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ONGOING PROJECTS

NEW SUPPORT TO IMPROVE DIGITAL PAYMENT, LAND ADMINISTRATION SYSTEM, AND POLICY FRAMEWORKS

New grants will support the following initiatives:

\$45 MILLION GRANT TO THE PAY-MENTS AUTOMATION AND INTEGRA-TION OF SALARIES IN AFGHANISTAN (PAISA) PROJECT, which aims to build a credible and transparent infrastructure for national payments in the Government of Afghanistan and provide support to strengthen the main government institutions responsible for government payments. The grant comprises \$10 million from IDA and \$35 million from the ARTE.

\$35 MILLION GRANT TO THE AFGHANISTAN LAND ADMINISTRATION SYSTEM PROJECT (ALASP), to support the development of the Afghanistan land administration system and provide the population in selected areas with improved land registration services. The grant comprises \$25 million from IDA and \$10 million from the ARTE.

\$400 MILLION TO THE 2019 INCENTIVE PROGRAM DEVELOPMENT POLICY OPERATION, which aims to strengthen the policy framework to support state effectiveness, private investment, and social inclusion, and to improve the policy and institutional framework for public financial management.



## NEW NATIONAL FINANCIAL INCLUSION STRATEGY TO BOOST PRODUCTIVITY AND JOBS IN AFGHANISTAN

The central bank of Afghanistan, Da Afghanistan Bank, recently launched a National Financial Inclusion Strategy that will ensure access to finance for households and enterprises in key areas, particularly in agriculture and livestock, to boost productivity, create jobs, and contribute to the broader economy.

World Bank Afghanistan closely worked with Da Afghanistan Bank in the past 18 months undertaking a thorough review of financial institutions, which helped prepare the strategy.

The review found that the agriculture and livestock sector employs 44 percent of the national workforce and accounts for a quarter of national gross domestic product. But it has remained one of the most overlooked sectors in accessing finance, representing only four percent of total bank lending in the country.

Microfinance institutions provide the majority of agriculture loans while formal banks cater to only a tiny portion. Most financial institutions including banks have little knowledge of the agriculture sector and insufficient capacity to design products that can appeal to agribusinesses, according to the review. Micro, small, and medium enterprises, most of which operate in agriculture, represent a huge opportunity for growth as they need more than \$4.7 billion in credit.

The new strategy addresses many of these issues. It will help increase access to finance in critical areas of the economy and promote formal financial services for households and the private sector, including digital payments and services. The strategy also includes regulatory and policy reforms that will enable agribusinesses to secure affordable financing on suitable terms.

Offering the right financial products to micro, small, and medium enterprises in rural Afghanistan will enable them to create jobs for rural people and ensure sustainable supply of agricultural products.

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#### WORLD BANK GROUP SUPPORT

## World Bank projects and programs

Since April 2002, the World Bank's International Development Association (IDA) has committed over \$4.48 billion for development and emergency reconstruction projects, and six budget support operations in Afghanistan. This support comprises over \$4.14 billion in grants and \$436.4 million in no-interest loans known as "credits". The Bank has 10 active IDA-only projects (\$908 million) and 14 projects jointly funded with the Afghanistan Reconstruction Trust Fund, with net commitment value of over \$2.3 billion from IDA.

Since the adoption of the Afghanistan National Peace and Development Framework (ANPDF), the World Bank's engagement has become increasingly programmatic. Underpinned by advisory work, both policy and investment lending focus on the main engagement clusters: macro-fiscal management and institution building, stimulating private investments and growth to create jobs, governance and anti-corruption, human capital development and service delivery, citizen engagement and gender equality, as well as urbanization, infrastructure, and connectivity.

The Bank has actively supported key reforms, particularly in the fiscal and public

administration spheres, and through its budget support operations. It has advocated building capacity and legitimacy of the state, and channeling donor resources through the government to ensure investments are aligned with national priorities. To this end, the World Bank works closely with other multilateral and bilateral agencies across a number of sectors where aid coordination and government ownership are most critical.

→ For information about completed projects:
<a href="https://www.worldbank.org.af">www.worldbank.org.af</a> – Projects & Programs.

### **International Finance Corporation**

The International Finance Corporation (IFC), the World Bank Group's private sector arm, is supporting economic development in Afghanistan by providing a broad suite of investment services to the private sector, particularly in the infrastructure, finance, agribusiness, and services sectors.

advisory services, including access to finance, corporate governance enhancement, supply chain development, food safety management, financial system management, environmental and social management, strengthening horticulture export, access to

The investment program is supported by

renewable energy, and investment climate reforms, for both public and private sectors, to strengthen the environment for private sector investment and promote private sector growth.

IFC's current cumulative committed investment portfolio stands at over \$238 million and its advisory services portfolio stands currently at \$11.5 million. IFC's investment portfolio includes investments in the telecommunication sector, agribusiness, and financial markets. The investment pipeline looks promising and includes investments in the power and education sectors.

⇒ For more information: see page XX

#### Multilateral Investment Guarantee Agency

The Multilateral Investment Guarantee Agency (MIGA) has \$116.5 million of gross exposure for two projects in dairy and cashmere production.

Among MIGA's global priorities for FY 2018–2021 are support for foreign direct investment with high developmental impact in IDA countries and fragile and conflict affected situations. Afghanistan is a key country for MIGA to deliver on these objectives.

# COUNTRY PARTNERSHIP FRAMEWORK, 2017–2020

The World Bank Group's current engagement with Afghanistan over 2017–2020 is determined by the Country Partnership Framework strategy, which is closely aligned with the government's Afghanistan National Peace and Development Framework.

The World Bank Group strategy aims to help Afghanistan:

- Build strong and accountable institutions to support the government's state-building objectives and enable the state to fulfil its core mandate to deliver basic services to its citizens, and create an enabling environment for the private sector;
- Support inclusive growth, with a focus on lagging areas and urban informal settlements; and
- Deepen social inclusion through improved human development outcomes and reduced vulnerability amongst the most underprivileged sections of society, including the large numbers of internally displaced persons and returnees.

In 2013, MIGA launched its "Conflict Affected and Fragile Economies Facility" that uses donor partner contributions and guarantees as well as MIGA guarantees to provide an initial loss layer to insure investment projects in difficult contexts. This facility could be used to boost the agencies' exposure in Afghanistan.

#### Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and the Government of the Islamic Republic of Afghanistan (GoIRA) to improve effectiveness of the reconstruction effort. As of May 21, 2019, 34 donors have contributed over \$11.4 billion, making the ARTF the largest contributor to the Afghan budget—for both operating costs and development programs.

The ARTF's support for National Priority Programs (NPPs), operating costs of government operations, and the policy reform agenda is contributing to the achievement of the ANPDF goals. More than \$5 billion has been disbursed to the government to help cover recurrent costs, such as civil servants' salaries, and over \$5.5 billion had been made

available, both for closed and active investment projects. As of August 20, 2019, there are eight active ARTF-only (\$644 million) projects, while 14 projects are financed jointly with IDA (\$1.99 billion), with net commitment value of \$2.6 billion.

⇒ For more information: see page XX

## Japan Social Development Fund

The Japan Social Development Fund (JSDF) was established by the Government of Japan in 2000 as a means of supporting activities that directly respond to the needs of poor and vulnerable groups, enhance their capacities, and strengthen their empowerment and participation in the development process. The fund is administered by the World Bank.

The Government of Japan and the World Bank agreed to set up a special window within JSDF to support activities in Afghanistan under a multi-year program of assistance for the country's reconstruction and transition toward political, economic, and social stability.

As of January 2019, JSDF's total commitment had reached \$85 million. A number of JSDF-financed projects have been completed.

**⇔** For more information:

http://go.worldbank.org/U5OQZVF200

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#### ONGOING OPERATIONS

/ EDUCATION AND TRAINING

#### Afghanistan Second Skills Development Project (ASDP II)

**⇔IDA GRANT \$55 MILLION** 

The project supports the Government of Afghanistan in its strategy to build market relevant vocational and technical skills for economic growth and development. Building on the former Afghanistan Skills Development Project, this program will continue to strengthen the Technical Vocational Education and Training (TVET) institutional system, improve performance of TVET schools and institutes, and improve teacher competencies.

In July 2017, the project was restructured to reemphasize its focus on the development objective of improving TVET teacher competencies and curriculum in selected priority trades.

The purpose of restructuring was to support implementation of the significant new skills development reforms that the government has launched. The reforms include (1) realignment of the TVET sector with labor market needs in eight priority trades, including areas with potential to improve women's labor force participation; (II) assessment of the qualification of all TVET teachers; (III) training abroad offered to the best qualified; (iv) mobilizing four lead institutes to support teacher assessments/training in the eight priority trades; (v) upgrading and standardizing competency-based curriculum across the priority trades; and (vi) implementing a teacher policy framework to guide reforms in teacher recruitment, management, and training.

To streamline institutional capacity to deliver on the human capital development agenda, GoIRA has established a standalone TVET Authority (TVETA) based on Presidential Decree No. 11, dated April 21, 2018. The mandate for vocational education has been transferred from the Ministry of Education and



Activities are underway to improve Technical Vocational Education and Training teacher competencies and curriculum in selected priority trades, such as auto-repair, under ASPD II. Among other outcomes, project support is expected to result in changes in skill development that will align with labor market needs in eight priority trades, including areas with potential to improve women's labor force participation.

Deputy Minister for TVET to the TVETA, which has been tasked to oversee the coordination and implementation of TVET policy.

In 2018, the project went through a second round of restructuring mainly to respond to the government's strategic priorities, and revision of the institutional arrangements in the TVET sector and of some of the disbursement-linked indicator targets in the results framework.

Upon request of the TVETA, the World Bank has initiated an institutional and capacity assessment of the Authority to improve efficiency and capacity in service delivery. An action plan with concrete steps for improving TVETA's implementation capacity is being developed.

lagging provinces (never enrolled or dropped out), teachers, principals, and Ministry of Education staff. The system-level improvements in management will benefit all existing students as well as out-of-school children who will be brought into school. The project is expected to benefit about 7 million children who are attending school regularly from direct project interventions over the five-year implementation period.

Component 1 to increase access to education will be implemented in 17 selected provinces—Badghis, Balkh, Faryab, Ghazni, Helmand, Herat, Kabul, Kandahar, Khost, Kunduz, Logar, Nangarhar, Nooristan, Paktika, Urozgan, Wardak, and Zabul.

The project also works on the concept of a select number of lead institutes located in Herat, Kabul, and Nangarhar for targeted support and capacity building to serve as hubs for teacher training and curriculum development. The project also supports an in-service Technical Teacher Training Institute.

The curricula for the three priority trades of information and communications technology (ICT), accounting, and business administration have been redeveloped. The work on the revision and redevelopment of the curricula for construction, auto-repair, and agriculture is ongoing.

