

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H261-AF

Financing Agreement

Second Emergency National Solidarity Project

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Public Disclosure Authorized

Dated February 3, 2007

GRANT NUMBER H261-AF

FINANCING AGREEMENT

AGREEMENT dated February 3, 2007, between ISLAMIC REPUBLIC OF AFGHANISTAN (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”). 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) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing 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, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to eighty one million two hundred thousand Special Drawing Rights (SDR 81,200,000) (the “Grant”) to assist in financing the project described in Schedule 1 to this Agreement (the “Project”).
- 2.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is US Dollars.

ARTICLE III - PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MRRD in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - REMEDIES OF THE ASSOCIATION

- 4.01. The Co-financing Deadline for the effectiveness of the ARTF Co-financing Agreement is March 31, 2009.
- 4.02. The Co-financing Deadline for the effectiveness of the JSDF Co-financing Agreement is March 31, 2009.

ARTICLE V – EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI – REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister of Finance.
- 6.02. The Recipient's Address is:

Ministry of Finance
Kabul
Islamic Republic of Afghanistan

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

ISLAMIC REPUBLIC OF AFGHANISTAN

By	/s/ Anwar-ul Haq Ahadi Authorized Representative
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INTERNATIONAL DEVELOPMENT ASSOCIATION

By	/s/ Ludmila Butenko Authorized Representative
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SCHEDULE 1

Project Description

The objective of the Project is to strengthen community level governance in Afghanistan and to improve the access of rural communities to social and productive infrastructure and services by supporting certain components of the Recipient's National Solidarity Program.

The Project consists of the following parts:

Part 1: Grants for Community Sub-Projects

Provision of Block Grants to local communities to carry out Sub-Projects involving reconstruction and development activities through a facilitated participatory planning process. These activities shall focus on, *inter alia*, community-based productive and social infrastructure such as irrigation works, roads, water supply facilities, micro-hydropower and school buildings.

Part 2: Community Facilitation and Sub-Project Preparation

Supporting local communities through, *inter alia*: (i) facilitation exercises to establish, through elections, inclusive Community Development Councils and identify local development needs and priorities; and (ii) assistance for preparing Community Development Plans and Sub-Project proposals.

Part 3: Capacity Building of Community Development Councils

Strengthening the capacity of Community Development Councils to carry out Sub-Projects and carrying out capacity building for members of local communities and their Community Development Councils, through, *inter alia*, provision of training and technical advisory services in procurement financial management and technical skills.

Part 4: Implementation and Management Support

Capacity building and provision of implementation support to MRRD, through the provision of consultants' services, equipment, operating costs and furniture to strengthen local communities' capacity in financial management, procurement, and technical skills.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Overall Project Implementation and Coordination

1.
 - (a) The Recipient shall vest responsibility for overall implementation of the Project in MRRD.
 - (b) MRRD shall be responsible for, *inter alia*, policy and strategy development and application, coordinating with other ministries of the Recipient on the implementation of the Project, resource mobilization, program, budget, and financial planning and control, management of relations with Facilitating Partners, appraisal, approval and processing of Sub-Project Proposals, quality assurance for engineering works, monitoring and evaluation, public consultation and communication, procurement administration, and training and capacity development at central and regional levels. MRRD shall also be responsible for financial management, Block Grant management and management information system operations, which it shall carry out with the assistance of an external Management Support Consultant firm.
 - (c) MRRD shall, at the regional and provincial levels, be supported by regional offices (ROs) and the national solidarity program departments of provincial rural rehabilitation and development offices (RRDs), respectively. RRDs through their national solidarity program departments shall, with the support of ROs, be responsible for receiving, reviewing and approving Block Grant proposals, liaising with and overseeing the work of Facilitating Partners, overseeing the procurement administration of Sub-Projects, building local management capacity of the provincial staff through on-the-job training, and overseeing the mobilization of communities, formation of CDCs and planning and implementation of Sub-Projects. After the phasing out of Facilitating Partners, RRDs shall, through their national solidarity program departments, be responsible for directly assisting CDCs in the operation and maintenance of Sub-Projects and in ensuring the sustainability of CDCs.
2. The Recipient shall maintain an inter-ministerial Steering Committee to provide guidance to MRRD on the overall policy and strategic planning and management of the Project, and integration with other rural development programs. MRRD shall undertake periodic consultations with the Steering Committee. The

composition and terms of reference of the Steering Committee shall not be changed without the Association's prior approval.

