OFFICIAL DOCUMENTS

GRANT NUMBER D447-AF

Financing Agreement
(Afghanistan Land Administration System Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D447-AF

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(A) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 1 to this Agreement ("Project"), has requested the Association to extend a grant in an amount equivalent to SDR 17,900,000, as provided in Section 2.01 of this Agreement, to assist in financing the Project; and

(B) the Recipient has also requested the Association, acting as administrator ("World Bank") of the grant funds contributed by various donors ("Donors") to the Afghanistan Reconstruction Trust Fund ("ARTF"), to provide assistance towards the financing of the Project, and make available a grant in an amount not to exceed ten million United States Dollars ($10,000,000) to assist in financing the Project, under a grant agreement between the Recipient and the World Bank (the "Grant Agreement");

NOW THEREFORE the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventeen million nine hundred thousand Special Drawing Rights (SDR 17,900,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Payment Dates are March 15 and September 15 in each year.

2.05. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through its MUDL in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Event of Suspension is, namely, that the Land Management Law or the Regulation on Managing Affairs Related to Informal Urban Settlements has been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the implementation of the Project.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Condition of Effectiveness is that the Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is its Ministry of Finance.
6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministry of Finance
Pashtunistan Watt
Kabul, Islamic Republic of Afghanistan; and

(b) the Recipient’s Electronic Address is:

Facsimile:
+93202103259

6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association’s Electronic Address is:

Facsimile:
1-202-477-6391
AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF AFGHANISTAN

By

Authorized Representative

Name: M. Homayon Ayomi
Title: Minister of Finance
Date: May 13, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Shubham Chaudhuri
Title: Country Director
Date: May 13, 2019
SCHEDULE 1
Project Description

The objectives of the Project are: (a) to support the development of the Afghanistan land administration system; and (b) to provide the population in selected areas with improved land registration services, including issuance of Titles and Occupancy Certificates.

The Project consists of the following parts:

Part 1:  
Land Policy and Institutional Strengthening

Strengthening Recipient’s policy, regulatory, and institutional framework for land administration through provision of, *inter alia*:

(a) technical assistance for MUDI to support development of: (i) new legislative instruments; and (ii) its standard operation procedures, uniform service standards, related technical procedures and field manuals, as well as Strategic Human Resources Plan;

(b) geo-spatial and training equipment to selected organizations as well as support for carrying out of training and knowledge exchange programs, development of specialized curricula and learning modules, and development of professional requirement and certification for Afghanistan Surveyors Association; and

(c) support for public awareness raising, communication, and citizen engagement, operation of grievance redress mechanism, and support for implementation of guidelines and procedures as well as training for alternative dispute resolution mechanisms.

Part 2:  
Developing Technological Capacity, Information and Systems for Land Administration

Strengthening Recipient’s land administration system through activities designed to support:

(a) development of geo-information infrastructure via: (i) establishment of a geodetic reference network, including development of technical and financial sustainability plan; (ii) generation of orthophotography and vector base
maps; and (iii) strengthening MUDL's information communication technology;

(b) establishment of a land information system, linked to Afghanistan Land Pricing Information System, via: (i) preparation of user needs, design and feasibility studies, and technical specifications; (ii) hardware and software support, testing of modules, as well as training; and (iii) automation of deed registration;

(c) cadastral surveying and land registration in selected areas via, *inter alia*: (i) surveying and land registration; (ii) incorporation of information into the land information system to be established pursuant to item (b) above; and (iii) establishment of zonal land registration offices, including construction of facilities and provision of equipment and training; and

(d) issuance of Occupancy Certificates for informal settlements in selected areas via, *inter alia*, strengthening the capacity of MUDL and relevant municipalities and development of a database management system and digital archive.