ASPD II is financing an academic partnership contract with Pune University in India, where 20 faculty members from the National Institute of Management and Administration and other TVET institutes are enrolled to pursue master's degrees in ICT, commerce, and business administration.

About 80 teachers are expected to enroll by the end of 2019 for one-year teacher training programs in priority trades at Reva University (26 teachers) and Sam Higginbottom University of Agriculture, Technology and Sciences (54 teachers) in India.

In addition, over 522 TVET graduates have been supported with scholarships through a voucher program, which facilitates further professional studies for meritorious students who have graduated from TVET institutes.

#### **EQRA**

- ⇒ IDA GRANT \$100 MILLION
- **⇒** ARTF GRANT \$100 MILLION
- ⇔ GLOBAL PARTNERSHIP FOR EDUCATION

   \$98 MILLION

EQRA will be implemented over the course of five years from 2018 to 2023. The project's objective is to increase equitable access to primary and secondary education in selected lagging provinces, particularly for girls, and to improve learning conditions in Afghanistan.

Primary beneficiaries will be students in general education, out-of-school children in

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EQRA is expected to benefit about 7 million schoolchildren over the project duration. It will increase equitable access to education, particularly for girls. Out-of-school children in lagging provinces will also benefit from project interventions

Constraints that limit school participation in Afghanistan, such as deteriorating security, cultural norms that undervalue education, opportunity costs to attending school, distance to school, lack of gender-segregated latrines, and lack of female teachers, will be addressed through key interventions. These include (I) improving school infrastructure, which will be implemented by the Ministry of Rural Rehabilitation and Development; (II) providing school grants; and (III) establishing community-based education classes.

To improve learning conditions, the project will support textbook development based on

a new curriculum, dissemination of learning materials, and improvements in teaching quality through coaching and subject-specific training.

EQRA also seeks to enhance transparency and management capacity of the Ministry of Education and in the provinces by strengthening its Education Management Information System and data collection procedures, improving teacher recruitment and human resource management, and implementing budget planning and norm-based operations and maintenance budget allocation formulae.

# Strengthening Women's Economic Empowerment Project (SWEEP)

**⇒** JSDF GRANT \$2.7 MILLION

SWEEP is a three-year pilot project implemented by the Aga Khan Foundation-Afghanistan in close coordination with the Ministry of Labor and Social Affairs. SWEEP was requested by the government to develop tools and methods and provide a platform to share experiences to inform the Women's Economic Empowerment National Priority Program (see page 54).

The main beneficiaries will be poor women in select rural and peri-urban areas. SWEEP will support the development and capacity building of clusters (self-help groups comprising community-based savings groups), and provide them with training, business development services, and access to finance. A baseline survey was completed in October 2018, followed by implementation of the project in November 2018.

Since December 2018, a total of 45 clusters have been formed in four provinces, 290 monthly cluster meetings have been held, and sub-committees formed. Cluster members are being trained and expected to receive revolving loan funds in the next quarter.

/ FINANCIAL SECTOR

#### Access to Finance Project

**⇔IDA GRANT \$50 MILLION** 

The Access to Finance Project aims to build institutional capacity to improve access to credit of micro, small, and medium enterprises. The project has the following components:

Component 1: Improving access to financial services for micro and small enterprises. This component aims to provide continuing support to the microfinance sector through the Microfinance Investment Support Facility for Afghanistan (MISFA), as well as, supporting MISFA to take on a broader role as a catalyst for innovations to increase access and usage of financial services from the lower end of the market according to its new strategic plan. It should, however, be underlined that the role of MISFA is primarily that of market facilitator, rather than direct technical assistance provider.

Under component 1, MISFA has initiated a series of activities, including expanding the Targeting the Ultra Poor (TUP) program in six provinces (Balkh, Kabul, Kandahar, Kunar, Laghman, and Takhar), where it has been successful in targeting and initiating meaningful improvements in the well-being of ultra-poor beneficiaries.

An impact evaluation of the program, carried out jointly with the Development Impact Evaluation, has been completed in Balkh province, tracking households from before the interventions started to one year after the program ended. The baseline survey showed that the TUP selection process was effective in identifying households that—across a range of dimensions—were worse off than the average resident in target areas, and arguably more in need of support to help shift them closer to sustainable livelihoods.

The results of the impact evaluation published in June 2019 show that the TUP program in Balkh led to a significant reduction in the incidence of extreme poverty, increased consumption, and improved food security among the beneficiaries, over 90 percent of whom are women.

A fifth of participating households in Balkh moved above the national poverty line (roughly equivalent to \$1 per person per day). Their spending was up by a third. Psychological well-being, the number of hours spent working, financial inclusion, and the empowerment of women all rose too.

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Based on the success of the program, the TUP will be scaled up to two more provinces (Parwan and Nangarhar), with an expected completion date of end-June 2021.

**Component 2:** Improving access to financial services for small and medium enterprises (SMEs). Through support to the expansion of the Afghanistan Credit Guarantee Facility and technical assistance to financial institutions to strengthen their SME lending capacity, this component aims to increase commercial bank and microfinance institution lending to SMEs and thus facilitate their access to financial services. Component 2 supports the provision of credit guarantees for SMEs.

Implementation of component 2 started in June 2017, after an implementation partnership agreement was signed between the Ministry of Finance and the Afghanistan Credit Guarantee Foundation. As of end-June 2019, the outstanding guaranteed SME loan portfolio of three partner financial institutions is \$21.8 million, down from \$25.7 million in the previous quarter. This is explained by the current operating environment, which affects the investment decisions of and ensuing demand for loans by SMEs, as well as the risk appetite of financial institutions. The revised project closing date is June 30, 2021.

#### Afghanistan Financial Sector Rapid Response Project (FSRRP)

**⇒IDA GRANT \$45.7 MILLION** 

The project assists the Da Afghanistan Bank (DAB), the central bank, to develop a set of action plans to improve banking supervision and implement a modern payment system for efficient and transparent payment transactions.

Specifically, the project aims to allow DAB to accurately assess the financial situation of 10 commercial banks through audits con-



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are women

ducted in accordance with international standards. The audits will lead to the development of action plans to address weaknesses that are identified, with oversight from DAB. The audits of the 10 commercial banks were completed in June 2012.

The project also aims to modernize the national payment system with the goal of reducing the use of cash transactions, the main means of making payments in Afghanistan, and transitioning to electronic, card, or mobile payments.

The project also provides further support to the Afghanistan Institute of Banking and Finance (AIBF) to allow it to scale up its activities, in order to increase the availability of banking sector skills. AIBF has trained over 7,800 professionals from commercial banks in different training programs, exceeding the set target of 6,000 at project's end.

The project was restructured and a first additional financing to the project (\$6.7 million) supported selected technical assistance activities originally financed under the Financial Sector Strengthening Project, which closed in June 2014. The additional financing targeted activities to strengthen DAB's capacity and the establishment of a Public Credit Registry.

A Movable Collateral Registry and a Public Credit Registry are now fully operational. The

Movable Collateral Registry, established in February 2013, and the Public Credit Registry, launched in December 2013, are key building blocks in the infrastructure of the Afghan financial system. Having both systems fully functional has streamlined SME applications for banking loans and supported banks' lending decisions.

A second additional financing (\$20 million) was approved in October 2016. Under the additional financing, a new core banking system will be in place to enable DAB to better manage the sector's risk and strengthen its oversight.

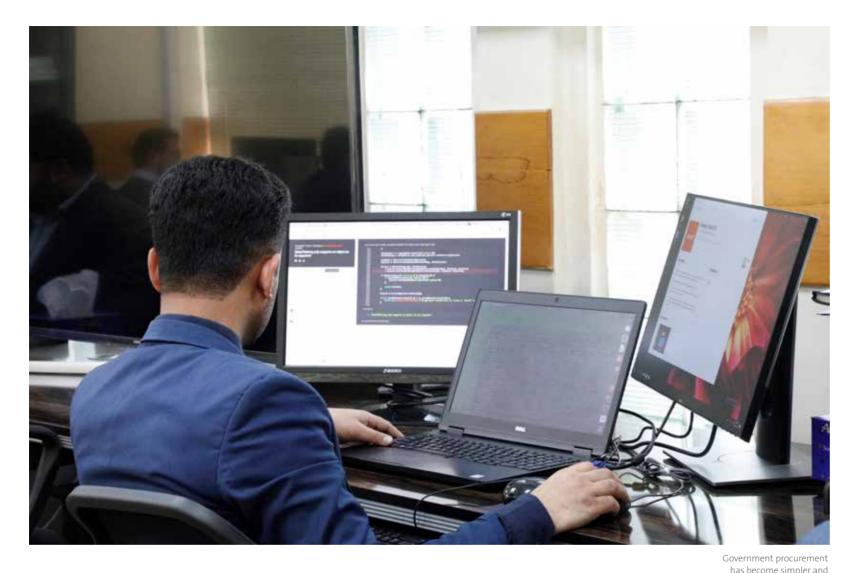
There is increased focus to invest in DAB staff to enhance the effectiveness of its regulatory capacity. To this effect, DAB's Talent Development Program was launched in February 2018 and funded 136 scholarships for bachelor and master's programs in Kabul for eligible staff. Some 700 DAB employees have been given the opportunity to pursue a degree or professional certification, with 220 of whom having completed or enrolled in a bachelor or master's program.

A DAB delegation also visited Bangladesh Bank, the central bank of Bangladesh, in February 2018 to exchange experiences in implementing core banking system upgrades.

Establishment of the national card and mobile payment switch was finalized under the Afghanistan Payment System (APS) and officially inaugurated by the DAB governor on April 26, 2016. The contract to develop the Automated Transfer System (ATS) was awarded in April 2016. ATS will modernize the national payment system for efficient and transparent payment transactions. With the operationalization of the APS and near-full functionality of the ATS, the payment infrastructure has been modernized to enhance financial intermediation and enable safety and efficiency of the financial system.

With the closing of the FSRRP on October 31, 2019, remaining activities to strengthen the payment infrastructure will be carried out by DAB under a new lending operation pending approval in 2020.

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# more transparent with the implementation of an electronic procurement system, minimizing inaccurate information and corruption risks. Supported by FSP, the electronic system was launched by the National Procurement Authority as part of its efforts to improve service delivery, transparency, and cost-

effectiveness

# Afghanistan Incentive Program Development Policy Grant (IP-DPG)

⇒ IDA GRANT \$100 MILLION

⇒ ARTF GRANT \$300 MILLION

The IP-DPG operation supports continued progress on key reforms under the Afghanistan National Peace and Development Framework. The operation will provide up to \$400 million of recurrent cost support to the Government of Afghanistan to support vital services, mobilized against a series of high priority policy and institutional reforms.

