



Facility Administration Manual

Project Number: 42095
Grant Number: 0025
November 2008

AFG: Road Network Development Investment Program

The multitranche financing facility administration memorandum is an active document, progressively updated and revised as necessary, particularly following any changes in project or program costs, scope, or implementation arrangements. This document, however, may not reflect the latest project or program changes.

Asian Development Bank

MULTITRANCHE FINANCING FACILITY ADMINISTRATION MEMORANDUM

I. PROJECT DEFINITION

A. Project Sponsors and Stakeholders

1. Key Sponsors: Asian Development Bank

Stakeholders: Ministry Islamic Republic of Afghanistan

B. Project Impact and Outcomes

2. **Impact.** Reduced economic disparity among provinces

3. **Outcomes**

- (i) Increased connectivity
- (ii) Increased average intercity travel speed.
- (iii) Increased availability of inter-city freight and passenger services. Project

C. Project Outputs by Components

- (i) Designs for new roads and improved or upgraded roads
 - (ii) Detailed design of tranche 2 roads completed by 2009
 - (iii) 400 km of additional national roads operational by 2013
4. **Emergency and ancillary works completed.** Works completed within 18 months after ADB approval of PFR
 5. **Systematic road maintenance program implemented:** (i) Maintenance of 70% of operational regional and national roads is outsourced to private contractors by 2011, and (ii) cost of routine maintenance per km lowered by 20% in real terms by 2012
 6. **Capacity of MPW enhanced**
 - (i) Hand over the responsibilities of all PMUs by 2010
 - (ii) MPW commences preparing detailed annual capital and maintenance works programs by 2010
 - (iii) The number of claims and variations are reduced by 30% of 2007 amount by 2012
 - (iv) Afghanistan Highway Authority is established and operational by 2013 responsibility for procurement of goods, works, and services transferred from ARDS to MPW by June 2009
 - (v) MPW establishes a project management office
 7. **Special Features**
 - (i) Social infrastructure added or improved in communities adjacent to improved roads, and
 - (ii) Establish ADB project team: completed by January 2009

II. PROJECT MANAGEMENT

A. Project Management Organization

Figure 1: Projects Organization Chart – Lines of Communication between Stakeholders

