

**REQUEST FOR PROPOSAL**

**EXTERNAL AUDIT AND ASSOCIATED SERVICES FOR EIDA DISPOSITION FUND**

**COVER SHEET**

**TIMETABLE AND KEY DATES**

Release Date 5<sup>th</sup> December 2018

RFP Close 25<sup>th</sup> January 2019 at 1600hrs Kabul Time

Short Listed Presentation

House No. 555, District 10, Shirpoor Square, Opposite- Old  
UN Compound, Kabul, Afghanistan.

**Contact Person**

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House No. 555, District 10, Shirpoor Square, Opposite- Old  
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**CONFIDENTIALITY UNDERTAKING**

*By accepting to take part in this Request for Proposal process and retaining this documentation your firm and employees, consultants, contractors who participate in this Request for Proposal process agree to keep Confidential all information imparted to you in relation to this Request for Proposal process, not to disclose it to third parties and not to use it for any other purpose other than to respond to this Request for Proposal process.*

**Add:** H# 555, District 10, Shirpoor Square, Opp old UN Compound, Kabul, Afghanistan

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# 1. Project Background

## 1.1 Introduction

The Economic Infrastructure Development Afghanistan (EIDA) project was launched in accordance with the Finance Agreement signed between the Government of Afghanistan (GoA) Ministry of Rural Rehabilitation and Development (MRRD) and the KfW on December 29, 2016. The project has five primary stakeholders: the KfW as donor, the MRRD as Project Executing Agency (PEA), the Aga Khan Foundation (AKF) and Mercy Corps as Project Implementing Agencies (PIAs), and the Champion Technical Training Center (CTTC) as the Monitoring Consultant (MC). Ministry of Energy and Water (MEW) and Ministry of Agriculture, Irrigation and Livestock (MAIL) are the secondary stakeholders.

The EIDA project focuses on the rehabilitation of existing, dysfunctional, or inefficient small irrigation systems mainly used for wheat growing in the Northern provinces of Afghanistan. In exceptional cases, the project may also comprise the construction and rehabilitation of related infrastructure like storage facilities or short access roads.

The scope of the single investment financed through this project shall range between 200,000 and 500,000 EUR with an average of 900 EUR per hectare (ha). Depending on the exact financial volume of each individual measure, it is currently estimated that 30 to 40 infrastructure measures will be implemented over the course of this three-year (2017-2020) project.

The EIDA project will contribute to improving wheat cultivation as well as the efficiency and effectiveness of the wheat value chain thereby positively impacting farmer incomes and creating jobs in rural areas of Northern Afghanistan. The EIDA project is complementary to the Activity Area 2 "Local infrastructure and infrastructure management" of the project SEDEP (Sustainable Economic Development and Employment Promotion).

The target group shall be wheat farmers, including sharecroppers, who share their yields with landowners, small tenants (up to 2 ha of irrigated land) and mid-sized farmers (above 3 ha). However, as wheat farmers are a highly diversified group of producers, the target group will have to be further identified and defined in detail during the project selection and planning stages.

Individual measures are to be identified by the PIAs based on the following criteria:

- a) Irrigation potential (topography, rainfall patterns, river basins)
- b) Potential for a good rate-of-return within the value chain wheat (VCW)
- c) Geographical overlap with SEDEP intervention area, as far as possible
- d) Conducive security environment.

The EIDA project's primary, measurable objectives include:

- A quantitative and qualitative increase in yield and yield stability of wheat cultivation per ha and farming family;
- An increased share in created value at the producers' level through better marketing timing, lower production and transport costs;
- A reduction of losses along the value chain wheat from seeds to standing crop to grain
- The creation and/or safeguarding of up to 5,000 jobs (permanent or seasonally recurrent) or income equivalent;
- Raising annual incomes of at least 600 USD for approximately 7,500 families.

The EIDA project will be implemented by the Implementing Partners (IPs) in the following four northern Afghanistan provinces:

- Badakhshan,
- Takhar,
- Samangan and
- Baghlan.

## CONDITIONS OF TENDER

### 2. Tender Procedure

#### 2.01 General

The rules of the present Tender are in accordance with the latest version of the KfW Guidelines for the Assignment of Consultants in Financial Co-operation. These Conditions of Tender contain the General Conditions (Section 2 through 9) and the Special Conditions of Tender (SCT) for the particular tender (Chapter 10). The Special Conditions of Tender are referred to in the text by “SCT” and summarized in Chapter 10.

#### 2.02 Presentation of Tender

The Tender should be submitted in one package containing clearly marked separate envelopes: for “Post-qualification documents”, for “Technical Proposal” and for “Financial Proposal”. All envelopes shall be sealed and no information on the financial proposal shall be contained neither in the Post-qualification documents nor in the Technical Proposal.

The package shall display the following information:

- the address where Tenders have to be sent;
- the title of the call for Tenders such as indicated on the cover page;
- the Tenderer’s name;
- the following words clearly visible: “Call for Tenders – Not to be opened by the Postal Service”.

#### 2.03 Language of the Tender

The qualification document, the technical and financial proposals as well as all communication related to the present Tender shall be prepared in the language indicated in the SCT.

#### 2.04 Submission of Tender

Tenders shall be sent in one (1) clearly marked and signed original and one (1) hard copy and one (1) electronic copy on CD/DVD. Each of the different parts of the tender namely the post-qualification, the technical proposal and the financial proposals shall be submitted in separate and sealed envelopes via postal service or delivered in person, against confirmation of receipt, to the address indicated in the SCT.

The number of originals and copies to be submitted to the different addresses is indicated in the SCT.

The deadline for receipt of Tenders is specified in the SCT. All Tenders received after that deadline will be rejected automatically without being evaluated.

#### 2.05 Validity Period of Tenders

Unless otherwise stated in the SCT the period of validity of the Tenders counted from the deadline for receipt of Tenders is 90 days.

#### 2.06 Information Visit to Site and Pre-Bid Meeting

If applicable a pre-bid meeting and a common information visit for all Tenderers are scheduled at the dates and places indicated in the SCT.

It is understood that all information visits to the site are at the Tenderer’s own expense and risk.

#### 2.07 Request for Additional Information

Any question, communication or requests for additional information concerning this call for Tenders are only permitted in writing and up to two (2) weeks before the deadline for the submission of the proposals. Such requests are to be sent to the address indicated in the SCT. If any clarification of the call for Tenders proves necessary, the answers will be communicated simultaneously in writing to all the Tenderers.

**2.08 Amendments to the Tender Dossier**

Any change made to the Tender dossier during the Tender period will be communicated forthwith in writing to all prospective Tenderers who have been provided with the Tender documents, together with notice of any extension of the Tender period which the CTTC in accordance with the PEA and KfW may consider necessary to enable Tenderers to take account of such a change.

**2.09 Association**

Consultants/ consortia are free to associate themselves with other Consultants/ consortiums/firms to ensure that all required know-how and experience are available to them. Any substantial amendments to the composition of a pre-selected Consultant or the association of an additional or a new partner must be justified by the Tenderer and be approved by the CTTC. The Tenderer shall present his request not later than one (1) week before submission date.

## CONTENTS OF THE TENDER

### 3. Post-qualification Document

This section defines the required information and formats for presenting the Qualification Document. The Qualification Document shall have the following structure and content and shall be presented in the same sequence as shown below:

- (i) **Covering Letter**, comprising the firm's name, address, contact person, telephone, fax and email, if applicable mention the association for this project.
- (ii) **Presentations of firms** (maximum 10 pages), inclusive clear statements of type, property and key task of the association, if applicable.

(iii) **Statements and Declarations:**

The Tenderer shall provide the following statements and declarations issued after the date of the Public Announcement of the invitation to tender:

**a) Declaration(s) of association** duly signed by the partners and specifying clearly the type of association and the lead firm;

**b) Declaration of affiliations** (no conflict of interest): In a duly signed declaration the Tenderer (in case of an association one separate declaration for each member) has to reveal any links with other firms and give a binding declaration that should he be awarded the contract the firms with which he is associated will not intend to take part in the project in any other form;

**c) Declaration of undertaking:** A duly signed declaration (in case of an association by all members) pursuant to Annex B shall be included, declaring to observe the highest standard of ethics during the current procurement process and in case of being awarded the contract, also during contract execution. Tenderers should be aware that any fraudulent or corrupt activities disqualify them immediately from participation in the selection process and will be subject to further legal investigation.

**d) Certified statement of financial capacity** of the lead consultant and all associated partners showing the necessary turnover required proof document as stipulated in the SCT.

(iv) **List of project references carried out**, see Annex D covering the past 10 years and strictly related to the envisaged services (5 references).

The Tenderers are requested to submit concise and clear, but substantial documents and to adhere to the above structure. Non-compliance with this instructions or faulty information shall lead to non - qualification. Any surplus of information not specific to the material requested will be penalized in the evaluation.

The qualification documents will be evaluated as specified in the SCT.

**Note:** The post-qualification documents have to be submitted in **a separate and sealed envelope**.

## 4. Technical Proposal

The technical proposal shall contain:

### 4.01 Critical Analysis of Terms of Reference (TOR)

The Tenderer is explicitly encouraged to present a detailed critical analysis and the Tenderer's interpretation of the TOR.

### 4.02 Approach to the External Audit

Instruction to Proposer: Please complete the table below.