This is the second of three planned operations aligned with the government's current three year program of policy reforms. Supported reforms are organized under two pillars: (i) strengthening the policy framework to support state effectiveness, private investment, and social inclusion; and (ii) improving the policy and institutional framework for public financial management.

Reforms under the first pillar support development of e-payments and mobile money, civil service reforms, access to finance, power sector reform, land titling, and water productivity. Reforms under the second pillar support an improved public investment management system, tax administration, and accountability of public finances.

#### Afghanistan: Public-Private Partnerships and Public Investment Advisory Project (PPIAP)

⇒ IDA GRANT \$20 MILLION

⇔ ARTF GRANT \$30 MILLION

PPIAP will work with the government and, in particular, the central Partnerships Authority in the Ministry of Finance, to develop a pipeline of feasible privately and publicly funded projects.

The project, implemented in July 2018, is organized around three complementary investment components:

- Strengthening institutional and technical capacity of relevant institutions and supporting the development of a Public Investment Management—Public-Private Partnership framework;
- Supporting the establishment and operation of an Investment Project Preparation
   Facility, including the development of its governance structure, institutional roles and responsibilities; and
- · Project management.

#### Fiscal Performance Improvement Support Project (FSP)

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$75 MILLION

⇔ Government of Afghanistan

 \$100 million

FSP is designed to improve management of public finances in Afghanistan by strengthening the capacity of the Ministry of Finance (MoF), National Procurement Authority, and Supreme Audit Office. It supports the implementation of the Afghanistan Fiscal Performance Improvement Plan (FPIP) through recipient-executed investment financing.

The project aims to improve domestic revenue mobilization and public expenditure management, and to reinforce a performance-

oriented management culture in MoF.

FSP, which came into effect in January 2018, provides strategic support at a critical moment in Afghanistan's development. Improved public financial management and revenue generation is central to the government's self-sufficiency agenda.

FSP focuses on four key result areas: (i) improved development budget execution rate; (ii) increased domestic revenue as a percentage of GDP; (iii) increased compliance with audit recommendations; and, (iv) improvement in core institutional capacity, represented by a reduction in the number of long-term technical assistants.

Key implementation developments secured to date include:

(i) Budget Processes; Fiscal Policy; and Development Policy: MoF has made gradual but significant progress to strengthen the upstream preparation process of public investment projects. It has newly introduced a standard Project Concept Note and strategic fit screening during the 2019 budget preparation, the first step toward aligning new public projects with national development priorities.

A total of 175 projects were submitted to and reviewed by MoF. The ministry will issue circular(s) for the 2020 budget, which will include detailed guidelines on financial, economic, and gender analysis, and require that no new projects larger than \$7.5 million be approved for implementation without project appraisal. Recently developed Operations and Maintenance (O&M) norms and guidelines will also be applied for the 2020 budget.

- (II) Tax Administration: The focus continues on implementing the value-added tax, in addition to supporting audit and legal functions. Further, the Afghanistan Revenue Department is in the process of upgrading their systems to ensure sustainability of operations.
- (III) Customs Administration: The Automated Systems for Customs Data (ASYCUDA) roll-out is continuing, with 18 customs offices connected and more modules being added. Under UNCTAD's contract for ASYCUDA implementation, a disaster recovery center will be operationalized in Valencia, Spain, by the end of 2019. A command-and-control

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center has been created at the Afghanistan Customs Department Headquarters. Part of the initial staffing will be provided temporarily under FSP.

The feasibility study for implementing a National Single Window has been completed and is currently under review before further implementation actions start.

(iv) Procurement Reform: The National Procurement Authority has advanced its piloting of Electronic Government Procurement (e-GP) and open procurement to improve transparency and accountability in procurement processes. Progress has been gradual over the last year, with four out of the 18 planned modules developed and the remaining modules currently being developed through contracted system developers and information technology (IT) infrastructure. E-Tendering, the key e-GP module, is under development and expected to be launched by mid-2020.

(v) Institutional Capacity and Performance Management: FSP has been helping develop MoF as an institution by building staff capacity and putting systems in place. However, resources remain overstretched and undercapacitated, but nonetheless provide the operational anchorage for FPIP implementation by technical departments and are hence critical to broader public finance management outcomes.

The office of the Deputy Minister (DM) for Administration in MoF has made concerted efforts to improve management and sustainability of MoF technical assistance. These efforts include designing a new output-based international consultant guideline and scale, as well as carrying out a strategic assessment of national technical assistants (NTA). This work, anchored by the government's new Civil Servants Pay Policy, has resulted in reducing MoF's overall NTA cohort by 60 percent (from 780 to 454 employees), with 12 percent of these positions integrated into the ministry's *Tashkeel* (organizational structure).

The DM Administration also continues to focus on simplifying internal administra-

tive processes and creating better working environment and facilities, including better ICT infrastructure and integrated information management systems for the rest of the ministry to operate smoothly. The DM Administration identified 52 business processes that require simplification, of which one administration-related, five procurement-related, and two finance-related processes have been simplified to date.

By end-2019, the DM Administration plans to further enhance internal payroll management by linking the web-based payroll system with E-attendance and the human resources database.

#### Modernizing Afghan State-Owned Banks Project

⇒ IDA GRANT \$40 MILLION

The project aims to strengthen corporate governance and enhance operational efficiency of state-owned banks. The project, implemented by the Ministry of Finance, will contribute to the modernization, transparency, and efficiency of the three Afghan state-owned banks: New Kabul Bank, Bank Millie Afghan, and Pashtany Bank. It will modernize their IT infrastructure and develop sustainable business models to support inclusive growth.

The project, effective April 2018, is achieving significant progress in addressing reforms in the corporate governance framework of the state-owned banks. With project support, MoF has developed an ownership policy, established an ownership unit, and defined the terms of reference of the supervisory boards by means of a presidential decree that was issued in December 2018.

The World Bank is working closely with MoF and the state banks to prioritize corporate governance reforms and critical IT upgrades to boost operational efficiency of the



PAISA will support the continued development of the biometric identification system for civil servants and pensioners, making digital government-to-person payments more efficient and transparent.

#### Payments Automation and Integration of Salaries in Afghanistan (PAISA) Project

⇒ IDA GRANT \$10 MILLION
⇒ ARTF GRANT \$35 MILLION

The project objective is to support the development of digital government-to-person (G2P) payments in Afghanistan. Advisory assistance to the recipient's Ministry of Finance, Da Afghanistan Bank, and beneficiary entities on improved legal and regulato-

ry frameworks and operational processes will complement investments in physical IT infrastructure as well as incentives to spur private-sector—led delivery of financial services.

The project comprises four components: (i) supporting a biometric identification system for civil servants and pensioners; (ii) integrating the identification, verification, and payment systems; (iii) expanding financial services and access points for digital cash out and cashless payments; and (iv) project management.

The project was approved by the World Bank Board on April 25, 2019, and expected to be effective by end-October.

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/ HEALTH

#### Afghanistan Sehatmandi (Health) Project

□ IDA GRANT \$140 MILLION

- ARTF GRANT \$425 MILLION

**GRANT \$35 MILLION** 

The project aims to increase the utilization and quality of health, nutrition, and family planning services across Afghanistan.

The project comprises three components:

**Component 1:** To improve service delivery, this component will finance performance-based contracts to deliver the Basic Package of Health Services and Essential Package of Hospital Services across the country.

**Component 2:** To strengthen the health system and its performance, this component will support a systematic organized approach to establish a performance management culture in the Ministry of Public Health (MoPH) and among stakeholders.

**Component 3:** To strengthen demand and community accountability for key health services, the third component will finance a range of activities, including communication campaigns aimed at raising overall awareness of health rights as well as specific health behaviors to support MoPH and service providers to be more responsive to community health needs.

The Afghan health system has made considerable progress during the past decade thanks to strong government leadership, sound public health policies, innovative service delivery, careful program monitoring and evaluation, and development assistance. Data from household surveys (between 2003 and 2018) show significant declines in maternal and child mortality.

Despite significant improvements in the coverage and quality of health services, as well as a drop in maternal, infant, and under-five mortality, Afghanistan health indicators are still worse than the average for low-income countries, indicating a need to further decrease barriers for women in accessing services.

This district clinic in Kandahar province has brought quality health services closer to local residents after upgrading its services under the Sehatmandi project. "If this clinic were not here, we would have to go to a private clinic or a hospital in Kandahar city," says a resident from a nearby village. "We get medicine, vaccines, and dietary supplements here.

Afghanistan also has one of the highest levels of child malnutrition in the world. About 36.6 percent of children under five suffer from chronic malnutrition, and both women and children suffer from high levels of vitamin and mineral deficiencies.

The Maternal Mortality Ratio (MMR) has fallen significantly from 1,600 per 100,000 live births in 2002. The Afghanistan Demographic Health Survey (ADHS) 2015 undertaken by the Central Statistics Organization, with funding support from USAID, indicated a MMR estimate of 1,290 per 100,000 live births. The ADHS, however, notes that the MMR estimate seems to be an overestimate. The United Nations Inter-Agency Working

Group for Estimation of Maternal Mortality will consider the available data to come up with the best estimate for MMR shortly.

The MMR estimate seems inconsistent with the significant increases in coverage of skilled birth attendance (59 percent up from 15.6 percent in 2003), improved quality of care as shown by frequent health facility surveys, improved physical access to services (a fourfold increase in the number of facilities since 2002) shown in the ADHS, as well as progress on other related impact indicators (e.g., under-five mortality rate has declined to 50 per 1,000 live births). Other survey-based estimates also put the MMR significantly lower than 1,290.

### HEALTH INDICATORS ON POSITIVE TREND

UNDER-FIVE MORTALITY RATE DROPPED from 257 to 50 per 1,000 live births from 2003 to 2018.

NEWBORN MORTALITY RATE FELL from 53 to 23 per 1,000 live births from 2003 to 2018.

#### NUMBER OF FUNCTIONING HEALTH FACILITIES INCREASED

to more than 2,800 in 2018 from 496 in 2002, while at the same time the proportion of facilities with female staff increased.

HEALTH PERSONNEL AMONG
THE LOWEST INCOME QUINTILE
INCREASED to 59 percent from
15.6 percent.

PENTAB IMMUNIZATION
COVERAGE MORE THAN
DOUBLED (a combination of five vaccines in one covering polio, diphtheria, Pertussis, tetanus, haemophilus influenzae type b, and hepatitis B) from 29 percent to 61 percent among children age 12 to 23 months in the lowest income quintile.

**CONTRACEPTIVE PREVALENCE RATE INCREASED** (using any modern method) to 19.8 percent from 10 percent.

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/ INFRASTRUCTURE

### Afghanistan Digital CASA 1 Project

**⇒** IDA GRANT \$51 MILLION

The project, which came into effect in March 2018, aims to increase access to affordable internet, attract private investors to the sector, and improve the government's capacity to deliver digital government services by supporting a regionally integrated digital infrastructure and creating an enabling environment. The Ministry of Communications and Information Technology is the implementing agency.

