ARTF GRANT NUMBER TF013093

Afghanistan Reconstruction Trust Fund
Grant Agreement

(Afghanistan Rural Access Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

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

Dated: September 15, 2012
ARTF GRANT AGREEMENT

AGREEMENT dated Sep 15, 2012 ("Grant Agreement"), entered into 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"), constitute an integral
part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this
Agreement have the meanings ascribed to them in the 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: (i)
carry out Parts A and C of the Project through MPW; and (ii) carry out Parts B
and C of the Project through MRRD; all 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 one hundred seven million United States Dollars ($107,000,000) ("Grant") to assist in financing the Project.

3.02. Additional Grant Funds may be added to the Grant as Donor Contributions to the ARTF are made from time to time. The Administrator shall promptly notify the Recipient of such contributions and any ensuing increase in the amount of the ARTF Grant, and shall take all necessary action required on its part to modify the 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 ARTF for which the Administrator receives periodic contributions from Donors. 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 ARTF, and the Recipient's right to withdraw Grant Funds is subject to the availability of such funds.

3.05. 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

Facsimile: 93-20-210-3258
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
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at ____________, __________, as of the day and year first above written.

ISLAMIC REPUBLIC OF AFGHANISTAN

By

Authorized Representative

Name: Hozrat Omar Zaphilwal
Title: Minister of Finance

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

By

Authorized Representative

Name: Illangovan Patchamuthu
Title: Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to enable rural communities to benefit from all-season road access to basic services and facilities.

The Project consists of the following parts:

Part A: Improvement and Maintenance of Secondary Roads

1. Carrying out Road Works for:
   (i) improvement of unpaved secondary roads to paved standards;
   (ii) upgrading of paved secondary roads to bituminous surface;
   (iii) construction of bridges on secondary roads;
   (iv) periodic maintenance of unpaved secondary roads;
   (v) periodic maintenance of paved secondary roads;
   (vi) routine maintenance of paved and unpaved secondary roads; and
   (vii) emergency maintenance of secondary roads.

2. Strengthening the capacity of the MPW PIU for the day-to-day implementation of the Project, including compliance with financial, environmental and procurement management, reporting requirements, and monitoring and supervision activities.

Part B: Improvement and Maintenance of Tertiary Roads

1. Carrying out Road Works for:
   (i) rehabilitation of tertiary roads;
   (ii) periodic maintenance of tertiary roads;
   (iii) routine maintenance of tertiary roads;
   (iv) emergency maintenance of tertiary roads; and
   (v) construction of bridges on tertiary roads.

2. Strengthening the capacity of the MRRD PIU for the day-to-day implementation of the Project, including compliance with financial, environmental and procurement management, reporting requirements, and monitoring and supervision activities.

Part C. Program Planning and Development, Institutional Strengthening and Program Coordination Support

1. Setting up a rural roads planning and management system, including:
(i) establishing a rural road network inventory system, and carrying out the first cycle inventory;
(ii) developing a comprehensive set of rural road design standards, including improvement of cost estimation system, and productivity norms, and updating the technical specifications; and
(iii) establishing a network planning, development and management system, including a mechanism for the definition of appropriate service levels, and appropriate techniques for economic appraisal; a system for the short, medium and long term rural road maintenance, and a system for preparing a rolling five (5) year investment plan for rural roads.

2. Institutional strengthening and capacity building in the rural road sector, including:
   (i) carrying out a study of the laws, regulations, organizational structure and the human resource capacity of the rural road sector, and proposing necessary changes and strengthening measures;
   (ii) preparing and implementing a comprehensive capacity development plan for public sector staff responsible for NRAP;
   (iii) providing six (6) months on-the-job training for some fifty (50) fresh graduates per year from engineering and social science fields;
   (iv) support to some one hundred and forty (140) internship students of engineering and social science universities per year through the provision of incentives during their research and practical period;
   (v) sponsoring Master’s Degree programs for about twenty (20) program staff through national and international academic institutions;
   (vi) capacity building of the domestic construction industry through specialized publications, seminars, workshops and training programs; and
   (vii) construction of regional functional buildings and material laboratories in eight (8) regions, and enhancement of the program library and archive consolidation.