Champion Technical Training Center (CTTC) wishes to assess the methodology to undertake the External Audit and your approach to technology (in terms of using technology to enhance the audit process)

Particulars	Response
1. Please outline the External Audit Methodology that you would propose for this engagement, including indicative timetable.	
2. Please outline the planning process that would be undertaken in the first year, and then for subsequent years.  Please provide an example of the annual "Client Engagement Letter".	
3. Please outline the major risks that you would consider requiring detailed focus when undertaking the External Audit.	
4. Please discuss how you will scope and determine materiality for the External Audit.	
5. Please describe your approach to verify cost share (common cost allocation) among various projects (in multi-project environment) and associate risks to common cost allocations.	
6. Please discuss how the External Audit will be controlled and coordinated, and define the expected interface processes with management.	
7. Please describe your firm's expertise in IT Audit and how it might be applied in the following circumstances: a) External Audit b) General and Specific IT Controls	
8. Please discuss technology and tools you would propose to use as part of the External Audit to increase the efficiency of the External	



Audit and/or reduce the risk of the External Audit to having sufficient coverage to identify issues in the financial reports or fraudulent transactions/activities.	
9. Please discuss your role and approach to the identification of fraudulent transactions in a business that transacts high volume of low value transactions.	
10. Please discuss your approach to innovation in the External Audit service, and how these may lead to additional value for money.	
11. Discuss your approach to communication in relation to the planning phase, issues and final reporting with the client. Please provide an example of your Management Report at the completion of the interim and final audit process.	
12. Please discuss your strategy for communication with Senior Management, including but not limited to the use of video conference, attendance at meetings in Kabul, other mechanisms /tools.	

#### 4.03 Expertise and Stability of the Proposed Team Members

Instruction to Proposer: Please complete the table below.

CTTC wishes to assess the relevant experience and expertise of the proposed team members and the management mechanism to ensure team member continuity, which is seen as critical at CTTC.

Particulars	Response
<p>1. Please outline the team members who will be providing the External Audit, including but not limited to:</p> <ul style="list-style-type: none"> <li>a) Lead Partner</li> <li>b) QA Partner</li> <li>c) Director</li> <li>d) Senior Manager</li> <li>e) Manager</li> <li>f) Supervisor</li> <li>g) Staff</li> <li>h) IT Audit</li> <li>i) Administrative Support</li> </ul> <p>Please provide details of their professional qualifications, experience and expertise and how these relate to their inclusion on the External Audit team.</p> <p>Please provide resumes in an attachment to your response.</p>	
2. Please outline the team member and their roles with	

their anticipated hours/percentage of total effort for the External Audit	
3. Please discuss your strategy to ensure continuity of team members on the External Audit, and how knowledge and institutional memory will be retained.	
4. CTTC see the importance of developing medium to long term relationships to ensure there is a superior understanding of the work and ensure that potential issues and risks are identified early and appropriately managed or mitigated. Please discuss your approach to relationship management and customer service.	
5. Please discuss your approach to succession planning and the mechanism to minimize the impact on the External Audit and CTTC's management and staff	
6. Please discuss your firms' approach / policies in relation to Partner rotation on External Audit clients.	
7. Please describe if any part of the services is to be subcontracted, including but not limited to the company name and key individuals subcontracted, details on your commercial arrangements and length and nature of your relationship and processes to ensure quality of service.	

#### 4.04 Quality Assurance

Instruction to Proposer: Please complete the table below.

CTTC wishes to assess the quality assurance mechanisms for the processes of the External Audit.

Particulars	Response
1. Please outline your internal Quality Assurance Processes	
2. Please provide the details (organization, date) of your last external quality assurance review, and a copy of any associate certification (if available).	
3. Please outline the processes you have to manage future conflicts of interest (perceived or actual) and how these decisions are communicated to CTTC.	
4. Please provide details of clients in the Development sector and the types of services provided.	
5. Please provide details of any other interests, relationships or clients which may or do give rise to a conflict of interest and the areas of expertise in which that conflict or potential conflict does or	

may arise and details of any. strategies for preventing or managing conflicts of interest.	
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#### 4.05 Financial Viability

Instruction to Proposer: Please complete the table below.

CTTC wishes to ensure that the External Auditor is financially viable.

Particulars	Response
1. Are there any significant events, matters or circumstances which have arisen in the last 2 years which may significantly affect provision of the External Audit services	
2. Are there any mergers / acquisitions either recent (in the last 2 years) or which are imminent?	
3. Are there any proceedings, either actual or threatened against your firm, its parent, associated entities or any Partner/Director of the firm or have there been any such proceedings in the last five years? If so what, if any, remedial action has been taken in respect of those actions.	
4. Are there any bankruptcy actions against a Partner / Director associated with the firm, its parent or associated entities, or has there been any within the last five years?	
5. Have there been any deregistration or professional complaints against any Partner, Director or Senior Manger of the firm, its parent or associated entities in the last five years or currently is under review and not yet resolved?	
6. Are there any insolvency proceedings, actual or threatened against the firm, its parent or associated entities in the last five years or has the firm been notified in relation to the potential of such proceedings in the future?	
7. Are there any other factors which could adversely impact on the financial or professional viability of the firm or its key stakeholders to successfully perform the obligations as External Auditor?	
8. Please provide a breakdown of your revenue streams by major business units.	

#### 4.06 Value Added Services and Innovation

Instruction to Proposer: Please complete the table below.

CTTC wishes to ensure that the Management and the Board retain currency on emerging business and financial management issues, and the External Audit process remains current.

Particulars	Response
1. Please outline other services or offerings that may be offered to ensure that Management and the Directors are kept abreast of emerging business, commercial, industry and financial management issues.	
2. Please outline your processes to ensure that your External Audit procedures are updated to reflect changes in but not limited to changes in Accounting Standards and Industry Practices, Legal Cases, Legislative and Regulation changes.	
3. Please discuss your firms approach to innovation in relation to the External Audit, including but not limited to best practices, innovation in solutions, leading technologies that lead to improved value for money outcomes in the External Audit process.	

#### 4.07 Referees

Instruction to Proposer: Please complete the table below.

CTTC wishes to retain the right to independently verify the expertise and relationships of your clients

Particulars	Response
1. Please provide at least 3 referees, which should include the contact details of the relevant senior executives and appropriate Directors (eg Chairman or Chair of the Board Audit Committee) of clients.	
2. Please attached a list of existing External Audit clients in Afghanistan/South East Asia.	

## 5. Financial Proposal

Based on the quantities of staff and other services the Tenderer will submit a Financial Proposal. All rates will be in the currency indicated in the SCT. In the case of the audit services, the Tenderer shall assume a contract period as indicated in the SCT for the purpose of a fair evaluation and comparison of the staff input and related costs.

The Financial Proposal shall contain the following information and be structured as detailed in Annex C.

- a) Cost of Personnel for international and local/regional staff including daily home office rate, including salary, social charges and overhead cost, all medical examinations, cost of IT equipment, company's professional insurance, risk and profit.
- b) Allowance and accommodation for expatriates (hotel rent and boarding) and, if necessary, for local staff (daily).
- c) Cost for Local Transport contain lease or rent of project vehicles or depreciation cost of vehicles owned by the Tenderer as lump sum item per day of operation.
- d) Cost of plane ticket cost related to execution of tasks as per the Term of Reference.
- e) Cost for production of reports, if any, shall be offered as lump sum.
- f) Miscellaneous cost includes all expenses that might not be covered by the above categories.

Unless otherwise indicated in the SCT, these costs should be expressed as lump sum items.

**Note:** The financial proposal has to be submitted **in a separate and sealed envelope**.

## 6. Payment Conditions

### 6.01 Currency

All payments will be made in the currency (currencies) indicated in the SCT.

### 6.02 Taxes and Duties

Unless otherwise stated in the SCT, the Tenderer shall prepare his offer under the assumption that Afghanistan Tax Law 2009 and subsequent modification, if any, will apply on the payments made to the Tenderer.

### 6.03 Price Adaptation

Unless otherwise indicated in the SCT all unit and lump sum rates presented in the Financial Proposal, with the exception of reimbursables, shall be considered fixed for a period of three (3) years from the end of the validity period.

### 6.04 Terms of Payment

The Tenderer shall assume for the preparation of his Financial Proposal that payments will be made on completion of annual assignment within 30 working days of submission of final audit report.

## 7. Organization of Services

### **7.01 Duration of Services**

The duration of the services from the commencement until presentation of the final report is indicated in the SCT. Approval periods for review and comments are indicated in the SCT.

### **7.02 Services Required**

The services must in all respect satisfy the requirements laid down in the Terms of Reference (TOR) given in **Annex A** of this tender document which will be part of the Consulting Contract.

### **7.03 Performance of Services**

The Consultant shall co-ordinate, unless stipulated otherwise in the SCT, all his activities with Champion Technical Training Center (CTTC). All official communications to the CTTC concerning the project are to be addressed simultaneously to the PEA and KfW.

Unless stipulated otherwise in the SCT the Consultant will render his services in the project country. He will integrate the staff of the CTTC as much as possible in his daily work in order to ensure a maximum of know-how transfer. In case services are to be performed outside the project country, the Tenderer shall submit detailed proposals in his technical offer.

## 8. Evaluation Criteria

### **8.01 Timetable**

The timetable for this Request for Proposal is stated on the Cover Sheet.

### **8.02 Evaluation Criteria**

The following outlines the evaluation criteria to be used to assess the proposals.