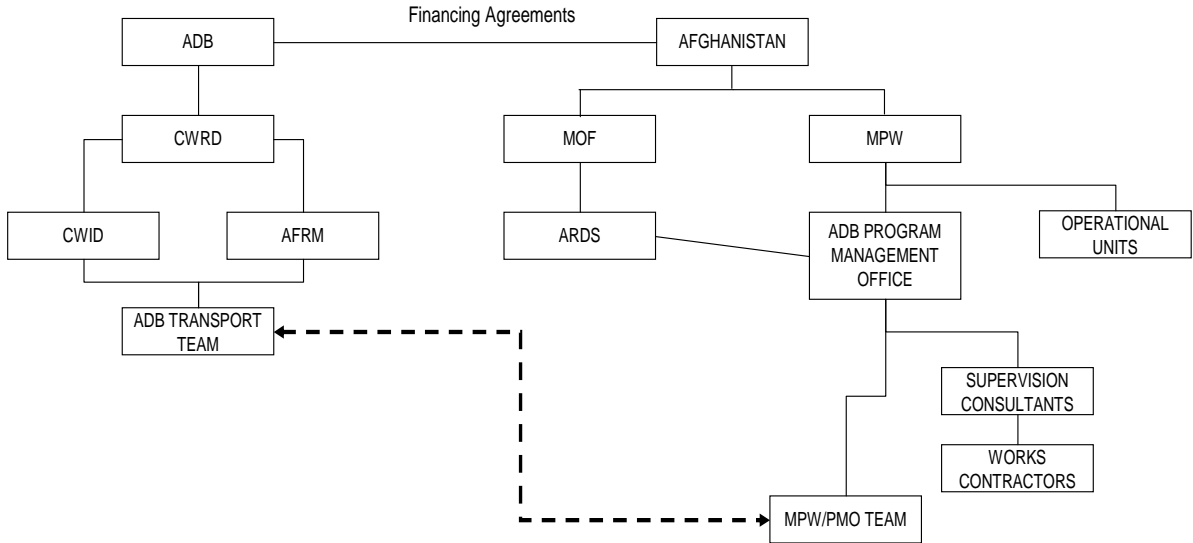
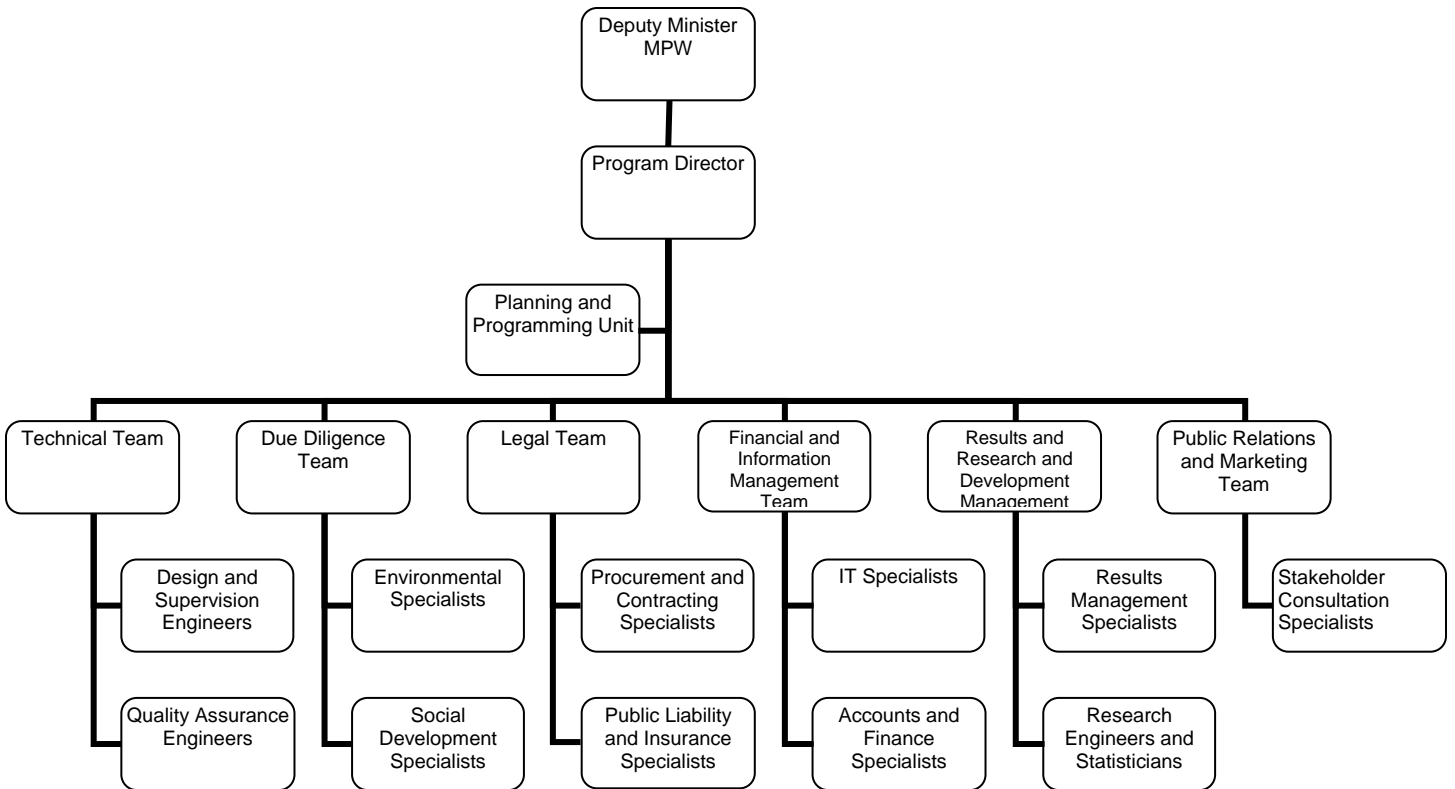


