



Project Administration Memorandum

Project Number: 37393
Grant Number: 0068
March 2007

Afghanistan: Supporting Private Sector and Financial Market Reforms

The project 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

CURRENCY EQUIVALENTS

(as of 21 March 2007)

Currency Unit	–	afghani/s (AF)
AF1.00	=	\$0.02
\$1.00	=	AF49.58

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
DAB	–	Da Afghanistan Bank
MOC	–	Ministry of Commerce
MOF	–	Ministry of Finance
MOJ	–	Ministry of Justice
SOE	–	state-owned enterprise

NOTES

- (i) The fiscal year (FY) of the Government ends on 20 March. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2006 ends on 20 March 2006.
- (ii) In this report, "\$" refers to US dollars.

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GRANT PROCESSING HISTORY

	Date(s)
a. Approval of project or program preparatory technical assistance	
b. Feasibility study	
c. Fact-finding	9–29 August 2006
d. Management review meeting (MRM)	2 October 2006
e. Appraisal mission	30–31 October 2006
f. Second Management review meeting	10 November 2006
g. Grant negotiations	15 November 2006
h. Board circulation	23 November 2006
i. Board consideration and approval	14 December 2006
j. Grant agreement signing	14 March 2007
k. Cofinancing arrangement finalized and agreements signed, if any	
l. Grant effectiveness, including conditions (include available dates)	

I. PROJECT DESCRIPTION

A. Project Area and Location

1. The capacity-building grant for Supporting Private Sector and Financial Market Reforms (the Project) will be implemented in Afghanistan.

B. Objective

2. The objective of the capacity-building grant is to assist the Government implement the Program. Specifically, it will help the Government (i) strengthen the legal framework, (ii) remove market distortions, (iii) disengage the Government from commercial activities, (iv) strengthen financial intermediation, and (v) implement accounting and auditing standards. The grant will also develop and establish training programs in these areas to help sustain private sector and financial market development over the long term. A summary of component activities, experts, deliverables and schedules are shown in Tables 1 to 6.

Table 1: Component I - Strengthening the Legal Framework

	Activities		
	Drafting of Law	Drafting of Implementing Regulations	Stakeholder Outreach
Experts			
1. Commercial law expert (International)		<ul style="list-style-type: none"> ● Drafting of implementing regulations of the Commercial Arbitration Law 	<ul style="list-style-type: none"> ● Design outreach seminars and training programs ● Preparation of training materials ● Conduct seminars and trainings
2. Legal expert on immovable property formalization (International)	<ul style="list-style-type: none"> ● Drafting of Immovable Property Formalization Law ● Coordinate with LTERA project 	<ul style="list-style-type: none"> ● Drafting of implementing regulations of the Immovable Property Formalization Law 	<ul style="list-style-type: none"> ● Design outreach seminars and training programs ● Conduct seminars and trainings ● Preparation of training materials
3. Legal expert (National)		<ul style="list-style-type: none"> ● Assist in drafting of implementing regulations ● Assist in document translation 	<ul style="list-style-type: none"> ● Assist in seminars and training programs ● Assist in the preparation of training materials

	Activities		
	Drafting of Law	Drafting of Implementing Regulations	Stakeholder Outreach
Experts 4. Legal expert (National)	<ul style="list-style-type: none"> ● Assist in drafting of the Immovable Property Formalization Law 	<ul style="list-style-type: none"> ● Assist in drafting of implementing regulations 	<ul style="list-style-type: none"> ● Assist in seminars and training programs
	<ul style="list-style-type: none"> ● Assist in document translation ● Ensure consistency with Shariah law 	<ul style="list-style-type: none"> ● Assist in document translation 	<ul style="list-style-type: none"> ● Assist in the preparation of training materials
Deliverables	<ol style="list-style-type: none"> 1. Inception Report for the Commercial Arbitration Law 2. Mid-term Progress Report for the Commercial Arbitration Law 3. Draft Final Report for the Commercial Arbitration Law, to include: <ol style="list-style-type: none"> a. Draft implementing regulations b. Proceedings and materials of seminars and training programs 4. Final Report for the Commercial Arbitration Law 5. Inception Report for the Immovable Property Formalization Law 6. Mid-term Progress Report for the Immovable Property Formalization Law 7. Draft Final Report for the Immovable Property Formalization Law, to include <ol style="list-style-type: none"> a. Draft Law b. Draft implementing regulations c. Proceedings and materials of seminars and training programs 8. Final Report for the Immovable Property Formalization Law 		
Schedule	Commercial Arbitration Law: July-September 2007 Immovable Property Formalization Law: July-November 2009		

Table 2: Component II - Removing Market Distortions

Experts	Activities		
	Compliance with Price Control Abolition	Streamlining municipal business permit system	Stakeholder Outreach
1. Business economist (International)	<ul style="list-style-type: none"> ● Develop system for monitoring compliance with price control abolition ● Coordinate with MOC in the monitoring mechanism 	<ul style="list-style-type: none"> ● Prepare a report on the municipal business registration and permit system ● Prepare model municipal regulation to guide municipalities on a streamlined business permit system ● Coordinate with MOC on the model municipal regulation and ongoing MOC reforms in business registration 	<ul style="list-style-type: none"> ● Design outreach seminars and training programs ● Preparation of training materials ● Conduct seminars and training programs
2. Economic Analyst (National)	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document translation 	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document translation 	<ul style="list-style-type: none"> ● Assist in seminars and training programs ● Assist in the preparation of training materials
Deliverables	<ol style="list-style-type: none"> 1. Inception Report 2. Mid-term Progress Report 3. Draft Final Report, to include <ol style="list-style-type: none"> a. Detailed design and implementing guidelines on MOC's monitoring mechanism for price control abolition compliance b. Report on municipal business registration and permit system c. Model municipal regulation on business permit system d. Proceedings and materials of seminars and training programs 4. Final Report 		
Schedule	July-December 2007		