Proposal Criteria		Points
<b>Audit Approach, Quality Assurance and Timeline</b>		<b>35 points max</b>
	The proposal outlines an audit approach that is tailored based on obtaining an understanding of the ToR.	0-5
	The proposal indicates an audit approach that is tailored based on the firm's advanced understanding of your organization's industry.	0-5
	The proposal outlines the firm's planning process that would be undertaken in the first year, and then for subsequent years.	0-5
	<b>Past Experience</b> Relevant audit experience comparable in size and complexity to the KfW approved SOW. Ability to conform the KfW financed projects audit guidelines. Quality of the firm's past work (please provide some evidences)	0-5
	The proposal indicates the firm is a dedicated member of one or more of the following firm-based voluntary membership quality centers for firms that perform audits: • AICPA • ICAEW • ICAI • Chartered Accountants Australia and New Zealand • Any other Institute of Chartered Accountancy	0-5
	The proposal outlines the firm's Quality Assurance Processes	0-5
	Proposed timeline meets the requirements (i.e., two months deadline from the date of engagement)	0-5
<b>Team Knowledge and Experience</b>		<b>25 points max</b>
	The proposal highlights the firm's commitment to professional training and staff continuity.	0-5
	The proposal outlines qualifications, industry experience, licenses and strengths for all partners.	0-5
	The proposal specifies the strengths of assigned team members as well as their years of prior experience in the particular industry and type of engagement.	0-5
	The proposal identifies how the firm will comply with applicable industry reporting regulations, if applicable	0-5
	The proposal provides the firm's background, client base, licensing information and years in business.	0-5
<b>Unique Qualifications</b>		<b>10 points max</b>
	The proposal conveys a positive and confident feeling derived from the firm's business beliefs, communication practices and unique qualifications of which lays the foundation for a trusted relationship.	0-5
	The proposal outlines processes to ensure that the Audit procedures are updated to reflect changes in but not limited to changes in Accounting Standards and Industry Practices, Legal Cases, Legislative and Regulation changes	0-5
<b>Financial Viability</b>		<b>5 points max</b>
	The proposal clearly provides evidence that the firm is financial viable to carryout the assignment	0-5
<b>Scope and Pricing of the Engagement</b>		<b>25 points max</b>
	The proposed fee is reasonable based on the experience, unique value and knowledge the firm brings to the engagement.	0-25
<b>Total Points</b>		<b>100</b>

### 8.03 Evaluation Committee

The following persons will be involved in the evaluation of the proposals:

- Umesh Kumar Tiwari, Operations Team Lead- CTTC
- Victor Odegard, Technical Team Lead- CTTC
- A person to be designated by the PEA ( Ministry of Rural Rehabilitation and Development, Islamic Republic of Afghanistan).
- A person to be designated by KfW, Kabul Office.

## 9. Other

### 9.01 Unsuccessful Tenderers

After the evaluation of the Proposals and at the end of contract negotiations with the first ranked bidder and the notification on the award of Contract, the remaining Tenderers will be informed in writing about their unsuccessful bid.

### 9.02 Cancellation of Tender

The tender procedure may be cancelled, prior to awarding the Contract, without thereby incurring any liability to the Tenderers, and notwithstanding the stage in the procedures leading to the conclusion of the Contract, if

- the project has been cancelled;
- fundamental technical or financial aspects on which the invitation to tender was based have changed significantly prior to award of the contract;
- no Tender satisfies the criteria for the award of the Contract;
- competition was inadequate;
- the conditions for a fair competition have not been implemented;
- the price quotations are obviously and clearly excessive. In that case the alternative is either to hold a new tender procedure, with or without prequalification, or to commence negotiations on the price with the bidder who came first.

In the event of cancellation of the Tender procedure, Tenderers shall be notified thereof by the CTTC. Such Tenderers shall not be entitled to compensation.

### 9.03 Other conditions

Other tender conditions or constraints, if any, are indicated in the SCT.

## 9. Special Conditions of Tender (SCT)

GST 2.01	The present Tender is carried out by the Champion Technical Training Center (CTTC) on behalf of the Project Executing Agency. The address of the PEA is as follows: <b><u>Ministry of Rural Rehabilitation and Development ((MRRD)</u></b> <b>Mr. Baryalai Helali</b> <b>Acting Director for RPCO</b> <b>Kabul / Afghanistan</b>
GST 2.03	The language of the proposal and of all communication is English.
GST 2.04	<p>The original documents (post-qualification, technical proposal, financial proposal) shall be sent to the Tender Agent with following address or handed over before the date and time indicated in the invitation letter or in the advertisement (post-qualification, technical and financial proposal as one original (one hardcopy and one set of CDs (documents as pdf-files. CDs also all in separate and sealed envelopes) all in separate sealed envelopes:</p> <p style="text-align: center;"><b>TENDER AGENT</b> Umesh Kumar Tiwari House # 555, District 10, Shirpoor Square, Opp old UN Compound, Kabul, Afghanistan <a href="mailto:umesh.tiwari@cttc-af.org">umesh.tiwari@cttc-af.org</a></p> <p>In addition, the Consultant should send an additional set of CDs.: Post-qualification, technical proposal, financial proposal in separate and sealed envelopes (packed in an outer envelope, see below).</p> <p>Each of the different parts of the tender namely the post-qualification, the technical proposal and the financial proposals shall be submitted in separate and sealed envelopes.</p>



	<p>The original documents together must be packed in an outer envelope, which has to be delivered via postal service or delivered in person, against confirmation of receipt, to the address indicated here.</p> <p>The outer envelope must clearly state <b><u>“Offer (project name), please do not open”</u></b>. The 3 inner envelopes containing the original must clearly state for each package: <b><u>“Post-qualification documents – Original (hardcopy plus CD)”</u></b> <b><u>“Technical Proposal – Original – do not open before agreed date” (hardcopy plus CD)”</u></b> <b><u>“Financial Proposal – Original – do not open before agreed date” (hardcopy plus CD)”</u></b></p> <p>The 3 inner envelopes containing the original must clearly state for each package: <b><u>“Post-qualification documents – Original / CD”</u></b> <b><u>“Technical Proposal – Original / CD – do not open before agreed date”</u></b> <b><u>“Financial Proposal – Original / CD – do not open before agreed date”</u></b></p>
GST 2.05	<p>Date of submission: 25<sup>h</sup> January 2019; 16.00 Kabul Time This means that the proposal must have reached the Tender Agent at above address before the given hour on the day of submission. The validity of the Tender shall be 90 days</p>
GST 2.06	<p>A pre-bid meeting or a common site visit is not scheduled.</p>
GST 2.07	<p>Any question, communication or requests for additional information shall be sent to the Tender Agent in writing only. Inquiries are only permitted up to two (2) weeks before the deadline for submission outlined on the cover page of the request for proposal;</p> <p style="text-align: center;"><b>TENDER AGENT</b> Umesh Kumar Tiwari House # 555, District 10, Shirpoor Square, Opp old UN Compound, Kabul, Afghanistan <a href="mailto:umesh.tiwari@cttc-af.org">umesh.tiwari@cttc-af.org</a></p> <p><b><u>No contact other than in writing</u></b> between bidder and tender agent shall be permitted.</p>
GST 3	<p><b>Each firm / consortium which:</b></p> <ol style="list-style-type: none"> <li>1. proves the required turn-over as stipulated;</li> <li>2. proves an adequate financial capacity</li> <li>3. includes all the required declarations</li> <li>4. submits an adequate number of Project references proving the required expertise (5 projects to prove experience in the region and in the relevant sectors, see GCT 3.iv); for the definition of minimum amount of points see below (15 points + 5 points); will be regarded as eligible. If a firm / consortium is regarded as not eligible, their technical and financial proposal will be sent back unopened.</li> </ol> <p>The post-qualification documents will be analyzed using the submitted project references (5 projects). These project references will be evaluated using the following indicators for assessing the technical / sectorial experiences of the Consultant:</p> <ol style="list-style-type: none"> <li>1. Experience in auditing – 5.0 points.</li> <li>2. Experience working in Afghanistan or the region (South East Asia)- 5.0 points.</li> <li>3. Experience Auditing KfW disposition funds– 2.0 points</li> </ol> <p>Each project will be evaluated using the indicators 1 to 3, awarding a maximum of the points marked in brackets for each project and consequently 60 points for all 5 projects.</p>