Figure 2: Program Management Office (PMO) Organization Chart



B. Roles and Responsibilities

1. Strategic Management Level (MPW)

8. Executing Agency: Ministry of Public Works, Deputy Minister MPW will have overall charge of all Transport projects sponsored by ADB.

2. Operational Level (units within the PMO)

9. **The Program Director.** Will be responsible for the day to day operation of all road projects under this agreement and will be supported by the resources as shown in the organizational chart and described below. The program director will report to the Deputy Minister in MPW but operate totally independently on a day to day basis. The job will have performance targets—quantitative and qualitative. ADB will play a role in the appointment

10. **Technical Team.** Will be responsible for two main tasks: design work for subprojects and supervision. The experts will also feed information into the preparation of bid documents, contractor prequalification and final bid assessments.

11. **Due Diligence Team** in charge of preparation of new subprojects requires standard project finance due diligence: technical, commercial, legal, financial, social, safeguards, financial management, procurement, implementation, governance, etc. The PMO will commission work as and when required to undertake such work. This will lead to the submission of new PFRs.

12. **Legal, Procurement, and Contracting Team.** Will be responsible for the entire bidding process, including the preparation of documentation, awards and contract negotiations, and final contract management. Contract variations will be channeled through this team—in terms of legal content. The team will also report on all undertakings made by the Government to ADB under the MFF and the tranche loans. These include operating policies and procedures

13. **The Finance and Information Team** has one of the most important tasks under the PMO to ensure that all the funds are used for the purposes for which they were intended and to record and account for them on a regular basis. A special team will be tasked to perform this work. It will be responsible for cash management, payment requests and withdrawals and for the audit of accounts. This team will be led by an expert with experience and a sound track record on the subject matter and report directly to the program director. ADB will have direct access to this expert. All key anticorruption, procurement, financial management arrangements will be channeled through this unit.

14. **The Public Relations and Marketing Team** will engage in stakeholder discussions where the projects are about to commence or ongoing. This is to build community relations and obtain support and feedback on the outcomes of the projects.

III. PROCUREMENT PLANS

A. Process Thresholds, Review, and 18-Month Procurement Plan

1. Project Procurement Thresholds

15. Except as the Asian Development Bank (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	>\$2,000,000
International Competitive Bidding for Goods	>\$500,000
National Competitive Bidding for Works	<=\$1,000,000
National Competitive Bidding for Goods ^a	<=\$500,000
Shopping for Works	<=\$100,000
Shopping for Goods	<=\$100,000
Direct Contracting	<=\$100,000

^a Refer to para. 3 of ADB. 2006. *Project Administration Instructions*. PAI 3.04: Local Procurement. Manila (National Competitive Bidding, revised April 2008).

2. ADB Prior or Post Review Requirements

16. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used when activities are financed from the multitranchise financing facility.

Procurement of Goods and Works		
Procurement Method	Prior or Post	Comments
International Competitive Bidding (ICB) Works	Prior	Bidding documents for design-build contracts will follow ADB's standard bidding documents.
International Competitive Bidding Goods	Prior	
National Competitive Bidding (NCB) Works	First use, Prior	Bidding documents for performance-based maintenance will follow World Bank or other donor specifications and ADB's standard bidding documents.
National Competitive Bidding Goods	First use, Prior	
Shopping for Works	Post	
Shopping for Goods	Post	
Direct Contracting	Prior	Emergency and ancillary works only.