3. MRRD shall contract with Facilitating Partners in accordance with terms of reference and eligibility criteria satisfactory to the Association, to assist in conducting elections for Community Development Councils; facilitating consultative community planning exercises; providing technical assistance in designing and preparing Sub-Project proposals; supporting communities in the implementation of Sub-Projects including construction quality assurance; training communities in book-keeping, procurement and contracting; ensuring construction quality control; and conducting monitoring, evaluation and reporting.
4. Community Development Councils shall be formed at the local community level to be responsible for the application for, and planning and implementation of, Sub-Projects under the facilitation and technical guidance of Facilitating Partners. CDCs shall be responsible for preparing Community Development Plans and for the administrative, procurement and financial management of Block Grants. CDCs shall form appropriate committees for the management of Block Grants and for the overseeing of individual Sub-Projects.
5.
 - (a) The Recipient shall, and shall cause MRRD to, carry out the Project in accordance with the Operational Manual, the Financial Management Manual and the Environmental and Social Safeguards Framework, and, except as the Association shall otherwise agree, the Recipient shall not amend, vary, or waive any provision of the Operational Manual, the Financial Management Manual and the Environmental and Social Safeguards Framework if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.
 - (b) The Recipient shall ensure that Sub-Projects financed under the Project shall not involve any land acquisition or involuntary resettlement of the local population and/or businesses. In the event that any land is required for a Sub-Project or any resettlement is to be carried out, the Recipient shall, in consultation with the Association ensure that such land shall be obtained and such resettlement carried out in accordance with plans agreed with the Association.

B. Sub-Projects

1.
 - (a) To be eligible for a Block Grant, a Community Development Council shall prepare a Community Development Plan, and prepare and furnish one or more Sub-Project proposals to MRRD that fully satisfy the eligibility criteria specified in the Operational Manual and the

Environmental and Social Safeguards Framework. Several CDCs may combine together to prepare one or more Sub-Project proposals of common interest and benefit by pooling up their Block Grant entitlements.

- (b) In evaluating each Sub-Project proposal, consideration shall be given to the CDCs capacity to carry out, manage and maintain the Sub-Project in conformity with appropriate administrative, financial, technical, environmental and managerial standards.
 - (c) If a Sub-Project has been assessed to have potential environmental and social impacts, the Facilitating Partner, in coordination with the Community Development Council, shall prepare an Environment and Social Management Plan before the Block Grant can be awarded to it.
- 2. The Recipient, through MRRD, shall make the proceeds of the Grant available, as Block Grants, to CDCs under Block Grant agreements, each to be entered into by a representative of the CDC and the Recipient, all under terms and conditions which shall have been approved by the Association. A Block Grant agreement shall provide for rights adequate to protect the interests of the Association and the Recipient, including to the extent that it shall be appropriate to:
 - (i) require the CDC to carry out the Sub-Project with due diligence and efficiency and in accordance with sound administrative, financial, technical and managerial standards, and maintain adequate records for the Sub-Project concerned;
 - (ii) require that all goods, works, and services required for the Sub-Project shall be procured in accordance with the provisions of Section III of Schedule 2 to this Agreement;
 - (iii) require that all goods, works, and services shall be used exclusively in the carrying out of the Sub-Project;
 - (iv) require that the Block Grant shall not finance or support the cultivation of poppy;
 - (v) permit the Recipient to inspect, by itself or jointly with representatives of the Association if the Association shall so request, any goods, works, plants and construction included in the Sub-Project, the operation thereof, and any relevant records and documents;
 - (vi) require that the Sub-Project complies with the environmental, resettlement, and social standards set forth in the Environmental and

Social Safeguards Framework and the Environment and Social Management Plan;

- (vii) require that any land required for a Sub-Project, which shall have been acquired by, or otherwise made available to, the CDC for this purpose, be made available on a voluntary basis from the community or from available government land and that Block Grants shall not be used for the purchase of land; and
- (viii) suspend or terminate the right of the CDC to the use of the proceeds of the Block Grant upon the failure by the CDC to perform any of its obligations under the legal agreement(s).

