

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 03, 2016

His Excellency Eklil Ahmad Hakimi
Minister of Finance
Ministry of Finance
Kabul, Islamic Republic of Afghanistan

Excellency:

Re: Afghanistan Reconstruction Trust Fund Grant No.TF0A1898
Preparation of Support to Afghan Land Authority Project
Letter Agreement

In response to the request for financial assistance made on behalf of the Islamic Republic of Afghanistan ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Afghanistan Reconstruction Trust Fund ("ARTF"), proposes to extend to the Recipient, a grant in an amount not to exceed four million ninety five thousand United States Dollars (U.S.\$4,950,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the activities described in Section 2.01 of the Annex ("Activities").

The objective of the Activities is to facilitate the preparation of the proposed Support to Afghan Land Authority Project which has the objective of supporting the Recipient to develop the policy and regulatory framework and build capacity to deliver transparent, pro-poor land services ("Project"), for the carrying out of which the Recipient has requested the financial assistance from the World Bank, in its capacity as administrator of the ARTF.

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World 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.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Grant does not constitute or imply any commitment on the part of the World Bank to assist in the financing of the Project; and (b) it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.


Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall

become effective as of the date of the countersignature and the Subsidiary Grant Agreement being executed on behalf of the Recipient and Afghanistan Independent Land Authority (AILA) ("Effective Date").

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Robert J. Saum
Country Director

AGREED:
ISLAMIC REPUBLIC OF AFGHANISTAN


By: _____
Authorized Representative
Name: Minister
Title: _____
Date: Sep 9, 2016

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”), with the modifications set forth in Section II of the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Project Execution

2.01. **Description of Activities.** The Activities for which the Grant is provided consist of the following parts:

(a) Providing technical advisory services, training, and other material support to update the land policy paper for consultation with the stakeholders, and to develop law on land expropriations; procedures for land rights identification and land clearance; regulations for registering customary documents; and regulations for registering land after dispute settlements; a grievance redress mechanism(s); by-laws and procedures in support of the implementation of AILA’s 5-year strategic development plan.

(b) Carrying out of an environment and social assessment to take stock of earlier analytical work and pilots in dispute resolution, land registration, as well as identification of major stakeholder and political economy dimensions of land governance reforms; to assess potential downstream impacts; and to ensure compliance with policies, laws and procedures with applicable safeguard provisions and facilitating a pro-poor orientation of all approaches and documents prepared under the Project.

(c) Carrying out of a review of the land survey system and developing a new strategy for mapping, surveying and registering land, development of a strategy and procedures for transfer from court based to administrative land registration, including the provision of technical advisory services.

(d) Carrying out a set of activities to disseminate and raise awareness, training (local and international) and capacity building activities in connection with the revised laws, regulations and procedures, at national and provincial level, and upgrading of AILA’s office facilities.

2.02. **Activities Execution Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through AILA in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall make the proceeds of the Grant available to AILA in accordance with a Subsidiary Grant Agreement to be entered into between the Recipient and AILA in accordance with terms and conditions satisfactory to the World Bank, which shall include the following:

- (i) AILA shall undertake to carry out the Activities with due diligence and efficiency and in accordance with appropriate management, financial, engineering and public utility practices, and social and environmental standards acceptable to the World Bank, including the Anti-corruption Guidelines, and shall provide, promptly as needed, the facilities and other resources required for the purpose.
 - (ii) AILA shall undertake to carry out procurement under the Activities in accordance with the provisions of Section 2.09 of this Annex.
 - (iii) AILA shall undertake to maintain a financial management system and records and accounts adequate to reflect sound accounting practices, its operations and financial condition.
 - (iv) The Recipient shall have the right to suspend or terminate the right of AILA to the use of the proceeds of the Grant made available under the Subsidiary Grant Agreement upon failure by AILA to perform its obligations under such agreement.
- (b) The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Activities. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.

2.04. *Environmental and Social Safeguards.* The Recipient shall:

- (a) without limitation upon the provision of Section 2.02 above and in order to ensure proper implementation of the Activities and the Project in an environmentally and socially responsible manner, ensure that the terms of reference for any consultancies related to any studies, technical assistance and capacity building activities under this Agreement shall be satisfactory to the World Bank following its review thereof, and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank's Safeguard Policies, as applied to any consultations, information gathering and advice conveyed through such studies, technical assistance and capacity building activities;
- (b) ensure that only civil works for upgrading or for renovating AILA's office facilities to be carried out on existing AILA's compound shall be eligible for financing under the Grant;
- (c) carry out such civil works for upgrading or for renovating AILA's office facilities under this Grant, in accordance with the EMP, in a manner and substance satisfactory to the World Bank;
- (d) refrain from amending, suspending, waiving, abrogating, and/or voiding any provision of the EMP, in whole or in part, without the prior written agreement of the World Bank;
- (e) ensure that the bidding documents for the civil works for construction/upgradation works of AILA's office facilities shall include the EMP and the estimated budget for implementation of the EMP, and that each contract for such civil works include the obligation of the relevant contractor to comply with the EMP applicable to such civil works commissioned/awarded pursuant to said contract;
- (f) not later than one (1) month after the Effective Date, appoint, and thereafter maintain throughout the implementation of the Activities, under terms of reference satisfactory to the World