Recruitment of Consulting Firms		
Quality- and Cost-Based Selection (QCBS)	Prior	Use full technical proposal for supervision consulting services and project management consulting services. Default financial and technical proposal weights may be changed after discussing with ADB.
Quality-Based Selection (QBS)	Prior	For supervision consulting services if considered appropriate after discussions with ADB (use full technical proposal).
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	

3. Goods and Works Contracts Estimated to Cost more than \$1 Million

17. 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	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date (quarter/year)	Comments
Civil Works Faizabad–Ishkashem Road	\$50 million	International Competitive Bidding	No	4/2009	
Civil Works Jabulsaraj–Sourobi Road	\$50 million	International Competitive Bidding	No	4/2009	
Civil Works Kabul–Jalalabad Road	\$50 million	International Competitive Bidding	No	4/2009	

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

18. 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	Recruitment Method ^a	Advertisement Date (quarter/year)	International or National Assignment	Comments
Project Management 1	\$2 million	QCBS/QBS	4/2008	International	MPW to discuss quality:cost ratio and QBS options with ADB.
Project Management 2	\$2 million	QCBS/QBS	4/2008	International	
Project Management 3	\$2 million	QCBS/QBS	4/2008	International	

^a When QCBS is proposed indicate the quality:cost ratio, i.e., 70:30, 80:20 or 90:10.

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

19. 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 ^a	Comments
Emergency and Ancillary Works	100,000	Maximum of 3	National Competitive Bidding and/or International Competitive Bidding	Requires ADB approval of procurement method.

B. Project Procurement Plan

1. Section 2: Program Procurement Plan

a. Indicative List of Packages Required Under the Program

20. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the Program.

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable ^a	Comments
Goods	\$10 million	3	ICB/Shopping	Yes	
Works	\$300 million	20	ICB/NCB/Direct/ Shopping	Yes	
	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Type of Proposal^b	Comments

Consulting Services	\$40 million	8	QBS/QCBS	Not Applicable	

^a See ADB's *Procurement Guidelines* (2007, as amended from time to time), Appendix 2

^b See ADB. 2006. *Project Administration Instructions*. PAI 2.02: Recruiting Consulting Firms, G: For In-House Training Assignments Under the Administrative Budget. Manila (full, simplified, or biodata proposal).

C. NCB for Afghanistan (Procurement Plan and National Procedures)

21. General

National competitive bidding for the procurement of goods and related services shall conform to the provisions for Open Tender without prequalification as prescribed in the *Procurement Law* of October 2005 and elaborated in the *Rules of Procedure for Public Procurement* issued by the Ministry of Finance in April 2007, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB Procurement Guidelines.

22. Registration and Other Pre-Bid Requirements

- (i) Bidding shall not be restricted to Shortlists or Standing Lists.
- (ii) No bid shall be declared as ineligible on the grounds of debarment without ADB's prior concurrence.
- (iii) No bid shall be declared ineligible on the grounds of government regulations that restrict sources without ADB's prior concurrence.
- (iv) 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.

23. 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.

24. 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.

25. Bidding Documents

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

26. Bidding Period

Procuring entities shall allow for a minimum of four weeks for submission of bids.

27. 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.

28. Preferences

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

29. 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.

30. Price Negotiations

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

31. 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.

32. 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.

33. 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.

34. 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.
- (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.

35. 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.

36. Member Country Restriction

Bidders must be nationals of member countries of ADB, and offered goods, works and related services must be produced in and supplied from member countries of ADB.