3. Program coordination support, including:
   (i) financing the operating costs of the National Coordination Unit;
   (ii) supporting the monitoring and evaluation; baseline and follow up survey; technical support for the mid-term review mentioned under Section I.G of Schedule 2 to this Agreement, and technical and financial audits and fiduciary and safeguard control measures for MPW and MRRD;
   (iii) preparing a public relations program and implementation; and
   (iv) support for the establishment of a road agency, study tours and sector studies.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall:

   (a) Maintain throughout Project implementation, the Steering Committee, whose mandate, composition and terms of reference shall be acceptable to the Administrator, to be responsible for providing overall policy guidance, strategic planning and Project oversight and for integration with other rural development programs of the Recipient. In carrying out its functions, the Steering Committee shall be assisted by the National Coordination Unit, which shall, in addition to its other functions, serve as a secretariat for the Steering Committee; and

   (b) Maintain throughout Project implementation, the National Coordination Unit within the MoF, whose mandate, staffing and terms of reference shall be acceptable to the Administrator, to be responsible for, inter alia: (i) coordinating the activities and funding provided by various donors for NRAP; (ii) coordinating the activities of the PIUs and other relevant line ministries and agencies involved in NRAP; (iii) monitoring and evaluating overall Project implementation and preparing consolidated quarterly progress reports for submission to the Steering Committee; (iv) ensuring steady progress of Project execution in accordance with an implementation schedule reviewed and approved by the Administrator; (v) serving as the secretariat of the Steering Committee; and (vi) monitoring the fulfillment of contract obligations by the Implementation Consultant to ensure adequate and smooth transfer of skills to national staff.

2. The Recipient shall vest in MPW responsibility for the implementation of Parts A and C.1 of the Project, and, responsibility for the implementation of Part C.3 of the Project starting the second year of Project implementation. In carrying out its functions under the Project, MPW shall be assisted by the MPW PIU.

3. The Recipient shall vest in MRRD responsibility for the implementation of Parts B, and C.2 of the Project, and for the implementation of Part C.3 of the
Project during the first year of Project implementation. In carrying out its functions under the Project, MRRD shall be assisted by the MRRD PIU.

4. (a) The Recipient shall maintain throughout the implementation of the Project, the MRRD PIU and the MPW PIU, with terms of reference, staffing and other resources acceptable to the Administrator and appropriate for the carrying out of their functions under the Project.

(b) With respect to their respective Parts of the Project, the MRRD PIU and the MPW PIU shall be responsible for: (i) identification, prioritization and selection of Road Works; (ii) coordinating and supervising the implementation of Road Works; (iii) reviewing and preparing designs, cost-estimates and bills of quantities; (iv) overseeing and managing the procurement process; (v) technical and financial monitoring of contracts; (vi) monitoring and evaluation of their respective Parts of the Project; (vii) environmental and social safeguard screening of Road Works, overseeing the implementation of the ESMF, and overseeing the preparation and implementation of an EMP and/or RAP as required; (viii) supervising the work of the IC and other consultants; (ix) financial management; (x) liaising with NCU on the implementation of their respective Parts of the Project; and (xi) preparation of reports for submission to the Administrator.

(c) The Recipient shall cause MRRD and MPW to set up maintenance units in their regional offices, with terms of reference, staffing and other resources acceptable to the Administrator and appropriate for the carrying out of their functions under the Project, to assist CDCs and/or contractors in the implementation of routine maintenance activities under Parts A.1(vi) and B.1(iii) of the Project, including the provision of training, procurement support, maintenance quality assurance and control, monitoring and evaluation, and reporting.

(d) The Recipient shall:

(i) for the first eighteen (18) months of Project implementation and any such period thereafter as may be considered necessary by the Administrator: (A) engage the IC to carry out the key financial management functions for the Project; (B) implement a strategy to strengthen the financial management capacity of MPW and MRRD; and (C) cause MRRD and MPW to introduce the use of a computerized financial management system for the Project, satisfactory to the Administrator, for record keeping and reporting: and
(ii) thereafter (A) cause the MPW PIU and MRRD PIU to carry out the key financial management functions for their respective Parts of the Project, including through the use of the aforementioned computerized financial management system by no later than December 31, 2012; (B) cause MPW PIU and MRRD PIU to appoint, by no later than December 31, 2012, and thereafter retain during the implementation of the Project, financial management staff in numbers, with qualifications, and under terms of reference all satisfactory to the Administrator; and (C) continue to seek the assistance of the IC as needed for advice on Project implementation and quality assurance.