#### Afghanistan Strategic Grain Reserve Project

⇒ IDA GRANT \$20.3 MILLION
⇒ JSDF GRANT \$9.7 MILLION

The project will enable the Ministry of Agriculture, Irrigation and Livestock to establish a strategic wheat reserve to be available to Afghan households to meet their needs following any unforeseen emergency situation that affects access to wheat for their consumption, and to improve the efficiency of grain storage management.

The project supports the establishment of a governmental semi-autonomous corporation to be in charge of managing the grain reserve of the country and coordinate its activities with other governmental agencies and donors.

For the storage of grains, the project will upgrade two existing storage facilities, build four new large facilities, as well as build national capacity in human resources to operate these facilities according to international standards. It is estimated that by end of this five-year project, the overall storage capacity for wheat will reach 200,000 metric tons, sufficient for the consumption of 2 million Afghans for six months.

The project is making progress in the complex procurement process of the construction of silos. The pre-bid meeting for the Kabul Grain Steel Silo has been completed, while

the procurement process for two more silos are expected to commence soon.

The Grain Reserve Managing Charter has been developed and included in the Ministry of Justice's legislative plan. The first draft of three operational guidelines has been completed. The project is benefiting from technical assistance from the UN World Food Programme, especially on the construction of physical infrastructure.

#### Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000)

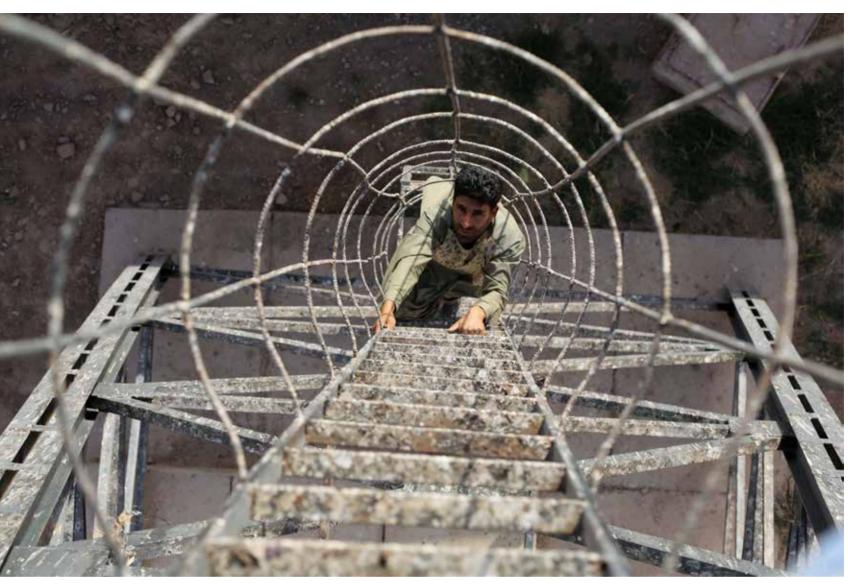
⇒ IDA Grant/Credit \$526.5 million, INCLUDING \$316.5 million IDA grant to AFGHANISTAN

CASA-1000, covering Afghanistan, Kyrgyz Republic, Pakistan, and Tajikistan, will put in place the commercial and institutional arrangements as well as the infrastructure required for 1,300 megawatts (MW) of sustainable electricity trade.

The total project cost is estimated at \$1.17 billion, to which the World Bank has contributed \$526.5 million in loans and grants to the four countries. Several other development partners are also providing financing for CASA-1000, including the Islamic Development Bank, European Bank for Reconstruction and Development, United States Government, United Kingdom Department for International Development, and United States Agency for International Development.

CASA-1000 will build more than 1,200 kilometers (km) of electricity transmission lines to transmit excess summer hydropower energy from existing power plants (such as the Toktogul power plant in Kyrgyz Republic and Nurek power plant in Tajikistan) to Pakistan and Afghanistan.

At approval, CASA-1000 included the engineering design, construction, and commissioning of high voltage alternating current (HVAC) transmission lines and associated



Progress is underway on the Herat Electrification Project, which will provide electricity to over 230,000 people and 1,600 institutions and businesses in selected areas in Herat province.

substation in Kyrgyz Republic and Tajikistan; high voltage direct current (HVDC) transmission lines from Tajikistan to Pakistan via Afghanistan; and three new HVDC converter stations in Tajikistan, Pakistan, and Afghanistan. However, in 2016, the four countries restructured the project, in which the converter station in Kabul was dropped.

Of the total project financing, Afghanistan has received \$316.5 million in the form of an IDA grant. The grant will support construction of about 560 km of an overhead HVDC transmission line from Sangtuda converter station in Tajikistan to Nowshera converter station in Pakistan. In addition, Afghanistan has received a \$40 million grant from the ARTF for the CASA Community Support Program (see page 44).

Afghanistan is expected to receive 300 MW of electricity import from Tajikistan and Kyrgyz Republic through the existing 220 kV AC lines from Sangtuda substation, and Tajikistan to Chimtala substation in Kabul via Pul-e-Khumri. Da Afghanistan Breshna Sherkat (DABS), Afghanistan's electricity company under the Ministry of Energy and Water, is the implementing agency for the Afghanistan portion of this project, which includes a Security Management Plan for both the construction and operation phase.

CASA-1000 came into effect in January 2018. Three contracts for the HVDC transmission line in Afghanistan were signed in December 2017. Survey and design works are in advance stage. According to the contract's schedule, construction of the line is expected

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to begin from the third quarter of 2019.

The contracts for preparation of the country-specific Environmental and Social Impact Assessment and the Resettlement Action Plan for the HVDC transmission line are under implementation. A contract for a Project Owner's Engineer for the HVDC components was awarded in November 2018.

Procurement for the majority of key infrastructure packages under CASA-1000 in the other three countries has also been completed, including the procurement for the two convertor stations in Tajikistan and Pakistan for which the contracts were signed in September 2018.

### **Herat Electrification Project**

**⇒** IDA GRANT \$60 MILLION

The project aims to support DABS provide electricity to over 230,000 people and 1,600 institutions and businesses in selected areas in Herat province.

The project will support investments for (i) building a new 110 kV transmission line to Karokh district and Chesht-e-Sharif, Karokh, Obe, and Pahstun Zarghoon 110/20 kV substations, and medium and low voltage distribution networks in four districts of Herat province; (ii) extension, intensification, and upgrading the existing grid to provide access to new or improved electricity service to other parts of Herat province; and (iii) piloting construction of solar mini-grids and solar-hybrid mini-grids in villages that are unlikely to obtain grid electricity in less than five years.

Contracts have been awarded for the construction of the 110 kV transmission line, the four 110/20 kV substations, and electrification of the four districts. Major equipment for the 110 kV transmission line to Karokh is on-site and work on the tower foundation is in progress. Boundary walls and structural work of control rooms have been completed and work on the switchyard foundation is in progress. Distribution equipment for electrification of the four districts is on-site and installation work is underway.

The project will also support review of

existing standards, procedures, and preparation of a grid code for the Afghan power system consistent with best international practices. The contract for a consultancy service to prepare the grid code has been signed and the grid code is expected to be prepared by April 2020.

## Irrigation Restoration and Development Project (IRDP)

- ⇒ IDA GRANT \$97.8 MILLION
- □ ARTF GRANT \$118.4 MILLION
- ⇒ Government of Afghanistan

  \$3.5 million

The project builds upon and scales up activities supported under the completed World Bank-financed Emergency Irrigation Rehabilitation Project, closed in December 2011

After project restructuring and additional financing in July 2016, IRDP envisages support to rehabilitate irrigation systems serving some 215,000 hectares of land and design of a limited number of small multi-purpose dams and related works, while establishing hydro-meteorological facilities and services.

Progress had been made in all areas. In the irrigation component, a total of 192 irrigation schemes have been rehabilitated, covering over 216,500 hectares of irrigation command area (compared to the end project target of 215,000 hectares and over 425,000 farmer households). A total of 16 kilometers (out of 26.3 kilometers end of project target) critical river basin erosion protection in various part of the country have been completed so far.

In the small dam component, a prefeasibility review of 22 small dams resulted in a feasibility study being conducted on the six best ranked dams in the northern river basin (which is not on international rivers). A letter has been received from MoF for dropping the detailed social and environmental study from the project because the government will finance the detailed design and construction of those six best ranked dams in the feasibility study.

Further, minor repair works for two dams,



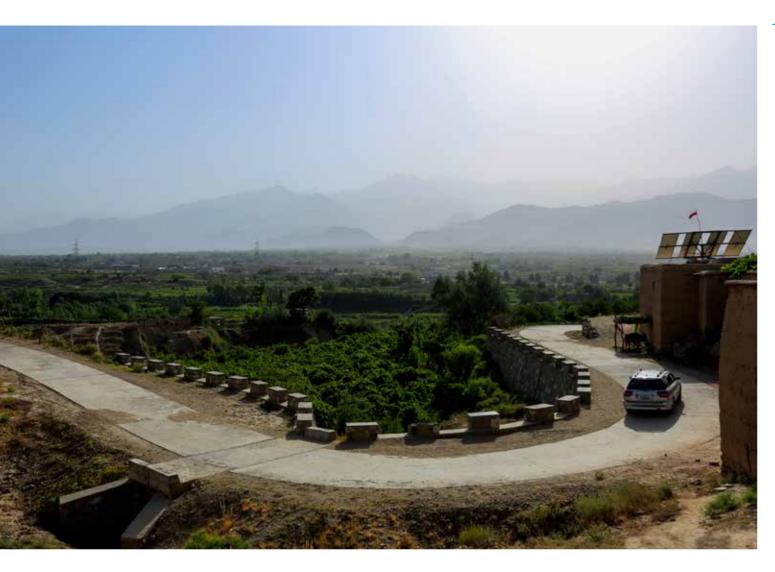
The rehabilitation of this irrigation scheme serving three villages in Nangarhar province has boosted farmers' harvests and income. The irrigation canal serves some 330 hectares of farmland, benefiting more than 11,000 people. It is one of 192 irrigation schemes upgraded by IRDP.

Qargha in Kabul and Darunta in Jalalabad, are in progress. Dam safety guidelines for Afghanistan have been developed and completed under the project.

In the hydro-met component, installation of 127 hydrological stations and 56 snow and meteorological stations located in various locations on the five river basins in the country is completed and operations and maintenance (O&M) work is ongoing. In addition, 40 cableway stations for flow measurement at selected hydrology stations have been installed and installation of 30 cableways are ongoing. Further, a national O&M team has been established to take care of O&M of all hydrological stations.

