

Multitranche Financing Facility Administration Manual

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Afghanistan: Energy Supply Improvement Investment Program

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Facility Administration Manual Purpose and Process

1. The facility administration manual (FAM) describes the essential administrative and management requirements to implement the multitranche financing facility on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The FAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the FAM.
2. The power distribution companies are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the power distribution companies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.
3. At Grant Negotiations, the borrower and ADB shall agree to the FAM and ensure consistency with the Framework Financing Agreement (FFA) and Grant agreements. Such agreement shall be reflected in the minutes of the FFA and Grant Negotiations. In the event of any discrepancy or contradiction between the FAM and the Grant Agreements, the provisions of the Grant Agreements shall prevail.
4. After ADB Board approval of the report and recommendations of the President (RRP) and periodic financing request, changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the FAM.

ABBREVIATIONS

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
DMF	=	design and monitoring framework
ICB	=	international competitive bidding
LAR	=	land acquisition and resettlement
NESP	=	National Energy Supply Program
PIU	=	project implementation unit
PMO	=	Program management office
TOR	=	terms of reference

I. PROGRAM AND PROJECT DESCRIPTION

A. Impact, Outcome, and Outputs

1. Investment Program

1. The investment program will augment energy trade and regional cooperation, strengthen country's energy infrastructure, increase energy supply to accelerate electrification rate, and improve operational efficiency in the sector. In the power subsector, generation (renewable energy), transmission (domestic and regional), and distribution (on- and off-grid) projects are proposed; while wells rehabilitation and gas to power conversion projects are proposed in gas subsector. Current lack of energy supply and demand-supply imbalance constrains economic growth and opportunities; creates disparities in Afghanistan's economic development; and fuels ethnic and regional tensions, insecurity, and discontent.¹ A Multitranche Financing Facility (MFF) instead of a stand-alone project is proposed for investment because (i) tranches will be programmatically aligned and sequenced with government's 10-year national priority program in various subsectors, (ii) program will be showcased to explore and confirm cofinancing options, (iii) continuity in combining investments in energy infrastructure and nonphysical components for integrated energy sector development will be ensured, and (iii) allow neighboring countries to develop regional projects for transit and trade into Afghanistan and beyond.

2. The impact of the investment program will be improved access to sustainable energy supplies across Afghanistan. The outcome will be increased supply of imported and indigenous power and a higher electrification rate across Afghanistan. The investment program will be implemented nationwide.

3. The investment program will have five outputs: (i) new 500-kilovolt (kV) and 220 kV power transmission lines, power distribution networks, and high-voltage direct-current back-to-back convertor commissioned, (ii) renewable energy projects constructed, (iii) domestic gas production and imported volume of natural gas from TAPI gas pipeline increased, (iv) project preparation and management capacity of energy ministries and agencies improved, and (v) business plan and tariff model and framework development for Da Afghanistan Breshna Sherkat (DABS).

4. Tranche 1 of the investment program will implement: (i) 500 kV transmission line from Sheberghan to Dashte Alwan in northern Afghanistan, (ii) 220 kV transmission line from Andkhoy to Sheberghan, (iii) project preparation facility for future energy projects and analytical studies, and (iv) program management and implementation supervision consultancy. This proposed project will underpin expanded power imports by constructing the last missing links to forge Turkmenistan-Afghanistan interconnector, thereby bringing additional power from Turkmenistan from north-west Afghanistan to northern, eastern and to southern Afghanistan. The project is identified in National Energy Supply Program (NESP) as the critical link needed to meet country's future energy needs and is linked with downstream investments under implementation by Asian Development Bank (ADB) and other development partners.

¹ Asian Development Bank (ADB) provided project preparatory technical assistance for the *Multitranchise Financing Facility II: Energy Development 2014–2023*. (TA 8509-AFG for \$1.5 million approved on 20 November 2013).

II. IMPLEMENTATION PLANS

A. Program and Project Readiness Activities

Table 1: Processing Schedule

Indicative Activities	2015				2016					Responsibility
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Advance contracting actions										ADB, DABS, MEW, MOMP ADB, MOF
Retroactive financing actions										
Establish implementation arrangements										
Negotiations and FFA signing			X							
ADB Board approval of Investment Program				X						ADB
ADB Management Approval of Tranche 1				X						MOF, DABS, MEW
Grant Signing of Tranche 1					X					
Government legal opinion provided						X				
Government budget inclusion				X						MOF
Grant effectiveness for Tranche 1						X				ADB, MOF, DABS, MEW

ADB = Asian Development Bank, FFA = framework financing agreement, DABS = Da Afghanistan Breshna Sherkat, MEW = Ministry of Energy and Water, MOF = Ministry of Finance, MOMP = Ministry of Mines and Petroleum

B. Overall Program and Project Implementation Plans

5. The implementation schedules for the investment program and Tranche 1 are in Tables 2, 3 and 4 respectively. Details are in Appendix 3.

Table 2: Investment Program

Tranche	Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1											
2											
3											
4											

Program support (ADF loan)
 project preparation
 project implementation

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Program and Project Implementation Organizations–Roles and Responsibilities

Organization	Management Roles and Responsibilities
Executing agency	Ministry of Finance will monitor the implementation of the investment program following the Framework Financing Agreement.
Implementing agency DABS/MOMP/MEW	Da Afghanistan Breshna Sherkat (DABS), Ministry of Mines and Petroleum (MOMP), Ministry of Energy and Water (MEW) The Executing Agency for the power component of the Facility will be DABS. The Executing Agency for the gas and hydrocarbon related investments MOMP. The Executing Agency for Renewable Energy component would be MEW. DABS, MOMP and MEW will be responsible for day-to-day project implementation under each tranche, including compliance with the design and monitoring framework, grant covenants, and safeguards requirements.
Program oversight body	Ministry of Finance, Islamic Republic of Afghanistan
ADB	Financier
Islamic Republic of Afghanistan	Borrower

ADB = Asian Development Bank, DABS = Da Afghanistan Breshna Sherkat, MEW = Ministry of Energy and Water, MOMP = Ministry of Mines and Petroleum.

B. Key Persons Involved in Implementation

Implementing Agencies	
Da Afghanistan Breshna Sherkat (DABS)	Ministry of Energy and Water
Officer's Name: Abdul Razique Samadi Position: Chief Executive Officer Telephone: +93 752 024301 Email: razique.samadi@dabs.af Office Address: Chaman Houzori, Kabul, Afghanistan	Officer's Name: Ali Ahmad Osmani Position: Minister of Energy and Water Telephone: +93 752 004820 Email: al.osmani184@gmail.com Office Address: Dar ul Aman, Road, Kabul
Ministry of Mines and Petroleum Position: Minister of Mines and Petroleum Telephone: +93 789 813497 Email: daudsaba@yahoo.com Office Address: Ministry of Mines and Petroleum	
ADB - Energy Division, Central and West Asia Department	
Director	Mission Leader
F. Cleo Kawawaki Director Telephone: (63-2) 632-6113 Email: fkawawaki@adb.org Office Address: 6 ADB Avenue, Mandaluyong City, Manila	Asad Aleem Senior Energy Specialist Tel +93 791 930 042 aaleem@adb.org ADB, Afghanistan Resident Mission (AFRM)

C. Program and Project Organization Structure

1. Investment Program

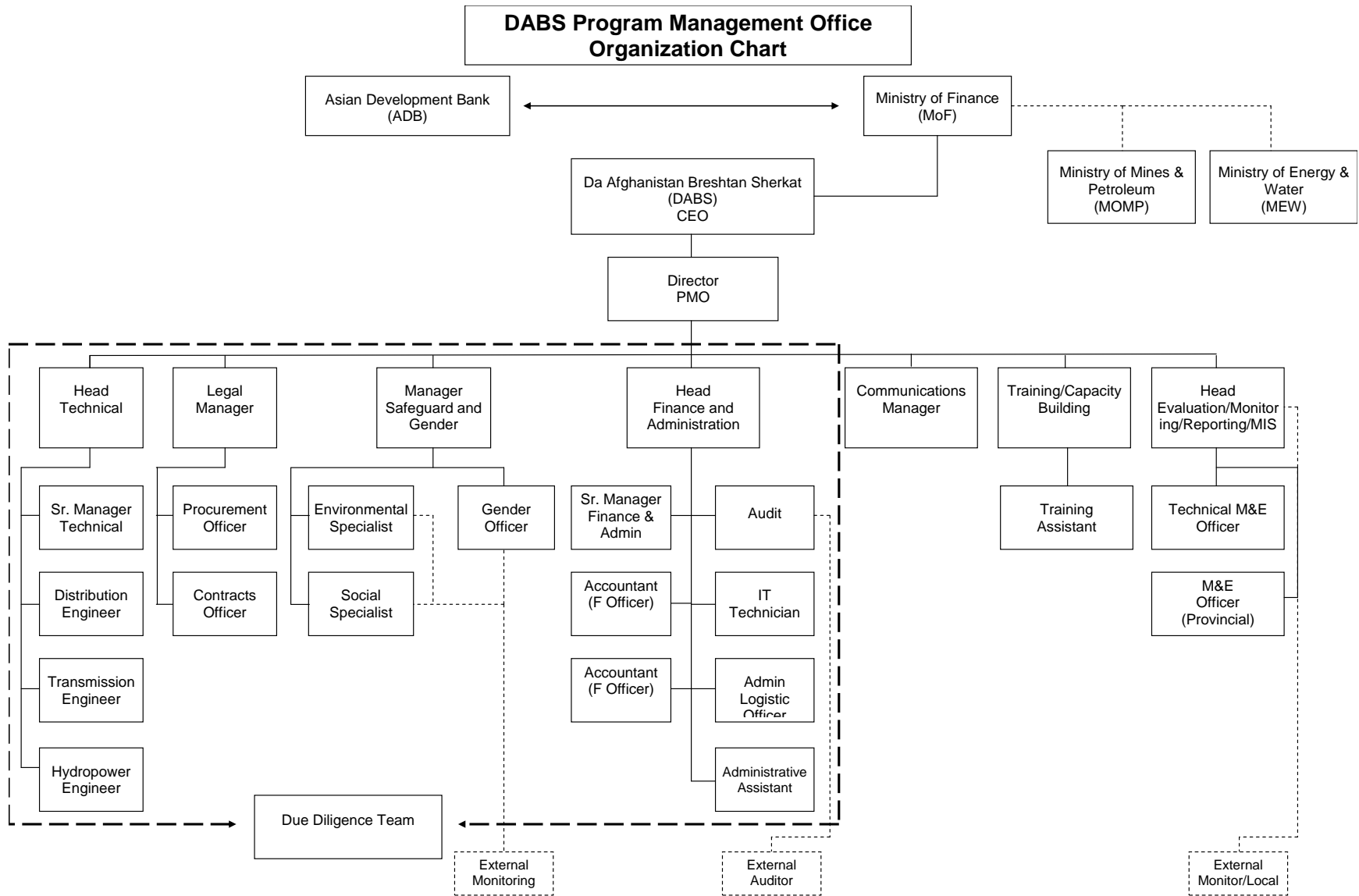
6. DABS is currently the executing agency for ADB-assisted Energy Sector Development Investment Program (Energy MFF).² A well-functioning full time Program Management Office (PMO) is already staffed and operational with the dedicated PMO Director. The PMO will administer all consulting and procurement contracts on behalf of DABS. It will be responsible for preparing project plans, bid evaluation reports, progress reports, withdrawal fund applications, and any other required reports to ADB. The Director of the PMO will report directly to the Chief Executive of DABS. The PMO will be the main point of contact for working communication between DABS and ADB. The PMO will direct and manage the consultants and contractors. An organogram of PMO is attached below.

7. The terms of reference of the PMO Director and staff are as follows:

Unit	Responsibility
PMO Director	<p>The PMO Director is a senior management staff of DABS who is responsible for the overall performance of the PMO. S/he is engaged for at least 5 years without interference from the Government.</p> <p>The Director will supervise the day-to-day implementation of the projects and report directly to DABS' Chief Executive Officer DABS. S/he will also be the point of contact with MOF and ADB.</p>
Technical team	<p>The technical team handles all operational and technical matters during implementation including design, procurement, supervision, commissioning. The team will be supported by the engineers of the consultants.</p> <p>The technical team will also be responsible for the technical due diligence of projects to be included in the subsequent tranches.</p>
Legal team	<p>The legal team provides fiduciary oversight to ensure project implementation adheres to the laws and regulations of Afghanistan, as well as with the policies and guidelines of ADB. The legal team will also monitor compliance with the grant covenants.</p> <p>The legal team will also assist with the legal aspects of procurement.</p>
Finance and Administration Team	<p>The finance and administration team handles administration, including withdrawal applications, bank accounts, and payment instructions.</p> <p>The team will work with the Evaluation/ Monitoring/ Reporting/Management Information System (MIS) Team to prepare and update the MIS in financial management and administration.</p> <p>The team is also responsible for the financial and economic due diligence of projects to be included in the subsequent tranches.</p>
Safeguards and Gender Mainstreaming Team	<p>The team will prepare/review environmental and social safeguard documents and ensure that project implementation adheres to the safeguard policies of the government and ADB. The team will be responsible for hiring an external monitoring agency which will monitor the contractor's compliance with the environmental monitoring and management plans and land acquisition and resettlement plans (LARPs), and issue no-objection certificates for civil works to commence.</p> <p>The team is also responsible for the safeguard due diligence of the projects to be</p>