5. The Recipient shall maintain, throughout Project implementation, the Special Disbursement Unit existing within the Treasury Department of MoF, which unit shall be responsible for the accounting of Project funds and the management of cash resources, and shall be adequately staffed and provided with sufficient resources, functions and powers.

B. Project Budget Committee; Annual Work Plan and Budget

1. The Recipient shall:

(a) maintain throughout Project implementation, the existing Project Budget Committee, whose mandate, composition, and terms of reference shall be acceptable to the Administrator, and whose membership shall include representatives of MoF, MRRD, MPW, NCU and IC, to coordinate the preparation of an Annual Work Plan and the derivation of an annual budget for approval by the Steering Committee, as further detailed in the Project Implementation Manual.

(b) cause the Project Budget Committee to undertake semi-annual reviews, for submission to the Steering Committee, of forecasted and incurred expenditures to ensure compliance with governmental budgeting principles, policies and procedures and adequate budget discipline and control;

(c) cause the Project Budget Committee to furnish to the Administrator, no later than three (3) months before the end of the Recipient’s fiscal year, an Annual Work Plan and budget, in form and substance satisfactory to the Administrator, for the following fiscal year of the Recipient; and thereafter;

(d) carry out the Project through the MRRD and MPW for the corresponding fiscal year as established in the Annual Work Plan.
C. Project Implementation Manual

1. The Recipient shall, no later than thirty (30) days after the Effective Date, prepare and adopt a Project Implementation Manual in form and substance satisfactory to the Administrator, and thereafter implement the Project in accordance with the Project Implementation Manual.

2. The Recipient shall not amend, waive, or abrogate (or allow to be amended, waived, or abrogated), any provision of the Project Implementation Manual, without the prior written consent of the Administrator.

D. Road Works

1. The Recipient shall ensure that all Road Works to be carried out under the Project, meet the selection criteria included in the Project Implementation Manual, and are approved by the Administrator prior to being financed under the Project. An initial list of Roads Works that meet said selection criteria and has been approved by the Administrator is included in the Project Implementation Manual.

2. The Recipient shall:

   (a) ensure that MRRD and MPW carry out each Road Work with due diligence and efficiency and in accordance with sound administrative, financial, technical and managerial standards, and maintain adequate records for the Road Work concerned; and

   (b) ensure that all goods, works, and services required for each Road Work shall be procured in accordance with the provisions of Section III of Schedule 2 to this Agreement.

3. The Recipient shall ensure that all Road Works are implemented in accordance with the Mine Risk-Management Procedures.

4. In carrying out Parts A and B of the Project, the Recipient shall:

   (a) implement a road network planning and prioritization mechanism, including basic rural access standards and road specifications, satisfactory to the Administrator, to be consistently applied by MPW and MRRD in the selection, design, and implementation of secondary and tertiary road improvement and/or maintenance works;

   (b) prepare design documents based on the adopted standards and, for all those Road Works subject to procurement prior review, seek the Administrator's approval of said documents; and
cause MPW and MRRD to establish a robust input price database and costs estimation system, satisfactory to the Administrator.

E. **Safeguards**

1. The Recipient shall carry out the Project in accordance with the ESMF.

2. Without prejudice to paragraph 1 of this Section E, prior to the commencement of any civil works under Parts A and B and C.2(vii) of the Project, the Recipient, through the MRRD PIU and MPW PIU, shall screen the proposed civil works in accordance with the ESMF and shall prepare an EMP and RAP satisfactory to the Administrator, which EMP and RAP shall be duly implemented as agreed with the Administrator.

3. Except as the Administrator shall otherwise agree, the Recipient shall not amend or waive any provision of the Environmental and Social Management Framework if, in the opinion of the Administrator, such amendment or waiver may materially and adversely affect the implementation of the Project.

4. The Recipient shall, throughout the implementation of the Project, maintain, within the MRRD PIU and the MPW PIU, focal points for the management and oversight of environmental and social safeguard issues under their respective Parts of the Project.

5. The Recipient shall ensure that each contract for civil works financed under the Project includes the obligation of the relevant contractor to implement the relevant EMP and RAP where such plans are required pursuant to the terms of the ESMF; the Recipient shall also ensure that compliance by said contractors with said plans is monitored and supervised by MRRD and MPW.