Table 3: Component III - Liquidating State-owned Enterprises

Experts	Activities		
	Support for Liquidation Committees	SOE Department Capacity Building	Social Safety Net Implementation
1. SOE liquidation expert (3 experts, International)	<ul style="list-style-type: none"> ● Review asset valuation ● Assist Liquidation Committees on liquidation plans ● Advisory support on claims on SOE assets ● Assist in organizing asset sales ● Other advisory support as required by the Liquidation Committees and SOE Department 	<ul style="list-style-type: none"> ● Design and implement training programs for the SOE Department on liquidation and privatization ● Assist in the implementation of PRR for liquidation and privatization unit of SOE Department 	<ul style="list-style-type: none"> ● Monitor social safety net implementation ● Advisory support on social safety net implementation
2. SOE reform expert (3 experts, National)	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document translation 	<ul style="list-style-type: none"> ● Assist in seminars and training programs ● Assist in the preparation of training materials ● Assist in document translation ● Assist in information gathering and processing 	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document translation
Deliverables	<ol style="list-style-type: none"> 1. Inception Report 2. Quarterly Progress Reports 3. Draft Final Report 4. Final Report 		
Schedule	July 2007 – December 2009		

Table 4: Component IV - Strengthening Financial Intermediation

Experts	Activities					
	Conservatorship, Receivership and Forced Liquidation Policies	Cross-border Bank Supervision	Risk Management Guidelines	Bank Performance Reporting and Enforcement Action Tracking	DAB Capacity Building	Banking Accreditation and Training Programs
1. Bank regulatory and policy expert (International)	<ul style="list-style-type: none"> • Draft policies and procedures on conservatorship, receivership and forced liquidation 	<ul style="list-style-type: none"> • Draft MOU on cross-border bank supervision • Provide policy and technical advice on cross-border bank supervision 	<ul style="list-style-type: none"> • Prepare risk management regulations and compliance guidelines • Provide policy and technical advice on risk management 	<ul style="list-style-type: none"> • Prepare blueprint for a uniform bank performance reporting system • Design an enforcement action tracking system for DAB 	<ul style="list-style-type: none"> • Design training programs for bank supervisions, particularly on internal control, risk management, enforcement actions and back office operations. • Preparation of training materials • Conduct training programs 	
2. Commercial Banking Specialist (International)			<ul style="list-style-type: none"> • Assist in preparation of risk management regulations and compliance guidelines 	<ul style="list-style-type: none"> • Assist in the preparation of a blueprint for a uniform bank performance reporting system 		<ul style="list-style-type: none"> • Prepare an action plan for capacity building in the banking profession • Design a banking accreditation and training program • Preparation of training materials • Conduct training programs on modern banking practices

	Activities					
	Conservatorship, Receivership and Forced Liquidation Policies	Cross-border Bank Supervision	Risk Management Guidelines	Bank Performance Reporting and Enforcement Action Tracking	DAB Capacity Building	Banking Accreditation and Training Programs
Experts						<ul style="list-style-type: none"> ● Advisory support in the design of curricula for the banking profession
3. Financial supervision (National)	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document preparation 	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document preparation 	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document preparation 	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document preparation 	<ul style="list-style-type: none"> ● Assist in seminars and training programs ● Assist in the preparation of training materials 	
4. Commercial banking expert (National)			<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document preparation 	<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in document preparation 		<ul style="list-style-type: none"> ● Assist in information gathering and processing ● Assist in the preparation of training materials
Deliverables	<ol style="list-style-type: none"> 1. Inception Report 2. Quarterly Progress Reports 3. Draft Final Report, to include <ol style="list-style-type: none"> a. Draft regulation on conservatorship, receivership and forced liquidation of banks b. Draft MOU on cross border supervision c. Draft detailed regulation and compliance guidelines on risk management d. Draft uniform bank performance report e. Design of enforcement action tracking system f. Action plan for capacity building for banking professionals g. Proceedings and materials of seminars and training programs 4. Final Report 					
Schedule	September 2007 – December 2009					

Table 5: Component V - Implementing Accounting and Auditing Standards

Experts	Activities				
	Drafting of Law	Drafting of Implementing Regulations	Stakeholder Outreach	Establishment of an Accounting and Auditing Board	Establishment of a Certification and Training Program
1. Accounting and auditing specialist (International)	<ul style="list-style-type: none"> • Provide inputs and review draft accounting and auditing laws for consistency with IFRS and ISA 	<ul style="list-style-type: none"> • Review draft implementing regulations 	<ul style="list-style-type: none"> • Design outreach seminars and training programs • Conduct seminars and trainings • Preparation of training materials 	<ul style="list-style-type: none"> • Advisory support to MOF on the establishment of an accounting and auditing board • Training of Accounting and Auditing Board members and secretariat 	<ul style="list-style-type: none"> • Advisory support on the qualifications requirements for certification and licensing • Draft a code of ethical standards for accountants and auditors • Develop an action plan for the establishment of a professional association of accountants and auditors • Provide pilot training programs on international accounting and auditing standards
2. Legal expert on accounting and auditing law (International)	<ul style="list-style-type: none"> • Drafting of Accounting Law and Auditing Law 	<ul style="list-style-type: none"> • Drafting of implementing regulation 	<ul style="list-style-type: none"> • Design outreach seminars and training programs • Conduct seminars and trainings 		

Experts	Activities				
	Drafting of Law	Drafting of Implementing Regulations	Stakeholder Outreach	Establishment of an Accounting and Auditing Board	Establishment of a Certification and Training Program
			<ul style="list-style-type: none"> • Preparation of training materials 		
3. Accounting and auditing expert (National)	<ul style="list-style-type: none"> • Assist in drafting of the Accounting Law and Auditing Law • Assist in document translation 	<ul style="list-style-type: none"> • Assist in drafting of implementing regulations • Assist in document translation 	<ul style="list-style-type: none"> • Assist in seminars and training programs • Assist in the preparation of training materials 	<ul style="list-style-type: none"> • Assist in document translation • Assist in information gathering and processing 	<ul style="list-style-type: none"> • Assist in document translation • Assist in information gathering and processing • Assist in pilot training program
4. Legal expert (National)	<ul style="list-style-type: none"> • Assist in drafting of the Accounting Law and Auditing Law • Assist in document translation • Ensure consistency with Shariah law 	<ul style="list-style-type: none"> • Assist in drafting of implementing regulations • Assist in document translation 	<ul style="list-style-type: none"> • Assist in seminars and training programs • Assist in the preparation of training materials 		
Deliverables	<ol style="list-style-type: none"> 1. Inception Report 2. Mid-term Progress Report 3. Draft Final Report, to include: <ol style="list-style-type: none"> a. Draft laws b. Draft implementing regulations c. Draft procedures for certification and licensing for accountants and auditors d. Detailed action plan for the establishment of a professional association of accountants and auditors e. Draft code of ethical standards for accountants and auditors f. Proceedings and materials of seminars and training programs 4. Final Report 				
Schedule	Accounting and Auditing Law: July 2007 - April 2008 Accounting and Auditing Board and other reforms: September 2008 - August 2009				