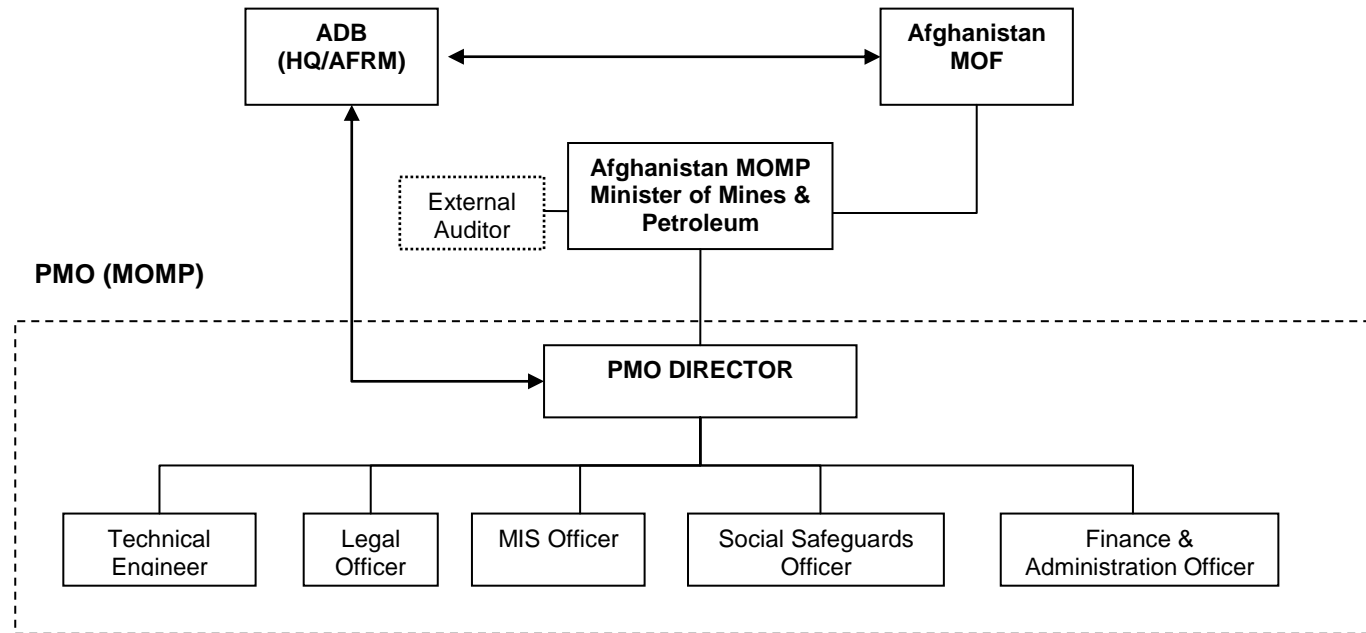
² ADB. 2008. *Report and Recommendation of the President to the Board of Directors for a Proposed Energy Sector Development Investment Program (Multitranche Financing Facility)*. Manila. MFF 0026-AFG for \$570 million approved on 2 December 2008.

Unit	Responsibility
	<p>included in the subsequent tranches.</p> <p>The team will ensure that there are no gender segregation in terms of supply of services and job opportunities.</p>
Due Diligence Team	The team prepares new projects to be included in subsequent tranches. The team consists of staff from technical, legal, finance and administration, and safeguards teams.
Evaluation/Monitoring/Reporting/MIS Team	<p>The team is responsible to establish a Project Performance Monitoring System for the project, collect baseline data, and update periodically. The team measures the results of ADB projects using a methodology consistent with the Design and Monitoring Framework of the project.</p> <p>The team will also be responsible for establishing the MIS, as well as preparing reports as required by the government and ADB.</p>
Communications Team	The team establishes a strategy and action plan, and communicates regularly with the public on actions and successes.
Capacity Building Team	The capacity building team coordinates staff training on (i) planning and project management, (ii) financial management, (iii) policy refinements, and (iv) business operations (including commercial and operational assistance).



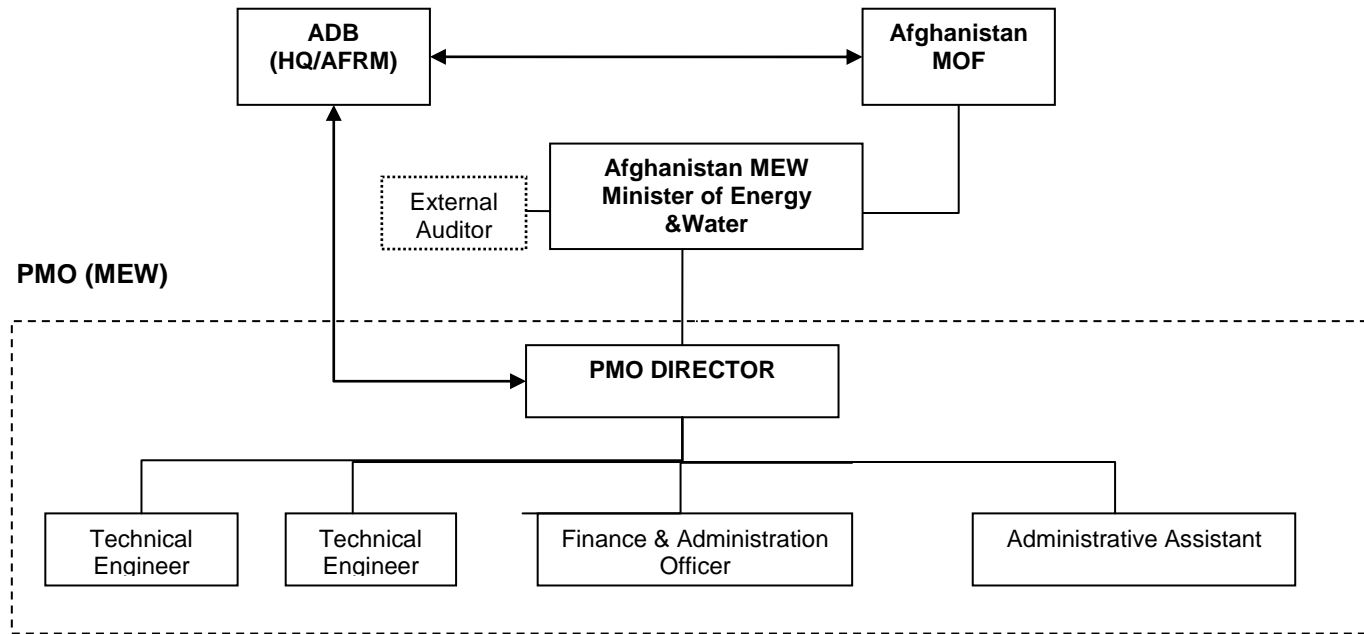
CEO = Chief Executive Officer, M&E = monitoring and evaluation, MIS = management information system, PMO = project management office, IT = information and technology.

Ministry of Mines and Petroleum (MOMP)
PMO Organization Chart



ADB = Asian Development Bank, AFRM = ADB Afghanistan Resident Mission, HQ = ADB Headquarters, MIS = management information system, MOF = Ministry of Finance, MOMP = Ministry of Mines and Petroleum, PMO = Project Management Office;

Ministry of Energy and Water (MEW) Organization
Chart of PMO



ADB = Asian Development Bank, AFRM = ADB Afghanistan Resident Mission, HQ = ADB Headquarters, MIS = management information system, MOF = Ministry of Finance, PMO = Project Management Office;

IV. COSTS AND FINANCING

1. Investment Program

8. To meet its growing demand and electrification rate targets by 2032, the government's national energy supply investment program is estimated at \$10.1 billion.³ The government has requested an MFF in an amount of \$1.2 billion to help finance part of the investment program. The MFF is projected to have 4 tranches from 2015 to 2025, subject to the government's submission of related periodic financing requests, execution of the related grant and project agreements for each tranche, and fulfillment of terms and conditions and undertakings set forth in the framework financing agreement.⁴ Tranche 1 is expected to be executed in 2015. The investment plan for the investment program and tranche 1 is in Table 5.

Table 5: Investment Program
(\$ million)

Item	Amount ^a	
	MFF	Tranche 1
A. Base cost^b		
1. Turnkey contracts	970.0	200.0
2. Preparation of Future Projects and Analytical Studies ^c	40.0	20.0
3. Project security and demining	40.0	10.0
4. Land acquisition and resettlement	8.0	2.2
5. Program management ^d	30.0	20.0
Subtotal (A)	1,088.0	252.2
B. Contingencies^e	120.0	25.0
C. Interest during construction^f	12.0	2.8
Total (A+B+C)	1,220.0	280.0

MFF = multitranche financing facility.

^a Includes business receipt tax and sales tax of 2% (estimated at \$5.3 million) and customs payments of 10% on imported equipment (estimated at \$15.2 million), to be financed from ADB and AITF grant resources.

^b In 2015 prices.

^c Includes due diligence, pre-feasibility, technical, financial, economic, and social assessments for future projects, preparation of bidding documents and evaluation of bids through till contracts award and other analytical support

^d Includes program management and implementation supervision consultant and auditing services for all tranches

^e Physical contingencies computed at 10% for civil works and 5% for non-civil works. The annual inflation rates factored into price contingencies estimates: domestic–5.0% in 2015–2023; foreign–1.9% in 2015–2023

^f Includes interest during construction, calculated at an interest rate of 1% for the loan between the government and Da Afghanistan Breshna Sherkat. Interest during implementation is capitalized in loan.

Source: Asian Development Bank estimates.

9. The government has requested an MFF in an amount up to \$1.2 billion to help finance a portion of the investment program. The MFF comprises an amount of up to \$750 million from ADB's Special Funds resources, i.e., Asian Development Fund (ADF) resources, and an amount of up to \$450 million as joint cofinancing from the Afghanistan Infrastructure Trust Fund (AITF) to be administered by ADB. Any ADF allocation will be subject to (i) the availability of ADF resources, (ii) Afghanistan's access to such resources pursuant to ADB's then applicable Graduation Policy and the requirements of ADF donors, and (iii) the availability of such

³ The National Energy Supply Program is one of 24 national priority programs that have been jointly endorsed by the Government of Afghanistan and the country's international development partners.

⁴ Framework Financing Agreement (accessible from the list of linked documents in Appendix 2).

resources to Afghanistan given ADB's then applicable policy on performance-based allocation of ADF resources.⁵ Cofinancing will be front-loaded for disbursement purposes.

10. The MFF will consist of several tranches, subject to the government's submission of related periodic financing requests, execution of the related grant and project agreements for each tranche, and fulfillment of terms and conditions and undertakings set forth in the framework financing agreement. For tranche 1 of the MFF, the government has requested (i) a grant of \$200 million from ADB's Special Funds resources,⁶ and (ii) a grant of \$75 million from cofinancing from AITF to be administered by ADB. Financing extended under the MFF will cover local taxes and duties, including the business receipt tax.⁷ ADB and AITF have been financing local taxes and duties in Afghanistan since 2011. The government will finance all land acquisition and resettlement costs, and interest during construction.

11. The financing plan is in Table 2. ADB financing constitutes 61.4% of the cost of investments supported by the MFF.

Table 6: Financing Plan

Source	Tranche 1	Tranche 2	Tranche 3	Tranche 4	MFF	Share of Total (%)
	Amount (\$ million)	Amount (\$ million)	Amount (\$ million)	Amount (\$ million)	Amount (\$ million)	
Asian Development Bank	200.0	165.0	205.0	180.0	750.0	61.4
Afghanistan Infrastructure Trust Fund ^a	75.0	165.0	160.0	50.0	450.0	36.8
Others (Executing agencies)	5.0	5.0	5.0	5.0	20.0	1.6
Total	280.0	335.0	370.0	235.0	1,220.0	100.0

MFF = multitranches financing facility.

^a AITF cofinancing amounts for tranches 2–4 will be confirmed before approvals.

Source: Asian Development Bank estimates.

12. **Turnkey contracts.** The turnkey contracts for Energy Supply Improvement Investment Program include: (i) 500 kV transmission line from Sheberghan to Dashte Alwan in northern Afghanistan, and (ii) 220 kV transmission line from Andkhoy to Sheberghan to Dashte Alwan.

13. **Project implementation consultants.** Project implementation consultants (firms) will be recruited to assist the PMO of the DABS and the MEW. The consultants' tasks will include: (i) supervision of project implementation; (ii) training for DABS and MEW. This will be under DABS' responsibility and recruited by DABS. It is financed out of the grant proceeds which are relented by the government to DABS in accordance with the subsidiary loan agreement. DABS will provide necessary office space and office equipment as its share of the project cost.

14. **Program management office.** DABS will be the executing agency of the investment program. The PMO set up under ADB's earlier energy MFF for power distribution (para. 6 and

⁵ ADB. 2004. *Review of the Asian Development Bank's Policy on the Performance-Based Allocation of Asian Development Fund Resources*. Manila; and ADB. 2008. *Refining the Performance-Based Allocation of Asian Development Fund Resources*. Manila.

⁶ A country's eligibility for ADF grants under the revised grant framework is determined by its risk of debt distress. The latest debt sustainability analysis determined that Afghanistan had a high risk of debt distress and was therefore eligible to receive 100% of its ADF allocation as grants.

⁷ Taxes and duties costs do not represent an excessive share of the financing plan and are within applicable country partnership strategy parameters. ADB. 2005. *Innovation and Efficiency Initiative, Cost Sharing and Eligibility of Expenditures for ADB Financing: A New Approach*. Manila. This is in line with ADB's OM (H3 on cost-sharing arrangements and eligible expenditures). This practice is also followed by World Bank in Afghanistan.

footnote 2), which are fully operational and well familiar with ADB policies and guidelines, will be responsible for implementing and monitoring the investment program. The PMO will be provided with consulting support on project implementation covered by the ADF grant.

15. **Environmental management costs.** The environmental mitigation will be undertaken by the turnkey contractor and included in its contract. The environmental monitoring will be undertaken by project supervision consultant and included in its contract.

16. **Land acquisition cost.** Land acquisition costs are financed by the government as their share of the project cost.

17. **Security and demining cost.** This will be under DABS' responsibility and recruited by DABS. It is financed out of the grant proceed.