6. The Recipient shall take all measures necessary to regularly collect, compile, and submit to the Administrator, as part of the Project Reports, information on the status of compliance with the ESMF, giving details of:

   (a) measures taken in furtherance of such documents;

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

   (c) remedial measures taken or required to be taken to address such conditions.
7. In the event of a conflict between the provisions of any of the ESMF and those of this Agreement, the provisions of this Agreement shall prevail.

F. 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.

G. Mid Term Review

The Recipient shall undertake, jointly with the Administrator, within twenty-four (24) months of the date of this Agreement, or such later date as may be established by the Administrator, a review of the implementation of the Project and shall, thereafter, carry out the Project taking into account the Administrator’s views and comments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in Schedule 3 to this Agreement. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Administrator not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall undertake a baseline survey of the Project performance indicators, acceptable to the Administrator, for each Part of the Project by December 31, 2012.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Administrator not later than forty-five (45) days after the end of each fiscal quarter of the Recipient, interim unaudited financial reports.
for the Project covering the quarter, in form and substance satisfactory to the Administrator.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General 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 Administrator not later than six (6) months after the end of such period.

4. In order to fulfill the duties and responsibilities set forth in paragraph 1 of this Section II.B, the Recipient shall appoint, within six (6) months of the date of this Agreement, and thereafter maintain throughout the period of implementation of the Project, an internal auditor, under terms of reference acceptable to the Administrator.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting-services and consultants’ 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:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as elaborated in the Procurement Plan.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Administrator of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services
1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding subject to the additional provisions set forth the Annex to this Schedule 2</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Community participation procedures which have been found acceptable to the Administrator</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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection Based on Consultants’ Qualification</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Under a Fixed Budget</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.</td>
</tr>
</tbody>
</table>

D. **Review by the Administrator of Procurement Decisions**
The Procurement Plan shall set forth those contracts which shall be subject to the Administrator's Prior Review. All other contracts shall be subject to Post Review by the Administrator.

E. Record Keeping; Database and Complaints Handling

The Recipient shall cause MRRD and MPW to establish, within sixteen (16) weeks of the Effective Date, and thereafter maintain throughout the period of implementation of the Project:

(a) a fully operational procurement documentation and record keeping system, satisfactory to the Administrator, including a freely and publicly accessible database with an interface (link) with MRRD's and MPW's website, showing all Project-related procurement notices, invitations to bid, bidding documents and requests for proposals, as well as the procurement status of various contracts financed under the Project, including status of evaluation, complaints and actions taken, contract awards and contractors' performance. The Recipient shall cause MRRD and MPW to maintain such system and website updated on a monthly basis throughout the period of implementation of the Project; and

(b) a system for the handling of procurement complaints, acceptable to the Administrator, which system shall include, inter alia, the maintenance of a Project-related complaint database, a standard protocol setting forth triggers for carrying out investigations, and a sanctions regime. Notwithstanding the foregoing, for any procurement carried out through International Competitive Bidding, the Administrator's prescribed complaint redress mechanism shall apply.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Administrator 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 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 Financing (“Category”), the allocations of the amounts of the Financing 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 and Incremental Operating Cost for the Project</td>
<td>107,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>107,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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 is March 31, 2018.
ANNEX
to
SCHEDULE 2

Procedures for National Competitive Bidding

The following criteria shall be followed in procurement under National Competitive Bidding procedures:

(i) Standard bidding documents approved by the Administrator shall be used.

(ii) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.

(iii) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.

(iv) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.

(v) Foreign bidders shall not be precluded from bidding.

(vi) Qualification criteria (in case pre-qualifications were not carried out) shall be stated on the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity of registering, without any hindrance.

(vii) Bidders may deliver bids, at their option, either in person or by courier service or by mail.

(viii) All bidders shall provide bid security as indicated in the bidding documents. A bidder's bid security shall apply only to a specific bid.

(ix) Bids shall be opened in public in one place preferably immediately, but no later than one hour, after the deadline for submission of bids.

(x) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Administrator.
(xi) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Administrator.

(xii) Split award or lottery in award of contracts shall not be carried out. When two (2) or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Administrator.

(xiii) Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.

(xiv) Extension of bid validity shall not be allowed without the prior concurrence of the Administrator; (A) for the first request for extension if it is longer than four (4) weeks; and (B) for all subsequent requests for extensions irrespective of the period, in case of prior review.

(xv) Negotiations shall not be allowed with the lowest evaluated or any other bidders.

