
ARTF GRANT NUMBER TF0C4421

Afghanistan Resilience Trust Fund Grant Agreement

**(Empowering Microfinance and Enterprises for Resilience and Growth
Project Project)**

between

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of Afghanistan Resilience Trust Fund)**

and

**AGA KHAN FOUNDATION USA
(for the benefit of Afghanistan)**

ARTF GRANT NUMBER TF0C4421

Afghanistan Resilience Trust Fund Grant Agreement

AGREEMENT dated as of the Signature Date (“Grant Agreement”) between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the AFGHANISTAN RESILIENCE TRUST FUND (ARTF) and AGA KHAN FOUNDATION USA (“Recipient”).

The Bank and the Recipient hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard 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 Standard Conditions or in the Appendix 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: (a) carry out, and cause AKF-AFG to carry out, the Recipient’s Respective Part of the Project in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement; and (b) cause ACGF through the ACGF Subsidiary Agreement to carry out ACGF’s Respective Part of the Project in accordance with the provisions of Article II of the Standard Conditions and the Project Agreement.

**Article III
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed sixteen million United States Dollars (\$16,000,000) (“Grant”) to assist in financing the Project.
- 3.02. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

- 4.01. The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following:
- (a) Any of the Project Implementing Entity's legislation and regulations establishing and governing the operations, have been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of any of the Project Implementing Entities to perform any of its obligations under the Subsidiary Agreements.
 - (b) AKF-AFG has failed to perform any of its obligations under the AKF-AFG Subsidiary Agreement.
 - (c) ACGF has failed to perform any of its obligations under the Project Agreement or the ACGF Subsidiary Agreement.
 - (d) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance of the obligations of AKF-AFG set forth in the AKF-AFG Subsidiary Agreement or ACGF set forth in the Project Agreement and/or the ACGF Subsidiary Agreement.
 - (e) The Bank has decided, at any time after consultation with the Recipient, to withdraw its financial support for the Project.

Article V
Recipient's Representative; Addresses

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Regional Chief Finance Officer, North America.

5.02. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient's address is:

1825 K Street NW, Suite 901
Washington, DC
20006; and

(b) the Recipient's Electronic Address is:

Telex:	Facsimile:	E-mail:
1 613-797-2532	1 613-797-2532	Salim.Ferozali@akdn.org

5.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

AGA KHAN FOUNDATION USA

By

Khalil Z. Shariff

Authorized Representative

Khalil Z. Shariff

Name: _____

Interim CEO

Title: _____

09-Apr-2024

Date: _____

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

By

Melinda Good

Authorized Representative

Melinda Good

Name: _____

Country Director

Title: _____

08-Apr-2024

Date: _____

SCHEDULE 1

Project Description

The objective of the Project is to support the demand for and supply of finance for micro and small enterprises in Afghanistan, focusing on women's financial inclusion.

The Project consists of the following parts:

Part 1: Reviving Micro-Finance Providers

Strengthening the supply of finance to micro and small enterprises in Selected Provinces through the provision of: (a) Conditional Capital Support Grants to MFPs to support them in building back their capital and cleaning their balance sheets; (b) technical assistance and advisory support to, *inter alia*, operationalize the Community and Enterprise Development Authority and to enhance the MFPs' operational efficiencies, strengthen their capacity to support lending to women and women-led businesses, and diversify their products; and (c) supporting the institutional capacity of ACGF to carry out ACGF's Respective Part of the Project, including direct Project management and supervision costs required to support implementation of the ACGF's Respective Part of the Project, Project monitoring, evaluation, and coordination, and general management support and ACGF's Indirect Costs.

Part 2: Building a Pipeline of Bankable Micro and Small Enterprises

- (a) Supporting the bankability of businesses in Selected Provinces through the provision of technical assistance and business development training to: (i) entrepreneurs through the Afghanistan Accelerator Prosperity, including provision of incubation-level technical assistance focusing on product development, marketing, financial modeling, pipeline development and climate risk mitigation; and (ii) micro enterprises, including women-led micro enterprises from, but not limited to, Community-based Saving Groups focusing on, *inter alia*, financial literacy, business planning, budgeting, climate risks and marketing support.
- (b) Capitalizing the Credit Viability Fund to support CVF Beneficiaries' access to loans provided by MFPs in Selected Provinces through: (i) the provision of Fee Subsidies to MFPs for loans extended to CVF Beneficiaries; (ii) the provision of Collateral Support for loans extended to CVF Beneficiaries; and (iii) provision of Loan Insurance for loans extended to Female CVF Beneficiaries.
- (c) Supporting the Recipient's institutional capacity for carrying out the Recipient's Respective Part of the Project, including the Recipient's Indirect Costs, direct Project management and supervision costs required to support implementation of the Recipient's Respective Part of the Project, Project monitoring, evaluation, and coordination.

SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient shall:
 - (a) no later than two (2) months from the Effective Date, establish and thereafter maintain within the premises of AKF-AFG, until the completion of the Project, the Project Implementation Unit (“PIU”), to be responsible for coordinating and supervising Project implementation, and to provide implementation support to AKF-AFG, including, but not limited to, training on the application of the Procurement Regulations.
 - (b) ensure that the PIU functions at all times in a manner and with staffing, budgetary resources, and authority necessary and appropriate for satisfactory Project implementation, and all of which shall be acceptable to the Bank; and
 - (c) ensure the provision of efficient and effective technical and administrative support to the PIU from other specialized units of the Recipient.

B. Subsidiary Agreements

1. To facilitate the implementation of the Project through AKF-AFG, the Recipient shall make the proceeds of the Grant available to AKF-AFG for the Recipient’s Respective Part of the Project pursuant to a subsidiary agreement to be entered into between the Recipient and the AKF-AFG (“AKF-AFG Subsidiary Agreement”) under terms and conditions agreed with the Bank, under which the Recipient shall obtain rights adequate to protect its interests and those of the Bank. The AKF-AFG Subsidiary Agreement shall include:
 - (a) the Recipient’s right to suspend or terminate the right of any of the Project Implementing Entity to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant then withdrawn, upon any of the Project Implementing Entity’s failure to perform any of its obligations under the respective Subsidiary Agreement;
 - (b) provisions requiring AKF-AFG to: (i) carry out the Recipient’s Respective Part of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the

Recipient; (ii) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; (iii) maintain policies and procedures adequate to enable AKF-AFG to monitor and evaluate, in accordance with indicators acceptable to the Bank, the progress of the Recipient's Respective Part of the Project and the achievement of its objectives; (iv) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Recipient's Respective Part of the Project; and (B) at the Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank; (v) enable the Recipient and the Bank to inspect the Recipient's Respective Part of the Project, its operation and any relevant records and documents; and (vi) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing; and

- (c) provisions requiring AKF-AFG to ensure that Mutahid Development Finance Institution shall not benefit from the Project activities under Part 2(b) of the Project, unless and until its ownership has been legally transferred from MISFA to CAEDO.

2. To facilitate the implementation of the Project through ACGF, the Recipient shall enter into a subsidiary agreement with ACGF ("ACGF Subsidiary Agreement") under terms and conditions agreed with the Bank, under which the Recipient shall obtain rights adequate to protect its interests and those of the Bank. The ACGF Subsidiary Agreement shall include:

- (a) the Recipient's right to suspend or terminate the right of ACGF to use the proceeds of the Grant upon ACGF's failure to perform any of its obligations under the ACGF Subsidiary Agreement; and
- (b) provisions requiring ACGF to: (i) carry out the ACGF's Respective Part of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient; (ii) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; (iii) maintain policies and procedures adequate to enable ACGF to monitor and evaluate, in accordance with indicators acceptable

to the Bank, the progress of the ACGF's Respective Part of the Project and the achievement of its objectives; (iv) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to ACGF's Respective Part of the Project; and (B) at the Bank's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank; (v) enable the Bank to inspect ACGF's Respective Part of the Project, its operation and any relevant records and documents; and (vi) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing; and

- (c) provisions requiring ACGF to not enter into a Conditional Capital Support Grant Agreement with Mutahid Development Finance Institution, unless and until: (i) its ownership has been legally transferred from MISFA to CAEDO; and (ii) Mutahid Development Finance Institution has operationalized a screening mechanism to ensure that no proceeds under Part 1(a) of the Project are used to finance any activities included in the Negative List set out in the Project Operations Manual.

- 3. The Recipient shall exercise its rights under the AKF-AFG Subsidiary Agreement and the ACGF Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Bank, and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the AKF Subsidiary Agreement and/or ACGF Subsidiary Agreement or any of their provisions, whether in whole or in part.