	<p>Furthermore, the project references will be evaluated using the following indicators for assessing the regional experiences of the Consultant:</p> <ol style="list-style-type: none"> <li>1. 4 points for each project implemented in Pakistan, Afghanistan, Tajikistan.</li> <li>2. 3 points for each project implemented in India, Bangladesh, Nepal, or an Islamic regional country other than those mentioned under 1.</li> <li>3. Remaining countries 0 points.</li> </ol> <p>Each project will be evaluated using the indicators 1 to 3, awarding a maximum of 4 points for each project and consequently 20 points for all 5 projects.</p> <p>Only the technical proposal of those Consultants will be opened who have achieved at least 20 points for sectorial / technical experience and 6 points under regional experience.</p>																																														
GST 3.(iii-d)	<p>The minimum turn-over of the Consulting firm (in case of a joint venture (Annex F) the turn-over can be provided as the joint / combined turn-over of the consortiums member) shall be 350,000 Euro. Required documents of proof:</p> <ul style="list-style-type: none"> <li>- statement of turnover confirmed on company's/companies' letter head paper (Annex E)</li> <li>- audited profit and loss account all of the last three years</li> </ul>																																														
GST 5	The currency of the proposal shall be EURO (EUR)																																														
GST 7.01	Contract will be signed to conduct three annual audits. The first year audit will be for 17 months (August 2017 through December 2018).																																														
GST 7.01	Review and approval periods for the comments shall be four (04) weeks																																														
GST 7.03	The consultancy services will be rendered in the Afghanistan.																																														
GST 8.02	<p>Following evaluation criteria will be used</p> <table> <tr> <th>Proposal Criteria</th><th>Points</th></tr> <tr> <td><b>Audit Approach, Quality Assurance and Timeline</b></td><td><b>35 points max</b></td></tr> <tr> <td>The proposal outlines an audit approach that is tailored based on obtaining an understanding of the ToR.</td><td>0-5</td></tr> <tr> <td>The proposal indicates an audit approach that is tailored based on the firm's advanced understanding of your organization's industry.</td><td>0-5</td></tr> <tr> <td>The proposal outlines the firm's planning process that would be undertaken in the first year, and then for subsequent years.</td><td>0-5</td></tr> <tr> <td><b>Past Experience</b> Relevant audit experience comparable in size and complexity to the KfW approved SOW. Ability to conform the KfW financed projects audit guidelines. Quality of the firm's past work (please provide some evidences)</td><td>0-5</td></tr> <tr> <td>The proposal indicates the firm is a dedicated member of one or more of the following firm-based voluntary membership quality centers for firms that perform audits: • AICPA • ICAEW • ICAI • Chartered Accountants Australia and New Zealand • Any other Institute of Chartered Accountancy</td><td>0-5</td></tr> <tr> <td>The proposal outlines the firm's Quality Assurance Processes</td><td>0-5</td></tr> <tr> <td>Proposed timeline meets the requirements (i.e., two months deadline from the date of engagement)</td><td>0-5</td></tr> <tr> <td><b>Team Knowledge and Experience</b></td><td><b>25 points max</b></td></tr> <tr> <td>The proposal highlights the firm's commitment to professional training and staff continuity.</td><td>0-5</td></tr> <tr> <td>The proposal outlines qualifications, industry experience, licenses and strengths for all partners.</td><td>0-5</td></tr> <tr> <td>The proposal specifies the strengths of assigned team members as well as their years of prior experience in the particular industry and type of engagement.</td><td>0-5</td></tr> <tr> <td>The proposal identifies how the firm will comply with applicable industry reporting regulations, if applicable</td><td>0-5</td></tr> <tr> <td>The proposal provides the firm's background, client base, licensing information and years in business.</td><td>0-5</td></tr> <tr> <td><b>Unique Qualifications</b></td><td><b>10 points max</b></td></tr> <tr> <td>The proposal conveys a positive and confident feeling derived from the firm's business beliefs, communication practices and unique qualifications of which lays the foundation for a trusted relationship.</td><td>0-5</td></tr> <tr> <td>The proposal outlines processes to ensure that the Audit procedures are updated to reflect changes in but not limited to changes in Accounting Standards and Industry Practices, Legal Cases, Legislative and Regulation changes</td><td>0-5</td></tr> <tr> <td><b>Financial Viability</b></td><td><b>5 points max</b></td></tr> <tr> <td>The proposal clearly provides evidence that the firm is financial viable to carryout the assignment</td><td>0-5</td></tr> <tr> <td><b>Scope and Pricing of the Engagement</b></td><td><b>25 points max</b></td></tr> <tr> <td>The proposed fee is reasonable based on the experience, unique value and knowledge the firm brings to the engagement.</td><td>0-25</td></tr> <tr> <td><b>Total Points</b></td><td><b>100</b></td></tr> </table>	Proposal Criteria	Points	<b>Audit Approach, Quality Assurance and Timeline</b>	<b>35 points max</b>	The proposal outlines an audit approach that is tailored based on obtaining an understanding of the ToR.	0-5	The proposal indicates an audit approach that is tailored based on the firm's advanced understanding of your organization's industry.	0-5	The proposal outlines the firm's planning process that would be undertaken in the first year, and then for subsequent years.	0-5	<b>Past Experience</b> Relevant audit experience comparable in size and complexity to the KfW approved SOW. 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GST 9.03	The Consulting firm is required to make his own security and logistic arrangements while conducting his tasks under this contract. The CTTC will not take any responsibility of security and logistic arrangements for the consulting firm and its staff, partners, directors or any of its associates.

## ANNEX-A Terms of Reference: Audit of "Disposition Funds"

### Objective

1. The objective of the audit of the Disposition Fund(s) is to permit the auditor to express an opinion on the financial reports (i.e. status of accounts and cumulated statement as defined in the Annex "Disbursement Procedure" to the Separate Agreement) and statements of expenditures based on the withdrawal applications for the Disposition Fund(s). Such expenditures have been made under the financial position of KfW-loan/grant no. 2015 67 759 for financing of Economic Infrastructure Development Afghanistan (EIDA).

This includes the audit of all accounts opened in connection with the Disposition Fund(s). These are:

- a) Special Account No. 021104030000852 with First Micro Finance Bank, Shahr-e-Now, Ansari Square, Opposite Mar Mar Hotel, Zone 4<sup>th</sup> Kabul, Afghanistan.
- b) Local Special Account No. 021102010000029 with First Micro Finance Bank, Shahr-e-Now, Ansari Square, Opposite Mar Mar Hotel, Zone 4<sup>th</sup> Kabul, Afghanistan.

c)

2. The audit will be effected annually ("Audit Period") and the respective report(s) should be presented not later than 3 months after the end of the period covered. During the Audit Period total disbursements amounting to EUR 2,783,511.34 were transferred to the Disposition Fund(s). The value of disbursement for Year 2 and Year 3 would be approximately 20% more than this value.

### Scope

3. The audit will be conducted in accordance with International Standards on Auditing as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants, with special reference to ISA 800 (Auditor's Report on Special Purpose Audit Engagements) and will include such tests and controls as the auditor considers necessary as well as on-site visits if also deemed necessary. The auditor must bear in mind that, for the establishment of the audit opinion, he has to carry out a compliance audit and not a normal statutory audit.

The preparation of the financial reports and the statements of expenditures on the cash receipts and disbursements basis of accounting is the responsibility of the Project Executing Agency. The financial information has to be established in accordance with consistently applied accounting standards and the underlying Loan / Financing Agreement including the corresponding Separate Agreement.

The auditor's opinion, established in the audit opinion report, will explicitly state whether:

- (a) The payments out of the Disposition Fund(s) have been made in accordance with the conditions of the relevant (Loan/Financing) Agreement(s) and the corresponding Separate Agreement. Where ineligible expenditures are identified, these should be noted separately.
- (b) The Disposition Fund has been maintained in accordance with the provisions of the (Loan/Financing) Agreement and Separate Agreement (including the Supplementary

Conditions of KfW for payments under the Disposition Fund procedure). This also comprises interest earned from balances.

- (c) Expenditures are supported by relevant and reliable evidence. All supporting documents and records with respect to the statements of expenditure submitted as the basis for withdrawal applications have been made available
- (d) The audited statements of expenditures can be relied upon to support the related withdrawal applications. Clear linkage should exist between the statements of expenditures, the withdrawal applications presented to KfW and accounting records.
- (e) Goods and services financed have been procured in accordance with the relevant (Loan/Financing) Agreement and Separate Agreement.
- (f) Specific deficiencies and areas of weakness have been identified in the internal systems and controls of the Project Executing Agency. Where deficiencies are identified, these should be noted separately.

### **Reports**

#### **4. The audit report(s) will**

- (a) be issued by the auditor in English language
- (b) include all aspects specified in the preceding paragraph ("Scope")
- (c) contain these Terms of Reference as integral part
- (d) provide a schedule showing receipts and disbursements during the Audit Period
- (e) include the balance of the Special Account(s) and all sub-accounts (if any) at the beginning and the end of the Audit Period.
- (f) comprise the auditor's statement to appraise and quantify the consequences of specific deficiencies, if any.

#### **5. If considered pertinent, the auditor will also prepare a "management letter" in which the auditor will:**

- (a) give comments and observations on the accounting records (including cash accounts if any), systems and controls examined during the course of the audit (as far as necessary for the understanding of the financial reports and the statements of expenditures):
- (b) identify specific deficiencies and areas of weakness in systems and controls of the Project Executing Agency that have come to the auditor's attention, especially with regard to withdrawal, procurement, storage and payment transactions, and make recommendations for their improvement;
- (c) report on actions taken by the management of the Project Executing Agency to make improvements with respect to deficiencies and areas of weakness reported in the past;
- (d) bring to the Project Executing Agency's attention any other matters that the auditor considers pertinent.

## ANNEX-B Declaration of Undertaking

### **Declaration of Undertaking**

We underscore the importance of a free, fair and competitive contracting procedure that precludes abusive practices. In this respect we have neither offered nor granted directly or indirectly any inadmissible incentives to any public servant or other person nor accepted such incentives in connection with our bid, nor will we offer or grant or accept any such incentives or conditions in the present tendering process or, in the event that we are awarded the contract, in the subsequent execution of the contract. We also declare that no conflict of interest exists of the kind described in the corresponding [KfW Guidelines for the Engagement of Consultants in Financial Cooperation with Partner Countries](#).

We also underscore the importance of adhering to environmental and social standards in the implementation of the Project. We undertake to comply with applicable labour laws and the Core Labour Standards of the International Labour Organization (ILO) as well as national and applicable international standards of environmental protection and health and safety standards.

We will inform our staff of their respective obligations as well as their obligation to fulfil this Declaration of Undertaking and to obey the laws of the project country.

We also declare that we have not been included in the list of sanctions of the United Nations, nor of the EU, nor of the German Government, nor in any other list of sanctions and affirm that we will immediately inform the Employer and KfW if this situation occurs at a later stage.

We acknowledge that, in the event that we are added to a list of sanctions that is legally binding on the Employer and/or KfW, it shall be entitled to exclude us or, if the contract is awarded to our company, to immediately cancel such contract if the statements made in the Declaration of Undertaking were objectively false or the reason for exclusion from the tender procedure occurs after the Declaration of Undertaking has been issued.

-----

(Place)

-----

(Date)

-----

(Name of the Company)

.....