IV. FINANCING PLANS

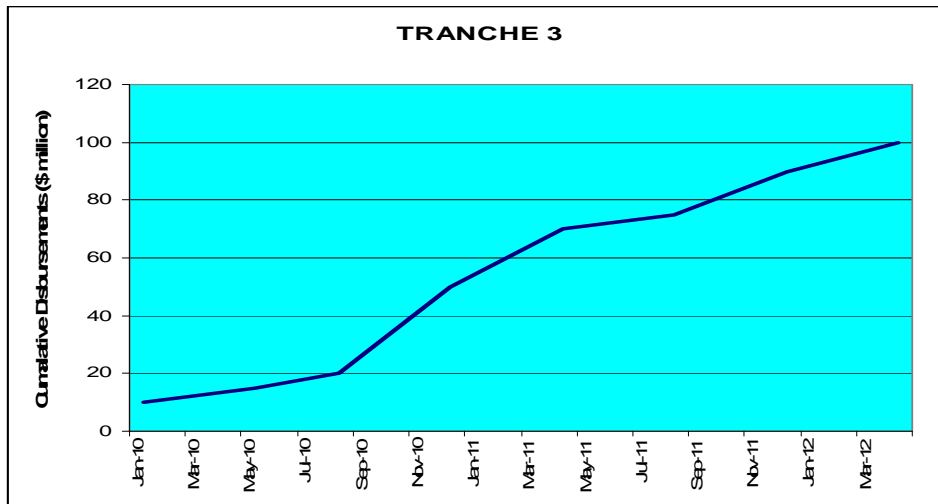
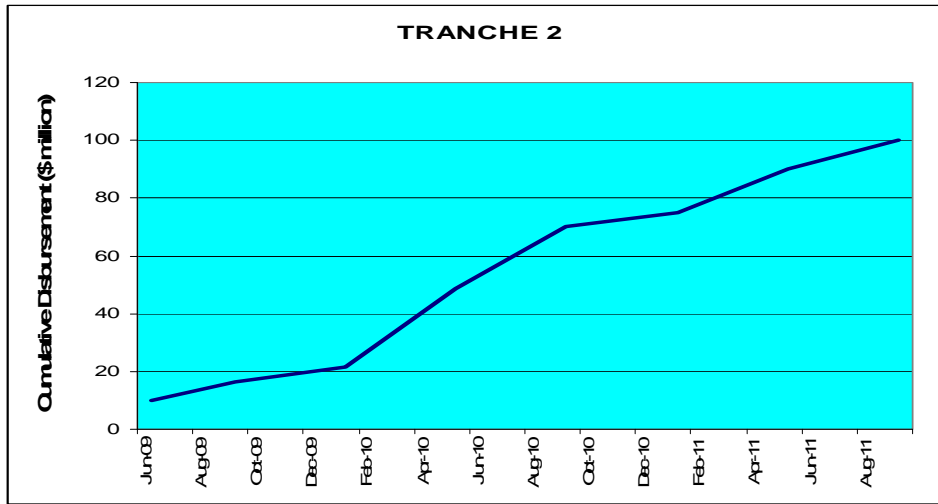
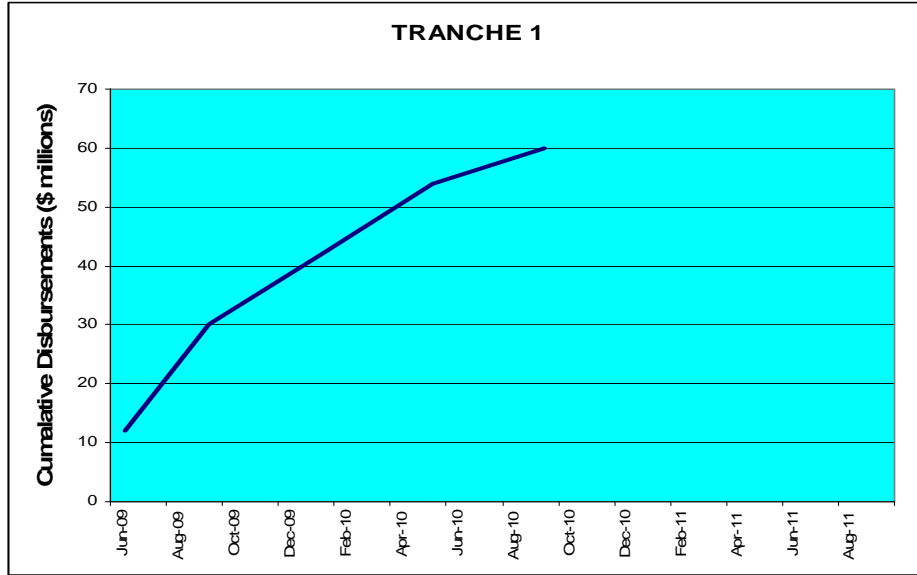
A. Project Financing Plan

