Project Agreement

(Additional Financing for Power System Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

DA AFGHANISTAN BRESHNA SHERKAT

Dated July 29, 2015
PROJECT AGREEMENT

Agreement dated 16 January 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator (the “World Bank”) of grant funds (the “Grant Funds”) contributed by various donors (collectively the “Donors”) to the Afghanistan Reconstruction Trust Fund (“ARTF”) and DA AFGHANISTAN BRESHNA SHERKAT (“Project Implementing Entity”) (“Project Agreement”) in connection with the amended and restated Grant Agreement (“Grant Agreement”) of same date between the ISLAMIC REPUBLIC OF AFGHANISTAN (“Recipient”) and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant Agreement) 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 Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is the Chief Executive Officer.

3.02. The World Bank Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Facsimile:

1-202-477-6391
3.03. The Project Implementing Entity’s Address is:

DA AFGHANISTAN BRESHNA SHERKAT
Chaman Huzori
Kabul
Afghanistan

email address:
razique.samadi@dabs.af

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

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

By

[Signature]
Authorized Representative

Name: ________________________
Title: ________________________

DA AFGHANISTAN BRESHNA SHERKAT

By

[Signature]
Authorized Representative

Name: ________________________
Title: ________________________
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity Shall (a) maintain, at all times during Project implementation, within its regular structure, a Project implementation team with functions and responsibilities acceptable to the World Bank, including, inter alia, the responsibility of said team to coordinate and monitor the implementation of the Project; and (b) ensure that, at all times during Project implementation, the PIT shall be headed by a Project director and adequately staffed with professional and administrative staff (including procurement, financial management, environmental, social and Project related technical staff), with the necessary experience and qualifications acceptable to the World Bank, and operating under terms of reference agreed to between the Project Implementing Entity and the World Bank.

2. The Project Implementing Entity shall not take any actions to modify the legal character, ownership, control, or structure of the Project Implementing Entity that might adversely affect the implementation of the Project, without the prior written consent of the World Bank.

3. The Project Implementing Entity shall: (a) take all actions, including ensuring the provision of funds, facilities, services, and other resources, necessary or appropriate for the carrying out of the Project; and (b) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

B. Anti-Corruption

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

C. Safeguards

1. The Project Implementing Entity shall:
   (a) carry out the Project in accordance with the Safeguards Instruments;
   (b) ensure that the Safeguards Instruments are implemented in a manner and substance satisfactory to the World Bank; and
   (c) refrain from amending, suspending, waiving, abrogating, and/or voiding any provision of the Safeguards Instruments, in whole or in part, without the prior written agreement of the World Bank.
2. The Project Implementing Entity shall:

(a) take all necessary actions to avoid or otherwise minimize to the extent possible, and to mitigate, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof; and

(b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any Project activity which would result in such acquisition or displacement, develop and implement a RAP in accordance with the ESMF, and make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the RAP and in a manner satisfactory to the World Bank.

3. Whenever an ESMP or RAP is required for any proposed activity under the Project in accordance with the provisions of the ESMF, the Project Implementing Entity shall:

(a) prior to the commencement of such activity, proceed to have such ESMP or RAP (as the case may be): (i) prepared in accordance with the provisions of the ESMF; (ii) furnished to the World Bank for review and approval; and (iii) thereafter adopted and disclosed as approved by the World Bank, in a manner acceptable to the World Bank; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP or RAP (as the case may be).

4. The Project Implementing Entity shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the World Bank, the implementation of the Safeguards Instruments.

5. Without limiting its other reporting obligations under this Agreement, the Project Implementing Entity shall take all necessary measures to regularly collect, compile and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:

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

(b) 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.

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. **Documents; Records**

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Project Implementing Entity shall ensure that:

(a) all records evidencing expenditures under the Project 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 Project Implementing Entity’s financial and narrative progress reports submitted to the World Bank; (iii) the Project Implementing Entity’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Project Implementing Entity’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 Donor(s).

B. **Project Reports**

1. The Project Implementing Entity 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 World Bank. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than forty five (45) days after the end of the period covered by such report for incorporation and forwarding by the Project Implementing Entity to the World Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than September 30, 2017, for incorporation in the report referred to in Section 2.06 of the Standard Conditions all such information as the Recipient or the World Bank shall reasonably request for the purposes of such Section.

B. **Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with
consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the World Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.