18. **Taxes and duties.** Taxes and duties will be covered by the ADF grant and the AITF grant, including business receipts tax, sales tax and customs payments.

19. **Project preparation consultants.** Project preparation consultants (firms) will be recruited to support government in conducting project preparatory activities for future tranches.

2. Tranche 1

20. The first tranche of the MFF will implement: (i) 300 kilometers (kms) of 500 kV transmission line from Sheberghan to Dashte Alwan, (ii) 65 kms of 220 kV transmission line from Andkhoy to Sheberghan, (iii) project preparation facility for future energy projects,⁸ and (iv) program management support and implementation supervision. Capacity and governance support remains an integral part of ADB's assistance under (iii) and (iv) as the program management office also implements projects financed by other development partners and acts as a major project development division in DABS. Tranche 1 will allow expanded power imports by constructing the last missing links to forge Turkmenistan-Afghanistan interconnector. Tranches 2 to 4, to be prepared by the project preparatory consultants to be financed under tranche 1, are expected to finance (i) high voltage direct current (HVDC) back to back (B2B) convertor station at Dashte Alwan to enable asynchronous interconnection with Turkmenistan, (ii) transmission line from Herat to Kandahar and distribution networks, (iii) renewable energy generation, and (iv) gas wells rehabilitation and Afghanistan's equity component for Turkmenistan-Afghanistan-Pakistan-Afghanistan (TAPI) natural gas pipeline project. These are NESP priority projects to meet country's future energy needs and are linked with investments by other donors.

21. The first tranche will be financed, in part, from ADB grant (\$200 million) and cofinanced by AITF (\$75 million). ADB and AITF funding for the project includes financing of taxes and duties (including the business receipt tax)(footnote 8). ADB has been financing project taxes and duties in Afghanistan since 2011 and is justified because (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to ADB-financed expenditures, and (iii) the financing of the taxes and duties is material and relevant to the success of the project. This is in line with ADB's Operations Manual (H3 on cost-sharing arrangements and eligible expenditures). This is the practice also followed by the World Bank in

⁸ Selection of future projects must meet the following criteria, among others (i) a priority project in NESP, (ii) a candidate for the least-cost expansion, (iii) compliance with technical, financial/economic, social safeguards due diligence criteria of ADB and the government, and (iv) endorsement by the interministerial commission for energy.

Afghanistan. The AITF financing will be front-end loaded for disbursement purposes. The government will finance the land acquisition and resettlement costs.

A. Detailed Cost Estimates by Expenditure Category

Detail Cost Estimates by Expenditure Category (\$ million)		
Item	Total Cost ^a	% of Total Base Cost
A. Investment Costs^b		
1. Turnkey Contracts (Transmission Lines)	179.48	71.17%
a). 500-kV Transmission Line	134.61	53.37%
b). 220-kV Transmission Line	44.87	17.79%
2. Land Acquisition and Resettlement	2.20	0.87%
3. Security and Demining	10.00	3.97%
4. Preparation of Future Projects	20.00	7.93%
5. Program Implementation and Supervision Consultants	20.00	7.93%
6. Taxes and Duties	20.52	8.14%
Subtotal (A)	252.20	100.00%
Total Base Cost	252.20	100.00%
B. Contingencies^c		
1 Physical	12.75	5.06%
2 Price	12.25	4.86%
Subtotal	25.00	9.91%
C. Interest During Construction	2.80	1.11%
Total Project Cost (A+B+C)		
% Total Project Cost	280.00	111.02%

a Cost estimates includes Afghanistan's business receipt tax and sales-type taxes (7%) and customs payment (10%).

b Investments in 2015 prices.

c Physical contingencies computed at 7% of the base cost. Price contingencies computed at 0.5% on foreign exchange costs and 5.0% on local currency costs.

d Includes interest during construction, calculated at an interest rate of 1% for the loan between the government and DABS
Interest during construction is capitalized in loan

Source: DABS and ADB estimates

B. Allocation and Withdrawal of Grant Proceeds

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Energy Supply Improvement Investment Program -- Tranche 1			
CATEGORY			ADB ADF FINANCING
Number	Item	Total Amount Allocated for ADB ADF Grant Financing (USD)	Percentage and Basis for Withdrawal from the Grant Account**
1	Turnkey Contracts* **	155,000,000	100% of total expenditures claimed
2	Consulting Services (Program Management and Supervision Implementation and Preparation of Future Projects and Analytical Support) **	20,000,000	100% of total expenditures claimed
3	Unallocated	25,000,000	
	Total	200,000,000	

* Includes security and demining.

** Financing allocated to this item under the AITF Grant Agreement will be utilized first at 100% of every claim until it has been disbursed in full. Thereafter, financing allocated to this item under this Grant Agreement will be utilized at 100% of every claim.

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Energy Supply Improvement Investment Program -- Tranche 1			
CATEGORY			AITF FINANCING
Number	Item	Total Amount Allocated for AITF Grant Financing (USD)	Percentage and Basis for Withdrawal from the Grant Account**
1	Turnkey Contracts*	55,000,000	100% of total expenditures claimed
2	Consulting Services (Program Management and Supervision Implementation and Preparation of Future Projects and Analytical Support)*	20,000,000	100% of total expenditures claimed
	Total	75,000,000	

* Financing allocated to these items under the AITF Grant Agreement will be utilized first at 100% of every claim until it has been disbursed in full. Thereafter, financing allocated to this item under the Special operations Grant Agreement will be utilized at 100% of every claim.

C. Detailed Cost Estimates by Financier

Detail Cost Estimates by Financier (\$ million)							
Item	ADB Amount (A)	% of Cost Category (A/D)	AITF Amount (B)	% of Cost Category (B/D)	AFG Amount (C)	% of Cost Category (C/D)	Total Cost ^a (D)
A. Investment Costs^{a, b}							
1. Turnkey Contracts (Transmission Lines)	145.00	72.50%	55.00	27.50%	-	-	200.00
2. Land Acquisition and Resettlement	0.00	-	-	-	2.20	100.00%	2.20
3. Security and Demining	10.00	-	-	-	-	-	10.00
4. Preparation of Future Projects	10.00	50.00%	10.00	50.00%	-	-	20.00
5. Program Implementation and Supervision Consultants	10.00	50.00%	10.00	50.00%	-	-	20.00
Subtotal (A)	175.00	69.39%	75.00	29.74%	2.20	0.87%	252.20
Total Base Cost	175.00	69.39%	75.00	29.74%	2.20	0.87%	252.20
B. Contingencies^c	25.00	100.00%	0.00	0.00%	0.00	0.00%	25.00
C. Interest During Construction^d	0.00	-	0.00	-	2.80		2.80
Total Project Cost (A+B+C)	200.00		75.00		5.00		280.00
% Total Project Cost		71.43%		26.79%		1.79%	100.00%

a Cost estimates includes Afghanistan's business receipt tax and sales-type taxes (7%) and customs payment (10%).

b Investments in 2015 prices.

c Physical contingencies computed at 7% of the base cost. Price contingencies computed at 0.5% on foreign exchange costs and 5.0% on local currency costs.

d Includes interest during construction, calculated at an interest rate of 1% for the loan between the government and DABS. Interest during construction is capitalized during loan

Source: DABS and ADB Estimates

D. Detailed Cost Estimates by Year

Detail Cost Estimates by Year (\$ million)						
Item	Total Cost ^a	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
A. Investment Costs^b						
1. Turnkey Contracts (Transmission Lines)	179.48	0.00	15.00	55.00	71.79	37.69
2. Land Acquisition and Resettlement	2.20	0.50	0.50	0.50	0.50	0.20
3. Security and Demining	10.00	0.00	1.00	2.00	3.00	4.00
4. Preparation of Future Projects and Analytical Studies	20.00	3.00	3.00	5.00	5.00	4.00
5. Program Implementation and Supervision Consultants ^c	20.00	1.50	1.50	2.00	2.00	2.00
6. Taxes and Duties	20.52	0.49	1.89	5.76	7.39	4.99
Subtotal (A)	252.20	5.49	22.89	70.26	89.68	52.88
Total Base Cost	252.20	5.49	22.89	70.26	89.68	52.88
B. Contingencies^d						
Physical	12.75	0.25	1.12	3.45	5.08	2.85
Price	12.25	0.19	1.05	3.89	4.57	2.55
Subtotal B	25.00	0.56	2.34	7.25	9.23	5.59
C. Interest During Construction^e	2.80	0.56	0.56	0.56	0.56	0.56
Total Project Cost (A+B+C)	280.00	6.61	25.79	78.07	99.47	59.03

a Cost estimates includes Afghanistan's business receipt tax and sales-type taxes (7%) and customs payment (10%).

b. In 2015 prices

c The cost of \$20 million for Program Management Consulting Services will be spread throughout the 4 tranches of the MFF Program through till 2025

d Physical contingencies computed at 7% of the base cost. Price contingencies computed at 0.5% on foreign exchange costs and 5.0% on local currency costs.

e Includes interest during construction, calculated at an interest rate of 1% for the loan between the government and DABS. Interest during construction is capitalized during loan

Source: DABS and ADB estimates

E. Detailed Cost Estimates by Output/Components

Detail Cost Estimates by Output/Components					
Item	Total	Output 1 = Transmission Lines		Output 2 = Preparation of Future Projects	
		Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Costs^b					
1. Turnkey Contracts (Transmission Lines)	179.48				
i Equipment		107.12	59.68%	0.00	0.00
ii Civil Works		52.78	29.41%	0.00	0.00
iii Mandatory Spares		15.58	8.68%	0.00	0.00
iii Insurance		1.77	0.99%	0.00	0.00
iv Training		2.22	1.24%	0.00	0.00
2. Land Acquisition and Resettlement	2.20				
i Land Acquisition		0.86	39.09%	0.00	0.00
ii Resettlement		1.34	60.91%	0.00	0.00
3. Security and Demining	10.00				
i Security		8.63	86.30%	0.00	0.00
ii Demining		1.37	13.70%	0.00	0.00
4. Preparation of Future Projects	20.00				
i Projects Identification and Design		0.00	0.00	8.56	42.80%
ii Preparation of Bidding Documents		0.00	0.00	7.89	39.45%
iii Evaluation of Bids		0.00	0.00	3.55	17.75%
5. Program Implementation & Supervision Consultants	20.00				
i Implementation Supervision		8.50	42.50%	0.00	0.00
ii Training		0.50	2.50%	0.00	0.00
6. Taxes and Duties	20.52	20.52	100.00%	0.00	0.00
Subtotal (A)	252.20	221.19		20.00	
Total Base Cost	252.20	221.19		20.00	
B. Contingencies^c	25.00				
Physical	12.75	11.20	44.80%	1.55	6.20%
Price	12.25	9.56	38.24%	2.69	10.76%
C. Interest During Construction	2.80	2.80	100.00%	0.00	0.00%
Total Project Cost (A+B)	280.00				

a Cost estimates includes Afghanistan's business receipt tax and sales-type taxes (7%) and customs payment (10%).

b Investments in 2015 prices.

c Physical contingencies computed at 7% of the base cost. Price contingencies computed at 0.5% on foreign exchange costs and 5.0% on local currency costs.

d Includes interest during construction, calculated at an interest rate of 1% for loan between government and DABS. Interest during construction is capitalized during loan

Source: DABS and ADB estimates

F. Contract and Disbursement S-curve

22. The graph shows contract awards and disbursement over the life of the project, and annually based on the contract awards and disbursement projections.

Baseline Projections: Project Level

	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2016	0.00	0.00	00.00	0.00	00.00	0.00	0.00	0.00	0.00	0.00
2017	0.00	75.00	0.00	100.00	175.00	0.00	5.00	5.00	25.00	35.00
2018	0.00	40.00	0.00	20.00	60.00	0.00	25.00	0.00	30.00	55.00
2019	0.00	0.00	0.00	0.00	00.00	0.00	30.00	0.00	30.00	60.00
2020	15.00	25.00	0.00	0.00	40.00	35.00	40.00	10.00	40.00	125.00
	Total Contract Awards				275.00	Total Disbursements				275.00

Baseline Projections Product Level: AITF Grant*

	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017	0.00	35.00	0.00	40.00	75.00	0.00	5.00	5.00	25.00	35.00
2018	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	15.00	40.00
2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	00.00
	Total Contract Awards				75.00	Total Disbursements				75.00

Baseline Projections Product Level: ADF Grant

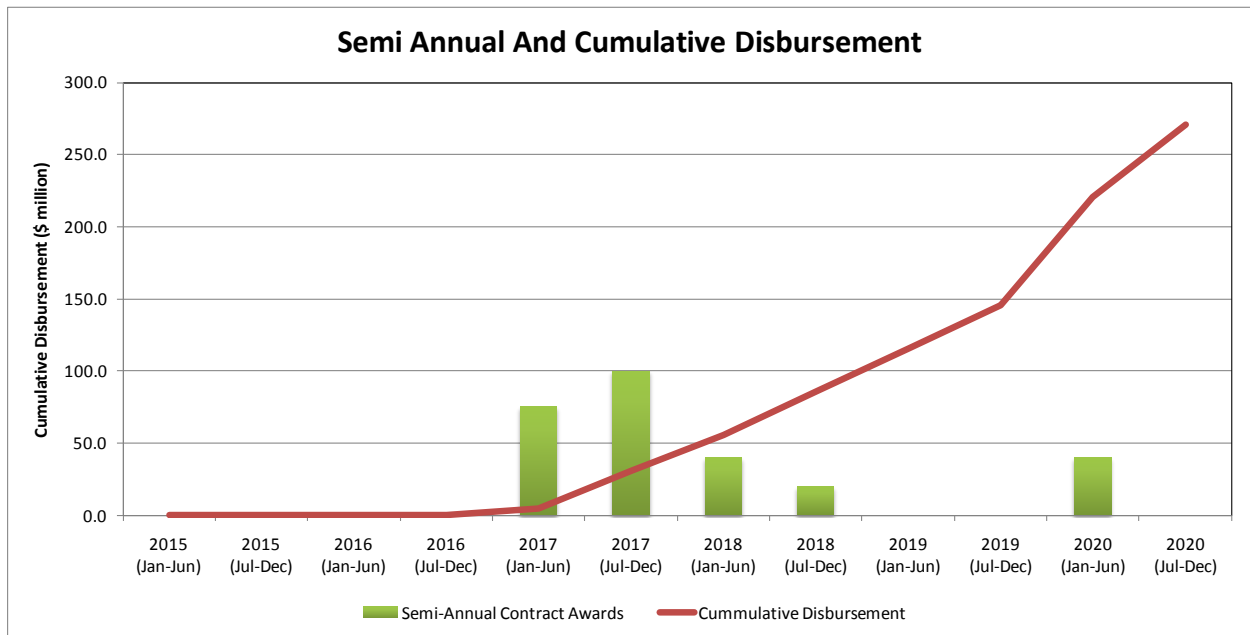
	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017	0.00	40.00	0.00	60.00	100.00	0.00	0.00	0.00	0.00	0.00
2018	0.00	40.00	0.00	20.00	60.00	0.00	0.00	0.00	15.00	15.00
2019	0.00	0.00	0.00	0.00	0.00	0.00	30.00	0.00	30.00	60.00
2020	15.00	25.00	0.00	0.00	40.00	35.00	40.00	10.00	40.00	125.00
	Total Contract Awards				200.00	Total Disbursements				200.00

* Note: The AITF financing will be front loaded to disburse funds.

