

CONFORMED COPY

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GRANT NUMBER H681-AF

# Financing Agreement

(Irrigation Restoration and Development Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 15, 2011

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**CONFORMED COPY**

**GRANT NUMBER H681-AF**

**FINANCING AGREEMENT**

AGREEMENT dated May 15, 2011, entered into between ISLAMIC REPUBLIC OF AFGHANISTAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“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 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, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to sixty one million, seven hundred thousand Special Drawing Rights (SDR 61,700,000) (“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 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 percent) per annum.
- 2.04. The Payment Dates are June 1 and December 1 in each year.
- 2.05. The Payment Currency is United States Dollars.

### **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 MEW 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05(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 (20) years after the date of this Agreement.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its Minister of Finance.
- 5.02. The Recipient's Address is:

Ministry of Finance  
Pashtunistan Watt  
Kabul, Afghanistan

Facsimile:  
93-20-210-3258

5.03. 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)	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/ Hazrat Omar Zakhilwal

Authorized Representative

ASSOCIATION INTERNATIONAL DEVELOPMENT

By/s/ Josephine Bassinette

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase agriculture productivity and production in the Project areas.

The Project consists of the following parts:

#### Part A: Rehabilitation of Irrigation Systems

1. Rehabilitation of irrigation schemes with a total coverage of about 300,000 hectares in the Recipient's territory.
2. Development of micro hydro-electricity generation facilities and provision of drinking water supply to meet the needs of project communities where feasible.
3. Construction of access roads for operation and maintenance of rehabilitated irrigation schemes where required.

#### Part B: Small Dams Development

1. Provision of technical assistance to MEW for: (i) the preparation of prefeasibility and feasibility studies for identified sites, including preparation of environmental and social impact assessments; (ii) the preparation of detailed engineering designs, Environmental and Social Management Plans, Land Acquisition and Resettlement Action Plans where applicable for the dam sites selected for construction under the Project; (iii) the construction supervision of Small Dams; and (iv) monitoring compliance with environmental and social safeguards provisions in the Environmental and Social Management Framework.
2. Construction of Small Dams selected for financing under the Project.

#### Part C: Establishment of Hydro-Meteorological Facilities and Services

1. Supply and installation of hydro-meteorological stations and data transmitting equipment.
2. Provision of financing for the operation and maintenance of hydro-meteorological facilities.
3. Capacity building of the General Directorate of Water Affairs Management of MEW, including training and twinning with overseas institutions.

Part D: Project Management and Capacity Building

1. Provision of implementation support consultancy services to the PCU to assist it in the implementation and management of the project.
2. Provision of financing to cover the operating costs of the PCU and its six regional offices, the GDWAM and the Monitoring & Evaluation Unit of the MEW, including costs of contract staff, performance-based incentives, rehabilitation of offices, and acquisition of office and field equipment and vehicles.
3. Provision of capacity building in Project implementation comprising of: (i) consultancy services to build MEW's financial management capacity; (ii) training of PCU staff; and (iii) training of Beneficiaries, Mirabs and CDCs in operation and maintenance of irrigation schemes.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall vest the overall responsibility for the implementation of the Project in MEW, and, to that end, shall:
  - (a) maintain, throughout the period of implementation of the Project, the Project Coordination Unit with regional offices in the six (6) Project Regions, assisted by a technical assistance team providing day-to-day support for overall Project implementation, including procurement and financial management. PCU shall amongst others, consist of a Director, Deputy Director – Technical, Contract Management Supervisor, Procurement Officer, Quality Control Engineer, Financial Management Officer and Social & Environment Specialist with experience and qualifications satisfactory to the Association;
  - (b) maintain, throughout the period of implementation of the Project, the Project Steering Committee to be responsible for inter alia: (i) high level coordination and supervision of the Project; (ii) provision of overall guidance for water resources management under the Project; (iii) review of monitoring and evaluation reports prepared under the Project; and (iv) recommendation of necessary remedial measures to resolve problems indicated in the said reports. PSC shall consist of the Minister of Energy and Water who shall serve as the Chairman, the PCU Director who shall serve as the Secretary, and with members from Ministry of Agriculture, Irrigation and Livestock and Ministry of Finance. The PSC shall meet at least once every six (6) months;
  - (c) maintain, throughout the period of implementation of the Project, a Monitoring and Evaluation Unit responsible for inter alia: (i) analyzing monitoring and evaluation information and generating regular reports to the PSC, PCU and the Association; (ii) assessing and reporting progress towards achieving the Project's objectives; and (iii) providing yearly assessments to the PCU containing the impacts and achievements of the preceding growing season, recommendations, and updated project indicators. M&E Unit shall consist, among others, of a Monitoring and Evaluation Specialist, Database Management Specialist and Field Enumerators with experience and qualifications satisfactory to the Association;
  - (d) maintain, throughout the period of implementation of the Project, a Regional Coordination Committee ("RCC") for each of the Recipient's river basin