(Signature (s))

## ANNEX-C Financial Proposal

### Model for Financial Proposal- Cost Break-down

SUMMARY					Year-1	Year-2	Year-3	Total for Three Annual Audits
					Amount (EUR)	Amount (EUR)	Amount (EUR)	Amount (EUR)
1-	Foreign personnel				€ -	€ -	€ -	€ -
2-	Allowances for foreign staff				€ -	€ -	€ -	€ -
3-	Local personnel				€ -	€ -	€ -	€ -
Sub-total - Staff Cost					€ -	€ -	€ -	€ -
4-	Local transport				€ -	€ -	€ -	€ -
5-	Project office				€ -	€ -	€ -	€ -
6-	Reports and documents				€ -	€ -	€ -	€ -
7-	International travel costs				€ -	€ -	€ -	€ -
Sub-Total Logistics ( Local transport, Project office, Reports and documents, international travel)					€ -	€ -	€ -	€ -
Total- Fixed costs					€ -	€ -	€ -	€ -
8-	Equipment costs				€ -	€ -	€ -	€ -
9-	Miscellaneous cost ( lump sum)				€ -	€ -	€ -	€ -
Total- Additional costs					€ -	€ -	€ -	€ -
Grand Total					€ -	€ -	€ -	€ -
1-	Foreign personnel	Unit	Quantity	Unit Burdened Rate ( EUR)	Amount (EUR)	Amount (EUR)	Amount (EUR)	Amount (EUR)
1.1		Days						
1.2		Days						
1.3		Days						
1.4		Days						
Sub-total Foreign personnel								
2-	Allowance, accommodation, complementary travel costs for foreign personnel							
2.1	Allowance & Accommodation- Long-term staff	Days						
2.2	Allowance & Accommodation- Short-term staff	Days						
Sub-total Allowance and accommodation								
3-	Local personnel (including allowances )							
3.1		Days						
3.2		Days						
3.3		Days						
3.4		Days						
Sub-total Local Personnel								
4-	Local transport	Unit	Quantity	Unit Burdened Rate ( EUR)				
4.1	Vehicle lease/rent or use of own vehicles							
4.2	Vehicle O&M incl. driver, assurance, repairs							
4.3	Other local transport (short-term, peak)							
4.4	Local flights							
Sub-total Local transport								
5-	Project office							
5.1	Office rent							
5.2	Office operation							
5.3	Communication							
Sub-total Project Office								
6-	Reports and documentation							
6.1	(Type of reports/documents to be stated)							
6.2	so on ....							
Sub-total Reports and documentations								
7-	International travel							
7.1	International return flights	Flight						
7.2	Complementary travel costs	Flight						
7.3	Other international flights	Flight						
Sub-total International flights								
8-	Equipment							
8.1	..							
8.2	Other. equip. to be handed over/consumed							
Sub-total Equipment								
9-	Miscellaneous and optional item/services							
9.1	Visa							
9.2	Other miscellaneous items/services							
9.3	Miscellaneous budget / contingencies							
Sub-total Miscellaneous								

## ANNEX-D Firm's Reference

Ref (maximum 15)	Project title							
Name of legal entity	Country	Overall project value (EUR)	Proportion carried out by legal entity	No of staff provided	Name of client	Origin of funding	Dates (start/end)	Name of partners if any
Description of project						Type of services provided		

Authorized Signature: \_\_\_\_\_

Firm's Name:

**Note:**

The projects shall proof the capacity and ability of the Audit Firm concerning the indicators listed under the GCT 3 (iv) (technical/sectorial & regional experience)



## ANNEX-E Statement of Turnover

### ANNUAL TURNOVER

Consultant's Legal Name: \_\_\_\_\_

Date: \_\_\_\_\_

JV Partner Legal Name: \_\_\_\_\_

Profit and loss Statement (Income Statement)

	2015	2016	2017
Turnover / Sales			

Note: Please attached evidence Audited statements are attached herewith.

For (Legal Name of the Consulting firm) ;.....

Authorized Signature:-----

Name of the Authorized Signatory:-----

## ANNEX-F JV Information Sheet

Date: \_\_\_\_\_

1. Lead Consultant's Legal Name:
2. JVA's legal name (if any):
3. JVA's Registration & Year of Registration (if applicable);
5. JVA's Legal Address:
6. JVA's Authorized Representative Information  Name: Address: Telephone/Fax numbers: Email Address:

Please note that JV agreement and/or letter of intent to enter into a joint venture indicating the tasks to be executed by the respective partners needs to be attached to this sheet.

**Publication (Short notice)**

<b>Request for Tender including post-qualification for Consulting Services</b>			
Ref. Nr.	Tender No. BMZ ID 2015 67 759		
Country	Afghanistan		
Tendering Authority	<b>Project Executing Agency</b>	<b>KfW Development Bank</b>	<b>Tender Agent</b>
	<b><u>MRRD</u></b> <b>Mr. Baryalai Helali</b> <b>Acting Director -</b> <b>RPCO</b> <b>Kabul/Afghanistan</b>	<b>Kathrein Tallowitz-Rojas</b> <b>Arteaga</b> <b>Vergabemanagerin</b> <b>KfW Entwicklungsbank</b> <b>Abteilung Lee3</b> <b>Palmengartenstr. 5-9</b> <b>60325 Frankfurt a. M.,</b> <b>Germany</b>	<b>Umesh Kumar</b> <b>Tiwari</b> <b>Champion</b> <b>Technical Training</b> <b>Center (CTTC)</b> <b>House # 555,</b> <b>District 10,</b> <b>Shirpoor Square,</b> <b>Opp old UN</b> <b>Compound, Kabul,</b> <b>Afghanistan</b> <a href="mailto:umesh.tiwari@cttc-af.org">umesh.tiwari@cttc-af.org</a>
Sector	Audit, NGO Accounts- construction of channel irrigation systems		
Brief description of the Project	The project focuses on the rehabilitation of dysfunctional or inefficient small irrigation systems in order to increase wheat production. The scope of the single investment financed through this project shall be within the range of 200,000 EUR to 500,000 EUR (average of 900 EUR/ha). Depending on the exact financial volume of each single measure, it is currently estimated that about 30 infrastructure measures can be implemented.		
Request for Consulting Services	Audit of the Disposition Fund(s) to express an opinion on the financial reports and statements of expenditures based on the withdrawal applications for the Disposition Fund(s).		
Type of Bidder	Independent Consultants		
Finance Source	German Development Bank (KfW)		
Further Information	Further information (in English) is available from the Tender Agent upon written request at the address given above. It will be sent electronically (by e-mail) only. No liability will be accepted for loss or late delivery		
Application details	Submission of 1 original and 2 copies in English Language to the address of the Tender Agent		
Deadline of receipt	25 <sup>th</sup> January 2019		

Documents to be submitted	<p>The post-qualification of experienced Consultants, the submission of technical and financial proposals is subject to the regulations contained in the “Guidelines for Assignment of Consultant in Financial Co-operation Projects” (see <a href="https://www.kfw-entwicklungsbank.de/Download-Center/PDF-Dokumente-Richtlinien/Consulting-E.pdf">https://www.kfw-entwicklungsbank.de/Download-Center/PDF-Dokumente-Richtlinien/Consulting-E.pdf</a>)</p> <p>Submission of post-qualification shall include amongst other document;</p> <ul style="list-style-type: none"> <li>- corporate profile and status, evidence of financial resources, minimum turn-over of 350,000 Euro over the past three years (combined by all consortium partners or through the lead consultant only), expertise in relation to the size of the contract, legally binding signed Declaration of Undertaking)</li> <li>- balance sheets and profit and loss accounts for the last three years, relevant references to prove technical qualifications and experience abroad (5 projects), in the region or country,</li> <li>- details on the Consultant’s own personnel for audit services, declaration of intent regarding cooperation (name of lead company), declaration on associated firms.</li> </ul>
Duration	Three Years Annual Audit

## **Terms and Conditions Applicable to the Model Contract for Consulting Services**

### **1. Terms and Conditions**

1. *Conclusion of a contract.* By using this Model Contract (or sections thereof), every User of the Model Contract (hereinafter "User") acknowledges the following Terms and Conditions. These Terms and Conditions are agreed between each User and KfW without requiring that KfW receives the User's acceptance of the Terms and Conditions associated with the use of the Model Contract.

2. *Liability of KfW.* KfW assumes no liability for damages arising from or in connection with the use of the Model Contract, except for intent, gross negligence and injury to life, body or health.

3. *Limitation of the responsibilities of KfW.* KfW has prepared the Model Contract as an example of a contract for consulting services, for which KfW grants its consent in principle. However, KfW assumes in particular no obligation for the review of:

- the legal and factual accuracy of the Model Contract by obtaining internal or external legal advice,
- the factual accuracy of the circumstances underlying the Model Contract,
- the suitability of the Model Contract for the purposes of the User,
- the balance of the Model Contract versus the individual interests of the specific User,
- the contractual drafts prepared using the Model Contract that are submitted to KfW, e.g., for consent, and
- the need to update the Model Contract in the event of changes in legislation.

4. *Obligations of the User.* Every User shall:

- use the Model Contract only after performing a thorough individual review and making the necessary modifications for the specific circumstances.
- engage legal counsel to review the contractual draft based on the Model Contract prior to the conclusion of a contract, in order to investigate the enforceability and effectiveness of the contract under the applicable legislation.

### **II. Notes for the User**

KfW expressly refers every User of the Model Contract to the following:

- KfW prepared this Model Contract based on the FIDIC agreement for consulting services ("White Book"), in order to provide partners of KfW with wording assistance for their contractual relationships with consultants. At the same time, use of this Model Contract facilitates the consent of KfW.
- The Model Contract was not developed based on any specific legal jurisdiction; instead, the choice of governing law is left to the contracting parties. KfW has not investigated whether modifications of the Model Contract are necessary so that it can be used under the respective potential jurisdictions.
- The Model Contract must be adapted to the individual needs of the specific User and should only be signed after the User has reviewed whether the specific contractual provisions are suitable for his individual purposes.