Table 6: Component VI - Unallocated Pool of Funds

Experts	Activities
	Administrative Support
1. Project Assistant (National)	<ul style="list-style-type: none"> ● Provide overall administrative support for grant implementation ● Maintain project files and records ● Handle project communications ● Facilitate procurement of supplies and equipment ● Assist in consultant recruitment ● Assist in organizing seminars and training programs ● Arrange meetings of the Interagency Program and Grant Coordination Committees ● Arrange meetings of ADB Missions
Schedule	July 2007 - December 2009

C. Outputs**1. Component I: Strengthening the Legal Framework**

3. Activities include

- (i) supporting the drafting and finalization of a commercial arbitration law and an immovable property formalization law [2nd Tranche Release Condition # 1, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG],
- (ii) drafting implementing rules and regulations for the above laws, and
- (iii) facilitating consultations and dissemination seminars to solicit stakeholder buy-in and ensure timely and proper implementation of the above laws and regulations.

2. Component II: Removing Market Distortions

4. Activities include

- (i) developing monitoring and enforcement mechanisms to ensure municipal authorities' compliance with the Cabinet resolution abolishing price controls,
- (ii) identifying the inefficiencies in the business registration and permit systems and developing a streamlined system to facilitate business establishment [2nd Tranche Release Condition # 2, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG], and
- (iii) facilitating consultations and dissemination seminars to solicit stakeholder buy-in and ensure the timely and proper implementation of the above.

3. Component III: Liquidating State-Owned Enterprises

5. Activities include

- (i) assisting liquidation committees in the asset valuation of each state-owned enterprise (SOE) approved by the Ministry of Finance (MOF) for liquidation or privatization through asset sales;
- (ii) providing advisory support to liquidation committees to develop liquidation plans for each SOE;
- (iii) helping liquidation committees organize the asset sales, including calls for creditors and claimants, and prepare bidding documents [2nd Tranche Release Conditions # 4 and 5, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG];
- (iv) supporting the restructuring of MOF's SOE Department to strengthen its capacity to manage privatization [related to 2nd Tranche Release Condition # 6, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG]; and
- (v) supporting the development and implementation of the social safety net programs [related to 2nd Tranche Release Condition # 7, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG].

4. Component IV: Strengthening Financial Intermediation

6. Activities include

- (i) helping Da Afghanistan Bank (DAB) prepare agreements on protocols for cross-border supervision [related to 2nd Tranche Release Condition # 8, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG];
- (ii) facilitating the establishment of a system to monitor commercial bank performance and manage DAB's enforcement actions;
- (iii) supporting the development of policies and procedures on conservatorship, receivership, and liquidation of banks [related to 2nd Tranche Release Condition # 9, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG];
- (iv) supporting the preparation of risk management regulations and compliance by banks [related to 2nd Tranche Release Condition # 10, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG];
- (v) developing and conducting training programs for DAB staff; and
- (vi) developing banking accreditation and training programs and curricula in educational institutions.

5. Component V: Implementing Accounting and Auditing Standards

7. Activities include

- (i) drafting an accounting law and an auditing law and implementing regulations [related to 2nd Tranche Release Condition # 12, Attachment 2 to Schedule 2 of Grant Agreement for Grant 0067-AFG];
- (ii) supporting the establishment of an accounting and auditing board to regulate the profession;
- (iii) providing training on the implementation of the accounting law and auditing law;
- (iv) developing (a) an accreditation and licensing system for professional accountants and auditors, (b) a code of ethical standards for accountants and auditors, and (c) accounting and auditing curricula in educational institutions; and
- (v) developing a strategy and time-bound action plan to establish a professional association for accountants and auditors.

6. Component VI: Unallocated Pool of Funds

8. An unallocated pool of funds will be established to engage consultants as additional needs for advisory support and capacity building are identified during program implementation.

II. COST ESTIMATES AND FINANCING PLAN

9. The total cost for the capacity-building grant is estimated at \$4.3 million equivalent (Table 7). ADB will provide \$4 million financed on a grant basis from the Asian Development Fund (ADF) (Table 8). The Government's in-kind contribution of \$0.3 million equivalent will cover counterpart staff, training and workshop facilities, and office accommodation. The beneficiary of the grant will be the Islamic Republic of Afghanistan. The allocation of grant proceeds is given in Table 9. Detailed cost estimates and financing plan is in Appendix 1.

Table 7: Grant Investment Plan
(\$'000)

Item	Amount
A. Component I – Legal Framework	290.0
B. Component II – Market Distortions	158.0
C. Component III – SOE Liquidation	1,065.0
D. Component IV – Financial Intermediation	702.0
E. Component V – Accounting and Auditing Standards	745.0
F. Component VI – Unallocated Pool of Funds ^a	750.0
G. Contingencies	290.0
H. Government Financing ^b	
1. Office Accommodation, Training, Workshop Facilities	100.0
2. Remuneration of Counterpart Staff	200.0
Total	4,300.0

^a This amount will be used to engage consultants as additional advisory support and capacity-building needs are identified.

^b ADB. 2005. *Extension of the Waiver of the Cost-Sharing Limits for Loans and TA Operations for Afghanistan*. Manila.

Source: Asian Development Bank estimates.

Table 8: Financing Plan
(\$'000)

Source	Total	%
Asian Development Bank ^a	4,000.0	93
Government of Afghanistan	300.0	7
Total	4,300.0	100

^a Exclusive of local taxes and duties.

Source: Asian Development Bank estimates.

Table 9: Allocation and Withdrawal of Grant Proceeds

CATEGORY			ADB FINANCING
Number	Item	Amount Allocated (\$) Category	Percentage and Basis for Withdrawal from the Grant Account ^a
1	Consulting Services	3,455,000	100 percent of total expenditure
2	Workshops, Training/Seminars & Conferences	155,000	100 percent of total expenditure
3	Miscellaneous Administration and Support Costs (including translation)	80,000	100 percent of total expenditure
4	Contract Negotiations	20,000	100 percent of total expenditure
5	Unallocated	290,000	
	Total	4,000,000	

^a Exclusive of local taxes and duties.