C. Project Operations Manual.

- 1. The Recipient shall:
 - (a) no later than forty-five (45) days after the Effective Date, prepare, and thereafter maintain throughout the implementation of the Recipient's Respective Part of the Project, an operational manual for the Project in form and with substance acceptable to the Bank ("Project Operations Manual"), containing, *inter alia*: (i) a detailed description of the Project activities and institutional arrangements for the implementation of the Recipient's Respective Part of the Project, including by AKF-AFG; (ii) monitoring, evaluation, financial and reporting procedures for Recipient's Respective Part of the Project; (iii) implementation of environmental and social instruments referred to in the ESCP; (iv) eligibility criteria and procedures for the selection of CVF

Beneficiaries and Female CVF Beneficiaries under Part 2(b) of the Project; and (v) templates for MFP Agreements to be used under Part 2(b) of the Project;

- (b) no later than forty-five (45) days after the Effective Date, consolidate the Project Operations Manual for the Recipient's Part of the Project with a separate portion of the joint Project Operations Manual developed by ACGF for the implementation of ACGF's Respective Part of the Project; and
 - (c) carry out the Recipient's Respective Part of the Project in accordance with the Project Operations Manual.
2. The Recipient shall not amend, suspend, or waive any provision of the Project Operations Manual without the prior written concurrence of the Bank.
 3. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Credit Viability Fund

1. For the purposes of carrying out Part 2(b) the Project, prior to the Capitalization of the Credit Viability Fund, the Recipient shall establish the Credit Viability Fund in a manner and with a structure acceptable to the Bank, including eligible activities, functions, and operational policies and procedures, all of which will be set forth in detail in the Project Operations Manual. The Recipient will thereafter maintain the Credit Viability Fund throughout the Project implementation period with a structure, function, composition, eligible activities, and responsibilities acceptable to the Bank and as set forth in the detail in the Project Operations Manual.
2. For the purposes of carrying out Part 2(b) of the Project, the Recipient shall, prior to provision of any support from the CVF, select the CVF Beneficiaries in accordance with the eligibility criteria and procedures set out in the Project Operations Manual, and sign a CVF Agreement with each MFP on terms and conditions acceptable to the Bank and set forth in detail in the Project Operations Manual, which shall include the following:
 - (a) The Recipient shall obtain rights adequate to protect its interests and those of the Bank, including the rights to suspend or terminate the right of the MFP to use or benefit from any product from the Credit Viability Fund upon such MFP's failure to perform any of its obligations under the CVF Agreement;

- (b) The Recipient shall require each MFP to: (i) carry out Part 2(b) of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient; (ii) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; (iii) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of Part 2(b) of the Project and the achievement of its objectives; (iv) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to Part 2(b) of the Project; and (B) at the Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank; (v) ensure that no proceeds under Part 2(b) of the Project are used to finance any activities included in the Negative List set out in the Project Operations Manual; (vi) enable the Recipient and the Bank to inspect Part 2(b) of the Project, its operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing.
 - (c) The Recipient shall require each MFP to enter into an MFP Agreement with each CVF Beneficiary.
- 3. The Recipient shall ensure no funds will be disbursed to an MFP, prior to the signing of a CVF Agreement with such MFP in accordance with Section I.D. 2 of Schedule 2 to this Agreement.
- 4. The Recipient shall exercise its rights and carry out its obligations under the CVF Agreement in such manner as to protect its interests and the interests of the Bank and to accomplish the purposes of the CVF. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, terminate, abrogate, waiver or fail to enforce the CVF Agreement or any provision thereof.
- 5. Subject to arrangements which the Bank has determined to be acceptable prior to the Closing Date, and based on all necessary assessments, including fiduciary, social and environmental safeguards and legal assessments, the Recipient may retain after the Closing Date any amount withdrawn under Category 4 which remain unutilized or uncommitted as Collateral Support and Loan Insurance for purposes consistent with the Project's development objective and for purposes and

as per protocols set forth in the Project Operations Manual, all in accordance with arrangements satisfactory to the Bank.

6. The Recipient shall, no later than twelve (12) months after the Effective Date, register the CVF as a formal investment fund under the laws of Afghanistan.

E. Workplan and Budget

1. The Recipient shall, no later than thirty (30) days after the Effective Date, prepare and thereafter maintain, throughout the implementation of the Project, the Work Plan and Budget, covering activities to be implemented under the Project for the subsequent fifteen (15) months, a proposed financing plan for expenditures required for such activities, including a staffing and operational plan, and a timetable for their implementation.
2. The Recipient shall afford the Bank a reasonable opportunity to exchange views on such proposed Work Plan and Budget and thereafter ensure that the Project is implemented in accordance with such Work Plan and Budget as shall have been agreed to by the Recipient and the Bank.
3. The Recipient may revise the Work Plan and Budget, as needed, with the prior written agreement of the Bank.

