the basis for identifying and prioritizing Rural Areas Service Standards Grant investments for Sub-Projects.

8. “Corridor of Influence” means the corridor of influence along four kilometers of the routing of the transmission line to be built under the CASA-1000 Project.
9. "DABS" means Da Afghanistan Breshna Sherkat of Afghanistan, the transmission company established under the Recipient’s Corporations and Limited Liabilities Law, and incorporated on 4th May 2008, and the entity in charge of installing the CASA-1000 Transmission Line within the territory of the Recipient.

10. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a "Displaced Person" means any of such Displaced Persons.

11. "Environmental and Social Management Framework" or "ESMF" means the Recipient’s framework approved by the Association and adopted on February 23, 2014 and publicly disclosed by the Recipient, containing (a) the policy, legal and administrative framework within which the EMPs are prepared and carried out; and (b) an assessment of the potential environmental and social impacts of the activities to be undertaken under the Project, including an evaluation of the alternatives therefor, and designing appropriate mitigation, management, and monitoring measures.

12. "Environmental and Social Management Plan" or "ESMP" means each environmental management plan or plans to be prepared by the Project Implementing Entity that set out the environmental protection measures, including measures for the protection of physical cultural resources, in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the prior written agreement of the Administrator, and such term includes all schedules and agreements supplemental thereto.

13. "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.3 of Schedule 2 to this Agreement.

14. "Financial Management Manual" means the Recipient’s manual for the CCAP 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 Rural Areas Service Standards Grants to CDCs, staff training requirements and terms of reference for the annual audit reviews.
15. “Mine Risk-Management Procedures” means the Procedures for Mine Risk Management in Administrator 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.

16. “MRRD” means the Recipient’s Ministry of Rural Rehabilitation and Development or any successor entity thereto.

17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 20, 2014, updated on May 1, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


19. “Project Area” means the area within the Corridor of Influence.

20. “Province” means a province, so designated by the laws of the Recipient.

21. “Provincial Management Units” and the acronym “PMUs” mean collectively the units to be maintained at provincial level referred to Section I.A.2(b) of Schedule 2 to this Agreement.

22. “Rural Area” means, for purposes of the Project, areas which fall within the geographical mandate of MRRD, and the term “Rural Areas” means the plural thereof.

23. “Rural Areas Service Standards Grant Agreement” means an agreement for a Rural Areas Service Standards Grant referred to in Section I.C.3 of Schedule 2 to this Agreement.

24. “Rural Areas Service Standards Grants” means the grants made available by the Recipient, pursuant to a Rural Areas Service Standards Grant Agreement, to CDCs, established and operating in a Rural Area, out of the proceeds of the Grant in order to finance the cost of goods, works, and services for Sub-Projects under Part A of the Project.

25. “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 or MRRD under Part A of the Project, which meets the eligibility criteria, described in the CCAP Operations Manual to receive financing in the form of Rural Areas Service Standards Grants under this Project.
26. "Training" means the costs of training and workshops relevant for the Project and carried out in the territory of the Recipient, including purchase and publication of materials, rental of facilities for conducting training and workshops, facilitator's fees, course fees and travel and subsistence allowances for trainers and trainees.

27. "Resettlement Policy Framework" or the acronym "RPF" means the Resettlement Policy Framework dated February 23, 2014, prepared and adopted by the Recipient, acceptable to the Administrator; said framework setting out the policies and procedures for the acquisition of land and other assets, compensation, resettlement and rehabilitation of Displaced Persons, and for the preparation of Resettlement Action Plans as may be required for Project activities, as said framework may be revised from time to time with the prior written concurrence of the Administrator; and such term includes all schedules and agreements supplemental to said framework.

28. "Resettlement Action Plan" or "RAP" means each resettlement action plan to be prepared by the Recipient, in form and substance acceptable to the Administrator and in accordance with the RPF, setting forth the measures necessary to ensure that the Displaced Persons under the Project are: (i) informed about their options and rights pertaining to resettlement; (ii) consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives; (iii) provided: (A) prompt and effective compensation at full replacement cost for losses of assets attributable directly to the Project; (B) assistance (such as moving allowances) during relocation; and (C) with residential housing, or housing sites, or, as required, agricultural sites for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the old site; (iv) offered support after displacement, for a transition period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living; and (v) provided with development assistance in addition to the aforementioned compensation measures, such as land preparation, credit facilities, training, or job opportunities.

29. "Safeguards Instruments" means the ESMF, ESMP, the RPF and the RAP.