(xvi) Re-bidding shall not be carried out without the Administrator's prior concurrence, in case of prior review.

(xvii) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.
APPENDIX

Section I. Definitions

1. "Annual Work Plan" means a detailed plan, setting out the time-bound program of Project activities for a fiscal year of the Recipient by component and sub-component, including: (i) a forecast of the funds required for their implementation, and the respective financing sources; (ii) an update of the Project's disbursement profile; and (iii) the Project indicators to be achieved during the period covered by the plan.

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

3. "Community Development Council" and the acronym "CDC" mean a community-based decision making body that includes a chairperson, vice-chairperson, secretary, and treasurer, and is responsible for, *inter alia*, preparing proposals for, and implementing works for routine maintenance activities under Parts A.1 and B.1 of the Project.

4. "Effective Date" means the date on which this Grant Agreement shall become effective.

5. "Environmental Management Plan" and "EMP" each means a specific plan, acceptable to the Administrator, to be prepared by a PIU for each Road Work or work under Part C.2(vii) of the Project for which it is responsible, for the mitigation of any negative impacts on the environment that have been determined by the PIU to be large or medium in scale, in accordance with the Environmental and Social Management Framework.

6. "Environmental and Social Management Framework" and "ESMF" each means the Recipient's framework, approved by the Administrator, dated March 2012, which sets out the general environmental and social policies, guidelines, codes of practice and procedures agreed with the Administrator for the carrying out of the Project, which framework includes: (a) key principles for social and environmental management of activities under the Project including resettlement, cultural property and natural habitats; (b) procedures to screen and process all proposals for Road Works and for works under Part C.2(vii) of the Project, for significant social and environmental impacts, and to assist in addressing or mitigating such impacts; (c) procedures to ensure that these principles and procedures are properly applied; (d) communication, consultation, and documentation protocols; (e) guidelines for capacity building and monitoring; (f) mine risk-management measures and procedures, and (g) the RPF; as such ESMF
may be amended from time to time by prior written agreement between the Recipient and the Administrator; and reference to the ESMF shall include any annexes or schedules thereto including the, Environmental Management Plan, Environmental Mitigation Measures, Guidelines for Land and Asset Acquisition, Entitlements and Compensation and Mine Risk-Management Procedures.

7. “Environmental Mitigation Measures” means the standard measures contained in the ESMF to guide the PIUs and contractors involved in implementing Road Works or works under Part C.2(vii) of the Project in mitigating possible environmental impacts that have been determined by a PIU to be small in scale.

8. “Guidelines for Land and Asset Acquisition, Entitlements and Compensation” means the guidelines set out in the ESMF for the voluntary donation or compensated contribution of land for Road Works.

9. “Implementation Consultant” or “IC” means the firm hired by the Recipient to assist in implementing civil work activities under the Project, as well as financial management and procurement functions.

10. “Incremental Operating Costs” means the reasonable and necessary incremental expenditures incurred on account of Project implementation, management, monitoring and evaluation, coordination and supervision, as approved by the Administrator based on annual budgets acceptable to the Administrator, which would not have been incurred but for the Project, including: (i) Project staff salaries; (ii) domestic and international travel and per diem; (iii) installation, maintenance and operation of vehicles, computers, and office equipment, (iv) office rent; (v) cost of consumable, fuel, office utilities and supplies; (vi) communication, printing and publications; (vii) bank charges and insurance costs; and (viii) advertising costs; but excluding salaries and supplements of the Recipient’s civil servants.

11. “Mine Risk-Management Procedures” means the Procedures for Mine Risk Management set out in the ESMF, prescribing various measures and procedures to be followed for carrying out activities under the Project that could involve, or could potentially involve, exposure or contact with mines.

12. “MoF” means the Recipient’s Ministry of Finance or any successor thereto.

13. “MPW” means the Recipient’s Ministry of Public Works or any successor thereto.

14. “MPW PIU” means the Project Implementation Unit, established and operating within MPW in accordance with the laws and regulations of the Recipient, for purposes of implementing Parts A and C of the Project.
15. "MRRD" means the Recipient’s Ministry of Rural Rehabilitation and Development or any successor thereto.

16. "MRRD PIU" means the Project Implementation Unit, established and operating within MRRD in accordance with the laws and regulations of the Recipient, for purposes of implementing Parts B and C of the Project.