III. IMPLEMENTATION ARRANGEMENTS

A. Executing and Implementing Agencies

10. MOF will be the Executing Agency for the grant. MOF will be the Implementing Agency for components I, III, and V. The Ministry of Commerce (MOC) will be the Implementing Agency for components I and II. DAB will be the Implementing Agency for component IV. The implementation agency for Component VI will be designated when additional needs for advisory support and capacity building are identified.

Table 10: Agencies and Responsibilities

Agency	Responsibilities
Executing Agency	
MOF	1. Oversight of the implementation of the project and coordination with implementing agencies.
Implementing Agencies	
MOF	1. Implement the liquidation or privatization through asset sales of SOEs 2. Coordinate with the Ministry of Agriculture, Ministry of Urban Development and Ministry of Justice on the formulation of the land policy and the preparation of an immovable property formalization law 3. Implement accounting and auditing reforms including, among others, the drafting of the accounting and auditing laws and establishment of the accounting and auditing board
MOC	1. Preparation of a commercial arbitration law 2. Establish a monitoring system to ensure compliance with the cabinet resolution abolishing price controls 3. Coordinate and work with municipal governments on the streamlining of municipal business registration and permit system
DAB	1. Implement financial supervisory reforms 2. Capacity building for the financial sector

B. Project Management

11. MOF will set up an interagency grant coordination committee headed by the deputy minister for finance and comprising representatives from MOF, MOC, Ministry of Justice (MOJ) (Head of Taqin [Legislative Department]), and DAB. The Asian Development Bank (ADB) will be a member of the committee to oversee the implementation progress. The committee will meet every quarter to coordinate and ensure effective implementation of the reforms.

12. The consulting firm will designate an overall team leader from among the international consultants to coordinate project implementation, and regularly report its progress to the

interagency grant committee and ADB. The team leader will also liaise with ADB on all project administration matters.

IV. IMPLEMENTATION SCHEDULE

13. The project implementation period will be 3 years. The project will be completed by 31 December 2009 and closed on 30 June 2010. The implementation schedule for activities of each component is in Appendix 2.

V. CONSULTANT RECRUITMENT

14. The grant will support the engagement of consultants, including legal experts, business economists, SOE liquidation experts, bank regulatory and policy experts, commercial banking experts, and accounting and auditing specialists. This represents 64 person-months of international and 132 person-months of national consulting services. All international and national consultants will be selected and engaged by ADB in consultation with the grant coordination committee. The team of consultants for components I–V will be recruited by ADB through a firm by quality-based selection (QBS) since capacity constraints pose significant risks to program implementation and, therefore, quality-based consulting inputs are critical in capacity-building initiatives and need to override other considerations. The consultants for component VI will be recruited by ADB as individuals in accordance with ADB's *Procedures for Recruiting Individual Consultants* or through a firm by QBS. All international and national consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants*. The terms of reference for consulting services are in Appendix 3.

VI. DISBURSEMENT PROCEDURES

15. All disbursement under the grant will be in accordance with ADB's *Loan Disbursement Handbook* (January 2001), as amended from time to time. Disbursement will be through direct payment.

VII. PROGRAM MONITORING AND EVALUATION

16. The Government and ADB will periodically review grant implementation. The reviews will include evaluation of the grant scope, implementation arrangements, progress of the policy reform agenda, and capacity-building measures. ADB will field regular review missions, including a midterm review mission, and project completion review missions.

VIII. REPORTING REQUIREMENTS

17. MOF will provide quarterly progress reports on grant implementation to ADB within 1 month of the end of each quarter in accordance with the program performance monitoring system. The sample progress report format is in Appendix 4.

IX. ACCOUNTING AND AUDITING REQUIREMENTS

18. The Government will maintain records and accounts for the grant expenditure in accordance with sound accounting principles and will have such accounts and records audited annually by auditors acceptable to ADB. The Government will ensure that the progress reports, audited accounts, and financial statements comply with ADB's guidelines. Audited annual

accounts, by independent auditors acceptable to ADB, will be submitted to ADB within 6 months of the reporting period.

X. MAJOR GRANT COVENANTS

19. In addition to the standard conditions, the following major covenants are included in the Grant Agreement. These covenants are directly related to the Project and are considered essential to ensure its successful implementation. The full list of Grant Covenants is in Appendix 5.

Specific Covenants	Agencies Involved	Deadline for Compliance	Reference	Remarks
Audit – to submit annual audited reports within 6 months after the end of each fiscal year	MOF	September 2007 September 2008	Article IV, Section 4.02(a), GA	Not yet due
Reporting (quarterly)– to jointly review the progress of the Project	MOF, DAB, MOC, MOJ	2007/2008	Schedule 4, para. 6, GA	Not yet due

XI. KEY PERSONS INVOLVED IN THE PROGRAM

20. All official communication related to the Project should be addressed to the following key personnel:

Names	Institution	Position	Address	Contact
Anwar-ul Ahady	MOF	Minister	Kabul, Afghanistan	F 9320 2103258
Wahidullah Shahrani	MOF	Deputy Minister	Kabul, Afghanistan	F 9320 2103258
Brian Fawcett	ADB	Country Director, AFRM		
Michaela Prokop	ADB	Economist, AFRM		
Rafi Fazil	ADB	Economic Officer, AFRM		

XII. ANTICORRUPTION

21. The Project is subject to ADB's anticorruption policy [policy document *Anticorruption* (1998 as amended)]. Anyone coming across evidence of corruption associated with the Program must contact ADB's Office of the General Auditor, which will investigate allegations. Further information on ADB's anticorruption policy is available through ADB's website: <http://www.adb.org> (and selecting 'anticorruption' as topic), or directly through: <http://adb.org/Integrity/default.asp>.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Investment Costs^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	2,190.0
ii. National Consultants	265.0
b. International and Local Travel	250.0
c. Unallocated Pool of Funds ^b	750.0
2. Workshops, Training/Seminars, and Conferences	155.0
3. Miscellaneous Administration and Support Costs (including translation)	80.0
4. Contract Negotiations	20.0
5. Contingencies	290.0
Subtotal (A)	4,000.0
B. Government Financing^c	
1. Office Accommodation/Training/Workshop Facilities	100.0
2. Remuneration of Counterpart Staff	200.0
Subtotal (B)	300.0
Total	4,300.0

^a Financed by the Asian Development Fund; exclusive of local taxes and duties.