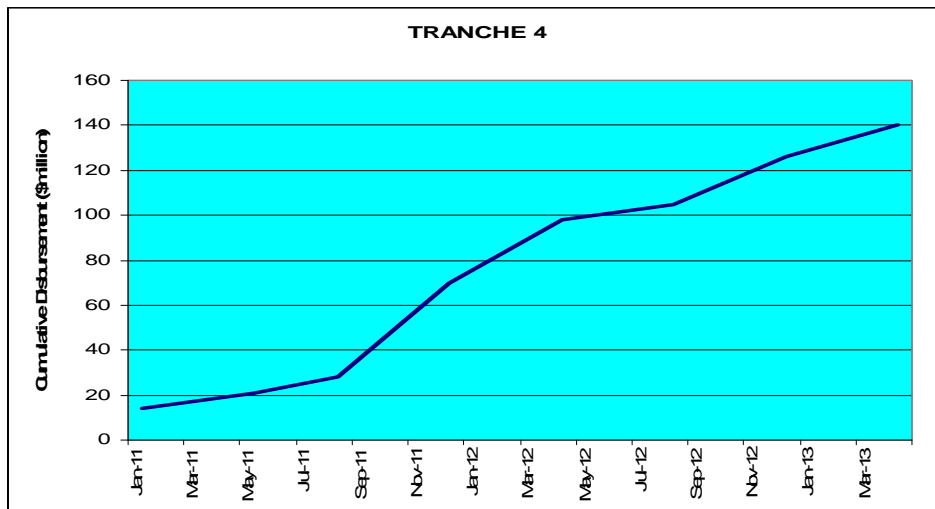
	\$ million
ADB Grant	
Physical component	311
Nonphysical Component	39
Contingencies	50
Government	
Physical component	6
Total	406

B. Asian Development Bank's Financing

37. Disbursement arrangement in summary is shown in the graphs below for all Tranches and followed by the cumulative disbursements expected for the entire package.

38. Required actions prior to initial withdrawal; EA is to required the adhere to the procedure detailed in Appendix 4 titled "Selection Criteria and Approval Process for the Project Components" of the RRP to obtain approval and funding for each of the remaining Tranches





C. Government's Financing

39. The Government will provide financing from the Afghanistan Reconstruction Trust Fund for these works as part of the physical investments, of small works such as construction or rehabilitation of off-road service areas, village access roads, foot paths, and foot bridges as well as social infrastructure such as schools, and medical clinics in communities in the road impact areas.. ADB will supplement this finance as and when necessary. Co-financing will also be sought from bilateral agencies interested in community driven investments

V. SAFEGUARDS PLAN OF ACTION

A. Environment

40. The environmental impact of the Road Network Development Investment Program (Program) is classified as Category B. The environmental safeguards for the Program will be implemented in accordance with the environmental assessment and review framework (EARF), which was prepared by the Ministry of Public Works and approved by Asian Development Bank (ADB).