17. "National Coordination Unit" or "NCU" mean the unit established by the Recipient under the National Emergency Rural Access Project (Grant No. H344-AF), and referenced in Section I.A.1(b) of Schedule 2 to this Agreement.

18. "NRAP" means the National Rural Access Program of the Recipient adopted through Budget Decree dated May 3, 2006, which has as its aim the creation of infrastructure for the improvement of access of rural people to economic and social opportunities, healthcare services and educational facilities.

19. "Part" means a Part of the Project as described in Schedule 1 to this Agreement.

20. "PIU" or "PIUs" mean, collectively, the MRRD PIU and the MPW PIU.

21. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated May 23, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

22. "Project Affected Persons" or "PAPs" means persons who may experience direct economic and social impacts that result from the Project and are caused by: (a) the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, or 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 livelihoods of such persons; and "PAP" means any one of such PAPs.

23. "Project Budget Committee" means the committee established by the Recipient under the National Emergency Rural Access Project (Grant No. H344-AF), and referenced in Section I.B.1 (a) of Schedule 2 to this Agreement.

24. "Project Implementation Manual" means the manual to be prepared and adopted by the Recipient in accordance with Section 1.C(1) of Schedule 2 to this Agreement, which shall include a financial management sub-manual and a procurement sub-manual, setting out the guidelines and procedures for the implementation, supervision, and monitoring and evaluation of the Project, including: (a) implementation arrangements, along with the criteria, and terms and conditions, for the selection of Road Works; (b) reporting requirements; (c)
monitoring and evaluation procedures; (d) financial management and disbursement guidelines and procedures; (e) audit procedures; (f) procurement procedures; and (g) budgeting procedures; as such Project Implementation Manual may be amended from time to time by written agreement between the Recipient and the Administrator.

25. “Resettlement Policy Framework” and “RPF” means the Recipient’s framework, dated March 2012, satisfactory to the Administrator, and included in the ESMF as Annex 6(i) thereto, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and related assets under the Project, compensation, resettlement, and rehabilitation of PAPs, as well as guidelines and procedures for the preparation of Resettlement Action Plans, as the same may be modified from time to time with the prior written agreement of the Administrator, and such term includes any annexes or schedules to such framework.

26. “Resettlement Action Plan” and “RAP” means a specific plan prepared by the Recipient and agreed with the Administrator, setting out mitigation, enhancement, monitoring and institutional measures, including capacity building through training, to carry out acquisition of land and related assets under the Project, compensation, resettlement, and rehabilitation of PAPs, as the same may be modified from time to time with the prior written agreement of the Administrator, and such term includes any schedules or annexes to such plan.

27. “Road Work” means a road improvement, upgrading, maintenance or repair scheme, or a bridge construction scheme, to be carried out by MRRD or MPW under Part A.1 or Part B.1 of the Project.

28. “Steering Committee” means the inter-ministerial Steering Committee of the Recipient established by the Recipient under the National Emergency Rural Access Project (Grant No. H344-AF), and referenced in Section I.A.1 (a) of Schedule 2 to this Agreement.

29. “Training” means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient and abroad, including the purchase and publication of materials, rental of facilities, course fees, travel and subsistence allowances for trainers and trainees.
**SCHEDULE 3**

**Performance Indicators**

---

**Project Development Objective (PDO):** To enable rural communities to benefit from all-season road access to basic services and facilities.

<table>
<thead>
<tr>
<th>PDO Level Results Indicators</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of rural population living within 2 km of all season roads</td>
<td>✓</td>
<td>%</td>
<td>XX</td>
<td></td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At least 30%</td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At least 30%</td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td>Percent reduction in travel time by a 4-wheel drive vehicle along roads improved under the project</td>
<td></td>
<td>%</td>
<td></td>
<td></td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At least 15%</td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At least 15%</td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td>Increased frequency of trips to nearest essential services (including town markets, schools and health facilities) connected by the roads improved under the project</td>
<td></td>
<td>%</td>
<td></td>
<td></td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At least 15%</td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At least 15%</td>
<td>Annual</td>
<td>Baseline &amp; Follow-up surveys</td>
<td>MPW/MRRD*</td>
<td></td>
</tr>
</tbody>
</table>

**INTERMEDIATE RESULTS**

---

*Data collection may be outsourced; baselines will be completed no later than end of 2nd year.