3. The Recipient shall ensure that Sub-Projects will not be implemented without appropriate mine risk-management measures and procedures in accordance with the Mine Risk-Management Procedures.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

- 1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
- 2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

- 1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
- 2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding*
(b) Shopping
(c) Direct Contracting
(d) Community Participation**

* **National Competitive Bidding** shall be subject to the following additional procedures:

- (i) Standard bidding documents approved by the Association will be used.
- (ii) Invitations to bid will be advertised in at least one (1) widely circulated national daily newspaper and bidding documents will be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.
- (iii) Bids will not be invited on the basis of percentage premium or discount over the estimated cost.
- (iv) Bidding documents will be made available, by mail or in person, to all who are willing to pay the required fee.
- (v) Foreign bidders will not be precluded from bidding.
- (vi) Qualification criteria (in case pre-qualifications were not carried out) will be stated on the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder will be given reasonable opportunity of registering, without any hindrance.
- (vii) Bidders may deliver bids, at their option, either in person or by courier service or by mail.
- (viii) All bidders will provide bid security as indicated in the bidding documents. A bidder's bid security will apply only to a specific bid.
- (ix) Bids will be opened in public in one place preferably immediately, but no later than one hour, after the deadline for submission of bids.

- (x) Evaluation of bids will be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Association.
- (xi) Bids will not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association.
- (xii) Split award or lottery in award of contracts will not be carried out. When two (2) or more bidders quote the same price, an investigation will be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved will be disqualified and the award will then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids will be invited after receiving the concurrence of the Association.
- (xiii) Contracts will be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.
- (xiv) Extension of bid validity will not be allowed without the prior concurrence of the Association: (A) for the first request for extension if it is longer than eight (8) weeks; and (B) for all subsequent requests for extensions irrespective of the period.
- (xv) Negotiations will not be allowed with the lowest evaluated or any other bidders.
- (xvi) Re-bidding will not be carried out without the Association's prior concurrence.
- (xvii) All contractors or suppliers will provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security will apply to a specific contract under which it was furnished.

**** Community Participation** shall be carried out in accordance with the procedures set out in the Operational Manual which shall include the following:

Goods and works for Sub-Projects under Part 1 of the Project estimated to cost the equivalent of \$200 for each family up to an aggregate amount not exceeding \$60,000 equivalent for each community, may be carried out directly by the community or be procured through either of the following methods and in accordance with paragraph 3.17 of the Procurement Guidelines and the Operational Manual:

- (a) assigning all or part of the works to NGOs, community organizations, and qualified domestic contractors and/or suppliers without competitive bidding;
- (b) obtaining quotations from qualified domestic contractors with respect to all or part of the works; and
- (c) awarding contracts for works under Sub-Projects, estimated to cost \$5,000 equivalent or more, through competitive bidding.

C. Particular Methods of Procurement of Consultants' Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-Based Selection
(b) Single-Source Selection
(c) Least-Cost Selection
(d) Selection Based on the Consultants' Qualifications
(e) Selection under a Fixed Budget
(f) Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

- 1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of \$500,000 or more procured on the basis of International Competitive Bidding or National Competitive Bidding; (b) each contract for goods estimated to cost the equivalent of \$200,000 or more procured on the basis of International Competitive Bidding; (c) each contract for goods or works procured on the basis of Direct Contracting regardless of value; (d) each contract for consultants' services estimated to cost the equivalent of \$100,000 or more; (e) each contract for consultants' services procured on the basis of Single-Source Selection; (f) each contract for

consultants' services by an individual estimated to cost the equivalent of \$50,000 or more; (g) the first contract submitted by each district for a Block Grant irrespective of value; and (h) all Block Grant contracts procured competitively estimated to cost the equivalent of \$100,000 or more when more than one CDC combines together to carry out a Sub-Project of common interest and benefit by pooling together their Block Grant resources. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (Expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, works, consultants' services, training, Block Grants and Incremental Operating Costs* for the Project	81,200,000	100% of amounts disbursed by MRRD for Block Grants, and 100% of amounts disbursed for all other Eligible Expenditures
TOTAL AMOUNT	81,200,000	

