OFFICIAL DOCUMENTS

GRANT NUMBER D2080- AF

Project Agreement

(Herat Electrification Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

DA AFGHANISTAN BRESHNA SHERKAT

Dated July 12, 2013
PROJECT AGREEMENT

Agreement dated July 12, 2013 entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and DA AFGHANISTAN BRESHNA SHERKAT ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General 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 IV of the General 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 Association 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 — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Chief Executive Officer.
4.02. The Association’s Address is:

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

Facsimile:

+1-202-477-6391

4.03. The Project Implementing Entity’s Address is:

DA AFGHANISTAN BRESHNA SHERKAT
Chaman Huzori
Kabul
Afghanistan

Phone:

+93752024308

Email:

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: SHUBHAM CHAUDHURI

Title: Country Director

DA AFGHANISTAN BRESHNA SHERKAT

By

[Signature]

Authorized Representative

Name: 

Title: 

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall:

   (a) maintain, at all times during Project implementation, within DABS's regular structure, a Project Implementation Unit with functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of said unit to coordinate and monitor the implementation of the Project in accordance with the provisions of this Agreement.

   (b) ensure that, at all times during Project implementation, the PIU shall be headed by a Project director, assisted by a Project manager and adequately staffed with professional and administrative staff (including electrical engineers, procurement specialists, financial management specialists, environmental specialists, and social specialists), with the necessary experience and qualifications acceptable to the Association, and operating under terms of reference agreed to between the Project Implementing Entity and the Association.

2. Within three (3) months after the Effective Date, the Project Implementing Entity shall:

   (a) hire additional financial management staff, including one finance officer and one cashier, whose terms of reference shall be agreed to between the Project Implementing Entity and the Association;

   (b) prepare and submit to the Association for approval, a financial management manual including details on the financial management arrangements and disbursements procedures to be used by all the development projects that are implemented by the Implementing Entity;

   (c) hire an internal audit consultant who reports to the head of the internal audit of the DABS;

   (d) hire one international safeguard specialist, whose terms of reference agreed to between the Project Implementing Entity and the Association, to be part of the PIU; and
(e) prepare and submit to the Association for approval, a procurement processing manual covering procurement processes and procurement services standards for DABS

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, in a manner and substance satisfactory to the Association; and

   (b) 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 Association.

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;

   (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 RPF, and make available to such people full compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the applicable RAP and in a manner, satisfactory to the Association; and

   (c) ensure that prior to commencing any works under Components 1 and 2 of the Project, as well any ancillary infrastructure under the Project, all resettlement measures set forth in the applicable RAP (if any), shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons, as per the entitlements provided in the applicable RAP.
Whenever a new or revised ESIA, ESMP, CHMP or RAP is required for any proposed activity under the Project in accordance with the provisions of the ESMF or the RPF (as the case may be), the Project Implementing Entity shall:

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

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESIA, ESMP, CHMP or RAP (as the case may be), including the payment of full compensation as applicable to Displaced Persons prior to the commencement of the relevant activity.

The Project Implementing Entity shall ensure that each contract for civil works under the Project include the obligation of the relevant contractor to comply with the relevant Safeguard Instrument applicable to such civil works commissioned/awarded pursuant to said contract.

The Project Implementing Entity shall establish, by no later than three (3) months after the Effective Date and thereafter maintain throughout Project implementation, a Project grievance redress mechanism, with staffing and operating procedures acceptable to the Association, for monitoring and addressing the concerns of people affected by the Project and building public and stakeholder support for the Project.

The Project Implementing Entity shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Safeguards Instruments. Without limiting its other reporting obligations under this Agreement, the Project Implementing Entity shall take all necessary measures to collect, compile and submit to the Association, 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, particularly those related to the relevant RAP; and

(c) remedial measures taken or required to be taken immediately to address such conditions.
Section II. **Project Monitoring, Reporting and Evaluation**

A. **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 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. 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 Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months before the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association 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 Association, 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 Association, in accordance with consistently applied auditing standards acceptable to the Association. 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 Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. **Procurement**

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