41. MPW will be responsible for the following for each project:

- (i) Prepare environmental screening checklist and classify sub-projects in consultation with NEPA and other departments;
- (ii) Based on the environmental classification of the subprojects, prepare TORs to conduct IEE or EIA study;
- (iii) Hire an environmental consultant to prepare IEE or EIA report including EMP and SEIA for public disclosure;
- (iv) Ensure that IEE/EIA will be prepared in compliance with the Government and ADB's IEE/EIA requirement and adequate consultation with affected people will be done also in accordance to the ADB's requirement;
- (v) Undertake initial review of the IEE and EMP or EIA, SEIA and EMP reports to ensure its compliance with the Government's and ADB's requirement;
- (vi) Obtain necessary permits/clearance, as required, from NEPA/relevant Government Agencies; ensure that all necessary regulatory clearances will be obtained before commencing any civil work on the relevant sections;

- (vii) Submit to ADB the IEE or EIA and SEIA including EMP reports and other certificates as necessary;
- (viii) Ensure that the EMP which include relevant mitigation measures needed to be incorporated during construction stage by the contractor are included in the bidding document;
- (ix) Ensure that contractors have access to the EIA or IEE and EMP report of the sub-projects;
- (x) Ensure that contractors understand their responsibilities to mitigate environmental problems associated with their construction activities;
- (xi) Ensure and Monitor that the EMP including Environmental Monitoring Plan will be properly implemented;
- (xii) In case, unpredicted environmental impacts occur during project implementation stage, prepare and implement an environmental emergency program in consultation with NEPA/relevant Government Agency and ADB if necessary ;
- (xiii) In case, during project implementation a sub project needs to be realigned, review the environmental classification and revise accordingly, and identify whether supplementary IEE or EIA study is required. If it is required, prepare the TOR for undertaking supplementary IEE or EIA and hire an environment consultant to carry out the study;
- (xiv) Submit annual reports on implementing EMPs including implementation of environmental emergency program (if any) to NEPA and ADB.

42. ADB is responsible for the following:

- (i) Review IEE and/or EIA reports and the rapid environmental assessment (REA) checklist as a basis to issue the subproject's approval;
- (ii) Undertake periodic monitoring the implementation of EMP and due diligence as part of overall project review mission;
- (iii) If required, provide advice to MPW in carrying out its responsibilities to implement the EMP for this Project.

B. Resettlement

43. Land acquisition and resettlement impacts of each project will be treated according to the resettlement framework (RF) given in Supplementary Appendix 2 of the RRP, which has been prepared by MPW in consultation with national and local administrative bodies and with reference to relevant ADB policies. The impact assessment and mitigation will depend on the method of contracting for the different types of physical works. In design-bid-build contracts, MPW will prepare detailed designs and corresponding resettlement plans (RPs), short or full as the case may be and if needed, and implement the RPs simultaneously with procurement of works. MPW will not sign works contracts prior to completion of land acquisition and resettlement activities. In the case of design-build contracts, which would allow works to be expedited by the designing the road while physical works progress, after the award of contracts and during the detailed design phase, MPW will work closely with the supervision consultant(s) and the contractor(s) to determine impacts. Depending on these impacts, MPW will prepare RPs, short or full as the case may be and if needed, and implement the plans after obtaining approval from ADB.

44. The initiation of the work for each tranche will be conditional to the preparation of an initial impact assessment identifying likelihood/nature of LAR impacts and LAR planning capacity needed for the tranche. Based on this initial assessment the LARF may have to be modified to

address land acquisition and resettlement (LAR), issues specific to the tranche. Once a project design is finished a due-diligence scoping plan subdividing road sections with LAR and without LAR will be a condition for initiating any civil work in sections where LAR is not needed. Finally, preparation/implementation of a LARP acceptable to ADB will be a condition to initiate civil works in areas where LAR is required.

VI. PROJECT EXECUTION PLAN

45. The Master Project Activity Schedule, attached shows the main activities that need to be carried out with a time frame provided. The EA is to develop a detailed Gantt chart using Microsoft Project or each Tranche taking into consideration the time frames provided. The various monitoring and reporting requirements are shown in the Master Project Activity Schedule. These reports together with a stated project schedule described above will be used to monitor the progress of the various tranches.

Proposed Multitranche Financing Facility
Islamic Republic of Afghanistan: Road Network Development Investment Program