Progress to date also include: Panj-Amu River Master Plan Concept Note approved; transboundary policy presented to the cabinet, all comments incorporated and under finalization; terms of reference for hydrogeology drilling test wells and geophysical survey for seven cities (Farah, Herat, Jalalabad, Kabul, Kandahar, Mazar, and Zaranj) completed and recruitment of the implementing company for Kabul city is underway; and hydrogeological maps have been prepared for the Preliminary National Ground Water Potential Map and National Data Availability/Well Depth-Water Level/Water Ouality Maps.

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Since the road was paved,
our transport problems have been solved.

The cars can now come to our door and take us to our destination. We can go anywhere.

-Haji Nizamuddin, farmer, Siawe Charmgar village, Mirbachakot district, Kabul Province

# ALL-WEATHER ROAD PUTS district on path to development in Kabul province

- For years, villagers in a rural district in Kabul province lived with bad dirt roads that impeded their access to essential facilities only 6 km away.
- After a district main road was asphalted under the Afghanistan Rural Access Project, villagers enjoy better access to schools, health care, and markets and look forward to more development in their villages.
- Over 150,000 people in Kabul province have benefited from the project, which has increased the number of people accessing essential services more frequently.

n his self-modified motorcycle mini-truck that serves as a local taxi, Zarkarim, 26, waits patiently alongside the road outside Sonobar village for his next customer.

His motorcycle mini-truck was an important means of transport for villagers in Mirbachakot district when most other vehicles refused to take passengers down the unpaved rural roads. "My motorcycle mini-truck was getting damaged and slowly destroyed by the rough road conditions over time," recalls Zarkarim, who has spent four years as a driver, traversing the roads in and around the district.

In recent years, however, Zarkarim has been happy to carry passengers and goods in his motorcycle mini-truck. A district main road was asphalted between 2015 and 2016 by the Afghanistan Rural Access Project (ARAP), connecting 10 villages. Since then, "I and the other drivers are so happy because we can make our trips on a paved road," Zarkarim says. "I also make more money because I can make four or five trips a day carrying goods when before I could only make one trip because I had to drive so slowly and carefully over the dirt road, often having to repair damage along the way."

The 3.1-km main road connects more than 8,700 households in Mirbachakot district to basic and essential facilities in the district center, about 6 km away, as well as to roads leading to other villages and the capital, Kabul.

#### Contribute to Development

Ahmad Hamed Serat, 36, ARAP project manager for Kabul province, says that ARAP is having an impact on the district's development. "Paved roads facilitate development of the communities—easy access to school, hospitals, and other villages and cities are all necessary for Mirbachakot to grow and improve," he says. "Our people need help to improve their circumstances, and having



traversable roads is one of the first steps to help them."

ARAP is implemented by the Ministry of Public Works and Ministry of Rural Rehabilitation and Development and coordinated by the Ministry of Finance. To date, 19 ARAP projects have been completed in Kabul province, benefiting over 150,000 residents. An additional six projects are underway, which will benefit close to 40,000 people when completed.

The upgrade to an all-weather road has meant that villagers enjoy safe and reliable transportation, which has boosted social inclusion among Mirbachakot district residents. "If there was a ceremony, like a wedding, we could not attend before," says farmer Haji Nizamuddin, 65, from Siawe Charmgar village. "Since the road was paved, our transport problems have been solved. The cars can now come to our door and take us to our destination. We can go anywhere."

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/ RURAL DEVELOPMENT

#### Afghanistan Rural Access Project (ARAP)

⇒ IDA GRANT \$125 MILLION

⇒ ARTF GRANT \$312 MILLION

ARAP aims to enable rural communities across Afghanistan to benefit from improved access to basic services and facilities through all-weather roads. The project is expected to increase the number of people living within 2 kilometers (km) of all-season roads, reduce travel time to essential services, and enable rural communities to access essential services more frequently.

As of July 31, 2019, construction of 670 km of secondary gravel roads, 265 km of secondary asphalt roads, and 1,500 km of tertiary roads has been completed. In addition, 1,480 linear meters of secondary bridges and 1,980 linear meters of tertiary bridges have been built.

Routine and periodic maintenance of 600 km of secondary roads has been undertaken as well as routine and periodic maintenance of 3,500 km of tertiary roads.

Rollout of the first nationwide inventory and condition survey of rural roads has been completed and over 90 percent of inventory for secondary roads and above have been completed for 32 out 34 provinces.

#### Citizens' Charter Afghanistan Project (Citizens' Charter)

DA GRANT \$227.7 MILLION
 ARTF GRANT \$444.3 MILLION
 (INCLUDES ADDITIONAL FINANCING OF IDA
 GRANT \$127.7 MILLION AND ARTF GRANT \$44.3
 MILLION FOR CITIZENS' CHARTER EMERGENCY
 REGIONAL DISPLACEMENT RESPONSE)

 ⇒ GOVERNMENT OF AFGHANISTAN
 \$128 MILLION

The Citizens' Charter is the successor to the highly successful National Solidarity Programme (NSP), which introduced a community-driven development approach toward rural infrastructure and service delivery and reached about 35,000 communities over 14 years.

The project will support the first phase of the Government of Afghanistan's 10-year Citizens' Charter National Program and will target one third of the country. The first phase of the program is expected to be implemented over a period of four years, ending by 2020.

The Citizens' Charter aims to improve the delivery of core infrastructure and social services to participating communities through strengthened Community Development Councils (CDCs). These services are part of a minimum service standards package that the government is committed to delivering to the citizens of Afghanistan.

The project has been set up as an interministerial program for the delivery of a package of basic services and is structured around four components:

**Component 1:** Service Standards Grants. This component supports two types of grants to CDCs:

(1a) Rural Areas Service Standards Grants. The Ministry of Rural Rehabilitation and Development (MRRD) has overall responsibility for the implementation of the grants. This subcomponent supports delivery of minimum service standards on rural infrastructure. Allocations per community will be needs-based and based on an initial gap and needs assessment against the minimum service standards. The investments include water supply and a choice between basic road access, electricity, or small-scale irrigation.

(1b) Urban Areas Block Grants. The Independent Directorate of Local Governance (IDLG)—the project's urban implementing agency—has overall responsibility for the grants to 600 urban CDCs and 120 *Guzars* (neighborhoods) in four major cities (Herat, Jalalabad, Kandahar, and Mazar-i-Sharif) to fund small infrastructure works. The menu of options includes street upgrading, parks, lighting, provision of potable water, solid waste management arrangements, and women's economic activities. This subcomponent supports service delivery linkages be-



About half of the members in Community Development Councils set up under the Citizens' Charter are women, indicating that the new election system and norms on council governance are having a strong impact.

#### **EXPECTED CITIZENS' CHARTER RESULTS**

Results expected under the first phase include:

- 10 million Afghans reached.
- 3.4 million people gaining access to clean drinking water.
- Improvements to quality of service delivery in health, education, rural roads, and electrification.
- Increase in citizen satisfaction and trust in government.
- 35 percent return on investment for infrastructure projects.

tween the CDC, cluster/*Guzar*, urban district, and municipality.

Component 2: Institution Building. This component supports capacity building, technical assistance, and community facilitation services. In rural areas, MRRD works with 14 facilitating partners (FPs) in undertaking capacity building and training of provincial and district staff to oversee, monitor, and report on project progress, as well as Social Organizers. The ministry provides engineering and technical support to communities across all 34 provinces.

In urban areas, IDLG works with UN Habitat, which serves as an Oversight Consultant, as well as four FPs on capacity building and training of municipality staff to supervise, monitor, and report on project progress.

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**Component 3:** Monitoring and Knowledge Learning. This component includes robust supervision and learning activities from village to national levels, exchange visits across communities, especially for women, and support for thematic studies and evaluations. It covers a range of participatory monitoring and evaluation tools, including the rollout of simple citizens' scorecards to be completed by CDCs and Social Organizers to report on the minimum service standards.

Component 4 (new under Additional Financing): Project Implementation and Management. This component supports the management and oversight of the project at national, provincial, and district level in rural areas and the municipal management units in the four regional hub cities. This includes areas such as policy and operational planning; capacity building; management information systems; grievance redress mechanisms; human resource management; communications; donor and field coordination; financial management and procurement functions; and safeguards oversight.

**Component 5** (new under Additional Financing): Social Inclusion and Maintenance and Construction Cash Grants (MCCGs). This component will provide emergency short-term employment opportunities through labor-intensive public works, as well as support for collective action activities beyond public works that are aimed to foster greater social inclusion and protect the ultra-poor/vulnerable in communities.

There are two subcomponents:

(i) Social Inclusion Grants and Collective Action Activities will take the form of a "matching grant" up to a total value of \$2,000 per community that will be used to provide incentives for community philanthropy. The combination of the matching grant and community donations will be used in the first instance to initiate a food/grain bank for the ultra-poor in each of the targeted communities. It is expected that this will be replenished periodically with additional community donations.

(II) MCCGs are to serve as quick-disbursing emergency grants for work/labor-intensive

public works schemes that are targeted at vulnerable households within the communities and managed through a community-driven development approach. The cash for works will include repairs, rehabilitation, cleaning, expansion, or construction. Cash for services will target ultra-vulnerable households that cannot participate in public works.

The Kuchies Development Sub-Program (KDSP) is an additional sub-program to the Citizens' Charter. The sub-program was officially launched in April 2019 and aims to reach semi-nomadic and fully nomadic Kuchies communities in Afghanistan. It adheres equally to the principles of equity, inclusion, participation, accountability, and transparency. KDSP is expected to comply with the guidelines described in the Citizens' Charter

KDSP will support the provision of development services to the Kuchies communities in the areas of health, education, road construction, safe drinking water, electricity, and drainage system. Additionally, the sectoral menu for KDSP will include specific services tailored to the unique development needs of the nomadic communities, which include electricity through solar or biogas systems and modernization of water reservoirs.

Implementation progress to date includes:

In rural areas: Over 11,600 community profiles (CPs) completed; nearly 11,500 new CDCs elected; over 11,200 Community Development Plans (CDPs) completed; and more than 10,900 sub-project proposals prepared.

In urban areas: Implementation has been rolled out in over 840 communities. A total of 836 CPs completed; 836 CDCs elected; 813 CDPs completed; and 834 sub-project proposals approved.

Overall, 92 percent of CDC membership in areas previously covered by the NSP comprise new members (i.e., those who had never previously served on CDCs) and almost half (49 percent overall and 50 percent office bearers) are women. This is evidence that the new election system and norms on CDC governance are having a strong impact.



