Afghanistan Reconstruction Trust Fund Grant Agreement

(Preparation of Justice Sector Delivery Project)

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

(acting as Administrator of the Afghanistan Reconstruction Trust Fund)

Dated February 15, 2012
ARTF GRANT AGREEMENT

AGREEMENT dated February 15, 2012 ("Grant Agreement"), entered into between ISLAMIC REPUBLIC OF AFGHANISTAN ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION acting as administrator (the "Administrator") of grant funds (the "Grant Funds") contributed by various donors (collectively the "Donors") to the Afghanistan Reconstruction Trust Fund ("ARTF").

The Recipient and the Administrator hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010 ("Standard Conditions"), 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 Standard Conditions or in this Agreement and the Appendix hereto.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule I to this Agreement (the "Project"). To this end, the Recipient shall carry out the Project through the MOF, the SC, the MOJ, and the AGO all in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the Administrator 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 III
The Grant

3.01. The Administrator agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement a grant in an amount equal to two million seven hundred sixty-four thousand United States Dollars ($2,764,000) (the "Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the Administrator receives periodic contributions from the Donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Administrator'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. Accordingly, in the event that any donor cancels or fails to pay any contributions under the trust fund to the Administrator for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the Administrator shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the Administrator by the Donors for the purposes of the Grant.

3.04. The amount of the Grant, as approved by the ARTF Management Committee, accordingly shall be available to the Recipient.

Article IV
Recipient's Representative; Addresses

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

4.02. 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. The Administrator'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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 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
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as Administrator of the Afghanistan Reconstruction Trust Fund)

By
Authorized Representative
SCHEDULE 1

Project Description

The Project's objective is to assist the Recipient in the preparation of the Justice Service Delivery project, the objective of which is to increase access to and use of legal services.

The Project consists of the following Parts:

Part 1. Preparation of a roadmap for the sustainable delivery of legal aid services in Afghanistan, including a study of three legal aid structures operating currently under the MOJ and an action plan for their consolidation and full integration into the MOJ.

Part 2. Running Reform Implementation Management Units (RIMUs) in the Supreme Court and Attorney General's Office (AGO) in order to implement inter alia: (i) the development of staffing plans; and (ii) preparation of terms of reference for a capital investment plan and design standards;

Part 3. Support to Legal Libraries, Legal Aid and Legal Outreach offices in order to implement the provision of legal aid through public defenders and legal awareness activities.

Part 4. Collection and desk analysis of baseline data (including existing statistics; surveys; and reports on the performance of courts, and other organizations under the SC, MOJ, and AGO), with a view to preparing a monitoring and evaluation system.

Part 5. Conducting stakeholder consultations and conferences

Part 6: Strengthening Implementation Capacity: (i) Supporting the implementation of the Project through the provision of technical assistance, and operating costs to the Project Support Unit and Project Units; and (ii) Creation of a website for the Justice Service Delivery Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout the period of implementation of the Project, a Project Oversight Committee ("POC") composed of the Chief Justice, Minister of Justice, Attorney General and Minister of Finance to be responsible for the overall policy and strategic planning and management of the Project, and the coordination of the implementation of the Project within the National Justice Program and other development programs.

2. The Recipient shall maintain throughout the period of implementation of the Project, the Project Support Unit to act as secretariat of the POC and be responsible for the day-to-day management and implementation of the Project including financial management, procurement, progress reporting and monitoring, and technical oversight of the implementation of activities under the Project, and staffed in a manner and under terms of reference satisfactory to the Administrator, and including a Procurement Specialist.

3. The Recipient shall maintain throughout the period of implementation of the Project, a Project Implementation Unit in each Justice Sector Institution to facilitate the coordination of activities under the Project with the PSU and the other Justice Sector Institutions, including preparation of annual work plans and annual budgets and submitting them to PSU for review and consolidation.

4. The Recipient shall maintain, throughout Project implementation, a Special Disbursement Unit within the MOF in a form and with functions, staffing and resources satisfactory and acceptable to the Administrator, which unit shall be responsible for the accounting of Project’s funds, and the management of cash resources.