regions responsible for Project coordination at the regional level during implementation. RCC shall consist of the Directors of the Provincial Water Management Departments, one of whom shall serve as Chairman, representatives from provincial offices of MAIL and other ministries, donors of related projects, representatives of local communities and NGOs; and

- (e) establish, and thereafter maintain throughout the period of implementation of the Project, a Budget Committee in MEW responsible for: (i) coordinating the preparation of Annual Work Plans and the derivation of annual budget; (ii) ensuring that Project expenditures for each fiscal year are captured in the Governmental development budget of that fiscal year; and (iii) coordinating quarterly budget reviews to ensure adequate budget discipline and control. The Budget Committee shall consist of members from the PCU, Finance and Accounts Directorate and other relevant units of MEW, and shall report to the Finance and Accounts Director.
2. To facilitate the carrying out of the Project the Recipient shall:
- (a) by no later than January 1, 2012 employ, and thereafter maintain throughout the period of Project implementation, experts, whose qualifications and experience shall be acceptable to the Association to provide support in: (i) overall project management, including procurement, financial management, M&E and capacity building; (ii) preparation of Sub-Projects, including survey and design work; (iii) supervision, contract management and quality control of works carried out under Parts A, C, and D of the Project;
  - (b) employ experts, whose qualifications and experience shall be acceptable to the Association, to provide timely support for the preparation of ESMPs and LARAPs for Sub-Projects under Part A of the Project;
  - (c) by no later than January 1, 2012 employ, and thereafter maintain throughout the period of Project implementation, experts, whose qualifications and experience shall be acceptable to the Association, to monitor compliance with the ESMF and LARPF under Sub-Projects under Part A of the Project;
  - (d) by no later than June 30, 2013 employ, and thereafter maintain throughout the period of Project implementation, experts whose qualifications and experience shall be acceptable to the Association to: (i) monitor resettlement in accordance with the LARAPs under Part B of the Project and communicate the monitoring results to the PCU and the Association; (ii) review delivery of compensation and related resettlement assistance to Project Affected People; (iii) assess the impact of the Project on Project Affected Persons and Vulnerable Groups; and (iv) carry out a

post-implementation evaluation of each LARAP and make recommendations to the Recipient aimed at improving assistance received by the Project Affected Persons;

- (e) by no later than August 31, 2011, employ qualified and experienced auditors, under terms of reference satisfactory to the Association, to build capacity and provide support in financial management and internal controls to the Internal Audit Department of MEW; and
- (f) by no later than August 31, 2011, employ qualified and experienced financial management staff, under terms of reference satisfactory to the Association, to strengthen the capacity of the Finance and Accounts Directorate within MEW.

## **B. Project Manuals**

The Recipient shall:

- (a) prepare and adopt, by not later than June 30, 2011, a Project Operations Manual, in form and substance satisfactory to the Association, setting out the guidelines and procedures for the implementation and supervision of the Project, including the criteria for the payment of performance-based incentives to MEW staff;
- (b) prepare and adopt, by no later than June 30, 2011, a Financial Management Manual, in form and substance satisfactory to the Association, setting out: (i) the roles and responsibilities of the PCU and MEW's Finance and Accounts Directorate staff; (ii) documentation and approval procedures for payments under the Project; (iii) Project reporting requirements; and (iv) measures to ensure that adequate internal controls and procedures are in place and are being followed;
- (c) ensure that the Project is carried out in accordance with the Project Operations Manual and the Financial Management Manual; and
- (d) refrain from amending, waiving, suspending, abrogating, and terminating whether in whole or in part, the Project Operations Manual and the Financial Management Manual without the prior written consent of the Association.