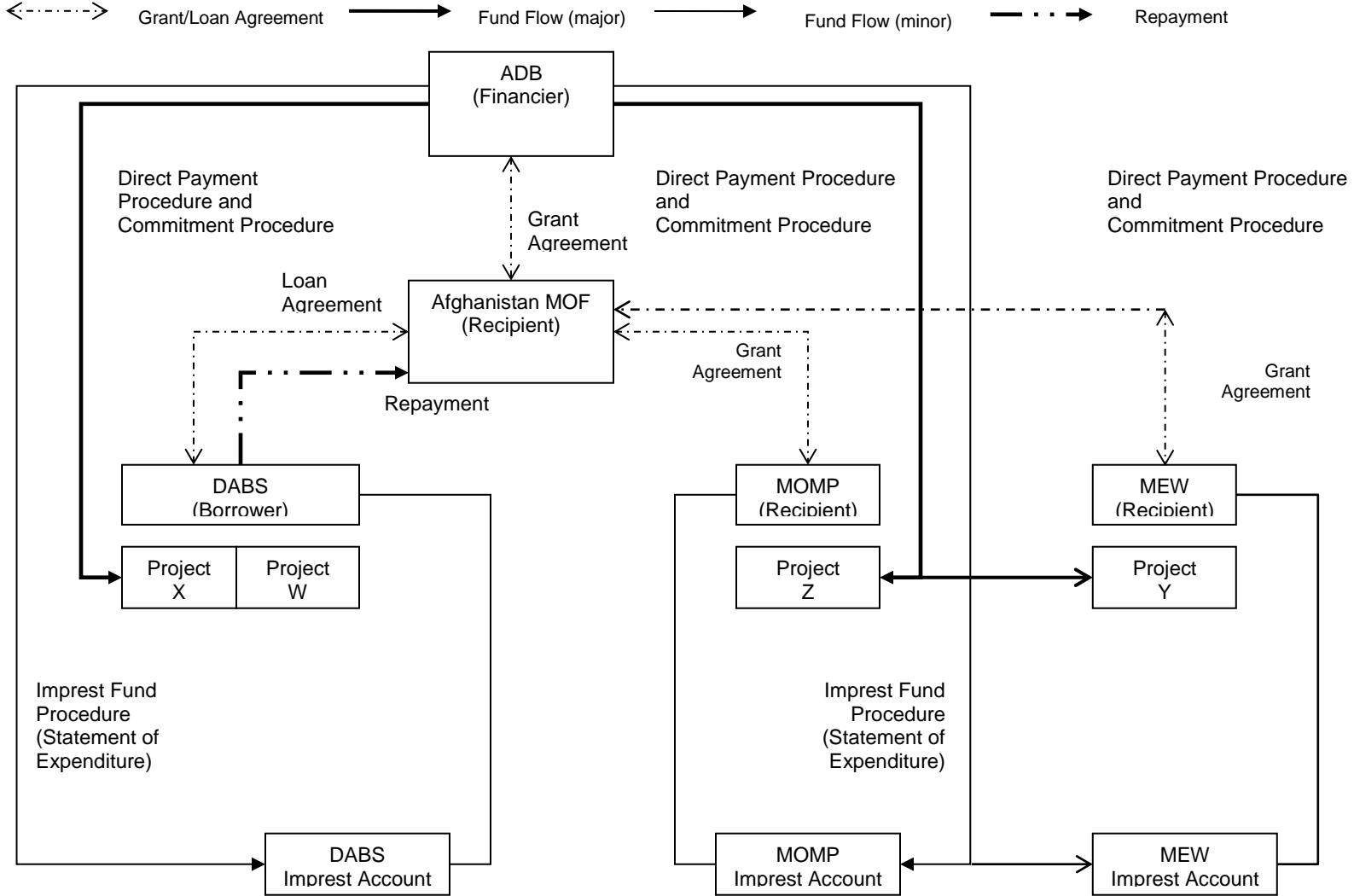
Baseline Projections: S-curve

Note: Graph only includes ADB- and AITF-funded portion excluding unallocated (contingency) amounts.

Source: Asian Development Bank estimates.



G. Fund Flow Diagram



ADB = Asian Development Bank; DABS = DA Afghanistan Breshna Sherkat; MOMP = Ministry of Mines and Petroleum; MEW = Ministry of Energy and Water
 MOF = Ministry of Finance. For commitment procedure, ADB proceeds go directly from ADB to a nominated bank of the supplier on a reimbursement basis.

V. FINANCIAL MANAGEMENT ASSESSMENT

A. Financial Management Assessment

23. A financial management assessment (FMA) for DABS was conducted for the Energy Supply Improvement Investment Program in accordance with ADB's guidelines.⁹ The FMA includes a review of DABS' systems for corporate governance, financial and management accounting, reporting, auditing, internal controls, and fund flow pertaining to the project. A detailed FMA is available in the Supplementary Appendix 16: Financial Management Assessment.

24. DABS' capacity in financial management and accounting systems still remains quite weak and, while certain policies and procedures may have been established, implementation of such has not fully taken place. Lack of qualified professional staff remains a key issue. However, this FMA also re-asserted that such issue could not be resolved in the immediate future due to the unstable political situation in Afghanistan.

25. The project is expected to improve DABS's financial management in 2 ways. Complying with ADB requirement on external audit for corporate financial statements will improve the transparency of DABS's financial performance. The PMO will maintain adequate and experienced staff, and training on ADB procedure is necessary. Project supervision consultant will be recruited to assist the PMO and to ensure accurate project cost recording, timely disbursement, and accurate and comprehensive reporting. MFF2 Tranche 1 will recruit consultants under Preparation of Future Projects and Analytical Studies component to formulate a comprehensive 5 year business plan for DABS, target approval by 30 June 2017 that will provide requisite information to be covenanted in subsequent tranches such as investment plan, technical, governance and other capacity constraints, and financial requirements and projections to finalize the roadmap for DABS (2017–2021). Tranche 1 will also recruit consultants to develop a tariff model for DABS to ascertain average cost of generation/imports and recommend tariff framework. Information from this exercise will assist ADB (and others) to confirm conditions for future investments. Following covenants will be incorporated into MFF:

- (i) DABS Board will approve a 5-year Business Plan for utility by 31 December 2017 and begin implementation by 30 June 2018.
- (ii) DABS Board will approve tariff model and framework to ascertain cost of generation/imports, cost of transmission/distribution, operation and maintenance (O&M) and other fixed and variable costs and determine consumer tariff, by 31 December 2017 and adopt by 30 June 2018.
- (iii) DABS will continually adjust tariff levels so as to ensure recovery of generation, transmission, distribution, power systems, fixed utility and other costs, through the tariff.

26. Overall control risk could be mitigated to moderate level through various mitigation measures. The financial management risk assessment and mitigation measures are summarized in the table below:

⁹ ADB. 2005. *Financial Management and Analysis of Projects*. Manila.

Table: Financial Management Risks

Risk	Risk Assessment	Management Plan and/or Mitigation Measures
1. Inherent risks (specific to the executing agency)	Substantial	<ul style="list-style-type: none"> Corporate governance will need to be strengthened in order to ensure adequate implementation of all projects and sustainability of the business operation. Policies and procedures to follow national guidelines and best practices. DABS to agree with ADB with regards to the required form and content of regular reporting to SMG of ADB funded projects by PMO.
2. Financial risks	Moderate	<ul style="list-style-type: none"> DABS' PMO has developed and strengthened its financial management capacity under the earlier 4 tranches. The program management and project implementation consultants are providing adequate assistance in conducting due diligence, and providing requisite training to DABS on financial management. A USAID funded financial management capacity building program (\$35 million) is also underway in DABS that is providing training and addressing weaknesses identified by the external auditors as well as under the financial management assessment conducted by other donors. ADB direct payment, commitment letters, and reimbursement procedures are also indirectly reducing financial management risks and these invoices are vetted by AFRM and by project staff in Manila.
3. Staffing	Moderate	<ul style="list-style-type: none"> Existing PMO to manage the project and be supported by international consultants.
4. Accounting policies, procedures, and systems	Moderate	<ul style="list-style-type: none"> Similar to previous MFF projects, a project accounting system will need to be established and maintained for the project, with ADB procedures to be followed to minimize financial risk. The external auditors have identified certain weaknesses in the disclaimers for fiscal years 2009 to 2014. These are being mitigated by DABS through extensive assistance of \$200 million by the 3 development partners including ADB, USAID and the World Bank.
5. Internal audit	Moderate	<ul style="list-style-type: none"> Strengthening internal auditing through training to further enhance corporate governance and monitoring and evaluation of business operation.
6. Reporting and monitoring	Substantial	<ul style="list-style-type: none"> A reporting system, which will have functionality for automatic generation of financial reports, will need to be established and maintained for the project. Implementation consultants will be recruited to assist PMO in supervising the project implementation, recording project costs, preparing withdrawal applications and progress reports.
7. Information systems	Substantial	<ul style="list-style-type: none"> Project accounts and other data are kept separated from DABS business operation data across DABS' information systems.
Overall	Substantial	<ul style="list-style-type: none"> Overall project risk should be reduced if all mitigation measures are undertaken.

ADB = Asian Development Bank, AFRM = Afghanistan Resident Mission, DABS = Da Afghanistan Breshna Sherkat, MFF = multitranchise financing facility, PMO = Project Management Office, SMG = Senior Management Group, USAID = United States Agency for International Development.

B. Disbursement

27. The grant proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook¹⁰ (2015, as amended from time to time). Direct payment procedures will generally be used for large civil works contracts, turnkey contracts and consulting services. Commitment procedures may be used for large turnkey contracts, and supply and delivery contracts. Online training for project staff on disbursement policies and procedures is available at http://wpqr4.adb.org/disbursement_elearning. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control" in this section.

28. EAs will independently establish their respective imprest accounts for the Investment Program at a bank acceptable to ADB, with initial advance equivalents to the estimated eligible project expenditures to be paid through the imprest accounts for the next 6 months or \$100,000, whichever is lower. The imprest account will be established, managed, and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed to by the Government and ADB. Statement of expenditure procedures will be used to reimburse eligible expenditures, or to liquidate and replenish the imprest account for any individual payment under \$50,000. The minimum value per withdrawal application is US\$100,000 equivalent. Individual payments below this amount should be paid by the EA and subsequently claimed from ADB through reimbursement; unless otherwise accepted by ADB.

C. Financial Accounting and Auditing

29. **Accounting.** DABS will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following the accrual-based accounting following the International Financial Reporting Standards. The DABS will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

30. **Auditing and public disclosure.** DABS will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditors' opinion will be submitted in the English language to ADB within six months of the end of the fiscal year by DABS.

31. DABS will also cause the entity-level financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited entity-level financial statements, together with the auditors' report and management letter, will be submitted in the English language to ADB within one month after their approval by the competent authority.

32. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial and operational covenant contained in the legal agreements for the project; (iv) use of the imprest fund

¹⁰ Available at: <http://www.adb.org/documents/loan-disbursement-handbook>

procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents.

33. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

34. The Government and DABS have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.¹¹ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

35. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).¹² After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Procurement

36. A procurement capacity assessment found that the country's procurement system is weak but improving. Public procurement by government controlled corporate entities including DABS, is governed by Public Procurement Law (29 July 2008, with amendment incorporated on 18 Jan 2009) of Afghanistan. A Procurement Policy Unit is established in the MoF for policy and professional development and as a performance monitoring organ in the field of Public Procurement. The Procurement Policy Unit is responsible for prescribing policies and proposing improvements in procurement practices to accomplish the purposes of the Law in all areas of Public Procurement. Although the public procurement legislative framework provides a theoretically sound environment for competitive and transparent procurement, it is not strictly enforced. In addition, the capacities of the procurement entities and the supervising authorized state body on public procurement are limited. Under the ongoing ADB Energy MFF, project

¹¹ ADB approach and procedures regarding delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

¹² Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

supervision and implementation consultant has been engaged in assisting the PMO in the procurement process to ensure that the procurement procedure conforms to ADB's policy and guideline. Under this project, a separate project supervision consultant will be recruited to assist the PMO in project implementation and supervision. A summary of the assessment on the country's procurement system and DABS's procurement capacity is shown below.