The social and economic empowerment of poor rural women, such as these carpet weavers in Herat province, will increase under WEE-RDP. Progress in community mobilization has been quick with over 4,000 self-help groups for women created across the country within months of project start. Over three quarters of self-help group members belong to poor households in their communities

#### Women's Economic Empowerment Rural Development Project (WEE-RDP)

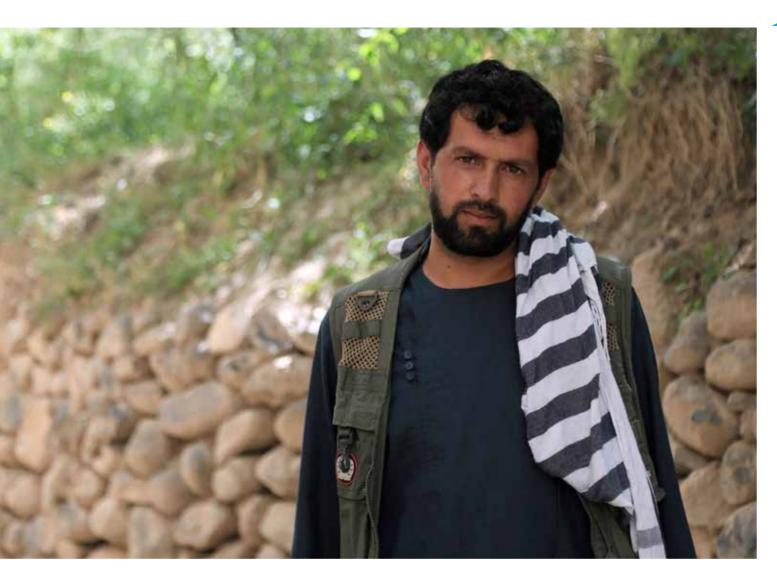
⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$75 MILLION

WEE-RDP aims to increase social and economic empowerment of poor rural women in selected communities. It is the flagship operation under the Women's Economic Empowerment National Priority Program (WEE-NPP) (see page 54) and builds upon the recently closed Afghanistan Rural Enterprise Development Project (AREDP).

WEE-RDP will engage in 76 districts and 5,000 villages in all 34 provinces across

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When I found out our family's name was
with the grain bank, I was so relieved
and happy because they brought food to our
home and I could buy medicine
for my sick wife.

-Wazir Gul, resident, Tolat village, Guldara district, Kabul province.

## COMMUNITY GRAIN BANK STAVES OFF hunger in food insecure households

- Food insecure households in a district in Kabul Province have found relief in community grain banks, which are being set up across the country.
- About 60 percent of the district's population have benefited from the grain banks, philanthropic community food reserves, which have been set up to fight seasonal hunger.
- Over 4,000 grain banks have been set up across Afghanistan under the Citizens' Charter Afghanistan Project.

armer Wazir Gul, 43, from Tolat village examines the nicked and shriveled grape vines damaged by hail in the spring and drought in the summer. He looks doubtful that he will have enough good grapes to sell to support his family.

But Wazir Gul does not despair; from previous experience, he knows first-hand how helpful the community grain bank is. On an earlier occasion, the community grain bank in his village, a philanthropic community food reserve initiated under the Citizens' Charter Afghanistan Project (Citizens' Charter), had distributed food and other basic necessities to Gul and other food insecure families like his.

"When I found out our family's name was with the grain bank, I was so relieved and happy because they brought food to our home and I could buy medicine for my sick wife," says Wazir Gul.

Villagers with small farms, like Wazir Gul, are particularly vulnerable to natural disasters. "Even a small shock can adversely affect their livelihood," says Saleh Mohammad Samit, head of the vulnerable groups division of the Citizens' Charter. "The grain bank is designed and set up particularly for such situations—to assist people in dire need of help."

#### **Fighting Seasonal Hunger**

The community grain bank is set up by the village Community Development Council (CDC), with support from the Citizens' Charter, to fight seasonal hunger by assisting the most vulnerable households in the community, including internally displaced persons and returnees. The CDC assesses and identifies the households most in need

The Citizens' Charter is implemented by the Ministry of Rural Rehabilitation and Development in rural areas. The community grain bank initiative is part of the Citizens' Charter Emergency Regional Displacement Response, which supports collective community action aimed at



improving social inclusion and protecting the ultra-poor and vulnerable.

The initiative has strengthened significantly since it started in June 2017. Grain banks have been established in over 4,000 villages in 114 districts across Afghanistan. In Guldara district, 42 out of 45 villages have community grain banks, with plans to cover the remaining three villages soon. So far, an estimated 60 percent of Guldara district's population have benefited from the project's efforts.

Yet, asking for help is not always so simple, and because hunger is a silent threat, identifying those who need help can also be difficult, especially households headed by women. This was evident in the case of Hafiza Samadi, 20, and her widowed sister, Firozah Samadi, 22, from Deh Naw village, who did not know where or how to ask for help when their earnings came up short one month. But the village CDC was able to identify the Samadi family as needing assistance and brought food to their home. "It was like they gave us the world", says Hafiza.

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Afghanistan and will work in close collaboration with several other rural development programs in the country, including the Citizens' Charter, Ministry of Rural Rehabilitation and Development projects, National Horticulture and Livestock Project, Access to Finance Project, and microfinance institutions. The project has begun mobilization through new Community Development Councils in the provinces previously covered under AREDP.

WEE-RDP will provide support to community-level women's institutions through seed capital and technical assistance and link them to formal financial institutions and markets to enable economic empowerment.

The project has three components:

**Component 1:** Community Mobilization and Institution Development. It comprises (I) providing technical assistance to support community mobilization for establishing selfhelp groups (SHGs) and federating them into Village Loan and Savings Associations (VLSAs), and Enterprise Groups (EGs) and federating them into Producer Associations (PAs); and (II) carrying out a program of activities to strengthen capacity, quality, and financial performance of SHGs, VSLAs, EGs, and PAs.

Component 2: Access to Finance. It comprises (i) providing seed grants to eligible SHGs and VSLAs to establish long-term revolving funds; and (II) facilitating access to financial services for rural women through partnerships with microfinance institutions and commercial banks to promote financial inclusion of women groups; developing relevant financial products and services with commercial banks and microfinance institutions; eliminating institutional constraints on women's access to formal financial services; exploring feasibility of piloting a system, enabled by information technology, for delivery of financial products; and financial capacity building.

**Component 3:** Enterprise Development and Market Linkages. It comprises (i) providing technical assistance and supporting promotional activities to strengthen the capacity of EGs, PAs, and individual women entrepre-



Connectivity Project is making good progress to improve road transport links across the Hindukush mountain range. Work is well underway to develop existing mountain crossings into dependable, all-season roads that will allow the vital transport of passengers and goods to cross the mountain range throughout the year.

neurs to access markets and manage their businesses; (II) providing catalytic funds to eligible EGs and PAs; and (III) supporting EGs, PAs, and/or individual women entrepreneurs through facilitating their partnerships with business enterprises to improve the supply of business development services and access to markets

The pace of social mobilization under WEE-RDP has been remarkably high and more than 4,000 self-help groups (SHGs) have been created as of July 2019, over 3,200 of which were created over an eight-month period. The number of new SHGs already exceeds the

total number created for women before the start of the project.

Overall, 78 percent of SHG members belong to the "poor" and "poorest" categories, according to the Well-Being Analysis carried out by the Citizens' Charter, which WEE-RDP uses to identify target beneficiaries. The SHGs have cumulatively saved over \$125,000 and have issued over 4,500 loans to their members amounting to 6.1 million afghanis (\$76,250).

#### Trans-Hindukush Road Connectivity Project

**⇒ IDA GRANT \$250 MILLION** 

The project aims to support the government's efforts to improve road transport links across the Hindukush mountain range, including the rehabilitation of the Salang road and tunnel. It will develop existing mountain crossings into dependable, all-season roads that will allow the vital transport of passengers and goods to cross the Hindukush mountain range throughout the year.

There are currently only two road crossings over the mountain range, with the Salang highway carrying most of the cross-Hindukush traffic and an unpaved secondary crossing between Baghlan and Bamiyan. The project will carry out civil works for the upgrading of the Baghlan to Bamiyan (B2B) road (152 km) into a paved road as well as the rehabilitation of the Salang road and tunnel (87 km).

Two out of the six segments along the B2B road are under construction, namely segments 1 and 6. The procurement process of segments 2, 3, and 5 are well advanced. The procurement for segment 4 is under process by the Ministry of Transport. The Construction Supervision Unit of the Ministry of Transport is supervising the implementation of the segments under construction.

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Government ministries will be supported by TAGHIR to deliver on key priorities by having more qualified and competent civil servants in key positions as well as administrative reforms. The project will support up to 1,500 civil service positions to enable the ministries to meet objectives and deliver on their priorities.

The design consultancy for the Salang Tunnel rehabilitation has advanced as per schedule but early findings suggest that work on B2B should be completed before rehabilitation work on Salang tunnel starts. This may have implication on the overall implementation schedule of the project.

The grievance redress mechanism is operational at various levels. Mid-term review of the project was completed on June 20, 2019. The outcome of the review suggests that project restructuring should take place soon, tentatively by December 2019.

/ SERVICE DELIVERY

## Afghanistan Land Administration System Project (ALASP)

⇒ IDA Grant \$25 million

⇒ ARTF GRANT \$10 MILLION

ALASP supports the development of the Afghanistan land administration system and provides the population in selected areas with improved land registration services.

The project aims to (i) establish an effective land administration system in Afghanistan that provides transparent land services, contributing to stability and growth; (ii) help close the gaps and further develop the policy, legal and institutional framework for land administration; (iii) provide the building blocks for a modern land administration system in Afghanistan; and (iv) support building capacity of the Ministry of Urban Development and Land and improving its governance structure to enhance institutional effectiveness and accountability.

The project also focuses on women's economic empowerment through policy development to enhance ownership and inheritance of land and other family assets.

ALASP is in its early implementation stage and key activities, such as support to the issuance of occupancy certificates for informal land occupants, will start soon.

#### Eshteghal Zaiee – Karmondena Project (EZ-Kar)

⇒ IDA Grant \$150 million

⇒ ARTF Grant \$50 million

EZ-Kar aims to strengthen the enabling environment for economic opportunities in cities where there is a high influx of displaced people. The project will support actions to increase returnees' access to civil documents, provide short-term employment opportuni-

ties, improve market enabling infrastructure, and support investor-friendly regulatory reforms.

The project has five components:

- 1. Regional and national integration of displaced persons.
- 2. Short-term employment opportunities, reforms, and market-enabling infrastructure under the Independent Directorate of Local Governance.
- 3. Prioritized urban investments in four provincial capital cities (Herat, Jalalabad, Kandahar, and Khost).
- Market-enabling infrastructure and reforms for Kabul Municipality.
- Red carpet and program coordination under the Ministry of Economy.

#### Tackling Afghanistan's Government HRM [Human Resource Management] and Institutional Reforms (TAGHIR)

⇒ IDA Grant \$25 million

⇒ ARTF GRANT \$50 MILLION

TAGHIR is a follow-on to the Capacity Building for Results (CBR) Facility. It assists the Government of Afghanistan deliver its key policy priorities by having more qualified and competent civil servants in key positions and administrative reforms in 16 line ministries.