Bank, an adequately trained, duly qualified, and experienced professional responsible as a focal point for oversight of environmental and social safeguards management within AILA; and

(g) take all measures necessary to regularly collect, compile, and submit to the World Bank, as part of the Project Reports, information on the status of compliance with the EMP.

2.05. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Activities through the ARTF.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Activities.

2.06. **Documents; Records.** In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six 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 World 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 World 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 Donors.

2.07. **Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Activities and prepare Activities Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Activities Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

- (i) An updated version of the land policy paper has been prepared.
- (ii) A strategy for mapping, surveying and registering has been drafted.
- (iii) An updated implementation plan for AILA's 5-year development strategy has been prepared.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.08. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six months after the end of such period.

2.09. **Procurement**

(a) General. All goods, works, non-consulting services and 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:

(i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Procurement Guidelines"), in the case of goods and non-consulting services;

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods, Works and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding subject to the following additional procedures agreed upon from time to time between the Recipient and the World Bank and set forth in the Procurement Plan.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Limited International Bidding; (B) National Competitive Bidding, subject to the following additional provisions agreed upon from time to time between the

Recipient and the World Bank and set forth in the Procurement Plan; (C) Shopping; (D) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; and (E) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

(f) Document Retention. Notwithstanding the provisions of paragraphs 2(j) and 5 of Appendix 1 to the Procurement Guidelines, and paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (i) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven years and six months after the Closing Date set forth in Section 3.03 of this Agreement; (ii) shall furnish such documentation to the World Bank at any time upon request; and (iii) hereby authorizes the World Bank to disclose such documentation to the Donors.

Article III
Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The 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 USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, Training, consultants' services, Incremental Operating Costs under the Activities	4,950,000	100%
TOTAL AMOUNT	4,950,000	

3.02. *Withdrawal Conditions.* Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. *Withdrawal Period.* The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2018.

**Article IV
Recipient's Representative; Addresses**

4.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

4.02. *Recipient's Address.* The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Pashtunistan Watt
Kabul
Islamic Republic of Afghanistan

Facsimile:

93-20-210-3258

4.03. *World Bank's Address.* The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

1-202-477-6391

APPENDIX

Section I. Definitions

1. "AILA" means Afghanistan Independent Land Authority, an independent and autonomous agency established by Presidential Decree and Cabinet Resolution no.11 dated May 27, 2013 (1392/3/6).
2. "EMP" means the Recipient's environmental management plan dated July 11, 2016 adopted by AILA and disclosed on July 31, 2016, acceptable to the World Bank, which sets out the mitigation, enhancement, monitoring and institutional measures, including capacity building through training; in each case as required to: (a) eliminate adverse environmental impacts of the Activities to be implemented under this Agreement (in particular the civil works to be carried out under Section 2.01(d) of this Agreement); (b) offset them, or reduce them to acceptable levels; (c) enhance any positive impacts thereof; and (d) ensure compliance with the Recipient's statutory environmental requirements, as such plan may be revised, updated or supplemented from time to time with the prior written agreement of the World Bank.
3. "Incremental Operating Costs" means the incremental operating expenses incurred by AILA on account of implementation of the Activities, including car rentals, the operation and maintenance of vehicles, office rentals, office supplies, communication charges including internet charges, insurance costs, office administration costs, banking charges, utility charges, advertising expenses, domestic travel and per diem allowances, but excluding salaries and salary supplements of the Recipient's civil servants.
4. "Subsidiary Grant Agreement" means the agreement referred to in Section 2.03 of the Annex to this Agreement.
5. "Training" means the costs associated with the training and workshop participation of personnel involved in implementation of the Activities, including travel and subsistence costs for training participants, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop.
6. "World Bank Safeguard Policies" means the World Bank's operational policies and procedures set forth in the World Bank's Operational Manual and identified as OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. The term "Project", whenever used in the Standard Conditions, is modified to read "Activities" (and related text adjusted for grammatical correctness accordingly).
2. The term "Project Report", whenever used in the Standard Conditions, is modified to read "Activities Report".