* For the purposes of this Schedule, the term "Incremental Operating Costs" means the incremental expenses incurred on account of Project implementation and management, including the operation and maintenance of vehicles, office supplies, communication charges, insurance costs, office administration costs, banking charges, utility charges,

domestic travel and per diem allowances, but excluding salaries of the officials of the Recipient's civil service.

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 date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$40,000,000 equivalent may be made for payments made prior to this date but on or after October 1, 2006, for Eligible Expenditures;
 - (b) unless a Financial Management Manual satisfactory to the Association has been adopted for the Project;
 - (c) unless the Operational Manual satisfactory to the Association has been adopted for the Project; and
 - (d) unless the terms of reference for the Oversight Consultant have been changed in a manner satisfactory to the Association to include responsibility for financial management and the management information system.
2. The Closing Date is September 30, 2009.

Section V. Other Undertakings

1. The Recipient shall, no later than July 31, 2007, conduct a baseline survey of the institutional and social indicators of the Project.
2. The Recipient shall carry out Project outcome and impact evaluation studies for the Project.
3. The Recipient shall, no later than March 31, 2008, carry out a performance evaluation of Facilitating Partners.
4. The Recipient shall, no later than May 31, 2008, conduct a technical and financial audit of the contracts of Facilitating Partners and the Management Support Consultant.
5. The Recipient shall, no later than January 31, 2007, conduct a technical and financial audit of the contract of the Oversight Consultant.

6. The Recipient shall, no later than March 31, 2007, establish a management information system, in accordance with terms of reference and time plans agreed with the Association.
7. The Recipient shall no later than April 1, 2007 hire the Management Support Consultant in accordance with the provisions of Section III of Schedule 2 to this Agreement.
8. The Recipient shall, no later than June 30 and December 31 of each year during the implementation of the Project, cause MRRD to prepare and furnish to the Association, biannual reports, indicating the biannual program plan, monthly expenditure forecasts, and monthly cash flow projections reconciled with available and expected co-financing funds. Such reports shall include confirmations from co-financing donors that such funds shall be made available in a timely manner.
9. In the event that there is a shortfall between the expected and actual availability of co-financing funds to the Recipient's National Solidarity Program, the Recipient undertakes to give priority to funding completion of community mobilization activities and Sub-Projects already commenced in the districts and villages.
10. The Recipient undertakes that the roll out of the National Solidarity Program to new communities and villages in the districts that are either partially covered or not covered at all by the said Program shall: (i) depend on the availability of co-financing resources; and (ii) be carried out after an assessment of the availability of financing resources other than the Grant has been carried out and an assurance, deemed acceptable by the Association, has been provided to the Association that adequate financing is available for the Project.

APPENDIX

Definitions

1. “ARTF Co-financing Agreement” means the agreement to be entered into between the Recipient and Co-financier A providing for its respective amount of the Co-financing.
2. “Block Grants” means grants made available by the Recipient to finance the cost of goods, works, and services for Sub-Projects under Part 1 of the Project.
3. “Co-financier A” means the Afghanistan Reconstruction Trust Fund (ARTF) administered by the Association on behalf of various donors.
4. “Co-financier B” means the Japan Social Development Fund (JSDF) administered by the Association on behalf of Japan.
5. “Co-financier” means wither or both of Co-financier A or Co-financier B.
6. “Co-financing” means: (i) the amount of two hundred and forty million United States dollars (US\$240,000,000) to be provided by Co-financier A; and (ii) the amount of thirty million United States dollars (US\$30,000,000) to be provided by Co-financier B.
7. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
8. “Community Development Council” or “CDC” means a community-based decision making body that includes a chairperson, vice-chairperson, secretary, and treasurer, and is responsible for, *inter alia*, preparing Community Development Plans and Sub-Project proposals, and for the implementation and management of Sub-Projects.
9. “Community Development Plan” means a plan developed by each CDC as the basis for identifying and prioritizing Block Grant investments for Sub-Projects.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
11. “Environmental and Social Safeguards Framework” means the Recipient’s Environmental and Social Safeguards Framework which sets out, *inter alia*: (i) key principles for social and environmental management of Sub-projects; (ii) procedures to screen and process Sub-Projects for significant social and environmental impacts, and to assist in mitigating impacts; (iii) procedures to