**C. Work Plan**

The Recipient shall:

- (a) prepare, by no later than three months before the end of each Fiscal Year, and furnish to the Association for review and approval, a detailed Annual Work Plan setting out the time-bound program of Project activities by component and sub-component for the Recipient's following Fiscal Year, including: (i) a forecast of the funds required for Project implementation, with a breakdown by expected financial sources; (ii) an update of Project's disbursement profile; and (iii) the Project indicators to be achieved during the Fiscal Year covered by the Annual Work Plan; and
- (b) thereafter, implement the Project activities during the respective Fiscal Year pursuant to such Plan as so discussed and agreed with the Association.

**D. Anti-Corruption**

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

**E. Sub-Projects**

- 1. In carrying out Part A.1 of the Project, the Recipient shall ensure that Sub-Projects are selected, approved, carried out and monitored in accordance with the procedures and provisions set forth in the Project Operations Manual, including the following criteria:
  - (a) the number of irrigation schemes to be rehabilitated shall be evenly distributed among the six (6) Project Regions, taking into consideration the number of Beneficiaries, security, and potential improvement in water supply to tail end farmers; and
  - (b) the selected irrigation schemes shall not possess any of the attributes stated in the negative list set out in the ESMF.
- 2. For purposes of carrying out Part A.1 of the Project, the Recipient shall enter into a Memorandum of Understanding with each Beneficiary, for purposes of carrying out a Sub-Project, under terms and conditions acceptable to the Association including, amongst others, that the Beneficiary shall:
  - (a) contribute ten percent (10%) in kind towards the costs of the Sub-Project;

- (b) refrain from planting poppy in the Sub-Project area; and
- (c) be responsible for the operation and maintenance of the Sub-Project.

**F. Operation and Maintenance Contracts**

In order to achieve the objectives of Part C.2 of the Project, the Recipient shall, on a yearly basis, make adequate budgetary allocation to MEW, in a timely manner, in order to meet the costs of operation and maintenance contracts. Such allocations shall consist of twenty five percent (25%) of the operation and maintenance costs during the second Project Year, fifty percent (50%) of said costs during the third Project Year, seventy five percent (75%) of said costs during the fourth Project Year and 100 percent (100%) of said costs during the fifth Project Year and beyond.

**G. Safeguards**

- (a) The Recipient shall carry out the Project in accordance with the ESMF and the LARPF.
- (b) Without prejudice to paragraph (a) above, prior to the commencement of any civil works under Parts A and B of the Project, the Recipient shall screen the proposed civil works in accordance with the ESMF and the LARPF, and, shall, if required, prepare an ESMP and LARAP satisfactory to the Association which ESMP and LARAP shall be duly implemented as agreed with the Association.
- (c) Except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the ESMF or the LARPF, and where applicable each specific ESMP and LARAP, except with the prior written consent of the Association.

**Section II. Project Monitoring, Reporting and 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 the indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days 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. The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited 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 (1) 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 and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing 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 Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing 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 Section.
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, Works and Non-consulting Services**

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

<b>Procurement Method</b>
(a) National Competitive Bidding,* subject to the special provisions of paragraph 3 below
(b) Shopping
(c) Direct Contracting, subject to the prior written consent of the Association

3. **Special Provisions**

**\*National Competitive Bidding** shall be carried out in accordance with the Recipient's Procurement Law of July 2008 and amended in January 2009 and issued as a new Law by the Ministry of Justice and was published in the Official Gazette Number 957, 29.10.1387 (18 January 2009) and the following additional procedures:

- (i) Standard bidding documents approved by the Association shall be used.
- (ii) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.
- (iii) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
- (iv) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- (v) Foreign bidders shall not be precluded from bidding.
- (vi) Qualification criteria (in case pre-qualifications were not carried out) shall be stated on the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder

shall 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 shall provide bid security or a bid security declaration form as indicated in the bidding documents. A bidder's bid security or the declaration form shall apply only to a specific bid.
- (ix) Bids shall be opened in public in one place preferably immediately, but no later than one (1) hour, after the deadline for submission of bids.
- (x) Evaluation of bids shall 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 shall 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 shall not be carried out. When two (2) or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Association.
- (xiii) Contracts shall 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 shall not be allowed without the prior concurrence of the Association: (A) for the first request for extension if it is longer than four (4) weeks; and (B) for all subsequent requests for extensions irrespective of the period in case of prior review.
- (xv) Negotiations shall not be allowed with the lowest evaluated or any other bidders.
- (xvi) Re-bidding shall not be carried out without the Association's prior concurrence in case of prior review.

- (xvii) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.

**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.

<b>Procurement Method</b>
(a) Quality-Based Selection
(b) Selection Based on Consultants' Qualifications
(c) Least Cost Selection
(d) Selection under a Fixed Budget
(e) Single Source Selection, subject to the prior written consent of the Association
(f) Individual Consultants

**D. Review by the Association of Procurement Decisions**

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) the first contract of works in each region regardless of value; (b) all contracts for goods, works or non-consulting services procured on the basis of International Competitive Bidding regardless of value; (c) each contract for works estimated to cost the equivalent of US\$1,000,000 or more and each contract for goods estimated to cost the equivalent of US\$200,000 or more, procured on the basis of National Competitive Bidding; (d) each contract for goods, works and non-consulting services procured on the basis of Direct Contracting regardless of value; (e) each contract for consultants' services by a firm estimated to cost the equivalent of US\$100,000 or more; (f) each contract for consultants' services by an individual estimated to cost the equivalent of US\$50,000 or more; and (g) each contract for consultants' services procured on the basis of Single-Source Selection regardless of value. All other contracts shall be subject to Post Review by the Association.



#### **Section IV. Withdrawal of the Proceeds of the Financing**

##### **A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consultants services, consultants’ services, Training, Resettlement Costs, and Incremental Operating Costs, other than the operation and maintenance contracts under Part C. 2 of the Project.	59,980,000	100%
(2) Operation and maintenance contracts under Part C. 2 of the Project	1,720,000	100% in PY 1 75% in PY 2 50% in PY 3 25% in PY 4 0% in PY 5 and beyond
<b>TOTAL AMOUNT</b>	<b>61,700,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 3,160,000 equivalent may be made for payments made prior to this date but on or after February 1, 2011 for Eligible Expenditures.
2. The Closing Date is December 31, 2017.

## **APPENDIX**

### **Definitions**

1. “Annual Work Plan” means the time-bound program of Project activities, to be prepared on an annual basis pursuant to Section I.C(a) of Schedule 2 of this Agreement.
2. “Anti-Corruption Guidelines” means 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.
3. “Beneficiaries” means water organizations or groups, a village group or committee, a group of farmers or an individual belonging to any such organization, group or committee whose proposal has been found suitable based on the criteria set forth in the Project Operations Manual; each a “Beneficiary”.
4. Budget Committee means the committee to be established and maintained pursuant to the provisions of Section I.A (1) (e) of Schedule 2 to this Agreement.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Community Development Councils” and “CDCs” mean 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, Sub-Project identification, and management.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in January 2011.
8. “Environmental and Social Management Plan” and “ESMP” mean a specific plan setting out measures to be taken to address any adverse environmental or social impact arising from carrying out of activities under the Project, acceptable to the Association, prepared on the basis of the ESMF (as this term is hereinafter defined).
9. “Environmental and Social Management Framework” and “ESMF” mean the Recipient’s framework, approved by the Association and adopted in January 2011, setting out the screening procedures for Project activities as well as the mitigation measures, including monitoring, communication and documentation protocols, in order to address any adverse environmental and social impacts that might occur in relation to the Project.