F. Environmental and Social Standards.

1. The Recipient shall, and shall cause AKF-AFG to, ensure that the Recipient's Respective Part of the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause AKF-AFG to, ensure that the Recipient's Respective Part of the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall, and shall cause AKF-AFG to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended, or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Recipient shall, and shall cause AKF-AFG to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified 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, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Recipient shall, and shall cause AKF-AFG to, establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

G. Third-Party Monitoring

Without prejudice to Section IV of Schedule 2 to this Agreement, the Recipient shall ensure that the Bank's Third-Party Monitoring Agent(s) is provided access to all relevant information and the Recipient shall undertake reasonable efforts to facilitate access to Project-related sites and activities necessary to carry out the Bank's Third-Party Monitoring throughout implementation of the Project. The Recipient shall appoint a focal person to attend the requests of the Bank's Third-Party Monitoring Agent(s). The terms of reference of the Bank's Third-Party Monitoring Agent(s) shall be defined in consultation with ACGF and the Recipient.

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 Recipient shall ensure, and cause the AKF-AFG to ensure, that:

- (a) all records evidencing expenditures under the Project are retained for seven (7) years and six (6) months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient'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 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 Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.
- 2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Cost and Training under Part 1 of the Project	2,667,000	100%
(2) Goods, works, non-consulting services, consulting services, Operating Cost and Training under Part 2 of the Project	2,007,477	100%
(3) Conditional Capital Support Grants under Part 1(a) of the Project	7,000,000	100%
(4) Capitalization of the CVF under Part 2(b) of the Project	3,600,000	100%
(5) Recipient's Indirect Costs	392,523	100%
(6) ACGF's Indirect Costs	333,000	100%
TOTAL AMOUNT	16,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
- (a) for payments made prior to the Signature Date;
 - (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the Bank's knowledge, is prohibited

by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

- (c) for payments: (i) to AKF-AFG under Category 2 and 4, unless and until AKF-AFG has signed a Subsidiary Agreement with the Recipient for the implementation of the Recipient's Respective Part of the Project, in form and substance and under terms and conditions acceptable to the Bank; and (ii) to ACGF under Category 1 and 3, unless and until ACGF has signed a Subsidiary Agreement with the Recipient for the implementation of ACGF's Respective Part of the Project, in form and substance and under terms and conditions acceptable to the Bank;
- (d) for payments under Category 3, unless and until ACGF has prepared and adopted the section on Conditional Capital Support Grants, as part of the Project Operations Manual, in form and substance satisfactory to the Bank; or
- (e) for payments under Category 4, unless and until the Recipient has prepared and adopted the section on the Credit Viability Facility, as part of the Project Operations Manual, in form and substance satisfactory to the Bank.

2. The Closing Date is June 30, 2025.

Section IV. Other Undertakings

- 1. In undertaking its obligations under the Project and this Agreement, the Recipient shall observe, and shall cause AKF-AFG to observe, the following:
 - (a) The Recipient shall process Personal Data in a fair manner, in accordance with its mandate, policies, governing instruments, and appropriate international data protection and privacy standards and practices, and on the basis of the following: (i) the consent of the individual affected; and (ii) the best interests of the individual affected.
 - (b) The Recipient shall also ensure that Personal Data:
 - (i) shall be processed only for purposes specified in the Project, taking into account the balancing of relevant rights, freedoms, and interests of individuals. Personal Data shall not be processed in ways that are incompatible with such purposes;
 - (ii) shall, when processed, be confined to that which is relevant, limited, and adequate to what is necessary in relation to the purposes specified above for Personal Data processing;

- (iii) shall only be retained for the time that is necessary to achieve the purposes specified above;
 - (iv) shall be accurate and, where necessary, up to date to fulfill the specified purposes; and
 - (v) shall be processed with due regard to confidentiality.
- (c) The Recipient shall adopt appropriate organizational, administrative, physical, and technical safeguards and procedures in order to protect the security of Personal Data, including against or from misuse, unauthorized or accidental access, damage, loss, or other risks presented by data handover, processing or transfer.
 - (d) The Recipient shall process Personal Data with transparency to individuals, as appropriate and whenever possible, including, for example, provision of information about the processing of their Personal Data as well as information on how to request access, verification, rectification, and/or deletion of that Personal Data, insofar as the specified purpose for which Personal Data is processed is not frustrated.
 - (e) The Recipient may only transfer Personal Data to a third party if, under the circumstances, it is satisfied that the third party affords protection for the Personal Data on terms no less favorable than the Recipient does under this Project.
 - (f) The Recipient shall establish policies and mechanisms in place to adhere to the foregoing.