ensure that these principles and procedures are properly applied; and (iv) guidelines for capacity building and monitoring.

12. “Environment and Social Management Plan” means a plan acceptable to the Bank to be prepared by each Facilitating Partner in coordination with CDCs for the management of natural resources and for the mitigation of any negative impacts on the environment that may be caused by the implementation of a Sub-Project. The Environment and Social Management Plan shall be prepared under the guiding principles of the Environmental and Social Safeguards Framework.
13. “Facilitating Partners” means international and/or national non-governmental organizations and agencies that shall assist the Recipient in carrying out the Project as provided for in Section I.A(3) of Schedule 2 to this Agreement.
14. “Financial Management Manual” means the financial management manual setting out the financial management arrangements for the Project, to be prepared and adopted in accordance with Section IV.B.1(b) of Schedule 2 to this Agreement, as the same may be updated from time to time in agreement with the Association.
15. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
16. “JSDF Co-financing Agreement” means the agreement to be entered into between the Recipient and Co-financier B providing for its respective amount of the Co-financing.
17. “Management Support Consultant” means a firm to be hired by MRRD in accordance with Section V.7 of Schedule 2 to this Agreement, to support MRRD in financial management, Block Grant management and setting up, operating and maintaining a management information system, after the phasing out of the Oversight Consultant’s contract.
18. “Mine Risk-Management Procedures” means the Procedures for Mine Risk Management in World Bank Funded Projects in Afghanistan, a framework document that prescribes various measures and procedures to be followed for carrying out activities that could involve, or could potentially involve, exposure or contact with mines.
19. “MRRD” means the Recipient’s Ministry of Rural Rehabilitation and Development or any successor entity thereto.
20. “National Solidarity Program” means the Recipient’s program launched in 2003 for the purpose of providing basic rural infrastructure and expanding outreach to rural communities through a community driven approach. The National

Solidarity Program is supported by several donors and is executed by MRRD on behalf of the Recipient.

21. “Operational Manual” means the Recipient’s Project implementation and operation manual to be prepared and adopted in accordance with Section IV.B.1(c) of Schedule 2 to this Agreement, setting forth the procedures governing the operation of the Project, as the same may be amended from time to time, and such term includes any schedules to the Operational Manual, provided however, that in the event of a conflict between this Agreement and the Operational Manual, the provisions of this Agreement shall prevail.
22. “Oversight Consultant” means the consulting firm engaged by the Recipient under the first National Solidarity Project (Cr. H072-AF) to support MRRD in overall project management and supervision, including appraising community Sub-Project proposals, coordinating financial management arrangements of Sub-Projects (including effecting fund transfers, tranche payments, record keeping, and accounts), supervising the performance of Facilitating Partners, planning and conducting staff training and capacity development, undertaking technical and financial monitoring, managing a management information system, and producing consolidated progress reports.
23. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 2, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. “Steering Committee” means an advisory committee comprising key stake holders, constituted to aid and assist MRRD with policy formulation and direction, and overseeing program implementation as provided for in Section I.A(2) of Schedule 2 to this Agreement.
26. “Sub-Project” means a rehabilitation or development project or scheme to be carried out by a CDC or cluster of CDCs with the technical assistance of Facilitation Partners under Part 1 of the Project, which meets the eligibility criteria to receive financing in the form of Block Grants under this Project.