The project supports up to a total of 1,500 civil service positions to enable the ministries to meet objectives and deliver on their priorities. The 1,500 positions include around 600 legacy positions from CBR. The Independent Administrative and Civil Service Reform Commission leads the project implementation.

The line ministries have identified 400 new key strategic positions in the key priority ministries to be filled through TAGHIR.

TAGHIR will also help the government establish and operationalize a functional

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Human Resources Management Information System for over 400,000 civil servants in the Afghan Civil Service.

/ URBAN DEVELOPMENT

### Cities Investment Program (CIP)

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$25 MILLION

CIP aims to improve the sustainability and livability of nine provincial capital cities (PCCs) by strengthening municipal capacity, management, and infrastructure.

The program will support the government and the PCCs to build municipal capacity to improve revenue collection and design a system for performance-based fiscal allocations.

It will also provide support to strengthen municipal planning and management through technical assistance, training, and supply of equipment and software.

CIP will provide financing to five PCCs (Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif) to rehabilitate urgently needed basic municipal infrastructure to improve service delivery and livability. This would consist of localized and small-scale interventions with limited and mitigatable environmental and social impacts.

### **Urban Development Support Project**

⇒ IDA GRANT \$20 MILLION

The project will support the Ministry of Urban Development and Housing (MUDH) to create an enabling policy framework and enhance urban policymaking capacity in relevant agencies at the national level, as well as strengthen city planning, management, and service delivery capacity in five selected provincial capital cities. These cities are Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif.

The project consists of the following components:

**Component 1:** Urban Information: Building an Urban Management Information System. Technical assistance to create a database and web architecture for key statistics, maps, and geographic information system data to facilitate better urban planning and results monitoring.

**Component 2:** Urban Institutions: Institutional and Capacity Development. Undertaking a functional review of current planning functions, practices, and capacities at MUDH and the five PCCs, and developing an action plan to address deficiencies in legal/regulatory issues, processes, and staffing. Support for four "work streams" to provide diagnosis and recommendations on key policy areas, including urban planning and land use management; affordable housing; urban regeneration; and municipal finance.

**Component 3:** Urban Integration: Strengthening Urban Planning at National and Local Levels. Financing the completion of Strategic Development Plans (SDPs) for each of the PCCs that will identify medium-term development goals, based on a consultative stakeholder engagement process. The SDPs will draw from data inputs in component 1, identify key challenges and development goals, and propose activity and investment plans to achieve them. The component will also build a culture of planning through development of curriculum for urban planning practitioners.

**Component 4:** Urban Investments: Feasibility and Design Studies for Urban Infrastructure. Preparation of multi-year capital investment plans (CIPs) linked to the SDPs for PCCs to undertake priority projects (no regret, quick-win projects) and catalytic investments (identified under SDPs, economically transformative projects). The CIPs would also be used to develop a pipeline of bankable projects for financing under a future performance-based finance project.



Nine provincial capital cities will receive support under CIP to improve sustainability and livability by strengthening municipal capacity, management, and infrastructure. The project will provide financing to five of the cities to rehabilitate urgently needed basic municipal infrastructure to improve service delivery and livability.

#### INTERNATIONAL FINANCE CORPORATION

The International Finance Corporation's key prong of engagement has been through advisory support focused on improving the investment climate and building capacity, while supporting selective investments in sectors with high development impact and job creation. IFC's current strategy is aligned with the ongoing World Bank Group's Country Partnership Framework, 2017 to FY 2020 (extended to FY 2022).

#### Investment Portfolio

IFC provides a mix of investments services in Afghanistan, with a focus on financial inclusion, telecommunications, agribusiness, and infrastructure. IFC's current cumulative committed portfolio stands at over \$238 million, including investment in Roshan Telecom, First Microfinance Bank, Afghanistan International Bank, and Afghan Processing Plant (Rikweda).

IFC investments have had a transformational impact in access to finance and outreach, particularly in the microfinance and telecommunication sectors. IFC will continue to seek new investment opportunities and engage with local players to support the development of Afghanistan's private sector.

The investment pipeline looks promising and includes investments in the power, education, and agribusiness sectors.

#### / ADVISORY PROJECTS WITH THE PRIVATE SECTOR

#### Access to Finance

IFC provided assistance to DAB, the central bank, in collaboration with the World Bank's Financial Sector Strengthening Program to support the establishment of the first electronic Movable Collateral Registry and the Public Credit Registry.

IFC has helped DAB establish the leasing law and the regulatory framework for leas-

ing. IFC also assisted DAB with the establishment of a leasing licensing and supervision department to be the regulator of licensing and supervision of leasing companies to pave the way for developing leasing operations under the conducive completed legal framework. The project activities are focused on raising awareness and building capacity to increase knowledge among stakeholders (both government and private sector) on the benefits of leasing, thus improving access to finance for micro, small, and medium enterprises.

#### Afghanistan Raisins Supply Chain Development

The project aims to support the development of raisin supply chains in Afghanistan by building the capacity of a raisin processing firm, implementing and managing food safety systems, financial management, and supply chain development, thus, creating a best practice example for the rest of the industry in the country.

#### **Corporate Governance (CG)**

The CG project aims to address foundational market failures in Afghanistan's banking sector. Through scoping activities, a combination of market failures has been identified at all levels, i.e., individual bank, regulatory, and sector.

IFC is working with banks to help them improve firm performance (improved decision-making, risk management, operating efficiency, profit, and valuations) and increase access to finance (reduced costs of capital, improved loan terms, and increased access to investors) by promoting better CG practices among the banks in Afghanistan.

#### Lighting Afghanistan (LA)

LA is an integral part of IFC's "Lighting Global" program. It is a market transformation pro-

gram aimed at increasing access to clean, affordable off-grid energy in rural Afghanistan through the private sector by accelerating the development of a sustainable commercial market for high-quality solar products. The program works with international and local firms to remove market entry barriers, provide market intelligence, foster B2B linkages, and raise consumer awareness on modern energy options.

#### Strengthening Afghanistan Horticulture Exports

IFC is working to develop Afghanistan's horticultural exports by helping agriculturists enhance efficiency and supporting the extension of market opportunities, both nationally and internationally. This project aims to improve the livelihood of horticulture farmers by linking them to fruit processing companies through contract farming and supporting processing companies to expand their export markets.

#### / ADVISORY PROJECTS WITH GOIRA

#### **Investment Climate**

The program is designed to tackle business and investment climate challenges of the country. The overarching goal of the program is to support improvements in the business environment and help the government facilitate investment and trade.

The program aims to improve the quality of business regulations, strengthen mechanisms for trade facilitation and export promotion, and enhance mechanisms for investment attraction and retention to reduce private sector's cost of compliance (cost savings) in Afghanistan.

IFC is currently working to support the government in promoting an investment and business climate that is conducive to



private sector growth through the investment climate program's sub-projects: (I) Business Licensing Reform Project: Phase II; (II) Business Enabling Environment Project; and (III) Agribusiness Export Competitiveness Project.

#### **Scaling Solar**

Scaling Solar is a "one stop shop" program for governments to rapidly mobilize privately funded grid connected solar projects at competitive tariffs. The program brings together a suite of World Bank Group services under a single engagement based on a template approach to create viable markets for solar power in each client country.

IFC's transaction advisory team is supporting GoIRA to attract private sector participation in the development of a solar power plant of up to 40 MW under the Public Private Partnership model.

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#### AFGHANISTAN RECONSTRUCTION TRUST FUND

The Afghanistan Reconstruction Trust Fund (ARTF) was established in 2002 to provide a coordinated financing mechanism for GoIRA's budget and national investment projects. Since its inception, 34 donors have contributed over \$11.4 billion to the ARTF, making it the largest single source of on-budget financing for Afghanistan's development.

#### Management

The ARTF has a three-tier governance framework (Steering Committee, Management Committee and Administrator) and three working groups. This sound framework has enabled the ARTF to adapt to changing circumstances and development priorities with consistency and consensus. The World Bank is the administrator of the trust fund.

The Management Committee consists of the World Bank, Islamic Development Bank, Asian Development Bank, United Nations Development Programme, Ministry of Finance, and United Nations Assistance Mission in Afghanistan as an observer. The Management Committee meets regularly in Kabul to review ARTF finances and approve funding proposals.

The ARTF Strategy Group, consisting of donors and MoF, meets monthly to review the implementation of the ARTF program and to discuss strategic issues.

#### How the ARTF works

Donors contribute funds into a single account held by the World Bank in the USA. The ARTF Management Committee makes decisions on proposed allocations at its regular meetings, and those decisions are translated into funds through Grant Agreements signed between the World Bank as administrator of the trust fund and the Government of Afghanistan.

ARTF allocations are made through four "windows": (i) Recurrent Cost Window; (ii) Investment Window; (iii) Advisory Services,

Implementation Support, Technical Assistance Facility (ASIST); and (IV) Anti-Corruption and Results Monitoring Action Plan (ACREMAP).

The Recurrent Cost Window reimburses the government for a certain portion of eligible and non-security related operating expenditure every year. The Investment Window provides grant financing for national development programs in the development budget.

ASIST was developed in answer to GOIRA's request to the World Bank to provide more direct hands-on advisory services, implementation support, and technical assistance to ensure more effective implementation of ARTF programs and strengthening of government institutions and capacity in the development and execution of national priority programs.

The "window" to fund ARCReMAP is a redoubling of the World Bank's commitment to further ramp up its efforts on anti-corruption and results monitoring in Afghanistan, where the Bank had already applied a more stringent set of oversight mechanisms than elsewhere. The World Bank, as a trustee and administrator of the ARTF, is committed to strengthening its fiduciary oversight of ARTF-financed projects both to minimize risks of fraud, corruption, and misuse of funds and to maximize the fund's development impact.

#### **Donor Contributions**

Donor contributions have increased year after year, with both old and new donors contributing to the ARTF. Over the last few years the "preferenced" portion of donor contributions has been the main factor driving growth. The agreed ARTF rule is that donors may not "preference" more than half of their annual contributions. This rule is to ensure that the ARTF has sufficient funding to finance the Recurrent Cost Window and that it retains some flexibility in the approval of projects in support of government priorities.

## AFGHANISTAN RECONSTRUCTION TRUST FUND

The objectives of the ARTF are to:

- Position the national budget as the key vehicle to align the reconstruction program with national development objectives.
- Promote transparency and accountability of reconstruction assistance.
- Reduce the burden on limited government capacity while promoting capacity building over time.
- Enhance donor coordination for financing and policy dialogue.

The ARTF's support of the government's priority programs, policy reform agenda, and the non-security operating costs of government operations contributes to the achievement of Afghanistan's national strategic goals.