Assessment of the National Environment	Business Environment and Enterprise Performance Survey (BEEPS, 2008) reports that crime, theft and disorder and corruption as some of the main problems in doing business. The country also ranked 174 out of 176 countries in 2014 Transparency International Corruption Perception Index.
General Agency Resource Assessment	Da Afghanistan Breshna Sherkat (DABS) has an existing well-staffed project management office (PMO) with experience with ADB and other donor-funded projects. It is staffed with 21 staffs plus a Director. The legal and technical teams are in charge of procurement process. A safeguard team is in charge of safeguard monitoring while the financial and administrative team is in charge of adhering to ADB project accounting requirements. The PMO will continue to be strengthened by capacity building from project supervision consultant to be hired under the project. It is also recommended that appropriate training in ADB guidelines and procedures be provided by ADB.
Agency Procurement Process	The Public Procurement Law (PPL) calls for the procuring entity to assign a department to handle the tender and to establish a Procurement Committee (PC) for each tender. There must be at least three members in the committee. PC functions are (i) verifying proper procurement planning and preparation of procurement proceedings; (ii) approving the proposed invitation, notices, requests and other documents; (iii) open bids and record bid opening; (iv) evaluate bids ; (v) rejecting unsuccessful bids and recommend winner of the bid to the donor; (vi) discharging any other duties or functions.
Process Control and Oversight	The PMO is expected to provide control and oversight of the procurement All the procurement process will be assisted and monitored by project supervision consultant to ensure compliance with ADB guidelines and procedures. This will assure transparency and accountability for all procurement activities.
Records Keeping and Audit	Project management records including procurement are maintained in the PMO. DABS assured ADB that a separate project financial statement will be established and that it will be audited annually by an external auditor acceptable to ADB.
Summary Assessment and Recommendations	The country procurement system and DABS's capacity on procurement are weak. The current procurement practice is considered to be insufficient from the standpoint of transparency and accountability. It is recommended that (i) appropriate training in ADB guidelines and procedure be provided by ADB resources and (ii) the project supervisor consultant closely monitor the procurement progress and undertake timely and adequate actions as necessary to ensure speedy and efficiency procurement in a transparent and competitive manner.

37. Procurement of works and goods to be financed under the Investment Program will be implemented in accordance with ADB's procurement guidelines¹³ (Procurement Guidelines) as amended from time to time. International competitive bidding (ICB) will generally be used for supply contracts estimated to cost over \$0.5 million and for works, and engineering, procurement and construction (EPC) and turnkey contracts over \$2 million.

38. The procurement plan will be updated at least annually covering the next 18 months of procurement activity. NCB Annex in Section 3 of the procurement plan summarizes necessary modifications or clarifications to the Borrower's procedures to carry out NCB under financed the Facility.

¹³ ADB. 2013. *Procurement Guidelines* (2013). Manila.

B. Advance Contracting and Retroactive Financing

39. Anticipating the relatively long recruitment and procurement process ascribing to the security situation in Afghanistan, ADB management has approved advance contracting and retroactive financing requested by the Government. The Government was informed that, in order for expenses incurred before tranche effectiveness to be eligible for retroactive financing, procurement and recruitment procedures must be fully compliant with the Procurement Guidelines and Consultant Guidelines. At effectiveness, up to 20% of such tranche proceeds may be used to retroactively finance eligible expenditures incurred during the period not exceeding 12 months prior to signing of the financing agreement. Alternatively, the Government may also opt for advance contracting without retroactive financing, in which case, the procurement procedures completed under advance contracting do not conclude with the award of contract until after the tranche become effective. The Government and the EAs have been informed that approval of advance contracting and retroactive financing does not commit ADB to finance any of the proposed projects.

40. Consultants will be selected and engaged in accordance with the Consultant Guidelines,¹⁴ as amended from time to time. Quality-and Cost-based selection method (QCBS) with 90:10 weightage will generally be used to attract more interest of qualified firms, considering volatile security situation in the country. Controlling progress, quality, cost and safety of construction works in Afghanistan is widely recognized to be an extremely difficult task. As the performance of the consultant has a significant impact on the quality of the output and further entails downstream impacts to the community, environment and project sustainability, the quality of the consulting services is prioritized over cost.

C. Procurement of Goods, Works and Consulting Services

41. Procurement of works and goods to be financed under the Investment Program will be implemented in accordance with ADB's procurement guidelines¹⁵ (Procurement Guidelines) as amended from time to time. International competitive bidding (ICB) will generally be used for supply contracts estimated to cost over \$0.5 million and for works over \$2 million.

42. The procurement plan will be updated at least annually covering the next 18 months of procurement activity. NCB Annex in Section 3 of the procurement plan summarizes necessary modifications or clarifications to the Borrower's procedures to carry out NCB under financed the Facility.

43. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines*.

D. Procurement Plan

MFF-AFG: Energy Supply Improvement Investment Program	Grant Number: 47282-001
Amount: \$1,200 million No Maximum or Minimum Size of Any Tranche	Executing Agency: Da Afghanistan Breshna Sherkat (DABS).
Date of first Procurement Plan (<i>grant approval date</i>)	Date of this Procurement Plan: <u>31 October 2015</u>

¹⁴ ADB. 2013. *Guidelines on the Use of Consultants* (2013). Manila.

¹⁵ ADB. 2013. *Procurement Guidelines* (2013). Manila.

Section 1. Process Thresholds, Review, and 18 Month Procurement Plan

Project Procurement Thresholds

(i) Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
International Competitive Bidding for Works	> US\$ 5,000,000
International Competitive Bidding for Goods	> US\$ 2,000,000
National Competitive Bidding for Works	Beneath that stated for ICB
National Competitive Bidding for Goods	Beneath that stated for ICB
Shopping for Works	</= US\$ 100,000
Shopping for Goods	</= US\$ 100,000

ADB Prior or Post Review

(ii) Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement of Goods and Works		
Procurement Method	Prior or Post	Comments
ICB Works	Prior	
ICB Goods	Prior	
NCB Works	First use, Prior	
NCB Goods	First use, Prior	
Shopping for Works	Post	
Shopping for Goods	Post	
Direct Contracting	Prior	
Recruitment of Consulting Firms		
Quality and Cost Based Selection (QCBS)	Prior	
Quality Based Selection (QBS)	Prior	
Other selection methods: Consultants Qualifications (CQS), Least Cost Selection (LCS), Fixed Budget (FBS), and Single Source (SSS)	Prior	
Recruitment of Individual Consultants		
Individual Consultants	Prior	

Goods and Works Contracts Estimated to Cost More Than US\$ 1 Million

(iii) The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (\$ million)	Procurement Method	Prequalification Of Bidders (y/n)	Advertisement Date (quarter/year)	Comments

500-kV Transmission Line from Sheberghan to Dashte Alwan	150.0	ICB	N	Q1 2016	
220-kV Transmission Line from Sheberghan to Andkhoy	50.0	ICB	N	Q1 2016	

Note: Domestic preference is not applicable for any of the contract packages.

Consulting Services Contracts Estimated to Cost More Than US\$ 100,000

(iv) The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (\$ million)	Recruitment Method	Advertisement Date (quarter/year)	International or National Assignment	Comments
Program Management Consulting Services	20.0	QCBS (FTP)	Q2 2016	International and National	
Preparation of Future Projects and Analytical Studies	18.0	QCBS (FTP)	Q2 2016	International and National	
	2.0	Individual	Q4 2016	International and National	

FTP= Full Technical Proposal, QCBS = Quality-and Cost-Based Selection.

Goods and Works Contracts Estimated to Cost Less than US\$ 1 Million and Consulting Services Contracts Less than US\$100,000

(v) The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative)	Number of Contracts	Procurement / Recruitment Method	Comments
External Monitoring Agency	80,000	1	LCS (BTP)	Indicative
External Auditor	50,000	1	LCS (BTP)	Indicative

BTP = Biodata Technical Proposal, LCS = Least Cost Selection

Section 2: Program Procurement Plan

Indicative List of Packages Required Under Tranche 1

(vi) The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of Tranche 1. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the Comments section.

Indicative Procurement Packages

Subproject	Contract Type	Procurement Mode	Estimated Value (\$ million)	Remarks
1	500 kV Transmission Line from Sheberghan to Dashte Alwan	Turnkey	ICB without PQ	150.0
2	220 kV Transmission Line from Sheberghan to Andkhoy	Turnkey	ICB without PQ	50.0
3	Program Management Consulting Services for tranches 1 and 2	Consulting Services	QCBS (FTP)	20.0
4	Preparation of Future Projects and Analytical Studies	Consulting Services	QCBS (FTP)	20.0
5	External Monitoring Agency	Consulting Services	LCS (BTP)	0.08
6	External Auditor	Consulting Services	LCS (BTP)	0.05

BTP= Biodata Technical Proposal, AFG=Afghanistan, FTP=Full Technical Proposal, ICB=International Competitive Bidding, kV=Kilovolt, Least-cost Selection, PQ=Pre-qualification, QCBS=Quality- and Cost-Based Selection.

Note 1: Domestic preference is not applicable for any of the contract packages.

Note 2: International and national assignments for all consulting services packages.

44. Registration and Other Pre-Bid Requirements

- (a) Bidding shall not be restricted to Shortlists or Standing Lists.
- (b) No bid shall be declared as ineligible on the grounds of debarment without ADB's prior concurrence.
- (c) No bid shall be declared ineligible on the grounds of government regulations that restrict sources without ADB's prior concurrence.
- (d) Foreign suppliers and contractors from ADB member countries shall be allowed to bid, without registration, licensing, and other government authorizations. However, in case these foreign suppliers and contractors are declared winning bidders, the requirements may be completed after award and before signing of contract, without unreasonable costs or additional requirements.

45. **Prequalification.** Post qualification shall be used unless prequalification is explicitly provided for in the loan agreement/procurement plan. Irrespective of the procedure applied (whether prequalification or post qualification), no domestic or foreign contractor shall be precluded from participation.

If prequalification is undertaken, the prequalification criteria should include "Eligibility Requirements", "Financial Situation", "Pending Litigation", and "Experience". Technical Capacity (personnel and equipment) should not be part of the prequalification criteria.

Interested bidders shall be given a minimum period of 28 days for the preparation and submission of prequalification applications.

46. **Advertising.** Bidding of NCB contracts estimated at \$500,000 or more for goods and

related services and NCB contracts estimated at \$1,000,000 or more for works shall be advertised on ADB's website via the posting of the Procurement Plan.

47. **Bidding documents.** Procuring entities shall use standard bidding documents acceptable to ADB, based ideally on the standard bidding documents issued by ADB.

48. **Bidding period.** Procuring entities shall allow for a minimum of four weeks for submission of bids.

49. **Bid security.** Where required, bid security shall be in the form of a bank guarantee or check from a reputable bank and should not be more than two percent of the estimated value of contract to be procured.

50. **Preferences.** No preference of any kind shall be given shall be given to domestic bidders or for domestically manufactured goods.

51. **Evaluation.** No bid shall be rejected on the grounds of price, or for any other reason(s) not related to the evaluation and qualification criteria, without ADB's prior concurrence. Prompt payment discounts offered by bidders shall not be considered in bid evaluation.

52. **Price negotiations.** Price negotiation shall be allowed only after receiving ADB's prior concurrence.

53. **Advance payments.** No advance payment shall be made without an advance payment security in the form of a bank guarantee or check from a reputable bank.

54. **Government-owned enterprises.** Government-owned enterprises in Afghanistan shall be eligible to participate only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the procuring entity, or the Project Executing Agency, or the Implementing Agency.

55. **Right to inspect/audit.** A provision shall be included in all NCB works and goods contracts financed by the Bank (ADB) requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

56. **Anti-Corruption Policy**

- (i) The Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the contract in question; and
- (ii) ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, ADB-financed contract, as indicated in paragraph 1.14 (a) of ADB's Procurement Guidelines.

57. **Disclosure of decision on contract awards.** At the same time that notification of award of Contract is given to the successful bidder, the results of bid evaluation shall be

published in a local newspaper, or well-known freely accessible website identifying the bid and lot numbers and providing information on (i) name of each bidder who submitted a Bid, (ii) bid prices as read out at bid opening, (iii) name of bidders whose bids were rejected and the reasons for their rejection, and (iv) name of the winning bidder, and the price it offered, as well as duration and summary scope of the contract awarded. The executing agency/implementing agency/contracting authority shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

58. **Member country restriction.** Universal procurement procedures will apply. Offered goods, works, and related services could be produced in produced in and supplied globally.

E. Consultant's Terms of Reference

[Position-based Terms of Reference to be finalized at recruitment stage]

59. DABS, the executing agency for the Tranche 1 of the Energy Supply Improvement Investment Program, is an autonomous, corporate state-owned power utility in Afghanistan. DABS aims to strengthen its power transmission network. The first tranche of the investment program will implement: (i) 500 kV transmission line from Sheberghan to Dashte Alwan in northern Afghanistan, (ii) 220 kV transmission line from Andkhoy to Sheberghan, (iii) project preparation facility for future energy projects, and (iv) program management and implementation supervision consultancy. This proposed project will underpin expanded power imports by constructing the last missing links to forge Turkmenistan-Afghanistan interconnector, thereby bringing additional power from Turkmenistan from north-west Afghanistan to northern, eastern and to southern Afghanistan. The project is identified in NESP as the critical link needed to meet country's future energy needs and is linked with downstream investments under implementation by ADB and other development partners.

60. DABS will recruit a Project Supervision and Implementation Consultant to review existing designs, supervise the works of the suppliers and contractors and ensure successful commissioning of the 500-kV and 220-kV transmission lines. The recruitment of the Consultant The implementation consultant will be recruited using QCBS method under full technical proposal, following ADB *Guidelines on the Use of Consultants* (2013, as amended from time to time), in view of the highly specialized and technical nature of the assignment.