^b This amount will be used to engage short-term consultants as additional capacity building needs are identified.

^c ADB. 2005. *Extension of the Waiver of the Cost-Sharing Limits for Loans and TA Operations for Afghanistan*. Manila.

Source: Asian Development Bank estimates.

IMPLEMENTATION SCHEDULE¹

Activity/Component	Year 1 (2007)												Year 2 (2008)												Year 3 (2009)											
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
1. Start-up Activities																																				
a. Invitation, negotiations, contract award, and consultancy services																																				
2. Component 1 - Legal Framework																																				
a. Commercial Arbitration Law																																				
i. Review																																				
ii. Consultation and dissemination seminars and drafting of implementing rules and regulations																																				
b. Immovable Property Formalization Law																																				
i. Drafting																																				
ii. Consultation and dissemination seminars and drafting of implementing rules and regulations																																				
3. Component 2 - Market Distortions																																				
a. Development of monitoring and enforcement mechanisms for compliance with the lifting of price controls																																				
b. Report on municipal business registration and permit system																																				
i. Report preparation																																				
ii. Consultation and dissemination seminars																																				
4. Component 3 - SOE Liquidation																																				
a. Support to Liquidation Committees																																				
i. Asset valuation																																				
ii. Development of liquidation plans																																				
iii. Organization of asset sales																																				
b. SOE Department Restructuring and Capacity Building																																				
c. Implementation of Social Safety Net																																				
5. Component 4 - Financial Intermediation																																				
a. Drafting of policies and procedures on conservatorship, receivership and forced liquidation of banks																																				
b. Drafting of agreement on protocols for cross-border consolidated supervision																																				
c. Drafting of detailed regulations and compliance guidelines on risk management																																				
d. Development of a uniform bank performance reporting system and enforcement action tracking system																																				
e. Capacity building for DAB																																				
f. Development of banking accreditation and training programs																																				
6. Component 5 - Accounting and Auditing Standards																																				
a. Accounting Law and Auditing Law																																				
i. Drafting																																				
ii. Consultation and dissemination seminars, and drafting of implementing rules and regulations																																				
b. Establishment of the Accounting and Auditing Board and its secretariat																																				
c. Establishment of a certification and training program for accounting and auditing																																				
7. Component 6 - Unallocated Pool of Funds																																				
8. Progress Reports																																				

DAB = Da Afghanistan Bank, SOE = State-owned enterprise

¹ The RRP does not include an implementation schedule as an appendix. This implementation schedule was developed for the purpose of the PAM.

TERMS OF REFERENCE

Component I: Strengthening the Legal Framework

A. Objective

The objective of the component is to help the Government improve the environment for private sector development by strengthening the legal framework for commercial activity. Specifically, Component I will help Government introduce an alternative dispute resolution mechanism through the commercial arbitration law. Also, to improve the legal framework for land titling, Component I will provide technical assistance to the Government on the drafting of an immovable property formalization law.

B. Activities

- (iv) Supporting the implementation of the Commercial Arbitration Law
- (v) Drafting of an immovable property formalization law, and its implementation rules and regulations
- (vi) Facilitating consultations and dissemination seminars to solicit stakeholder buy-in and ensure timely and proper implementation of the above laws and regulations.

C. Consultants

1. Commercial Law Expert (International, 3 person-months)

Qualifications

The expert will be a commercial lawyer, with a strong background in commercial arbitration. The expert will have substantial practical knowledge of the Model Law on International Commercial Arbitration and Arbitration Rules of the UN Commission on International Trade Law (UNCITRAL). The expert will have substantial experience (at least 5 years) in drafting laws on commercial arbitration in developing economies.

Detailed Tasks

The expert will:

- (i) review the Commercial Arbitration Law which was enacted via a Presidential Decree;
- (ii) draft implementing rules and regulations for the above law;
- (iii) design and conduct seminars and trainings to disseminate above laws and the corresponding implementing rules and regulations to facilitate the implementation of the law; and
- (iv) coordinate the inputs of the national legal expert, and for the timely delivery of quality reports to the Government and the Asian Development Bank (ADB).

2. Legal Expert on Immovable Property Formalization Law (International, 3 person-months)

Qualifications

The expert will have a degree in law, and will be an expert on land titling, legal issues on land tenure, and formalization of informal settlements. The expert will have substantial experience (at least 5 years) in drafting laws and implementing regulations on immovable property formalization in developing economies.

Detailed Tasks

The expert will:

- (i) draft legislation on immovable property formalization law;
- (ii) coordinate with experts in the Land Tenure and Economic Restructuring in Afghanistan (LTERA) project concerning the above law;
- (iii) draft implementing rules and regulations for the above law; and
- (iv) design and conduct seminars and trainings to disseminate above law and the corresponding implementing rules and regulations to facilitate their timely adoption and implementation;
- (v) coordinate the inputs of the national legal expert, and for the timely delivery of quality reports to the Government and ADB.

3. Legal Expert (National, 3 person-months)

Qualifications

The expert will have a degree in law and familiar with Shariah and Afghan commercial laws.

Detailed Tasks

The expert will:

- (i) Assisting the commercial law expert in drafting the implementing rules and regulations of the Commercial Arbitration Law;
- (ii) Assist in the technical and legal translation of documents;
- (iii) Assisting the preparation of training materials; and
- (iv) Take part in the conduct of dissemination seminars and trainings.

4. Legal Expert (National, 5 person-months)

Qualifications

The expert will have a degree in law and familiar with Shariah law. He must also have some experience related to land titling procedures in Afghanistan.

Detailed Tasks

The expert will:

- (i) Assisting the legal expert on immovable property formalization law in drafting the Immovable Property Formalization Law

- (ii) Assisting the legal expert on immovable property formalization law in drafting the implementing rules and regulations of the Immoveable Property Formalization Law
- (iii) Assist in the technical and legal translation of documents;
- (iv) Assisting the preparation of training materials; and
- (v) Take part in the conduct of dissemination seminars and trainings.