**Part 3: Project Management, Monitoring and Evaluation**

Providing technical and operational assistance to MUDL for overall Project coordination, and management, including social and environmental safeguards, monitoring, reporting and evaluation, as well as financial audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. the Recipient shall vest in MUDL the overall responsibility for implementing the Project, and to that end, shall through MUDL:

   (a) establish, by not later than two (2) months after the Effective Date, and maintain throughout the period of Project implementation, the Project Steering Committee, chaired by Minister of MUDL, with composition, mandate, resources, and terms of reference satisfactory to the Association, to be responsible for general oversight and coordination of the Project;

   (b) establish, by not later than one (1) month after the Effective Date, and maintain throughout the period of Project implementation, the Project Implementation Unit, led by a qualified and experienced Project director, with sufficient resources and staff in adequate numbers and under terms of reference satisfactory to the Association, to be responsible for, inter alia, the day-to-day implementation of the Project, including administrative and fiduciary functions, social and environmental compliance, monitoring, and reporting;

   (c) establish, by not later than six (6) months after the Effective Date, at least one special desk, with mandate and resources as well as adequate number of qualified staff under terms of reference satisfactory to the Association, at each one of the provincial offices of the MUDL in selected areas covered under Part 2(d) of the Project, to be responsible for providing guidance and assistance to female applicants of Occupancy Certificates, including processing of key property-related transactions.
B. Implementation Arrangements

1. The Recipient shall through MUDL:

(a) engage, by not later than six (6) months after the Effective Date, and maintain throughout the period of the Project implementation, the services of a qualified and chartered accountancy firm, under terms of reference satisfactory to the Association, to strengthen MUDL’s internal audit function;

(b) recruit, and maintain throughout the period of Project implementation, Project Technical and Implementation Staff in line with the requirements of the Project Ope980754 rations Manual, including the detailed hiring procedure and qualifications as well as terms of reference agreed upon between the Recipient and the Association; and

(c) develop, by not later than May 28, 2022 or any other date as agreed between the Recipient and the Association, and thereafter implement throughout the period of Project implementation, the Human Resources Strategic Plan, with objectives and content satisfactory to the Association, to support efficient operation of MUDL’s DML.

2. The Recipient shall: (a) ensure that the Project is carried out in accordance with the procedures, principles, practices, and arrangements set out in the Project Operations Manual and the Financial Management Manual, including any annexes thereof, (provided, however, that in the event of any conflict between the arrangements and procedures set out in the Project Operations Manual or the Financial Management Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail); and (b) not amend, abrogate or waive the Project Operations Manual or the Financial Management Manual, including any of their annexes, or any provision thereof, unless the Association has provided its prior approval thereof in writing.

C. Safeguards.

1. The Recipient shall ensure that:

(a) the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguards Instruments;
(b) for each activity under the Project for which the EMF, the SMF, and the RPF provide for the preparation of a EMP, a SMP, and/or a RAP respectively:

(i) proceed to have such EMP, SMP, RAP as appropriate: (A) prepared in accordance with the provisions of the EMF, the SMF, and the RPF, respectively; (B) consulted upon adequately with people affected by the Project as per the EMF, the SMF, and the RPF, respectively, and submitted to the Association for review and approval; and (C) thereafter adopted as approved by the Association, prior to the implementation of the activity; and

(ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such EMP, SMP, RAP in a manner satisfactory to the Association;

(c) all measures are taken to implement the RAPs in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall ensure that:

(i) Funds are made available to cover all the costs of implementing the RAPs;

(ii) Prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with assistance in accordance with the RAPs, as applicable; and

(iii) the implementation, monitoring and evaluation of such RAPs is completed and reported in a manner satisfactory to the Association.

2. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors to: (a) comply with the relevant aspects of Safeguard Instruments; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety; all as applicable to such civil works commissioned or carried out pursuant to said contracts.

3. The Recipient shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the
requirements of the applicable Association's Safeguard Policies and EHS Guidelines.

4. The Recipient shall maintain, throughout Project implementation, and publicize the availability of a Project grievance redress mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall:

(a) take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, and promptly in a separate report whenever the Association may require, information on the status of compliance with the Safeguards Instruments, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;

(b) promptly furnish to the Association a copy of each progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and

(c) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.