B. Implementation Arrangements

1. The Recipient shall carry out the Project in accordance with the Financial Management Manual.

2. The Recipient shall not amend, suspend, abrogate, repeal, vary or waive any provisions of the Financial Management Manual without the prior agreement of the Administrator and undertake to update said manual as necessary with the prior discussion and agreement of the Administrator.
C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of performance indicators acceptable to the Administrator. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Administrator not later than forty-five (45) days after the end of the period covered by such report.

2. 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 Administrator not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

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

3. The Recipient shall have its Financial Statements for the Project 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 (a) be furnished to the Administrator not later than six months after the end of such period, and (b) be made publicly available in a timely fashion and in a manner acceptable to the Administrator.
4. The Recipient through MOF, shall retain, throughout the period of implementation of the Project, the services of an experienced and qualified financial management agent and an experience and qualified audit agent, both acceptable to the Administrator and under terms of reference satisfactory to the Administrator, to assist the Recipient to comply with all financial management and audit requirements under this Agreement, including the financial management monitoring of the Project.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. 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:

(a) 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 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. Definitions. The capitalized terms used below in 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.

B. 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Selection based on Consultants’ Qualifications; (b) Single-source Selection of consultants.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the Administrator 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 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants' Services under the Project</td>
<td>2,538,330</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Incremental Operating Costs under the Project</td>
<td>225,670</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,764,000</td>
<td></td>
</tr>
</tbody>
</table>

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 nine hundred thousand United States Dollars ($900,000) equivalent may be made for payments made prior to this date but on or after January 1, 2012, for Eligible Expenditures under either Category.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 31, 2012.
APPENDIX

Definitions

1. “AGO” and “Attorney General’s Office” each means the office established and operating as part of the Recipient’s executive branch in accordance with the Constitution of the Islamic Republic of Afghanistan 2004 and charged with the investigation and prosecution of crime.

2. “Financial Management Manual” means the manual dated January 12, 2012, adopted by the Recipient which sets out the financial management arrangements for the Project including the roles and responsibilities of financial management staff, documentation and approval procedures for payments, Project reporting requirements, and quality assurance measures to help ensure that adequate internal controls and procedures are in place and are being followed.

3. “Incremental Operating Costs” mean the incremental expenses incurred on account of Project implementation, support and management, including advertising expenses, 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, domestic travel and per diem allowances, but excluding salaries of officials of the Recipient’s civil service and employees of the Recipient’s Judiciary.

4. “Justice Sector Institutions” means the Attorney General’s Office, the Supreme Court and the Ministry of Justice.

5. “Justice Sector Reform Project” means the project described in Annex 1 of the ARTF Grant Agreement between the Recipient and the Administrator dated July 15, 2007 (ref. TF09216-AF), as amended from time to time.

6. “MOF” means the Recipient’s Ministry of Finance or any successor thereto.

7. “MOJ” and “Ministry of Justice” each means the Recipient’s Ministry of Justice or any successor thereto.

8. “National Justice Program” or “the Program” means the Recipient’s reform program for the justice sector, which comprises of a plan for the achievement of the objectives set out in the Recipient’s National Justice Sector Strategy.

9. “National Justice Sector Strategy” means the Recipient’s statement of objectives reflected in a strategy document discussed at the July 2007, Conference on the Rule of Law in Afghanistan held in Rome, Italy and revised and elaborated since then, aimed at achieving its vision for an impartial and independent justice
system, which objectives include: (i) improved quality of justice; (ii) improved integrity, performance and infrastructure; and (iii) improved coordination and integration within the justice system, with other government institutions and civil society.

10. “Project Implementation Unit” means the unit set up by each Justice Sector Institution under the Justice Sector Reform Project (under the name “Project Unit”), and referred to in Section I.A.3 of Schedule 2 to this Agreement.

11. “Project Oversight Committee” or “POC” means the Recipient’s committee established for purposes of implementing the Justice Sector Reform Project (under the name “Program Oversight Committee”), and referred to in Section I.A.1 of Schedule 2 to this Agreement.

12. “Project Support Unit” or “PSU” means the Recipient’s committee established for purposes of implementing the Justice Sector Reform Project (under the name “Program Support Unit”), and referred to in Section I.A.2 of Schedule 2 to this Agreement.

13. “SC” and “Supreme Court” each means the Supreme Court of the Recipient, established and operating in accordance with the Constitution of the Islamic Republic of Afghanistan 2004 as the highest judicial organ of the Recipient.