D. Deliverables

1. Inception Report for the Commercial Arbitration Law
2. Mid-term Progress Report for the Commercial Arbitration Law
3. Draft Final Report for the Commercial Arbitration Law, to include:
 - a. Draft implementing regulations
 - b. Proceedings and materials of seminars and training programs
4. Final Report for the Commercial Arbitration Law
5. Inception Report for the Immoveable Property Formalization Law
6. Mid-term Progress Report for the Immoveable Property Formalization Law
7. Draft Final Report for the Immoveable Property Formalization Law, to include:
 - a. Draft law
 - b. Draft implementing regulations
 - c. Proceedings and materials of seminars and training programs
8. Final Report for the Immoveable Property Formalization Law

E. Schedule

Commercial Arbitration Law: July – September 2007

Immoveable Property Formalization Law: July – November 2009

Component II: Removing Market Distortions

A. Objective

The objective of the component is to help the Government strengthen the environment for private sector development by removing distortions on prices and business entry. Specifically, Component II will help Government design a system to monitor compliance by municipalities with the abolition of price controls and, at the same time. Help municipal government streamline their business registration and permit system.

B. Activities

- (iv) Developing monitoring and enforcement mechanisms to ensure municipal authorities' compliance with the Cabinet resolution abolishing price controls,
- (v) Identifying the inefficiencies in the business registration and permit systems and developing a streamlined system to facilitate business establishment, and
- (vi) Facilitating consultations and dissemination seminars to solicit stakeholder buy-in and ensure the timely and proper implementation of the above.

C. Consultants

1. Business Economist (International, 3 person-months)

Qualifications

The economist will have a post-graduate degree in economics. The expert will have substantial experience (at least 5 years) in providing policy advice on macroeconomic management, as well as technical expertise on the establishment and operations of small business in developing countries.

Detailed Tasks

The economist will:

- (i) develop a system to help the Ministry of Commerce monitor and enforce compliance by municipal authorities with the Cabinet resolution abolishing price controls;
- (ii) prepare a report identifying inefficiencies in business registration and permit systems currently implemented by the municipal governments in Kabul and Herat, with a focus, among others, on (a) how the process restricts private enterprises' market entry, and (b) the consequence of market entry restriction to the pricing of goods produced by those affected by the business registration;
- (iii) prepare a model municipal regulation to guide municipal governments in streamlining business registration and permit system;
- (iv) facilitate consultations and dissemination seminars to solicit stakeholder buy-in and ensure the timely and proper implementation of measures aimed at removing price controls and streamlining business registration and permit system; and
- (v) coordinating the inputs of the national economic analyst, and for the timely delivery of quality reports to the Government and ADB.

2. Economic Analyst (National, 6 person-months)

Qualifications

The economic analyst will have a degree in economics or business. Familiarity with existing municipal business permit system is preferred.

Detailed Tasks

The economic analyst will:

- (i) Assist in the collecting and processing of information on municipal business registration and permit system;
- (ii) Assist in the preparation of the report on municipal business registration and permit system;
- (iii) Assist in the preparation of the model municipal regulation governing business registration and permit system;
- (iv) Assist in document translation;
- (v) Assist in the conduct of dissemination seminars and trainings; and
- (vi) Assist in the preparation of training materials.

D. Deliverables

1. Inception Report
2. Progress Report
3. Draft Final Report, to include:
 - a. Detailed design and implementing guidelines on MOC's monitoring mechanism for price control abolition compliance
 - b. Report on municipal business registration and permit system
 - c. Model municipal regulation on business permit system
 - d. Proceedings and materials of seminars and training programs
4. Final Report

E. Schedule

July-December 2007

Component III: Liquidating State-Owned Enterprises

A. Objective

The objective of the component is to help spur private sector development by disengaging the Government from business activities. Specifically, Component III will support SOE privatization buy supporting liquidation and privatization through asset sales. At the same time, the component will support the provision of Social Safety Nets for affected workers.

B. Activities

- (vi) Assisting liquidation committees in the asset valuation of each state-owned enterprise (SOE) approved by the Ministry of Finance (MOF) for liquidation or privatization through asset sales;
- (vii) Providing advisory support to liquidation committees to develop liquidation plans for each SOE;
- (viii) Helping liquidation committees organize the asset sales, including calls for creditors and claimants, and prepare bidding documents;
- (ix) Supporting the restructuring of MOF's SOE Department to strengthen its capacity to manage privatization; and
- (x) Supporting the development and implementation of the social safety net programs.

C. Consultants

1. State-Owned Enterprise (SOE) Liquidation Expert (International, 24 person-months, 3 experts)

Qualifications

The expert will have practical experience (at least 10 years) in the privatization and liquidation of state-owned enterprises in transition or post-conflict economies, particularly, in the valuation of assets, design and implementation of liquidation plans, organizing asset sales, and resolution of claims.

Detailed Tasks

The expert will:

- (i) review the valuation of assets of SOEs approved for liquidation or privatization through asset sales, and provide advice to the liquidation committees;
- (ii) assist the Liquidation Committees in the design of liquidation plans;
- (iii) provide advice on the actions to be taken in response to creditors and claims on SOEs approved for liquidation or privatization through asset sales;
- (iv) assist in organizing asset sales;
- (v) design and implement training programs for the SOE Department to build their capacity to support liquidation/privatization through asset sales;
- (vi) provide guidance for the effective implementation of the social safety net program;
- (vii) coordinate with privatization experts in the Land Tenure and Economic Restructuring in Afghanistan (LTERA) project; and

- (viii) coordinate the inputs of national SOE experts, and for the timely delivery of quality reports to the Government and ADB.

2. SOE Liquidation Expert (National, 30 person-months, 3 experts)

Qualifications

The specialist will have a degree in finance, business or economics. Familiarity with basic accounting concepts is preferred.

Detailed Tasks

The specialist will:

- (i) Assist the international SOE Liquidation Expert in tasks related to the SOE liquidation or privatization through asset sales;
- (ii) Assist in information gathering and processing as required by the international SOE Liquidation Expert;
- (iii) Assist in document translation;
- (iv) Assist in the conduct of dissemination seminars and trainings; and
- (v) Assist in the preparation of training materials.