### **III. Structure of the Model Contract**

Section 1: General Conditions – these include the general underlying contractual provisions. Changes in this section usually have a significant impact on the contract and require the prior consent of KfW.

Section 2: Special Conditions – these include the specific details of each individual case. Any modifications or deviations based on the specifics of the project or due to contractual negotiations can be included here.

Section 3: Annexes – depending on the contents, these are either project specific (e.g., TOR, Time Schedule) or generally defined (e.g., Declaration of Undertaking).

# **CONTRACT**

for Consulting Services

dated

[•]

between

Champion Technical Training Center (CTTC)

– hereinafter referred to as the “Employer” –

and

[•]

– hereinafter referred to as the “Consultant” –

for

AUDIT OF EIDA DISPOSITION FUNDS

– hereinafter referred to as the “Project” –

BMZ no. 2015 67 759

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## **Preamble**

The Employer desires that the consulting services described in more detail in the Special Conditions be rendered. The Consultant has submitted a bid for these services.

Now therefore, the Employer and the Consultant (hereinafter referred to as the "Parties") hereby agree on the following:

## **GENERAL CONDITIONS**

### **§1 General Provisions**

#### **1.1 APPLICABLE REGULATIONS**

1.1.1 The following regulations are considered to have been agreed between the Parties unless otherwise agreed in the Special Conditions.

The applicable contractual regulations between the Parties (hereinafter referred to as the "Contract") consists of the conditions of this consulting Contract (General Conditions and Special Conditions) along with the following contractual annexes:

Annex 1 [Declaration of Undertaking]

Annex 2 [Remuneration and Invoicing]

Annex 3 [Terms of Reference]

Annex 4 [Project-specific Provisions]

Furthermore, the KfW Guidelines for the Commissioning of Consultants in Financial Cooperation with Partner Countries (available at [www.kfw-entwicklungsbank.de](http://www.kfw-entwicklungsbank.de) under "Procurement") form an integral part of the Contract.

#### **1.2 PARTIES**

1.2.1 The addresses and authorised representatives of the contractual Parties to whom all communications are to be served are listed under the Special Conditions. If the Consultant does not originate from the project country, it shall also nominate to the Employer and KfW an individual at the Consultant's place of business who may be reached at any time in cases of emergency or crisis and shall immediately inform the Employer of any change in this regard

#### **1.3 WRITTEN FORM AND LANGUAGE**

1.3.1 Amendments and supplements to this Contract, including to this written form clause, require the written form and shall be, as with all communication between the Parties, in the language agreed in the Special Conditions of this Contract.

#### **1.4 APPLICABLE LAW**

1.4.1 The Special Conditions contain the law applicable to this Contract.

#### **1.5 ASSIGNMENT AND SUB- CONTRACTS**

1.5.1 The Consultant shall not have the right to assign or transfer all or any of its rights under this Contract without the prior written consent of the Employer, which shall not be provided without the consent of KfW.

1.5.2 If the Consultant intends to assign part of the contractual Services to others, it shall inform the Employer and KfW thereof at least 14 days before signing a corresponding sub-contract. If the Employer or KfW rejects such an assignment, the Consultant shall refrain from signing the respective sub-contract. In cases where the Services are sub-contracted, the Consultant's obligations to fulfil the Contract shall remain unaffected. The Consultant shall ensure that the sub-contractor fulfils all requirements of this Contract, in particular also in relation to corruption avoidance and confidentiality.



## **1.6 TRANSFER OF OWNERSHIP AND RIGHTS OF USE**

1.6.1 The Consultant shall transfer to the Employer on the date on which any such rights arise, and in any event no later than on the date on which they are acquired:

- a) all transferable rights arising from the Services performed on the basis of this Contract,
- b) ownership of all studies, reports and associated data and documents that are created in connection with this Contract, or studies, reports and associated data and documents made available to the Employer as well as software produced or adapted and,
- c) on completion of the Services, legal title to the items of equipment obtained by means of this Contract.

Insofar as a transfer of such rights according to (a) is not possible, the Consultant shall irrevocably grant to the Employer unrestricted, transferable, licensable and exclusive rights of use and exploitation that are unlimited with respect to time and place of use. Such transfer shall include the right to adapt any transferred rights. The Consultant shall ensure that any relevant creator of such transferrable rights waives its exercise of any such relevant rights.

1.6.2 The Consultant shall issue all information requested by the Employer and KfW in connection with this Contract, and shall make available free of charge all requested records, documents and information. This obligation shall remain effective after termination of the Contract for a period of 24 months.

## **1.7 CONFIDENTIALITY AND PUBLICATION**

1.7.1 Without prejudice to any statutory obligations of disclosure imposed on it, the Consultant shall keep confidential all documents passed on to it by the Employer and if applicable by KfW, as well as all information exchanged and knowledge acquired concerning this Contract and its implementation, unless the Employer or KfW have authorised disclosure in writing or the information was already in the public domain before the Contract was signed.

## **1.8 CORRUPTION AND FRAUD**

1.8.1 When discharging their obligations under this Contract, the Consultant, its representatives and its employees shall comply with all applicable laws, rules, regulations and provisions of the relevant legal systems, including the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

1.8.2 The Consultant warrants with its signature that the declarations named in Annex 1 [Declaration of Undertaking] are true and correct and undertakes that it will fulfil the obligations and rules of conduct set out therein in connection with the implementation of this Contract.

1.8.3 The Consultant undertakes to immediately notify the Employer in detail and in writing if the Consultant is induced by a public official or any other persons to make illegal payments. A public official shall be:

- a) any official or employee of a public authority or an enterprise under the ownership or control of a government;
- b) any person who performs a public function;
- c) any official or staff member of a public international organisation;
- d) any candidate for a political office; or
- e) any political party or official of a political party.

## **1.9 REIMBURSEMENTS**

1.9.1 All reimbursements, insurance payments or similar payments, if any, shall be paid to KfW, Frankfurt am Main (BIC:

KFWIDEFF, IBAN: DE53 5002 0400 3800 0000 00), in the case of financing from project funds for the account of the Employer, stating the BMZ number or the KfW order number as a reference.

### **1.10**

#### **PARTIAL INVALIDITY**

1.10.1 The invalidity or unenforceability of one or more provisions of this Contract will not affect the validity or enforceability of any other provision of this Contract. Any invalid or unenforceable provision shall be replaced by a valid and enforceable provision which approximates as closely as possible the economic purpose of the invalid or unenforceable provision. The same shall apply accordingly in cases of omissions.

## **§ 2 The Employer**

### **2.1**

#### **DUTY OF COOPERATION**

2.1.1 The Employer is obliged to perform the duties of cooperation to which it is subject free of charge and without delay. During the term of this Contract, the Employer shall, free of charge, in particular place at the disposal of the Consultant all data, documentation and information concerning the contractual Services that are available to it and shall support the Consultant as far as reasonably possible, if applicable also in consultation with KfW.

### **2.2**

#### **TAXES**

2.2.1 If and insofar as the Consultant and its foreign staff are obliged to pay taxes, duties, levies and other charges in connection with the Services performed according to this Contract in the project country, which are connected with:

- a) payments to the Consultant or its foreign staff;
- b) services which are rendered by the Consultant or its staff;
- c) equipment, materials, and supplies necessary for the performance of the services,

and insofar as these costs have not already been allowed for in the Order Value according to the Special Conditions and Annex 2 [Remuneration and Invoicing], on provision of evidence of the corresponding payments the Employer shall include in the final payment to the Consultant a reimbursement for all amounts paid in this regard.

### **2.3**

#### **REMUNERATION**

2.3.1 The remuneration obligations of the Employer are defined in Paragraph 5 [Remuneration]

## **§ 3 The Consultant**

### **3.1**

#### **SCOPE OF SERVICES**

3.1.1 The Consultant shall render the Services assumed by it as described in detail in the Special Conditions and Annex 3 [Terms of Reference] ("Services") in full and on time with the required due care in accordance with professional practice and recognised quality standards (current scientific and generally accepted engineering standards).

3.1.2 Changes to the Services described in paragraph 3.1.1. or the remuneration according to paragraph 5 or changes that affect KfW's legal position may only be agreed with the previous consent of KfW.

### **3.2**

#### **REPORTING**

3.2.1 The Consultant shall report to the Employer according to the Special Conditions about the progress of the Services and shall make any required information available. In the case of longer assignments, the Consultant shall submit regular reports. On completion of the Services, it will draw up a final report for the entire completion period. It shall document its work, the course of the project and the decisions made in a transparent manner.

### **3.3 DEPLOYMENT OF STAFF**

3.2.2 The Consultant shall inform the Employer promptly of all unusual circumstances that occur during the performance of the Services and about all matters that require the consent of KfW.

3.3.1 Insofar as the Parties agree the deployment of key staff, these persons shall be named in Annex 4 [Project-specific Provisions]. The following provisions 3.3.2 and 3.3.3. shall then apply.

3.3.2 If key staff employed by the Consultant need to be replaced, the Consultant shall ensure that the staff member in question is replaced promptly, subject to agreement by the Employer, which may not withhold the same without an objective reason, by an individual with at least equivalent qualifications.

3.3.3 The costs for the withdrawal or replacement of staff during the Contract period shall be borne by the Consultant, unless this occurred on request of the Employer. In this case, the Employer shall bear the costs for the replacement of the staff member, unless the staff member in question does not meet the requirements necessary for fulfilment of the Contract or has interfered in the internal affairs of the project country.

### **3.4 PROJECT-SPECIFIC PROVISIONS**

3.4.1 Annex 4 (Project-specific Provisions) contains the specific project-related features of the project and the Services affecting the Consultant if such arrangements are made by the Parties.