61. The consultant needs to ensure that the project would provide efficient, economical, integrated and coordinated transmission and supply of electricity and, in particular to enable interconnections and coordination of grid facilities, grid stability, reliability and security of supply; enhanced safety and level of service for consumers of electricity; train DABS staff vis superior O&M enabling enhanced operational efficiency of the project transmission system, minimal adverse impact on the local population and consumers of electricity due to construction of the transmission system, minimal adverse impact on environment, minimal additional acquisition of land; and improved financial viability of the transmission grid consistent with the need to minimize frequent outages of electricity and to eliminate transmission constraints in a cost effective manner. The consultant will be recruited to provide project implementation and supervision services for the duration of the Project which is estimated to be 30 months. The scope of services broadly includes

- supervision of the civil construction work (foundation and protection works),
- supervision of erection of the tower structures and substation,
- supervision of the stringing works,
- geotechnical support,

- capacity building and training, and
- reporting.

62. DABS, the executing agency, will provide the consultant, free of charge, with relevant data, information and documents which the consultant may reasonably request, e.g., power system data, transmission/substation design specifications, details of any route considered, any other planning information like land ownership and acquisition, legal requirements, permits needed and granted, public information, among others. The executing agency will arrange and facilitate meetings with relevant institutions and authorities as required and will provide in such context where possible and requested by the consultant translation services, if any, which will be at the consultant's expense.

63. A total of 91 international person-months and 128 national person-months of consulting services will be required under the services. The team composition of the international and national consultants, along with their estimated person-months, is provided in the table below.

Table: Consultant Team Composition¹⁶

International Consultants	No. of Experts	Total PM	National Consultants	No. of Experts	Total PM
Project Manager (Team Leader)	1	36	Electrical Engineer (Deputy Team Leader)	1	40
Electrical Engineer	1	36	Electrical Engineer	1	40
Transmission Line Engineer	2	36	Civil Engineer	1	40
Civil Engineer	1	30	Safeguards Expert	1	30
Safeguard Specialist	1	12	Accountant	1	48
Total PM (International Consultants)		150	Total PM (National Consultants)		198

PM = person-month

64. It is envisaged that the project components will be delivered by the turnkey contractor to be procured under international competitive bidding to undertake procurement of plant, design, supply, installation, testing and commissioning of the proposed 500-kV and 22-kV transmission lines between Andkhoy and Dashte Alwan, will be executed by DABS. Project sites are in multiple locations in the eastern region of Afghanistan as indicated above. The consultant must ensure that the contractor deliver the requisite material in time and provide sufficient staff for parallel operation at multiple sites for the timely completion of the project. A designated PMO in DABS will manage the project on behalf of DABS.

a. Scope of Works

65. DABS is a commercialized corporation with limited resources and capacities. Therefore, the role of the consultant would also be to mentor and transfer technical and managerial skills to the young Afghan engineers seconded by DABS through its PMO. The objective of the assignment is to provide engineering, supervisory and managerial services to DABS including review of project implementation aspects (including technical, procurement, safeguards, linkages with upstream and downstream investments, sequencing, schedules, and preparation of necessary documentation for the successful monitoring of the project). The preparation of

¹⁶ The consulting firm can propose change in input months of consultants to effectively deliver the optimized outputs, provided there is no cost impact and the total minimum number of person-months inputs for all expert positions is retained as required and specified in the request for proposal.

bidding document and evaluation technical and financial proposals for the turnkey contractor will be undertaken by another team of international supervision consultant already fielded in DABS. The consultant will prepare all reports in English and summary of reports in Dari.

66. The consultant will be responsible for review of the designs and will assist the PMO in planning, as well as developing and implementing comprehensive project management plans, to ensure the most efficient, timely, and economical implementation of the project. This plan should take into consideration the sophisticated engineering technology, the resources and costs involved, and the critical time frame for completion. The consultant will coordinate with other contractors to ensure tie-in of the 500 kV and 220 kV transmission lines. The consulting services shall be required during the pre – construction phase and for the construction phase during which the consultant will be responsible for the following:

A. Pre – construction phase

- (i) Ensure that all required national environmental clearances and permits, updated IEEs, and site-specific EMPs are in place before starting any construction works.
- (ii) Ensure that the IEE is timely updated in case of design change or as a result of unanticipated impacts.
- (iii) Undertake monitoring of environmental performance of the tranches and ensure preparation and implementation of corrective action plans in case of non-performance.
- (iv) Prepare semi-annual safeguards monitoring reports, and the corrective action plans (if needed).
- (v) Provide training for PMO in environmental management.

B. Construction Phase

- (vi) Ensure that the Environmental Management and Monitoring Plan for the project submitted by the contractors is adequate and are in accordance with the IEE.
- (vii) Ensure that any land acquisition and involuntary resettlement are fully compensated and other requirements stipulated in the LARP are fully implemented before the commencement of works.
- (viii) Prepare a project implementation manual covering the project organization, payment procedures, and project time schedule and quality assurance program;
- (ix) Establish a computerized project monitoring program using off-the-shelf software packages.
- (x) Prepare the overall disbursement plan, monitor costs, and maintain project accounts.
- (xi) Review and approve the engineering design drawings, calculations, delivery program, and documents submitted by the contractors.
- (xii) Assist the executing agency in procurement, organizing site visits, monitor the execution of the project components in line with the project time schedules and the work programs provided by the contractors.
- (xiii) Assist with the implementation and, if necessary, periodic revisions of LARP and ensure timely reporting on LARP implementation in the quarterly report.
- (xiv) Assist the executing agency and the local government with necessary public consultations. Liaise with the executing agency and local government to ensure that all compensations (social and environmental) are paid in a timely manner and that the right-of-way is cleared.

- (xv) Certify invoices, prepare withdrawal applications and keep records of any disbursement under the project. Prepare and regularly update the forecast disbursement schedules.
- (xvi) Prepare project financial statements recording the project expenditures and annual financial reports ready for auditing by independent auditors; manage cash flows and set up financial management information system.
- (xvii) Identify any problem areas during project implementation, proposing remedial actions, and promptly report any outstanding issues to the executing agency;
- (xviii) Conduct field visits and appropriate tests at regular and appropriate times during construction, testing and commissioning.
- (xix) In line with the work programs of the contractors, prepare and advise the executing agency on the outage planning of existing facilities during implementation/
- (xx) Coordinate safety measures between live components in operation and components under construction. Giving advice and, when required, provide training to the executing agency on safety planning and safety measures.
- (xxi) Conduct factory inspections and performance tests within the framework of the supply contracts.
- (xxii) Review and certify the commissioning test reports submitted by the contractors/suppliers; attend the commissioning phase; establish the list of deficiencies after commissioning; and prepare a time frame for the contractors/suppliers to remedy the deficiencies. Establish a monitoring program for the use of the executing agency.
- (xxiii) Prepare and issue provisional acceptance certificates for the works, as well as for spare parts. Prepare the final taking-over certificates, along with the final payments to be issued by the executing agency after the end of the warranty period and the remedy of all deficiencies.
- (xxiv) Monitor the executing agency compliance with the grant agreement covenants and report to ADB; track project outputs, outcomes and impacts against the project's design and monitoring framework.
- (xxv) Prepare monthly progress reports, quarterly reports, project completion report, and other reports deemed necessary by the executing agency and/or ADB; and
- (xxvi) Plan and execute capacity building measures (classroom lectures and on-the-job training) to enhance the executing agency's capacity in project management. Implement workshops and study tours related to new technologies in the energy sector appropriate for the executing agency's needs. Capacity building programs should be included in the inception report.

67. The consultant shall address the O&M plan for the project. The project transmission system components, as required, shall be equipped with all the required facilities such as protection, communication, measurement, telemetry and interface equipment, probes and sensors required for connecting to other parts of the transmission grid, as well as supervisory control and data acquisition systems at the national level to allow for the remote monitoring of equipment, to perform reliable and timely maintenance, for instance on protection relays, bay controllers, communication channels, etc., and to ensure safe, secure, stable, reliable and coordinated O&M of all the components of transmission line systems and substations covered under the project transmission system. The consultant is required to suggest comprehensive periodic maintenance schedules for the transmission system, including a list of the diagnostic tools and testing equipment, etc., with a view to enabling the achievement of the targeted transmission losses and availability factor established by DABS. The consultant shall determine the cost of O&M on a yearly basis until 2030, including the O&M personnel plan, contractor

services and spare parts inventory, taking into account the difficult terrain and weather conditions.

68. **Consultant qualifications, experts and person-months.** The consultant shall have an experience on 500-kV overhead line design, construction and supervision. The consultant shall have performed consulting services on at least one projects involving design and construction of 500-kV overhead lines and in the last five years.

69. **Reporting requirements.** The consultant will prepare monthly progress reports to be submitted within two weeks from the end of the month that is being reported. Quarterly progress reports will be prepared and submitted within one month from the end of the quarter that is being reported. The format of the progress reports shall be drafted by the consultant and endorsed by the executing agency and ADB, and they should include, but not be limited to, physical progress against schedule and plan for next term; disbursement against schedule and plan for next term; quality test results; safety control; survey of quantity when required; environmental monitoring; social issues including land acquisition and resettlement, as well as implementation of grievance redress mechanisms; compliance with grant covenants; and any other issues to be raised. Annual reports will be prepared by the consultant and shall be submitted within one month from the end of the year that is being reported. Variation orders and any other documents deemed necessary by the executing agency and/or ADB will be prepared. A completion report will be prepared within one month after project completion. All reports will be in English. Safeguard documents are to be translated in Dari/Pashto for public consultations. All documents and reports would be made available on an electronic format to ADB.

70. Specifically, the consultant will prepare the following reports (English):

- (i) quarterly progress reports that will include but not limited to (a) introduction and basic data; (b) utilization of the funds (ADB grant and counterpart funds); and (c) status of project scope/implementation arrangements, assessment of changes in the key assumptions and risks, etc.;
- (ii) implementation progress;
- (iii) semi-annual safeguards monitoring reports and updated IEE and EMP;
- (iv) compliance with the grant covenants;
- (v) major project issues and problems;
- (vi) training and capacity building plan, progress status and completion reports;
- (vii) annual projections in terms of contract awards and disbursement and forecast to complete the project;
- (viii) design report, if required; and
- (ix) project completion report.

71. **Implementation arrangements.** As indicated, the executing agency will be DABS and the PMO will be responsible for supervising and implementing the project. The executing agency will provide the needed counterpart staff, office space, requisite security, including vehicles, telephone and internet connection for every project office.

b. Outputs

72. **Inception report.** Within 2 months of startup, the consultant will prepare an inception report that would include the revised work plan and implementation schedule, change or revisions in scope, if any, and an agreed way forward till December 2014, with priority actions and milestones.

73. Specifically, the consultant will prepare the following reports (English):
- (i) quarterly progress reports that will include but not limited to (a) introduction and basic data; (b) utilization of the funds (ADB grant and counterpart funds); and (c) status of project scope/implementation arrangements, assessment of changes in the key assumptions and risks, etc.;
 - (ii) implementation progress;
 - (iii) semi-annual safeguards monitoring reports and updated IEE and EMP;
 - (iv) compliance with the loan covenants;
 - (v) major project issues and problems;
 - (vi) training and capacity building plan, progress status and completion reports;
 - (vii) annual projections in terms of contract awards and disbursement and forecast to complete the project;
 - (viii) design report, if required; and
 - (ix) project completion report

VII. SAFEGUARDS

74. **Environment.** The Environmental Assessment and Review Framework (EARF) was prepared for the MFF and agreed by ADB and DABS. The EARF defines safeguard principles and requirements for criteria for selection of the future projects, screening and categorization, environmental assessment, preparation of environmental management plans, public consultations and information disclosure, and grievance redress. It is anticipated that future tranches of the MFF will be categorized B for environment, and tranches with potential Category A will be excluded from financing. The Tranche 1 of the MFF is classified as Category B under ADB's Safeguard Policy Statement (SPS 2009). An IEE including an EMP was drafted and disclosed as per ADB public disclosure requirements and is provided as web-linked documents of the report and recommendation of the President (RRP). The IEE including EMP will be updated by the PMO and project supervision consultant based on detailed design by the engineering contractor. The contractor will prepare site-specific EMP based on the updated EMP and will seek its approval from the project supervision consultant. Contractor will be responsible for implementation of the site-specific EMP. See Section VIII.B for safeguard monitoring.

75. The project team along with supervision consultants will prepare/review environmental and social safeguard documents and ensure that project implementation adheres to the safeguard policies of the government and ADB. The team will be responsible for hiring an external monitoring agency which will monitor the contractor's compliance with the environmental monitoring and management plans and land acquisition and resettlement plans (LARPs), and issue no-objection certificates for civil works to commence. The team is also responsible for the safeguard due diligence of the projects to be included in the subsequent tranches.

76. **Land acquisition and resettlement.** The project is classified as Category B under ADB's SPS 2009. A LARP was drafted and disclosed as per ADB public disclosure requirements and is provided as web-linked documents of the RRP. LARP will be finalized by the PMO and project supervision consultant based on detailed design by the engineering contractor and implemented by the project supervision consultant. The consultants' responsibility of the LARP will be included in the respective contract. See Section VIII.B for safeguard monitoring.

77. **Indigenous peoples.** The project is classified as Category C under ADB's SPS 2009. The project is not expected to affect indigenous peoples as defined under the SPS. Pursuant to ADB's SPS 2009,¹⁷ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS.