10. "Financial Management Manual" means the manual to be prepared by MEW for approval by the Association pursuant to the provisions of Section I.B(b) of Schedule 2 of this Agreement.
11. "Fiscal Year" means the fiscal year of the Recipient beginning on March 21 of a calendar year and ending on March 20 of the following calendar year.
12. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
13. "General Directorate of Water Affairs Management" and "GDWAM" mean the headquarters of MEW's Water Management Department at Kabul.
14. "Incremental Operating Costs" means reasonable costs of the Project incurred on account of implementation of the activities, including vehicle rental and other transportation costs, office rental and maintenance, utilities, communication costs, and other incidental costs for office equipment, consumable supplies, bank charges advertising costs, insurance costs, and performance based incentives to MEW staff, but excluding salaries of the officials of the Recipient's civil service.
15. "Land Acquisition and Resettlement Action Plans" and "LARAPs" mean the specific plans, acceptable to the Association, prepared on the basis of the LARPF, to address land acquisition and/or resettlement issues under the Project.
16. "Land Acquisition and Resettlement Policy Framework" and "LARPF" mean the land acquisition and resettlement policy framework acceptable to the Association dated December 15, 2010 as adopted.
17. "MAIL" means the Recipient's Ministry of Agriculture, Irrigation and Livestock, or any successor thereto.
18. "Memorandum of Understanding" or "MOU" means an agreement to be entered into between the Recipient and a Beneficiary under Part A of the Project.
19. "MEW" means the Recipient's Ministry of Energy and Water, or any successor thereto.
20. "Mirab(s)" means a community appointed person(s) responsible for operation and maintenance and distribution of water in accordance with traditional water shares.
21. "MoF" means the Recipient's Ministry of Finance or any successor thereto.
22. "Monitoring and Evaluation Unit" and "M&E Unit" mean the monitoring unit established in MEW.

23. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published by the Bank in January 2011.
24. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 4, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. "Project Affected Persons" or "PAPs" means all the people affected by the Project through land acquisition, relocation, or loss of incomes and includes: (i) persons affected directly by the right of-way or construction work area; (ii) persons whose agricultural land or other productive assets such as trees or crops are affected; (iii) persons whose businesses are affected and who might experience loss of income due to the project impact; (iv) persons who lose employment as a result of Project impact; and (v) people who lose access to community resources or property as a result of the Project.
26. "Project Coordination Unit" or "PCU" means the unit to be established pursuant to the provisions of Section I.A(1)(a) of Schedule 2 of this Agreement.
27. "Project Operations Manual" means the manual to be prepared by MEW for approval by the Association pursuant to the provisions of Section I.B (a) of Schedule 2 to this Agreement.
28. "Project Regions" means the Recipient's regions of Kabul (including the sub-region of Bamyan), Mazar-e-Sharif, Herat, Jalalabad, Kunduz and Kandahar.
29. "Project Steering Committee" or "PSC" means the committee to be maintained pursuant to the provisions of Section I.A(1)(b) of Schedule 2 of this Agreement.
30. Project Year or "PY" means the period of 12 months after the date of effectiveness of this Agreement.
31. Provincial Water Management Department" or "PWMD" means the provincial offices of MEW's Central Water Management Department.
32. "Regional Coordination Committee" or "RCC" means the committee to be maintained under Section I.A (1)(d) of Schedule 2 of this Agreement.
33. "Resettlement Costs" means the reasonable costs under Category (1) incurred by MEW in relation to relocation payments to Project Affected Persons, including cash and other payments for livelihood resettlement as identified in the LARAPs and agreed by the Association.

- 34. “Small Dam” means the structures, embankments and appurtenances constructed across rivers for storing water, not exceeding fifteen (15) meters in height.
- 35. “Sub-Project” means the rehabilitation of irrigation infrastructure under Part A.1 of the Project.
- 36. “Training” means the reasonable costs in respect of Category (1) incurred for study visits, workshops and conferences conducted in the territory of the Recipient for, or attended abroad by, MEW’s officials and staff, including the purchase and publication of materials, rental of facilities, course fees and travel and subsistence of trainees.
- 37. “Vulnerable Group” means a vulnerable group within the Project Affected People such as female-headed households, the landless, disabled and elderly people as well as poor families.