D. Deliverables

- 1. Inception Report
- 2. Quarterly Progress Reports
- 3. Draft Final Report
- 4. Final Report

E. Schedule

July 2007 – December 2009

Component IV: Strengthening Financial Intermediation

A. Objective

The objective of the component is to help improve the private sector's access to financial services by strengthening the supervisory framework for financial institutions. Specifically, Component IV will support new financial regulations by Da Afghanistan Bank (DAB), encourage cross-border bank supervision and capacity building in both DAB and the banking profession.

B. Activities

- (vii) Helping DAB prepare agreements on protocols for cross-border supervision;
- (viii) Facilitating the establishment of a system to monitor commercial bank performance and manage DAB's enforcement actions;
- (ix) Supporting the development of policies and procedures on conservatorship, receivership, and liquidation of banks;
- (x) Supporting the preparation of risk management regulations and compliance by banks;
- (xi) Developing and conducting training programs for DAB staff; and
- (xii) Developing banking accreditation and training programs and curricula in educational institutions.

C. Consultants

1. Bank Regulatory and Policy Expert (International, 9 person-months)

Qualifications

The expert will have extensive experience (at least 10 years) in financial regulation and supervision, and the implementation of international best practices in developing economies, preferably in transition or post-conflict economies.

Detailed Tasks

The expert will

- (i) assist DAB in drafting a standard memorandum of understanding between Da Afghanistan Bank (DAB) and foreign banking sector supervisory agencies, that includes clear and workable protocols for (a) ongoing supervision of cross-border establishments, (b) on-site examinations, (c) protection of confidentiality, and (d) establishment of a system of regular and as needed meetings among supervisory agencies;
- (ii) prepare a detailed blueprint for a uniform bank performance reporting system and DAB's enforcement action tracking system;
- (iii) assist DAB in developing policies and procedures on conservatorship, receivership and forced liquidation of banks;
- (iv) assist DAB in preparing detailed risk management regulations and compliance guidelines;
- (v) design and conduct training programs to improve bank supervision particularly on the areas of internal control, risk management, enforcement actions, and back-office operations; and

- (vi) coordinate the inputs of the international commercial banking specialist and national banking experts, and for the timely delivery of quality reports to the Government and ADB.

2. Commercial Banking Specialist (International, 6 person-months)

Qualifications

The specialist will have extensive experience (at least 7 years) in commercial bank operations, particularly in the areas of corporate and retail banking. The expert will also have practical experience in the development of private commercial banking operations in transition or post-conflict economies.

Detailed Tasks

The specialist will

- (i) assist the bank regulatory and policy expert in developing risk management regulations;
- (ii) assist the bank regulatory and policy expert in developing the uniform bank performance reporting system;
- (iii) develop a strategy and time-bound action plan in building the capacity in the banking profession;
- (iv) assist DAB and the Afghanistan Banks Association (ABA) in the design and conduct accreditation and training program for banking professionals;
- (v) facilitate discussions between DAB, ABA, and formal educational institutions in developing the appropriate curricula for the banking profession;
- (vi) provide advisory support to DAB, ABA, and partner formal educational institutions in the design of the appropriate curricula for the banking profession; and
- (vii) conduct training programs on modern banking practices to banking professionals.

3. Banking Expert – Financial Supervision (National, 12 person-months)

Qualifications

The expert will have a degree in finance, business or economics. Familiarity with existing banking regulations in Afghanistan is preferred

Detailed Tasks

The expert will:

- (i) assist the bank regulatory and policy expert in the preparation of financial regulations;
- (ii) assist the bank regulatory and policy expert in the preparation of documents on cross-border bank supervision;
- (iii) assist the bank regulatory and policy expert in the preparation of the uniform bank performance reporting and enforcement action tracking systems;
- (iv) Assist in document translation;
- (v) Assist in the conduct of seminars and trainings for DAB
- (vi) Assist in the preparation of training materials.

4. Banking Expert – Commercial Banking (National, 8 person-months)

Qualifications

The expert will have a degree in finance, business or economics. Familiarity with existing private commercial banking operations in Afghanistan is preferred.

Detailed Tasks

The expert will:

- (i) assist the commercial banking specialist in the preparation of the risk management regulations and guidelines;
- (ii) assist the commercial banking specialist in the preparation of the uniform bank performance reporting and enforcement action tracking systems;
- (iii) assist the commercial banking specialist in the design and conduct accreditation and training program for banking professionals;
- (iv) Assist in document translation; and
- (v) Assist in the preparation of training materials.

D. Deliverables

- 1. Inception Report
- 2. Quarterly Progress Report
- 3. Draft Final Report, to include:
 - a. Draft regulation on conservatorship, receivership and forced liquidation of banks
 - b. Draft MOU on cross border supervision
 - c. Draft detailed regulation and compliance guidelines on risk management
 - d. Draft uniform bank performance report
 - e. Design of enforcement action tracking system
 - f. Action plan for capacity building for banking professionals
 - g. Proceedings and materials of seminars and training programs
- 4. Final Report

E. Schedule

September 2007 – December 2009

Component V: Implementing Accounting and Auditing Standards

A. Objective

The objective of the component is to help improve the private sector's access to financial services by enhancing the financial disclosure requirements through accounting and auditing reforms.

B. Activities

- (vi) Drafting an accounting law and an auditing law and implementing regulations;
- (vii) Supporting the establishment of an accounting and auditing board to regulate the profession;
- (viii) Providing training on the implementation of the accounting law and auditing law;
- (ix) Developing (a) an accreditation and licensing system for professional accountants and auditors, (b) a code of ethical standards for accountants and auditors, and (c) accounting and auditing curricula in educational institutions; and
- (x) Developing a strategy and time-bound action plan to establish a professional association for accountants and auditors.

C. Consultants

1. Accounting and Auditing Specialist (International, 10 person-months)

Qualifications

The specialist, certified public accountant or equivalent, will have extensive experience (at least 7 seven) in developing accounting and auditing standards in developing economies (preferably in transition or post-conflict economies) and have substantive knowledge of International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA).