¹⁷ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

VIII. GENDER AND SOCIAL DIMENSIONS

78. The nature of the project to bring in high voltage power from the Turkmenistan to Afghanistan. The project is classified as no gender elements (NGE). Citizens in Afghanistan will benefit from the timely implementation of the project and flow of power. Men and women would have more time to pursue economic activities and participation through community-based organizations. A regular supply of power would boost the local economy through the establishment of industries, small enterprises and shops and local people, especially the youth, will be employed in civil works, increasing sources of income. The project will boost the production capacity of existing industries and facilitate new ones, especially in manufacturing in the Western, Northern, and Eastern parts of Afghanistan generating employment opportunities. With reference to the summary poverty reduction and social strategy (SPRSS), gender-related efforts would be to ensure the representation and participation of women in meaningful consultations and decision-making bodies (including the Grievance Redress Committee). GRC reports would be part of the semi-annual monitoring to ADB.

79. **Gender.** The project is gender neutral, and monitoring is not required. In terms of social dimensions, the project does not entail impacts on affordability or operational employment opportunities. During construction the turnkey contractor will be required to ensure equal opportunities for all social groups, equal pay for equal work regardless of gender, and prohibition of child labor. The contractor will also be required to undertake HIV/AIDS awareness activities with imported workers.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

DESIGN AND MONITORING FRAMEWORK FOR THE INVESTMENT PROGRAM

Impact the Program is aligned with:			
Improved access to sustainable energy supplies across Afghanistan aligned with the targets of the National Energy Supply Program of the Government of Afghanistan			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Increased supply of imported and indigenous power	a. Power grid capable of transmitting and distributing 1,500 MW of power by 2028 from 450 MW in 2015 b. Electrification rate increased from 30% in 2015 to 50% by 2028	a. DABS annual report b. Quarterly reports by Inter-Ministerial Commission for Energy	Cost of imported power not competitive compared with cost of power in Afghanistan. Quality contractors and consultants may not be available because of the poor security conditions in Afghanistan.
Outputs 1. New 500 kV and 220 kV power transmission lines, power distribution networks, and high-voltage, direct-current, back-to-back convertor commissioned 2. Renewable energy projects constructed 3. Domestic gas production and imported volume of natural gas from TAPI gas pipeline increased 4. Project preparation and management	1a. NEPS transmission capacity increased from 300 MW in 2015 to 1,200 MW of connected load by 2025 2a. Domestic generation installed capacity increased from 519 MW in 2015 to 530 MW in 2025 3a. Domestic gas production increased from 1.2 million cubic meters/ day in 2015 to 2.5 million cubic meters/day in 2025 3b. Annual gas imports increased from 0 in 2015 to 0.25 billion cubic meters in 2025 4a. DABS-managed projects and network operation and	1a. DABS annual report 2a. Quarterly reports by Inter-Ministerial Commission for Energy 3a-b. Afghanistan Central Statistics Organization publications 4a-b. DABS annual report	Reduced availability of power supply from Turkmenistan and lesser demand potential in Afghanistan. Delays in procurement and implementation and deteriorating security leading to cost overruns. Increased security risk during project implementation Governance and capacity issues could negatively affect the

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>capacity of energy ministries and agencies improved</p> <p>5. DABS business plan, tariff model, and framework developed</p>	<p>maintenance without external assistance (funds and contractors) starting from 2025</p> <p>5a. DABS established its investment, financing, and operating costs and requirements starting from 2019</p>	<p>5a. DABS annual report</p>	<p>project.</p> <p>Weak financial management capacity in DABS.</p>
<p>Key Activities with Milestones</p> <p>Tranche 1</p> <p>1.1 Implementation consultants for tranche 1 projects recruited and mobilized (Q3 2016)</p> <p>1.2 Future projects' preparation consultants recruited and mobilized (Q4 2016)</p> <p>1.3 Bidding documents for two turnkey contracts issued (Q1 2016)</p> <p>1.4 Contractors mobilized (Q4 2016)</p> <p>1.5 Program management consultants mobilized (Q4 2016)</p> <p>1.6 Projects for tranche 2 prepared along with bidding documents (Q2 2017)</p> <p>1.7 Projects for tranche 3 prepared along with bidding documents (Q2 2018)</p> <p>1.8 Projects for tranche 2 prepared along with bidding documents (Q2 2020)</p> <p>1.9 Commissioning of tranche 1 projects (Q2 2020)</p> <p>Tranche 2</p> <p>2.1 Tranche 2 (PFR 2) approved (Q2 2017)</p> <p>2.2 Bidding documents issued for tranche 2 projects (Q4 2017)</p> <p>2.3 Contractors mobilized for tranche 2 projects (Q2 2018)</p> <p>2.4 Commissioning of tranche 2 projects (Q4 2022)</p> <p>Tranche 3</p> <p>3.1 Tranche 3 (PFR 3) approved (Q2 2018)</p> <p>3.2 Bidding documents issued for tranche 3 projects (Q4 2018)</p> <p>3.3 Contractors mobilized for tranche 3 projects (Q3 2019)</p> <p>3.4 Commissioning of tranche 3 projects (Q4 2023)</p> <p>Tranche 4</p> <p>4.1 Tranche 4 (PFR 4) approved (Q2 2020)</p> <p>4.2 Bidding documents issued for tranche 4 project (Q4 2020)</p> <p>4.3 Contractors mobilized for tranche 4 project (Q1 2021)</p> <p>4.4 Commissioning of tranche 4 project (Q2 2025)</p> <p>Project Management Activities</p> <p>Procuring goods, recruiting consultants, reporting, monitoring, accounting, and auditing</p>			
<p>Inputs</p> <p>Multitranche Financing Facility:</p> <p>ADB: \$750 million (ADF Grant)</p> <p>Government: \$20 million</p> <p>Afghanistan Infrastructure Trust Fund: \$450 million grant</p> <p>Tranche 1:</p> <p>ADB: \$200 million (ADF Grant)</p> <p>Government: \$5 million</p> <p>Afghanistan Infrastructure Trust Fund: \$75 million grant</p>			
<p>Assumptions for Partner Financing</p> <p>Development partners remain interested in infrastructure financing for Afghanistan.</p>			

ADB = Asian Development Bank, ADF = Asian Development Fund, AITF = Afghanistan Infrastructure Trust Fund, DABS = Da Afghanistan Breshna Sherkat (Afghanistan's state-owned power utility), kV = kilovolt, MW = megawatt, NEPS = North East Power System, O&M = operation and maintenance, PFR = periodic financing request, Q = quarter, TAPI = Turkmenistan-Afghanistan-Pakistan-India natural gas pipeline project.
Source: Asian Development Bank.

A. Design and Monitoring Framework For Tranche 1

Impacts the Project is aligned with:			
Increase in electrification rate and energy security across Afghanistan (project-defined).			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Increased supply of imported power from Turkmenistan	a. Turkmen power imports increased from 70 megawatts (MW) in 2015 to 200 MW in 2022. b. Electrification rate increased from 30% in 2015 to 40% by 2022.	a. Afghanistan CSO publications b. DABS annual report	Turkmenistan does not develop additional power generation for exports into Afghanistan. Consumer tariffs are not converged to cost recovery levels.
Outputs 1. 306 kilometers (approximately) of 500 kV Transmission Line from Sheberghan to Dashte Alwan operational. 2. 66 kilometers (approximately) of 220 kV Transmission Line from Sheberghan to Andkhoy completed. 3. Future projects designed and prepared for financing by ADB and other development partners. 4. Business plan and tariff model and framework developed for DABS.	1a. 500 kV transmission ring completed from Andkhoy to Kabul capable of dispersing imported power from Turkmenistan by 2021. 2a. Andkhoy and Sheberghan connected to national grid with a supply of 50 MW by 2021. 3a. Five power generation and transmission projects prepared by end of 2020. 4a. DABS established its investment, financing and operating costs and requirements starting from 2019.	1a, 2a, 3a. Quarterly reports by Interministerial Commission for Energy 1a, 2a, 3a. DABS annual report 4a. DABS annual report	Costs related to security and social safeguards become unsustainable. Associated NEPS infrastructure is not funded, well-maintained, and kept operational. DABS unable to retain professional workforce
Key Activities with Milestones 1. 306 kilometers (approximately) of 500 kV Transmission Line from Sheberghan to Dashte Alwan operational. 1.1 Bidding documents for the turnkey contract issued (Q1 2016). 1.2 Implementation consultants for tranche 1 projects recruited and mobilized (Q3 2016). 1.3 Contract awarded and contractor mobilized (Q4 2016).			

Key Activities with Milestones
<p>1.4 Commissioning of 500 kV transmission line (Q4 2020).</p> <p>2. 66 kilometers (approximately) of 220 kV Transmission Line from Sheberghan to Andkhoy completed.</p> <p>2.1 Bidding documents for the turnkey contract issued (Q1 2016). 2.2 Implementation consultants for tranche 1 projects recruited and mobilized (Q3 2016). 2.3 Contract awarded and contractor mobilized (Q4 2016). 2.4 Commissioning of 200 kV transmission line (Q4 2020).</p> <p>3. Future projects designed and prepared for financing by ADB and other development partners.</p> <p>3.1 Request for proposal for project preparation consultant issued (Q1 2016). 3.2 Project preparation consultant recruited and mobilized (Q3 2016). 3.3 Project identified in consultation with government (Q1 2017). 3.4 Design of identified projects and formulation of bidding documents completed (Q4 2018). 3.5 Bidding documents issued (Q2 2019). 3.6 Evaluation of bids completed (Q2 2020).</p> <p>4. Business plan and tariff model and framework developed for DABS.</p> <p>4.1 Request for proposal for consultants issued (Q1 2016). 4.2 Consultant recruited and mobilized (Q3 2016). 4.3 Business Plan and Tariff Model developed and finalized (Q4 2017).</p>
<p>Inputs</p> <ul style="list-style-type: none"> • ADB: \$200 million ADF grant • Government: \$5 million • Afghanistan Infrastructure Trust Fund: \$75 million grant
<p>Assumptions for Partner Financing</p> <p>Development partners remain interested in infrastructure financing for Afghanistan.</p>

ADB = Asian Development Bank, AITF = Afghanistan Infrastructure Trust Fund, CSO = Central Statistical Organization, DABS = Da Afghanistan Breshna Sherkat (Afghanistan's state-owned power utility), kV = kilovolt, MW = megawatt, NEPS = North East Power System
Source: Asian Development Bank.

B. Project Performance and Monitoring

80. The PMO will establish a project performance monitoring system after the commencement of the Investment Program and collect data for performance monitoring. The key indicators and assumptions outlined at the impact and outcome levels in the Investment Program's DMF will be the primary data required for analysis. ADB Management will prepare periodic reports to inform the ADB Board of Directors of overall progress. A Board information report will be submitted annually, and progress reports will be submitted to inform the Board of the approval of grant agreements.

C. Project Review

81. ADB will field an inception mission within 3 months after signing of the FFA and grant agreement for Tranche 1. The mission will develop a facility administration manual (FAM) and a project administration manual (PAM). The Government will cause the EAs, through the PMO Director, to submit to ADB quarterly progress reports within 2 weeks of the subject quarter, and semiannual performance and monitoring reports including safeguards monitoring reports. ADB will review quarterly and semiannual reports during its annual reviews. A joint mid-term review will be carried out 2 years after loan effectiveness. The mid-term review will focus on the

engineering, safeguards monitoring reports of the projects, compliance to loan covenants, and review compliance with the undertakings set out in the FFA. The review will allow for any necessary mid-course corrections to ensure successful implementation and the achievement of objectives of the Investment Program and the projects. A project completion report will be submitted by the EAs within 3 months of the completion of each project under their review.

82. ADB's Afghanistan Resident Mission in Kabul will monitor the Investment Program in a joint venture with the teams at headquarters. Staff will be deployed to Kabul as and when it is necessary. A fuller review will be carried out 1 year after loan effectiveness. Every year an annual report of the Investment Program will be produced. The review report will cover issues related to each of the components. It will report on inputs and outputs and start generating information for the outcome and impact indicators of the DMF. All compliance matters will be covered under the review, including warranties and representations, covenants and adherence to ADB policies and procedures. These undertakings are set out in the FFA and loan agreement. These reviews will allow for any necessary correction to ensure successful implementation and the achievement of objectives. The Project Performance Report will be updated every month and reported to the front office within CWRD.

83. The midterm review will focus on the engineering, environmental and social safeguards of the projects; compliance with loan covenants; and review compliance with the undertaking set out in the FFA. The reviews will allow for any necessary midcourse corrections to ensure successful implementation and the achievement of objectives of the Investment Program and the projects. A project completion report will be submitted by the EAs within 3 months of the completion of the respective projects

84. Afghanistan will ensure that all the requirements prescribed in this Schedule, and the following safeguard frameworks and plans that have been prepared with respect to the Facility and the first tranche and of which ADB has been provided full copies, and which are deemed incorporated herein by reference, are complied with during the processing and implementation of the projects under the Facility.

- (i) environmental assessment and review framework (EARF), dated 15 October 2015,
- (ii) land acquisition and resettlement framework (LARF) dated 15 October 2015,
- (iii) environmental management plan (EMP) and LARP related to the HVDC B2B Converter Station dated 5 October 2015 for the first tranche,
- (iv) EMP and LARP related to the 500-kV Transmission Line from Sheberghan to Dashte Alwan dated 5 October 2015 for the first tranche,
- (v) EMP and LARP related to the 220-kV Transmission Line from Sheberghan to Andkhoy dated 5 October 2015 for the first tranche,
- (vi) The frameworks cover the Facility-specific information and requirements in accordance with ADB's safeguard policies: (i) the general anticipated impacts of the components or projects likely to be financed under the MFF on the environment, involuntary resettlement, and indigenous peoples; (ii) the safeguard criteria that are to be used in selecting components, projects; (iii) the requirements and procedure that will be followed for screening and categorization, impact assessments, development of management plans, public consultation and information disclosure, monitoring and reporting; and (iv) the institutional arrangements (including budget and capacity requirements) and the

client's and ADB's responsibilities and authorities for the preparation, review and clearance of safeguard documents.