APPENDIX

Definitions

1. “ACGF” means the Afghan Credit Guarantee Foundation, an international development cooperation program (institutionalized successor to the Credit Guarantee Facility for Afghanistan), which was established in 2005 and has been funded by the German Ministry for Economic Cooperation and Development and the United States Agency for International Development and was selected by the Recipient as a Project Implementing Entity to carry out Part 1 of the Project.
2. “ACGF’s Indirect Costs” means the indirect costs incurred by ACGF as a function and in support of the Project, which cannot be traced unequivocally to the deliverables and technical output of the Project, and which is up to twelve point five (12.5%) of the amount allocated to Category 1.
3. “ACGF’s Respective Part of the Project” mean the Project activities detailed in Part 1 of the Project.
4. “ACGF Subsidiary Agreement” means the agreement to be entered into by the Recipient and ACGF for the implementation of ACGF’s Respective Part of the Project.
5. “Afghanistan Accelerator Prosperity” means an initiative of the Recipient in Afghanistan, with a mandate to create sustainable enterprises through business development services to companies to enable social, environmental, and economic growth and deliver capital returns.
6. “AKF-AFG” means Aga Khan Foundation Afghanistan, a non-governmental organization in Afghanistan since 2002, which has been officially registered with the Ministry of Economy in Afghanistan in 2005 and selected by the Recipient as a Project Implementing Entity to carry out Part 2 of the Project, with terms of reference satisfactory to the Bank.
7. “AKF-AFG Subsidiary Agreement” means the agreement to be entered into by the Recipient and AKF-AFG for the implementation of the Recipient’s Respective Part of the Project.
8. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard 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.
9. “Credit Viability Fund” or “CVF” means a fund established by the Recipient for the purposes of providing Fee Subsidies, Collateral Support and Loan Insurance in

support of loans extended by the MFPs to CVF Beneficiaries in accordance with Section I.D. of the Schedule 2 to this Agreement.

10. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
11. “Collateral Support” means cash deposits made by the Recipient under Part 2(b) of the Project to MFPs provide partial payment for the collateral requested by MFPs in connection with a loan to CVF Beneficiaries in accordance with eligibility criteria and procedures set out in the Project Operations Manual.
12. “Community and Enterprise Development Authority” or “CAEDO” means a non-governmental organized established and registered in Afghanistan in September 2023 as a no-governmental organization with the Registration number 5868, or any successor thereto.
13. “Community-based Saving Groups” means self-managed, voluntary groups of 15-20 people (mostly women) established in Afghanistan by AKF-AFG.
14. “CVF Beneficiary” means a micro and small enterprise trained under Part 2(a) of the Project and selected by the Recipient in accordance with eligibility criteria and procedures set out in the Project Operations Manual to receive Fee Subsidies, Loan Insurance and/or Collateral Support under Part 2(b) of the Project, which includes Female CVF Beneficiaries; and “CVF Beneficiaries” means more than on such CVF Beneficiary.
15. “CVF Agreement” the agreement to be entered into by and between the Recipient and each of the MFPs pursuant to Section I.D.2. of Schedule 2 to this Agreement.
16. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated June 9, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
17. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions

on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

18. “Fee Subsidies” means the subsidies to be paid directly to the MFPs under Part 2(b) of the Project to cover fees and commissions in connection with loans provided by MFPs to CVF Beneficiaries, as further set out in the Project Operations Manual.
19. “Female CVF Beneficiaries” a female-run micro and small enterprise registered to operate as an enterprise in Afghanistan and selected by the Recipient in accordance with eligibility criteria and procedures set out in the Project Operations Manual to receive Loan Insurance under Part 2(b) of the Project; and “Female CVF Beneficiaries” means more than one such Female CVF Beneficiary.
20. “First Micro Finance Bank of Afghanistan” means an MFP established and registered in Afghanistan in 2004 as a limited liability company with a formal banking license, incorporated and domiciled in Afghanistan, or any successor thereto.
21. “Loan Insurance” means an insurance product under Part 2(b) of the Project, under which the Recipient provides loan service payments to an MFP on behalf of a Female CVF Beneficiary, if and when changes of applicable national and local policy impact the ability of such Female CVF Beneficiary to service a loan provided to it by an MFP, as further set out in the Project Operations Manual.
22. “Negative List” means the Recipient’s and ACGF’s environmental and social exclusion list to be included in the Project Operations Manual.
23. “MFP” or “Micro-Finance Provider” means, individually, each one of the First Micro Finance Bank of Afghanistan, or any successor thereto, OXUS Afghanistan, or any successor thereto, or Mutahid Development Finance Institution, or any successor thereto, and collectively, all or some of them considered together.
24. “MFP Agreement” means an annex pursuant to Section I.D.2(c) of Schedule 2 to the Grant Agreement to be included in the loan agreement to be entered into by and between one of the MFPs and each CVF Beneficiary, under terms and conditions acceptable to the Bank, as set forth in the POM.

25. “MISFA” means the Microfinance Investment Support Facility for Afghanistan, which was set up in 2003 as an independent apex organization that provides wholesale financing and other support to microfinance providers in Afghanistan; MISFA operates independently but is owned by the Afghan Ministry of Finance.
26. “Mutahid Development Finance Institution” means an MFP established and registered in Afghanistan in April 2011, or any successor thereto.
27. “Operating Costs” means the reasonable incremental costs incurred by the Recipient and the PIU and the Project Implementation Entities, on account of the implementation, management and monitoring of the Project, including office supplies, office space rental, equipment maintenance and repair, vehicle operation and maintenance, utilities, communication charges, mass media and printing services, translation, and interpretation charges, audit fees, bank charges, charges for transporting cash into the country, travel and lodging allowances, per diems, incremental salaries of contracted employees, but excluding salaries and allowances of the Member Country’s civil service.
28. “OXUS Afghanistan” means a MFP and part of the OXUS Development Network, which was established and registered in Afghanistan in 2007, or any successor thereto.
29. “Personal Data” mean any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata, and factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identify of an individual.
30. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
31. “Project Agreement” means the agreement for the implementation of ACGF’s Respective Part of the Project between the Bank and ACGF of even date herewith, as the same may be amended from time to time.
32. “Project Implementing Entity” means AKF-AFG or ACGF; and “Project Implementing Entities” means, collectively and indistinctively, both Project Implementing Entities.

33. “PIU” or Project Implementation Unit” means the unit referred to in Section I.A.1 of Schedule 2 of this Agreement, or any legal successor or successors thereto, acceptable to the Bank.
34. “Project Operations Manual” or “POM” means the manual adopted by the Recipient and ACGF pursuant to Section I.C of Schedule 2 to this Agreement, setting forth detailed arrangements and procedures for the implementation of the Project as the same manual may be amended from time to time with written prior approval of the Bank.
35. “Recipient’s Indirect Costs” means the indirect costs incurred by the Recipient as a function and in support of the Project, which cannot be traced unequivocally to the deliverables and technical output of the Project, and which is up to seven percent (7%) of the amount allocated to Categories 2 and 4 of the Grant.
36. “Recipient’s Part of the Project” mean the Project activities detailed in Part 1 of the Project.
37. “Selected Provinces” means selected provinces in Afghanistan selected by the Recipient for the Recipient’s Respective Part of the Project and ACGF for ACGF’s Respective Part of the Project in accordance with the selection criteria set out in the Project Operations Manual.
38. “Subsidiary Agreements” means, collectively, the AKF-AFG Subsidiary Agreement and the ACGF Subsidiary Agreement referred to in Section I.B of Schedule 2 to this Agreement, pursuant to which the Recipient shall make part of the proceeds of the Grant available to AKF-AFG for the carrying out of the Recipient’s Respective Part of the Project and shall cause ACGF to carry out ACGF’s Respective Part of the Project.
39. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
40. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated March 29, 2019.
41. “Training” means the costs associated with training of personnel, supervisors, and managers involved in activities under the Project based on the Work Plan and Budget, such terms including seminars, workshops, and associated travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation of the training.

42. "Work Plan and Budget" means each work plan and budget for the Project prepared by the Recipient and approved by the Bank pursuant to Section I.D of Schedule 2 to this Agreement.