## **§ 4 Commencement, Completion and Amendment of the Services**

### **4.1 COMMENCEMENT AND COMPLETION**

4.1.1 The Special Conditions contain the date of commencement as well as the agreed completion date, which are binding for the Consultant subject to any amendments by the Parties. A detailed time schedule, where required, is appended in Annex 4 [Project-specific Provisions].

4.1.2 Insofar as this Contract provides for optional services, the Consultant shall commence delivery of the optional services not earlier than upon receipt of written notification from the Employer.

### **4.2 PENALTIES FOR DELAY**

4.2.1 If the Consultant fails to perform any of the Services under this Contract within the requisite time period due to reasons he must warrant, the Employer shall, unless the Special Conditions include a derogation, be authorised to inflict a penalty of 0.5% of the Order Value for every week of delay, subject to a cap of 8% of the Order Value. Beyond such penalty, the Employer may not bring any further claims arising from the delay in the performance of the Services. The right of termination shall remain unaffected.

### **4.3 FORCE MAJEURE**

4.3.1 In the event of Force Majeure, the contractual obligations, insofar as affected by such event, shall be suspended for as long as performance remains impossible due to the Force Majeure. Force majeure means if any event whereby one party to the Contract is prevented to a considerable extent from performing the Services due to unavoidable, unforeseeable circumstances, such as natural disasters, hostage-taking, war, crises, revolution, terrorism and sabotage, that cannot be avoided or rendered harmless and must not be accepted because of its frequency ("Force Majeure"). This also includes in particular orders by the Federal Foreign Office of the Federal Republic of Germany for German citizens to leave the project country or project region. Insofar as an event originates entirely from the sphere of responsibility of one party to the Contract, this event does not qualify as Force Majeure.

4.3.2 In the event of Force Majeure, the Consultant shall be entitled to an extension of the Contract equal to the delay caused by such Force Majeure.

4.3.3 If the performance of the Services is rendered permanently impossible by the Force Majeure, or if the Force Majeure lasts for longer than 180 days, both Parties shall be entitled to terminate the Contract. In this case, the Services performed up to the time of the Force Majeure and all documented necessary expenditure of the Consultant arising from the discontinuation of the Services shall be invoiced on the basis of contractual prices. Neither party shall make any further claims.

4.3.4 Any and all liability of the Consultant for damages arising due to its absence caused by the Force Majeure is excluded. It is, however, obliged to take all actions open to it to minimise the damages. Conversely, the Employer is not liable for additional costs incurred by the Consultant for the duration of the interruption.

#### **4.4 TERMINATION**

4.4.1 The Employer is entitled to terminate this Contract if the Consultant culpably fails to meet its contractual obligations, the performance of its Services is not in compliance with the Contract, or the Services are not performed in a timely fashion. In this case, the Consultant is solely entitled to demand the agreed remuneration for the Services performed until the date of termination but not yet remunerated. The Employer shall be entitled to demand compensation for the direct damage caused by this default.

4.4.2 The Consultant may terminate this Contract if the Employer does not pay any amounts due and payable to it under this Contract or does not make payment in a timely fashion. In this case it may demand the agreed remuneration but must, however, deduct any expenses that it has saved by termination of the Contract or any income that it has earned from other deployments of its staff or which it has not earned as the result of wilful actions or omissions.

4.4.3 Before a notice of termination is served according to paragraphs 4.4.1 and 4.4.2., the respective other Party is to be served notice of breach of its contractual obligations and to be granted a grace period of at least 30 days to remedy this.

4.4.4 The Employer, with the prior consent of KfW, may suspend or terminate this Contract after serving written notice of at least 30 days without stating reasons. In the case of suspension, the Employer shall reimburse the Consultant for the resulting, unavoidable costs. In the case of termination, the legal consequences of paragraph 4.4.2 shall apply accordingly.

4.4.5 In the event of suspension or termination, the Consultant is obliged to immediately take measures to limit damages. On termination, all previously created drafts, reports or other documents or such that are to be created by the termination date are to be passed on to the Employer.

#### **4.5 CORRUPTION AND FRAUD**

4.5.1 If it is proven that the Consultant has breached Paragraph 1.8 [Corruption and Fraud] or that the Declaration of Undertaking in Annex 1 is untrue or will become so, the Employer may – notwithstanding the various punishments or other sanctions to which the Consultant is subject according to the law of the country or any other legal system – terminate this Contract in writing without observing a period of notice.

## **§ 5 Remuneration**

### **5.1**

#### **REMUNERATION OF THE CONSULTANT**

5.1.1 The Consultant shall receive the remuneration agreed in the Special Conditions for performing the Services owed under this Contract, subject to the conditions listed therein and the conditions below. Annex 2 [Remuneration and Invoicing] contains a detailed breakdown.

### **5.2**

#### **TERMS OF PAYMENT**

5.2.1 The Employer shall pay the Consultant's remuneration to the account named in Annex 2 [Remuneration and Invoicing] according to the following schedule:

- a) Advance payment, due within 60 days of entry into force of this Contract.
- b) Instalments, if applicable, shall be paid upon presentation of corresponding invoices with a maximum of one payment per quarter. The Employer shall have the right to suspend payment of instalments at any stage in the event of substantial deviations from the time schedule and/or insufficient performance on the part of the Consultant.
- c) The final payment shall be made against presentation of a corresponding invoice after the Services have been properly performed in full, they have been accepted (if applicable) and approval of the final report by the Employer and KfW. In the case of inadequate performance, the Employer is entitled, with prior consent of KfW, to a reasonable reduction of the final payment.

5.2.2 Unless otherwise agreed, payments shall be made within a period of 60 calendar days after receipt of the invoice by the Employer.

5.2.3 Optional services as per paragraph 4.1.2. will be settled in connection with the final invoice.

### **5.3**

#### **AUDITING**

5.3.1 For services or partial services that are not remunerated on a lump-sum basis, the Consultant shall be obliged to maintain up-to-date records that meet professional standards and that clearly and systematically indicate the services provided and the time and expense involved. The Consultant shall retain all settlement-related documents for five years and authorises the Employer and KfW to audit these at any time.

## **§ 6 Liability**

### **6.1**

#### **LIABILITY OF THE CONSULTANT**

6.1.1 The Consultant shall be liable to the Employer for verifiably culpable breaches of its contractual obligations, particularly breaches of Paragraph 3 [The Consultant]. It is likewise liable for its subcontractors to the same extent. Liability for consequential damage is excluded. Furthermore, the liability of the Consultant shall be limited to the Order Value. The limitation of liability stated in the two preceding sentences shall not apply for premeditation and gross negligence.

### **6.2**

#### **LIABILITY OF THE EMPLOYER**

6.2.1 The Employer shall be liable to the Consultant for verifiably culpable breaches of its contractual obligations, particularly breaches of Paragraph 2 [The Employer]. Liability for consequential damage is limited to premeditation and gross negligence. Liability for injury to life, limb or health shall remain unaffected.

## **§ 7 Insurance**

### **7.1**

#### **INSURANCE**

7.1.1 For the term of the Contract the Consultant shall take out at its own expense all insurance cover that is required and customary

in order to insure its professional and personal risks, including as a minimum a professional liability insurance policy. On request by the Employer, the Consultant shall present proof of this insurance.

## **§ 8 Disputes and Arbitration Procedure**

### **8.1**

#### **ARBITRATION PROCEDURE**

8.1.1 If the Parties do not reach amicable agreement, disputes arising out of or in connection with this Contract shall finally and exclusively be settled by a single arbitrator appointed and proceeding in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce in Paris. The place of arbitration and the language of the arbitration procedure shall be stipulated in the Special Conditions.

## **SPECIAL CONDITIONS**

(the references refer to the respective paragraphs in the General Conditions)

### **Preamble**

**Project:** Economic Infrastructure Development Afghanistan (EIDA) I & II

### **Ad 1.1 Applicable Regulations**

Annex 2 [Remuneration and Invoicing] omitted.

### **Ad 1.2 Contractual Parties and Contacts**

Employer is **Champion Technical Training Center (CTTC)**

The Employer's contact persons are **Mr. Umesh Kumar Tiwari**

Address of Employer:

Postal address **House # 555, District 10, Sheerpur Square, Opposite- Old UN Compound, Kabul, Afghanistan**

Email: [umesh.tiwari@cttc-af.org](mailto:umesh.tiwari@cttc-af.org)

Phone: **+93 706 719 955; +93 799 021 550**

Consultant is [●]

The Consultant's contact person [●]

Address of Consultant

Postal address: [●]

Email: [●]

Phone: [●]

Address of KfW:

Postal address Palmengartenstrasse 5 – 9  
60325 Frankfurt / Germany

Email: [info@kfw.de](mailto:info@kfw.de)

Phone: **+49 (69) 7431 - 0**

Fax: **+49 (69) 7431 - 2944**

### **Ad 1.3 Language**

The language of the Contract is **English** .

## Ad 1.4      Applicable Law

The law applicable to the Contract is Government of Islamic Republic of Afghanistan.

**Ad 3.1      Service to be performed:**

Audit of the Disposition Fund(s) to express an opinion on the financial reports (i.e. status of accounts and cumulated statement as defined in the Annex "Disbursement Procedure" to the Separate Agreement) and statements of expenditures based on the withdrawal applications for the Disposition Fund(s). Such expenditures have been made under the financial position of KfW-loan/grant no. 2015 67 759 for financing of Economic Infrastructure Development Afghanistan (EIDA).

The contractual services of the Consultant are detailed in Annex 3 [Terms of Reference].

### Ad 3.2 Reporting by Consultant

The consultant will submit the audit report in line with the Terms of Reference.

Annex 3 [Terms of Reference] contains the relevant reporting specifications.

### Ad 3.3 Key staff

The Consultant shall employ the staff specified in Annex 4 [Project-specific Provisions] for the performance of its services.