Detailed Tasks

The specialist will

- (i) coordinate with the legal expert in drafting an accounting law, and an auditing law consistent with IFRS and ISA;
- (ii) advise Ministry of Finance on the establishment of an accounting and auditing board to regulate the accounting and auditing profession;
- (iii) provide recommendations on qualification requirements for the issuing of certifications/licenses to accountant and auditors;
- (iv) develop and provide pilot training to facilitate understanding of international accounting and auditing standards among accounting professionals, regulators, businesses, and other providers and users of financial information;
- (v) draft a code of ethical standards for accountants and auditors;
- (vi) develop a strategy and time-bound action plan for the development of a professional association for accountants and auditors;
- (vii) in coordination with the legal expert for accounting and auditing, design and conduct seminars and trainings to disseminate above laws and the corresponding implementing rules and regulations to facilitate the timely adoption and implementation of the laws; and

- (viii) coordinate the inputs of international and national legal experts and the national accounting and auditing expert, and for timely delivery of quality reports to the Government and ADB.

2. Legal Expert for Accounting and Auditing Laws (International, 6 person-months)

Qualifications

The expert will have a degree in law, and will be an expert on international accounting and auditing standards. The expert will have substantial international experience (at least 5 years) in drafting laws on accounting and auditing standards for developing economies.

Detailed Tasks

The expert will

- (i) draft legislation on an accounting law and an auditing law;
- (ii) draft implementing rules and regulations for the above laws, as needed; and
- (iii) in coordination with the international accounting and auditing specialist, design and conduct seminars and trainings to disseminate above laws and the corresponding implementing rules and regulations to facilitate the timely adoption and implementation of the laws.

3. Accounting and Auditing Expert (National, 12 person-months)

Qualifications

The specialist will have a degree in finance, business or economics. Familiarity with basic accounting concepts is preferred.

Detailed Tasks

The expert will:

- (i) Assisting the accounting and auditing specialist in providing inputs for drafting the Accounting and Auditing Laws;
- (ii) Assisting the accounting and auditing specialist in providing inputs for drafting the implementing rules and regulations of the Accounting and Auditing Laws;
- (iii) Assisting the accounting and auditing specialist in tasks pertaining to the establishment of the accounting and auditing board
- (iv) Assisting the accounting and auditing specialist in tasks pertaining to the development of an accounting and auditing profession, including the certification/accreditation program, code of ethical standards and professional association;
- (v) Assist in the document translation;
- (vi) Assisting the preparation of training materials; and
- (vii) Take part in the conduct of dissemination seminars and trainings.

4. Legal Expert (National, 10 person-months)

Qualifications

The expert will have a degree in law and familiar with Shariah and Afghan commercial laws.

Detailed Tasks

The expert will:

- (i) Assisting the legal expert on accounting and auditing laws in drafting the Accounting and Auditing Laws;
- (ii) Assisting the legal expert on accounting and auditing laws in drafting the implementing rules and regulations of the accounting and auditing laws;
- (iii) Assist in the technical and legal translation of documents;
- (iv) Assisting the preparation of training materials; and
- (v) Take part in the conduct of dissemination seminars and trainings.

D. Deliverables

- 1. Inception Report
- 2. Progress Report
- 3. Draft Final Report, to include:
 - a. Draft laws
 - b. Draft implementing regulations
 - c. Draft procedures for certification and licensing for accountants and auditors
 - d. Detailed action plan for the establishment of a professional association of accountants and auditors
 - e. Draft code of ethical standards for accountants and auditors
 - f. Proceedings and materials of seminars and training programs
- 4. Final Report

E. Schedule

Accounting and Auditing Laws: July 2007 – April 2008

Accounting and Auditing Board and other reforms: September 2008 – August 2009

Component VI: Unallocated Pool of Funds

A. Objective

The objective of this component is to provide an unallocated pool of funds to engage consultants as additional capacity-building needs are identified during Program implementation.

B. Consultant

1. Project Assistant (National, 30 person-months)

Qualifications

The project assistant will have a degree in business, economics or management.

Detailed Tasks

The project assistant will:

- (i) provide overall administrative support for grant implementation;
- (ii) maintain project files and records;
- (iii) handle project communications;
- (iv) facilitate procurement of supplies and equipment;
- (v) assist in consultant recruitment;
- (vi) assist in organizing seminars and training programs
- (vii) arrange meetings of the Interagency Program and Grant Coordination Committees
- (viii) arrange meetings of ADB Missions

C. Schedule

July 2007 – December 2009

STATUS OF GRANT IMPLEMENTATION
(for quarter ending xx-xxx-xxxx)

- I. Describe briefly the grant and its objective
- II. Describe (i) the status of recruitment and services of consultants; and (ii) summarize major results/implementation progress
 - a. Component I. Strengthening the Legal Framework
 - b. Component II: Removing Market Distortions
 - c. Component III: Liquidating State-Owned Enterprises
 - d. Component IV: Strengthening Financial Intermediation
 - e. Component V: Implementing Accounting and Auditing Standards
 - f. Component VI: Unallocated Pool of Funds
- III. Describe Status of Compliance with Major Grant Covenants (as listed in the PAM)

Grant Covenants	Status of Compliance
1.	
2.	

- IV. Describe Outstanding Project Issues and Remedial Actions

Outstanding Issues	Remedial Action Taken
1.	
2.	
3.	

GRANT COVENANTS (REFERENCE: SCHEDULE 5, GRANT AGREEMENT)

Coordination and Administration

1. The Ministry of Finance (MOF) shall be the Executing Agency for the Project. MOF shall also be the Project Implementing Agency responsible for components (i), (iii) and (v) of the Project. Da Afghanistan Bank (DAB) shall be the Project Implementing Agency responsible for component (iv) of the Project. MOC shall be the Project Implementing Agency responsible for components (i) and (ii) of the Project. The responsibility for implementing component (vi) of the Project shall be determined during Project implementation as additional capacity building needs are identified.

2. MOF shall establish the Grant Coordination Committee headed by the Deputy Minister for Finance, and comprising representatives of MOF, DAB, the Ministry of Commerce (MOC), Asian Development Bank (ADB) and the Head of Taqin (Legislative Department). The Grant Coordination Committee shall meet at least once every quarter and shall coordinate and ensure effective implementation of the Project.

Counterpart and financing

3. The Recipient shall ensure that sufficient counterpart staff and financing, needed to implement the Project, shall be provided.

Finding and Recommendations of the Project

4. The Recipient shall ensure that in carrying out the policy measures and activities included in the Policy Matrix of the Program Grant Agreement, due consideration shall be given to the findings and recommendations provided under the Project.

Donor Support for Private Sector and Financial Market Reforms