1 Outcomes begin to realize towards the end of the project, hence results will be collected when road sub projects achieved 60% and 100% around the third and last year of implementation.
**Project Development Objective (PDO):** To enable rural communities to benefit from all-season road access to basic services and facilities.

<table>
<thead>
<tr>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Km of gravel surfaced secondary roads rehabilitated</td>
<td>Km</td>
<td>0</td>
<td>38 228 455 680 1000</td>
<td>Quarterly</td>
<td>MPW/Contractors/Progress Reports</td>
<td>MPW</td>
<td></td>
</tr>
<tr>
<td>Km of asphalt surfaced secondary roads rehabilitated</td>
<td>Km</td>
<td>0</td>
<td>13 80 160 240 250</td>
<td>Quarterly</td>
<td>MPW/Contractors/Progress Reports</td>
<td>MPW</td>
<td></td>
</tr>
<tr>
<td>Km of gravel surfaced tertiary roads rehabilitated</td>
<td>Km</td>
<td>0</td>
<td>75 450 900 1100 1300</td>
<td>Quarterly</td>
<td>MRRD/Contractors/Progress Reports</td>
<td>MRRD</td>
<td></td>
</tr>
<tr>
<td>Construction of bridges on secondary roads</td>
<td>Running Meters</td>
<td>0</td>
<td>- 300 600 900 1000</td>
<td>Quarterly</td>
<td>MPW/Contractors/Progress Reports</td>
<td>MPW</td>
<td></td>
</tr>
<tr>
<td>Construction of bridges on tertiary roads</td>
<td>Running Meters</td>
<td>0</td>
<td>- 600 1200 1400 1600</td>
<td>Quarterly</td>
<td>MRRD/Contractors/Progress Reports</td>
<td>MRRD</td>
<td></td>
</tr>
<tr>
<td>Km of secondary roads under routine and periodic maintenance scheme</td>
<td>Km</td>
<td>0</td>
<td>150 500 700 900 1000</td>
<td>Quarterly</td>
<td>MPW/Contractors/Progress Reports</td>
<td>MPW</td>
<td></td>
</tr>
<tr>
<td>Km of tertiary roads under routine and periodic maintenance scheme</td>
<td>Km</td>
<td>0</td>
<td>300 600 1200 1800 2000</td>
<td>Quarterly</td>
<td>MRRD/Contractors/Progress Reports</td>
<td>MRRD</td>
<td></td>
</tr>
<tr>
<td>Complete Road Inventory</td>
<td>Text</td>
<td>System incomplete</td>
<td>System complete and in place</td>
<td>Inventory Complete 100%</td>
<td>Once; to be kept up-to-date</td>
<td>MPW/MRRD/NCU</td>
<td></td>
</tr>
<tr>
<td>Improved Network Management system in place</td>
<td>Text</td>
<td>No reliable</td>
<td>System in place</td>
<td></td>
<td>Once</td>
<td>MPW &amp; MRRD</td>
<td></td>
</tr>
</tbody>
</table>
**Project Development Objective (PDO):** To enable rural communities to benefit from all-season road access to basic services and facilities.

<table>
<thead>
<tr>
<th>PDO Level Results Indicators</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design standards developed and adopted</td>
<td>Text</td>
<td>Incomplete design standard</td>
<td>Standard developed</td>
<td>Standards being adopted</td>
<td>Once</td>
<td>MPW &amp; MRRD</td>
<td>MPW &amp; MRRD</td>
<td></td>
</tr>
<tr>
<td>Cost estimation system developed and fully functional</td>
<td>Text</td>
<td>No reliable system</td>
<td>System in place</td>
<td></td>
<td></td>
<td>MPW &amp; MRRD</td>
<td>MPW &amp; MRRD</td>
<td></td>
</tr>
<tr>
<td>Financial Management System in MRRD and MPW developed and functional</td>
<td>Text</td>
<td>No reliable system</td>
<td>System in place</td>
<td></td>
<td>Once</td>
<td>MOF/MPW/MRRD</td>
<td>MOF/MPW/MRRD</td>
<td></td>
</tr>
<tr>
<td>Road Sector Organizational Study Prepared</td>
<td>Text</td>
<td></td>
<td>Study Complete</td>
<td></td>
<td>Once</td>
<td>MPW/MRRD</td>
<td>MPW/MRRD</td>
<td></td>
</tr>
</tbody>
</table>