6. The Recipient shall ensure the Project does not include any activities and expenditures on the negative list set forth in the EMF or any other Safeguards Instrument.

7. Except as the Association shall otherwise agree, the Recipient shall ensure that none of the provisions of the Safeguards Instruments is abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
Section II. Project Monitoring, Reporting, Audits, and Evaluation

1. The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

2. The Recipient shall through MUDL: (a) carry out semi-annual internal audit of the Project in a manner satisfactory to the Association; and (b) furnish to the Association internal audit reports not later than two (2) months after the end of each calendar semester, covering such calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, and Incremental Operating Costs, for the Project</td>
<td>13,950,000</td>
<td>71.4%</td>
</tr>
<tr>
<td>(2) Project Technical and Implementation Staff under the Project</td>
<td>2,910,000</td>
<td>71.4%</td>
</tr>
<tr>
<td>(3) Training and Capacity Development for the Project</td>
<td>520,000</td>
<td>71.4%</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>520,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>17,900,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is September 30, 2024
APPENDIX

Section I. Definitions

1. “Affected Person” means a person or entity who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and, “Affected Persons”, means more than one such Affected Person.

2. “Afghanistan Land Pricing Information System” means an online pricing system within MUDL for rural and urban state-owned land pricing, or any successor thereto.

3. “Afghanistan Surveyors Association” means a professional administrative entity licensed by the Recipient’s relevant ministry responsible for issuing license to such professional entities (Ministry of Justice), with the license No. 4213, dated April 11, 2019, the objective of which is to contribute to development of knowledge and professional skills of the surveyors in the Recipient territory, including accreditation and licensing of such surveyors.

4. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

6. “DML” means MUDL’s Deputy Ministry of Land, or any successor thereto.


8. “Environmental Management Framework” or “EMF” means the environmental management framework for the Project, prepared and adopted by the Recipient,
satisfactory to the Association, and disclosed in-country and on the Association’s website on January 1, 2019, setting out the principles, rules, guidelines and procedures to screen and assess the environmental and social impacts (including health and safety issues) of the Project activities and containing measures and plans to avoid, minimize, mitigate and/or offset adverse impacts and/or reduce said adverse impacts to acceptable levels, and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project impacts, as said instrument may be amended from time to time with the Association’s prior written agreement.

9. “Environment Management Plan” or “EMP” means, individually, each environmental management plan, as may be required to be prepared by the Recipient, in accordance with the EMF and Section I.C.1 of Schedule 2 to this Agreement, acceptable to the Association, setting forth (a) the measures to be taken during the implementation of the Project to avoid, minimize, mitigate or offset any diverse environmental impacts of activities to be implemented under the Project, or to reduce them to acceptable levels; and (b) the procedural, budget and institutional arrangements and actions needed to implement these measures, including any schedules to such plan, and as such plan may be amended by the Recipient from time to time with the prior written agreement of the Association, and “Environment Management Plans” and “EMPs” means, collectively, all such plans.

10. “Financial Management Manual” means the Recipient’s manual dated August 27, 2018, referred to in Section I.B. of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for disbursement and financial management necessary for the effective implementation of the Project, as said manual may be modified from time to time with the prior written no-objection of the Association; and such term includes any schedules, annexes and attachments to the Financial Management Manual.


12. “Human Resources Strategic Plan” means a plan to be prepared and adopted by the MUDL pursuant to Section I.B(1)(c) of Schedule 2 to this Agreement, to support enhanced operation of MUDL’s DML.

14. "Incremental Operating Costs" means the incremental expenses incurred on account of Project implementation and management, including vehicle rental and other transportation costs, office rental and maintenance, utilities, telecommunications and other incidental costs, office consumable supplies, bank charges and advertising costs and salaries, benefits, travel costs and per diem of staff contracted by MUDL to support the Project, as agreed with the Association, but excluding salaries of the officials of the Recipient's civil service.


16. "Occupancy Certificates" means a certificate that is issued by MUDL to the owner of an informal urban settlement pursuant to the provisions of the Regulation on Managing Affairs Related to Unofficial Urban Estates.

17. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

18. "Project Technical and Implementation Staff" means expenditures incurred by the Recipient with respect to the recruitment and operation of staff contracted by the Recipient pursuant to the provision of Section I.B.1(c) of Schedule 2 to this Agreement and in line with the requirements of the Project Operations Manual to ensure effective implementation of the Project.

19. "Project Implementation Unit" means the unit to be established pursuant to Section I.A.1(b) of Schedule 2 to this Agreement.

20. "Project Operations Manual" means the manual adopted by the Recipient through MUDL, dated March 10, 2019, setting out policies and procedures for the implementation of the Project, including, inter alia, detailed institutional and implementation arrangements for the Project, Project Implementation Unit's organization structure and mandate, detailed arrangements for addressing the Project's financial, procurement, safeguards, and monitoring and evaluation functions.

21. "Project Steering Committee" means the committee to be established pursuant to Section I.A.1(a) of Schedule 2 to this Agreement.

22. "Regulation on Managing Affairs Related to Informal Urban Settlement" means Recipient's Regulation No. 1285, dated February 26, 2018, setting out detailed arrangements and procedure for regulating affairs related to informal urban settlements, including issuance of Occupancy Certificates to owners of such informal urban settlements.
23. "Resettlement Action Plan" or "RAP" means, individually, each of the Recipient’s resettlement action plans, as may be required to be prepared in accordance with the RPF and Section I.C.1 of Schedule 2 to this Agreement, acceptable to the Association, to set out the principles, guidelines, procedures, organizational arrangements and budget to implement the resettlement related activities under the Project, or under Parts of the Project, as said plan may be revised from time to time with the prior written agreement of the Association; and "Resettlement Action Plans" and "RAPs" means, collectively, all such plans.

24. "Resettlement Policy Framework" or "RPF" means the resettlement policy framework prepared and adopted by the Recipient, satisfactory to the Association, and disclosed on the Association’s website on January 1, 2019 which sets out the resettlement principles, organizational arrangements (including consultation and budget), and design criteria to be applied to resettlement related Project activities to be prepared during Project implementation, as such framework may be amended from time to time with the prior written agreement of the Association.

25. "Safeguards Instruments" means, collectively, the EMF, the SMF, the RPF, the EMP(s), SMP(s) and the RAP(s), and "Safeguards Instrument" means any of such Safeguards Instruments.

26. "Safeguard Policies" means, the Operational Policies (Ops) and Bank Procedures (BPs) of the Bank, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams); as such Ops and BPs can be found at https://policies.worldbank.org.

27. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

28. "Social Management Framework" or "SMF" means the social management framework for the Project, prepared and adopted by the Recipient, satisfactory to the Association, dated December 3, 2018, disclosed in-country on December 3, 2018, and on the Association’s website on January 1, 2019, setting out the principles, rules, guidelines and procedures to screen and assess the social impacts (including health and safety issues) of the Project activities and containing measures and plans to avoid, minimize, mitigate and/or offset adverse impacts and/or reduce said adverse impacts to acceptable levels, and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project impacts,
as said instrument may be amended from time to time with the Association’s prior written agreement.

29. “Social Management Plan” or “SMP” means, individually, each social management plan, as may be required to be prepared by the Recipient, in accordance with the SMF and Section I.C.1 of Schedule 2 to this Agreement, acceptable to the Association, setting forth mitigation, enhancement, monitoring, and institutional measures, to eliminate any adverse social impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan, and “Social Management Plans” or “SMPS” means, collectively, all such plans.

30. “Titles” means an ownership document issued by the MUDL to owners of land in Recipient’s territory, following a systematic land survey and registration process, pursuant to the provisions of the Recipient’s Land Management Law.

31. “Training and Capacity Development” means expenditures (other than those for consulting services) to finance the reasonable costs of local and overseas training, specialized courses, and workshops, the services of trainers and speakers, meeting rooms, materials, publications, travel costs, and per diem allowances for trainees and participants.