- (vii) Prior to the preparation of each PFR, the applicability and relevance of each safeguard framework for environmental assessment, involuntary resettlement, and indigenous people will be reviewed by DABS and/or MOM and updated to ensure relevance and consistency with applicable country legal frameworks and ADB's safeguard policies, as amended from time to time.
- (viii) In all cases, for each new PFR preparation, the client will renew ongoing projects to check on the status of compliance with the safeguard plans and frameworks, and submit the review reports to ADB, together with other required safeguard documents relevant to the projects included in the tranche being processes. In any case if major noncompliance is discovered in the course of the review of ongoing projects, a corrective action plan will be prepared and submitted to ADB.

Undertakings

Afghanistan undertakes as follows:

The Government and its Executing Agencies (DABS, MEW and MOMP) have agreed to the following specific undertakings, in addition to the standard undertakings agreed to in the FFA, which will be incorporated in the legal documents.

85. **Electricity Services Law.** The government of Afghanistan will approve the Electricity Services Law by 31 December 2016 to (i) clarify roles of MEW and DABS, and (ii) provide legal and regulatory framework for private sector participation in energy sector. In addition, a competitive gas development framework including tariff structure is approved to facilitate private sector participation in gas to power generation.

86. **DABS Business Plan.** The Recipient shall ensure that the Board of Directors of DABS finalizes and approves the specific components of the business plan by 31 December 2017, and approves and adopts the final business plan by 30 June 2018.

87. **Tariff Model and Framework.** The Recipient shall cause DABS to prepare, approve and adopt a tariff model and framework which shall specify tariff structures; identify and define consumer categories; assign cost components (including energy imports, indigenous generation, transmission, distribution, losses and other costs); and arrive at end-user tariffs. The Recipient shall cause DABS to finalize the key elements of the tariff model and framework, and the tariff determination methodology, by 31 December 2017. The Recipient shall ensure that the Board of Directors of DABS approves and adopts the tariff model and framework by 30 June 2018.

88. **Cost Reflective Consumer Tariff.** The Recipient shall cause DABS to continually adjust tariff levels so as to ensure recovery of generation, transmission, distribution, power systems, fixed utility and other costs, through the tariff. After the tariff model and framework developed above, that has been approved and adopted, DABS shall adjust tariff levels and ensure cost recovery in accordance with the tariff model and framework, including the information included therein or generated thereby.

89. **Policy dialogue.** The Government will keep ADB informed about the Government's policies and projects related to the energy sector that will materially affect the financial viability of each project under the Program, and in particular the power generation and transmission policies, laws and regulations.

90. **Operations and Maintenance.** The Government will finalize and operations and maintenance (O&M) strategy for energy infrastructure by 31 December 2016. Implementation of this strategy will begin from 30 June 2017.

91. **Project selection criteria.** All projects proposed for financing under the Facility are selected in accordance with the agreed criteria set out in the FFA, which adhere to the relevant requirements of the power transmission investment plan and other applicable guidelines for project implementation. DABS will monitor the implementation of projects through to their completion of each project.

92. **Capacity development.** The Government will ensure that key managerial positions on projects financed under the Facility are competitively selected and remunerated, free and clear of any restrictions applicable to Afghanistan's public servants.

93. **Auditing and accounting.** The EAs will ensure that separate project accounts and records are maintained in a timely manner to adequately identify the use of tranche proceeds in such a manner and details as may be specified in each financing agreement for relevant tranche. Audited financial reports of Facility-financed activities will be submitted to ADB within 6 months of fiscal year end.

94. **Financial governance.** The EAs will ensure that its internal controls are in accordance with the National Accounting Standards and an independent and autonomous internal audit department will be set up within DABS. DABS financial statements shall be audited annually in accordance with International Financial Reporting Standards by an external auditor acceptable to ADB.

95. **Environment and Social Safeguards.** Afghanistan shall ensure and cause DABS, MEW and MOMP to ensure that the implementation of projects, subprojects and components under the Energy Supply Improvement Investment Program and Facility is in compliance with (i) all applicable laws, rules and regulations of Afghanistan, and (ii) all undertakings and assurances concerning ADB's Safeguard Policy Statement (2009), gender policy, labor standards, and prohibited investments as set out in Schedule 5 and in the legal agreements for each tranche under the Facility.

96. **Security.** The Government will ensure that its armed forces and police provide in project areas protection required for smooth and uninterrupted implementation of each project financed under the Facility. In addition, it is required that service and works providers in each project submit security plans in consultation with ADB and the contractors/consultants that would ensure uninterrupted implementation of their respective project activities, and include them as part of the contracts and contract price.

97. **Anticorruption.** Afghanistan will comply, and will ensure that the EAs complies, with ADB's *Anticorruption Policy* (1998, as amended to date). Afghanistan, consistent with its commitment to good governance, accountability and transparency, acknowledges and agrees (a) that ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to any project financed under the Facility; and (b) to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. In particular, the Government will (c) conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; (d) ensure that all contracts financed by ADB in connection with the Facility include provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants and other service providers as they relate to the Facility; and (e) the construction supervision consultant shall verify the contractors' invoices in accordance with working drawings and contract specifications.

98. **Social Impacts**

(i) **Gender.** The EAs will follow the principles of the ADB's policy on gender and development during each project implementation, including taking all necessary actions to encourage women living in the project area to participate in planning and implementing project

activities. The EAs will monitor the project effects on women during each project implementation, though, where relevant, gender-disaggregated data collected pursuant to the monitoring and evaluation system referred to in the project performance monitoring system.

(ii) Sexually Transmitted Diseases. With the assistance of the relevant local authorities, the EAs will cause contractors to distribute information on the risks of sexually transmitted diseases to those employed during each project construction.

(iii) Women and Child Labor. The EAs will ensure that (i) there is no differential payment between men and women for work of equal value, and (ii) civil works contractors do not employ child labor in the construction and maintenance activities in accordance with applicable laws and regulations and international conventions.

99. **Project performance monitoring.** The PMO and project implementation consultants will prepare separate progress reports for the project and submit to ADB on a quarterly basis within 30 days from the end of each quarter. The reports will provide a narrative description of progress made during the period, changes in the implementation schedule, problems or difficulties encountered performance of the project management and implementation consultants, and the work to be carried out in the next period. The progress reports will also include a summary financial account for the project, consisting of project expenditures for the year to date and total expenditure to date. Performance will be evaluated on the basis of indicators and targets stipulated in the design and monitoring framework.

100. Following indicators will be updated in the quarterly progress reports and at the time of semi-annual meetings and the midterm review expected in two years from the date of loan effectiveness. The financial indicators will be monitored annually at the time of submission of:

- (i) Design of the Project complete (milestone)
- (ii) Structural works complete (milestone)
- (iii) Electromechanical equipment delivered on site (milestone)
- (iv) Generating equipment installed (milestone)
- (v) Switchyard and substation complete (milestone)
- (vi) The Project is commissioned (milestone)

101. **Compliance monitoring.** Grant covenants—policy, legal, financial, economic, environmental, and others—will be monitored through semi-annual project meeting and the midterm review. DABS should submit to ADB semi-annual environmental monitoring reports. After ADB's review, the environmental monitoring reports will be uploaded to ADB website.

102. **Safeguards monitoring** will be performed by DABS' Safeguards Unit and implementation consultants and the results will be included in the quarterly progress reports. Such monitoring should adhere to the requirements in IEE and LARP.

103. **Gender and social dimensions monitoring** is not envisaged specially for this project as the project is expected to be confirmed as Category C.

D. Evaluation

104. **Inception mission.** ADB will field an inception mission after grant signing to (i) establish a working relationship between ADB and the executing agency; and (ii) to ensure that the borrower and executing agency understand ADB's procedures.

105. **Review missions.** ADB will field review missions at least once a year to review overall

implementation of the project and update project implementation schedule based on mission findings.

106. **Midterm review mission.** ADB will field a midterm review mission after two years of grant signing to assess whether attainment of the project's immediate objective (purpose in terms of the design and monitoring framework) is still likely.

107. **Project completion review mission.** ADB will field a project completion review mission upon physical completion of the project to commence preparation of ADB's project completion report. DABS will submit a project completion report to ADB within 6 months of physical completion of the project.¹⁸

E. Reporting

108. DABS will provide ADB with:

- (i) quarterly progress reports in a format consistent with ADB's project performance reporting system;
- (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months;
- (iii) semiannual environmental monitoring reports during project construction and annual reports during project operation; and
- (iv) a project completion report within 6 months of physical completion of the project. To ensure that projects continue to be both viable and sustainable, project accounts and the executing agency's audited financial statements, together with the associated auditor's report, should be adequately reviewed.

109. DABS, MEW, and MOMP will develop a Facility performance monitoring system and a project performance monitoring system to monitor performance of their respective Projects and the Program acceptable to ADB. Baseline data will be collected by through consultations, field observations, and measurements made by the contractors, supervision engineers, and their own personnel. Collection of data will continue during implementations, and data will be analyzed every 12 months. Results of the analyses and any corrective measures will be submitted as part of quarterly reports. The EAs will also perform a complete analysis of related primary and secondary data on impacts and outcomes. The results of that analysis will be contained in the Project Completion Report to ADB.

110. DABS will provide ADB with:

- (i) quarterly progress reports in a format consistent with ADB's project performance reporting system;
- (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months;
- (iii) semiannual environmental monitoring reports during project construction and annual reports during project operation; and

¹⁸ Project completion report format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

- (iv) a project completion report within 6 months of physical completion of the project. To ensure that projects continue to be both viable and sustainable, project accounts and the executing agency's audited financial statements, together with the associated auditor's report, should be adequately reviewed.

F. Stakeholder Communication Strategy

111. Project information will be strategically disseminated through media at main milestones including loan signing, contract awards and project completion. Grievance redress mechanism will be established at the PMO, by phone and email, and through public consultation events. The PMO is responsible for:

- (i) designation of a focal point for regular contact with project-affected people and other stakeholders;
- (ii) identification of mechanisms for feedback during design and implementation; and
- (iii) details of types of information to be disclosed, mechanisms for public notice including language and timing, and responsibility for implementing and monitoring disclosure and dissemination.

Following table outlines the framework of communication strategy to be adopted for the project.

Project Documents	Means of Communication	Responsible Party	Frequency	Audience(s)
Project Information Documents (PID)	ADB's website	ADB	Initial PID no later than 30 calendar days of approval of the concept paper, quarterly afterwards.	General public
Design and Monitoring Framework (DMF)	ADB's website	ADB	Draft DMF after post fact-finding mission	Project-affected people
Initial Environmental Assessment	ADB's website	ADB	Before the Management Review Meeting	General public, project-affected people in particular
Environmental Assessment and Review Framework	ADB's website	ADB	Before the Management Review Meeting	General public
Resettlement Planning Documents	ADB's website	ADB	Post fact-finding mission	General public, project-affected people in particular
Report and Recommendations of the President	ADB's website	ADB	Within 2 weeks of Board approval of the loan	General public
Legal Agreements	ADB's website	ADB	No later than 14 days of Board approval of the project	General public
Initial Poverty and Social Assessment	ADB's website	ADB	Within 2 weeks of completion	General public, project-affected people in particular
Documents produced under Technical Assistance	ADB's website	ADB	Within 2 weeks of completion	General public
IEE and Safeguard Monitoring reports	ADB's website	ADB	Semi – annually on receipt by ADB	General public
Project Administration Memorandum	ADB's website	ADB	After loan negotiations	General public, project-affected people in particular
Social and Environmental Monitoring Reports	ADB's website	ADB	Semiannually, upon receipt by ADB (as stipulated in legal agreements)	General public
Major Change in Scope	ADB's website	ADB	Within 2 weeks of	General public

			approval of the change	
Progress Reports	ADB's website	ADB	Within 2 weeks of circulation to Board or management approval	General public
Completion Reports	ADB's website	ADB	Within 2 weeks of circulation to Board for information	General public
Evaluation Reports	ADB's website	ADB	Routinely disclosed, no specific requirements	General public
Performance of the investment program with clearly defined information requirements and indicators, policy construction and reconstruction, 5-year investment plan, business opportunities, bidding process and guidelines, results of bidding process, and summary progress reports of the ongoing projects.	ADB's website	ADB	Per project progress, no longer than monthly	General public

X. ANTICORRUPTION POLICY

112. ADB's *Anticorruption Policy* (1998, as amended to date) was explained to and discussed with the Government including the EAs. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to projects under the Investment Program. To support these efforts, relevant provisions of ADB's *Anticorruption Policy* are included in the grant regulations and the bidding documents for the Investment Program. In particular, all contracts financed by ADB in connection with the Investment Program shall include provisions specifying the right of ADB to audit and examine the records and accounts of the EAs, and all contractors, suppliers, and consultants and other service providers as they relate to the Investment Program

113. ADB reserves the right to investigate, directly or through its agents, any violations of ADB's Anticorruption Policy (1998, as amended to date) relating to the project.¹⁹ All contracts financed by ADB shall include provisions specifying ADB's right to audit and examine the executing agency's records and accounts and all project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.²⁰

114. To support these efforts, relevant provisions are included in the loan agreement/regulations and the bidding documents for the project. Procurement will follow ADB's Procurement Guidelines with such modifications as may be approved by ADB's Board in connection with the project; consultant selection will adopt ADB's Guidelines on the Use of Consultants; and disbursement will be made in accordance with ADB's disbursement policies, guidelines, practices, and procedures.

115. DABS will provide updated information on the project on their website, including information on the performance of the project, business opportunities, bidding process and guidelines, outcome of biddings and summary progress reports of the project.

¹⁹ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

²⁰ ADB's Integrity Office website is available at: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

116. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.²¹

²¹ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

XII. RECORD OF FAM CHANGES

117. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the FAM.

	Approval	Type	Change	Document Section Affected
1			*None as of 31 October 2015	
2				
3				