#### Ad 4.1 Commencement and Completion

**Date of commencement:** The date on which execution shall be commenced is [●] / The date on which execution shall be commenced lies [●] weeks after the day on which the Contract comes into forces.

**Completion date:** Date of completion is [●] / Completion time is the period[●]

Annex 4 contains a detailed schedule.

## Ad 5.1 Remuneration

For the services to be rendered by the Consultant under this Contract, the Employer shall pay the sum of

[●] in [●currency]

("Order Value").

The Order Value is composed as follows:

Fixed fee: [●] in [●currency]

Ancillary expenses lump sum [●] in [● currency]

Ancillary expenses on proof [•] in [• currency]

Annex 2 [Remuneration and Invoicing] contains a detailed breakdown.

*The Order Value is exclusive of the following option(s) not commissioned:*

Option	[●] in [● currency]
1	100
2	100
3	100
4	100
5	100
6	100
7	100
8	100
9	100
10	100
11	100
12	100
13	100
14	100
15	100
16	100
17	100
18	100
19	100
20	100
21	100
22	100
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92	100
93	100
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95	100
96	100
97	100
98	100
99	100
100	100



## Ad 5.2 Terms of payment

The Consultant's remuneration shall be paid as follows:

[•] Currency as final payment.

The Employer pays the Consultant's remuneration to the following account:

Bank: [•] Account number: [•]

IBAN: [•] BIC: [•]

The original invoices are to be submitted to the Employer. *[If invoicing on a time and materials basis:* The completed Annex 2 [Remuneration and Invoicing] must be enclosed with the invoice.]

The Consultant's invoices are to be made out to the Employer "c/o KfW". KfW shall receive the original invoice. A copy of the invoice shall be sent to the Employer directly. The original of the final invoice is to be sent to the Employer, KfW receives a copy.

## Ad 8.1: Arbitration Procedure

The place of arbitration shall be **Afghanistan**

The language of arbitration shall be **English**

(place, date)

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(for the Employer)

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(for the Employer)

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(for the Consultant)

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(for the Consultant)

**Declaration of Undertaking**

We underscore the importance of a free, fair and competitive contracting procedure that precludes abusive practices. In this respect we have neither offered nor granted directly or indirectly any inadmissible incentives to any public servant or other person nor accepted such incentives in connection with our bid, nor will we offer or grant or accept any such incentives or conditions in the present tendering process or, in the event that we are awarded the contract, in the subsequent execution of the contract. We also declare that no conflict of interest exists of the kind described in the corresponding [KfW Guidelines for the Engagement of Consultants in Financial Cooperation with Partner Countries](#).

We also underscore the importance of adhering to environmental and social standards in the implementation of the Project. We undertake to comply with applicable labour laws and the Core Labour Standards of the International Labour Organization (ILO) as well as national and applicable international standards of environmental protection and health and safety standards.

We will inform our staff of their respective obligations as well as their obligation to fulfil this Declaration of Undertaking and to obey the laws of the project country.

We also declare that we have not been included in the list of sanctions of the United Nations, nor of the EU, nor of the German Government, nor in any other list of sanctions and affirm that we will immediately inform the Employer and KfW if this situation occurs at a later stage.

We acknowledge that, in the event that we are added to a list of sanctions that is legally binding on the Employer and/or KfW, it shall be entitled to exclude us or, if the contract is awarded to our company, to immediately cancel such contract if the statements made in the Declaration of Undertaking were objectively false or the reason for exclusion from the tender procedure occurs after the Declaration of Undertaking has been issued.

.....

(place)

.....

(date)

.....

(name of company)

.....

(signature(s))

**BMZ No. [●]  
 Programm / Project [●]  
 Schedule of Consulting Services / Period [●]  
 Invoice No. [●]**

as contractually agreed						invoicing			
Item <sup>1</sup>	Description <sup>2</sup>	Unit <sup>3</sup>	Quantity <sup>4</sup>	Unit Rate <sup>5</sup> EUR	Contract Sum <sup>6</sup> EUR	Previous Cumulative Expenses <sup>7</sup> EUR	This Invoice <sup>8</sup> No. (x) EUR	Current Cumulative Expenses <sup>9</sup> EUR	Remaining Budget <sup>10</sup> EUR
1									
2									
3									
4									
5									
Total costs at actual - Contract Sum					0,00	0,00	0,00	0,00	0,00
						11	12	13	14
Advance Payment					0,00		0,00	0,00	0,00
Invoiced Amount							0,00		

**Abbreviations and explanations:**

- <sup>1</sup> Reference according to cost sheet
- <sup>2</sup> E.g. field personnel, travel costs
- <sup>3</sup> E.g. hours, days, month, flights, item
- <sup>4</sup> Numerical unit
- <sup>5</sup> Cost per unit
- <sup>6</sup> Contractually agreed price in total (quantity multiplied by unit rate)
- <sup>7</sup> Already invoiced/disbursed

- <sup>8</sup> Accounting / billing period
- <sup>9</sup> Previous cumulative expenses plus this invoice
- <sup>10</sup> Contract Sum minus Current Cumulative Expenses
- <sup>11</sup> Advance Payment Amount (if applicable)
- <sup>12</sup> Previous recovery
- <sup>13</sup> Current recovery
- <sup>14</sup> Total recovery (previous recovery plus current recovery)
- <sup>15</sup> To be recovered (Advance Payment minus total recovery)

## **Terms of Reference: Audit of "Disposition Funds"**

### **Objective**

1. The objective of the audit of the Disposition Fund(s) is to permit the auditor to express an opinion on the financial reports (i.e. status of accounts and cumulated statement as defined in the Annex "Disbursement Procedure" to the Separate Agreement) and statements of expenditures based on the withdrawal applications for the Disposition Fund(s). Such expenditures have been made under the financial position of KfW-loan/grant no. 2015 67 759 for financing of Economic Infrastructure Development Afghanistan (EIDA).

This includes the audit of all accounts opened in connection with the Disposition Fund(s). These are:

- a) Special Account No. 021104030000852 with First Micro Finance Bank, Shahr-e-Now, Ansari Square, Opposite Mar Mar Hotel, Zone 4<sup>th</sup> Kabul, Afghanistan.
  - b) Local Special Account No. 021102010000029 with First Micro Finance Bank, Shahr-e-Now, Ansari Square, Opposite Mar Mar Hotel, Zone 4<sup>th</sup> Kabul, Afghanistan.
  - c)
2. The audit will be effected annually ("Audit Period") and the respective report(s) should be presented not later than 3 months after the end of the period covered. During the Audit Period total disbursements amounting to EUR 2,783,511.34 were transferred to the Disposition Fund(s). The value of disbursement for Year 2 and Year 3 would be approximately 20% more than this value.

### **Scope**

3. The audit will be conducted in accordance with International Standards on Auditing as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants, with special reference to ISA 800 (Auditor's Report on Special Purpose Audit Engagements) and will include such tests and controls as the auditor considers necessary as well as on-site visits if also deemed necessary. The auditor must bear in mind that, for the establishment of the audit opinion, he has to carry out a compliance audit and not a normal statutory audit.

The preparation of the financial reports and the statements of expenditures on the cash receipts and disbursements basis of accounting is the responsibility of the Project Executing Agency. The financial information has to be established in accordance with consistently applied accounting standards and the underlying Loan / Financing Agreement including the corresponding Separate Agreement.

The auditor's opinion, established in the audit opinion report, will explicitly state whether:

- (a) The payments out of the Disposition Fund(s) have been made in accordance with the conditions of the relevant (Loan/Financing) Agreement(s) and the corresponding Separate Agreement. Where ineligible expenditures are identified, these should be noted separately.
- (b) The Disposition Fund has been maintained in accordance with the provisions of the (Loan/Financing) Agreement and Separate Agreement (including the Supplementary

Conditions of KfW for payments under the Disposition Fund procedure). This also comprises interest earned from balances.

- (c) Expenditures are supported by relevant and reliable evidence. All supporting documents and records with respect to the statements of expenditure submitted as the basis for withdrawal applications have been made available
- (d) The audited statements of expenditures can be relied upon to support the related withdrawal applications. Clear linkage should exist between the statements of expenditures, the withdrawal applications presented to KfW and accounting records.
- (e) Goods and services financed have been procured in accordance with the relevant (Loan/Financing) Agreement and Separate Agreement.
- (f) Specific deficiencies and areas of weakness have been identified in the internal systems and controls of the Project Executing Agency. Where deficiencies are identified, these should be noted separately.

### **Reports**

#### **4. The audit report(s) will**

- (a) be issued by the auditor in English language
- (b) include all aspects specified in the preceding paragraph ("Scope")
- (c) contain these Terms of Reference as integral part
- (d) provide a schedule showing receipts and disbursements during the Audit Period
- (e) include the balance of the Special Account(s) and all sub-accounts (if any) at the beginning and the end of the Audit Period.
- (f) comprise the auditor's statement to appraise and quantify the consequences of specific deficiencies, if any.

#### **5. If considered pertinent, the auditor will also prepare a "management letter" in which the auditor will:**

- (a) give comments and observations on the accounting records (including cash accounts if any), systems and controls examined during the course of the audit (as far as necessary for the understanding of the financial reports and the statements of expenditures):
- (b) identify specific deficiencies and areas of weakness in systems and controls of the Project Executing Agency that have come to the auditor's attention, especially with regard to withdrawal, procurement, storage and payment transactions, and make recommendations for their improvement;
- (c) report on actions taken by the management of the Project Executing Agency to make improvements with respect to deficiencies and areas of weakness reported in the past;
- (d) bring to the Project Executing Agency's attention any other matters that the auditor considers pertinent.

**Project-specific Provisions**

**Key staff**

**Schedule]**