#### The Recurrent Cost Window (RCW)

GRANT \$5.057 BILLION

The objective of the Recurrent Cost Window is to provide a coordinated and incentive-driven financing mechanism, enabling the Afghan government to make predictable, timely, and accurate payments for approved recurrent costs—related to salaries and wages of civil servants, and non-security related government operating and maintenance expenditures.

The Recurrent Cost Window was set up in 2002 to help the Afghan government meet its recurrent (operating) budget needs. The RCW has been restructured several times, most recently in 2018. For the first time, RCW support is being provided through standard World Bank instruments, including an annual \$300 million Development Policy Grant supporting key structural and policy reforms.

To date, the ARTF has disbursed \$5 billion through the government's non-security op-

erating budget. Domestic revenues continue to be insufficient to cover the costs of government. The ARTF RCW has therefore ensured the basic functioning of government, including the delivery of services such as health care and education. Given that around 60 percent of the non-uniformed Afghan civil service is accounted for by teachers, the Ministry of Education has in general received about 40 percent of total ARTF resources. The Ministries of Public Health, Foreign Affairs, Labor and Social Affairs, and Higher Education have also been major recipients.

It should also be highlighted that the RCW resources are national in scope, ensuring the payment of salaries of around 62 percent of non-uniformed civil servants in all 34 provinces of the country. Steady year-on-year increases in operating costs across government mean the RCW accounts for a declining share of the overall budget. Nevertheless, the RCW still finances around 16 to 20 percent of the government's non-security operating budget.

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## We had the human resources to produce improved seeds,

but not technical and financial support. We appreciate that

AAIP provided us the technical and financial support. ??

**–Kateb Shams,** General Manager of Administration and Finance, Directorate of Agriculture, Irrigation and Livestock, Balkh province.

# farmers in northern Afghanistan to grow healthy crops

- Years of war ruined a government farm that produced improved wheat seeds to benefit Afghanistan's agricultural production.
- Technical and financial support from the Afghanistan Agricultural Inputs Project helped the farm recover its output of high quality seeds that produce climate-adapted, high-yielding crops resistant to disease and pest.
- The seed sector is a vital pillar in Afghanistan's agricultural development. With the development of these improved seeds, farmers can expect to grow healthy crops.

n a hot sunny day in Dehdadi district, west of Mazar-e-Sharif city in northern Balkh province, work was ongoing to produce foundation seeds at Khasa-Paz, a 973-*jerib* (194 hectares) inter-ministerial farm managed by the Ministry of Agriculture, Irrigation and Livestock (MAIL).

The foundation seeds, primarily wheat, produced at Khasa-Paz play an important role in producing high-yielding and disease- and pest-resistant crops adapted to the local climate. Foundation seeds are used to produce certified seeds that can eventually be used by farmers to grow healthy crops.

Although Khasa-Paz farm, which falls under one of the country's six Improved Seed Enterprises, has been running since 1987, the years of war had destroyed the farm. "The Khasa-Paz farmland was ruined during the war, but it has slowly become better since 2003," said Kateb Shams, general manager of administration and finance for the Directorate of Agriculture, Irrigation and Livestock in Balkh province, which oversees the farm.

With support from MAIL's Afghanistan Agricultural Inputs Project (AAIP), Shams said the farm was rehabilitated to improve production capacity. "We had the human resources to run the farm, but not technical and financial support," he said. "We appreciate that AAIP provided us the technical and financial support." He said the project, which closed on June 30, 2019, generated results at the farm, which "is functioning well now and we hope it will become even better."

AAIP provided technical and financial support to MAIL to improve the effectiveness and efficiency of seed production farms, like Khasa-Paz, through capacity building and infrastructural improvement. The seed sector is a vital pillar in Afghanistan's agricultural development; investment in agricultural research stations and seed enterprises benefits thousands of farmers across the country.



#### **Significant Improvements**

AAIP began its support in 2013 and significantly improved conditions at Khasa-Paz farm. The farm bought modern farm machinery and made major infrastructural improvements, including constructing a six-kilometer long boundary wall around the farmland to protect it from animals and people. "Our crops are not being trampled on anymore as the land is protected from any disruptions," said Khan Mohammad Noori, 56, a supervisor at the farm. "We hope this means we will have better yields in the future." The farm is set to produce about 160 tons of foundation wheat seeds from 55 hectares this year.

Other infrastructural improvements included building four irrigation wells. Mohammad Ghani, 42, a lead farmer who has worked more than 10 years on the farm, said that his daily irrigation work was easier. "The water wells began operating and now we have enough water to irrigate the crops," he said.

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/ ONGOING PROJECTS

#### Afghanistan Agricultural Inputs Project (AAIP)

GRANT \$67.25 MILLION CLOSED ON JUNE 30, 2019

AAIP aimed to increase adoption of improved crop production technologies. The agriculture sector is central to Afghanistan's economy, employing 60 percent of the nation's workforce. As such, strengthening the institutional capacity of the Ministry of Agriculture, Irrigation and Livestock (MAIL), and increasing investments for the safety and reliability of agricultural inputs were invaluable to support continued increase of agriculture productivity.

Firstly, the project sought to improve the technical and economic efficiency of the value chain of certified wheat seed.

Secondly, the project developed the necessary accredited facilities for plant quarantine networks and quality control of agro-chemicals, building on the legal and regulatory framework that it helped build during the preparation phase.

Thirdly, the project designed and piloted a demand-led action plan to improve and develop market-based input delivery systems for seeds, guided by the results of field surveys carried out during the preparation phase. The sustainability of these interventions was supported by capacity building programs involving civil servants, farmers, and traders.

**Component A:** Seven new varieties of wheat seed against the target of five were released and multiplied with plots of breeder seed being grown for harvest in 2019.

A total of 621 staff members from the Agriculture Research Institute of Afghanistan (ARIA) and Improved Seed Enterprise (ISE) took part in training courses on various topics, including 35 receiving a master's degree or PhD

For the land development target for ARIA, 10 research stations were considered for land development under AAIP, with work on nine farms largely completed and only one farm



AAIP, closed in June, was successful in creating seven new varieties of wheat seed that are climate adapted and high yielding. Farmers across Afghanistan will benefit from these new varieties of improved seeds that will result in healthier crops.

remained undeveloped at project closure. Under ISE, five farms were considered for land development, with four completed by project closure.

**Component B:** The draft report on Quarantine Pest and Diseases was completed and being reviewed by a technical committee. The bio-efficacy trial target also exceeded the target stipulated in the project's framework. The pesticides tested in the bio-efficacy trials included six botanical and 27 chemical pesticides.

Out of 14 target quarantine stations and laboratories planned under this component, 12 were constructed and provided with furniture and basic equipment. However, the main laboratory complex has yet to be equipped with advanced equipment and fully operationalized. With additional resources and efforts, the government could quickly make these facilities fully functional to address the most important challenges of the agricultural sector.

The facilities, knowledge, and tools provided by AAIP allowed MAIL to issue over 1,300 improved phytosanitary certificates against the cumulative set target of 1,000 to facilitate export of Afghan products to higher paying markets, largely through the recently established air corridor.

**Component C:** The planned voucher scheme was piloted successfully, reaching 27,000 farmers cumulatively in 40 districts of seven provinces. The project team learned good lessons from the pilot scheme, which were shared with MAIL for improving future programming. Before project closure, the team ensured that their skills and knowledge on the voucher system were fully transferred to MAIL to enable the ministry to rollout the system in more districts with potential national coverage within 3–5 years.

#### Afghanistan On-Farm Water Management Project (OFWMP)

**GRANT \$70 MILLION** 

The project objective is to improve agricultural productivity in project areas by enhancing the efficiency of water used.

OFWMP has sustained good progress in achieving the agreed targets and disbursing grant proceeds. The cumulative disbursement rate has reached 91 percent, while almost all the grant proceeds have been committed.

To date, over 600 km of canals against the cumulative target of 186 km, serving around 64,800 hectares of land, have been rehabilitated, while 621 Irrigation Associations against the target of 500 have been established.

The project-supported Farmer Call Center continues to receive calls from both male and female farmers and herders around the country and provides technical advice via a cadre of experts.

The land laser leveling services under the project have started charging fees, generating

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good commercial demand in project areas. While 36 land laser levelers, which were distributed earlier, are now being operated to serve farmers on a commercial basis, an additional 86 land laser levelers have been procured and are being distributed to private operators.

The project team continues to showcase high efficiency irrigation technologies at 51 demonstration sites and to support 122 Farmer Field Schools, covering over 3,600 farmers

In addition, OFWMP has provided support to MAIL in various areas, including surveying and designing several irrigation canals to be financed by the ministry and other donorfunded projects. This support among others includes a feasibility study of the Qush Tepa, Andkhoy, and Hairatan irrigation canal, which flows through Faryab, Jowzian, and Balkh provinces in northern Afghanistan; 60 gabion protection wall sub-projects; five irrigation schemes in the Nahr-e-Shahi canal of Balkh province; and 34 pipe irrigation schemes.

#### Central Asia South Asia-1000 Community Support Program (CASA-CSP)

**GRANT \$40 MILLION** 

CASA-CSP supports communities along the CASA transmission line in Afghanistan. The project was restructured last year and is now being implemented in alignment with the Citizens' Charter Afghanistan Project and in close collaboration with CASA-1000.

The implementation has been a challenge because the route still has not been finalized and there are more route alignment changes proposed for the transmission line, while the agreement is that CSP will cover communities within the four-km "corridor of influence" (COI) along the transmission line.

It is estimated that there will be more than 480 communities in the seven selected provinces along the most recent transmission line route. It was agreed that work will begin shortly in the communities that have been confirmed and MRRD will hire social



serving around 64,800 hectares of farmland, have been rehabilitated under OFWMP, which aims to improve agricultural productivity by enhancing efficiency of water usage. The project continues to showcase high efficiency irrigation technologies at 51 demonstration sites and to support 122 Farmer

Field Schools

mobilizers within 2–3 months to start the social process to form CDCs in the selected communities.

As of September 2019, recruitment for District Social Organizers and District Engineers has been completed and work has started in over 145 communities. To raise the awareness of the communities along the COI of the transmission line, a comprehensive communication strategy has been developed, which aims to promote cooperation and support for the CASA-1000 project among these communities. The strategy also targets the wider stakeholders of the CASA-1000 in Afghanistan and will supplement the overall regional communication strategy, currently being devised by the CASA-1000 Secretariat.

#### DABS Planning and Capacity Support Project

GRANT \$6 MILLION

The project aims to improve Da Afghanistan Breshna Sherkat (DABS) capacity in distribution investment planning, implementation, and operation and maintenance.

This project has two components:

**Component 1:** Staff capacity building, which aims to support DABS capacity to plan and implement new investments in distribution systems and to operate and maintain the investments properly.

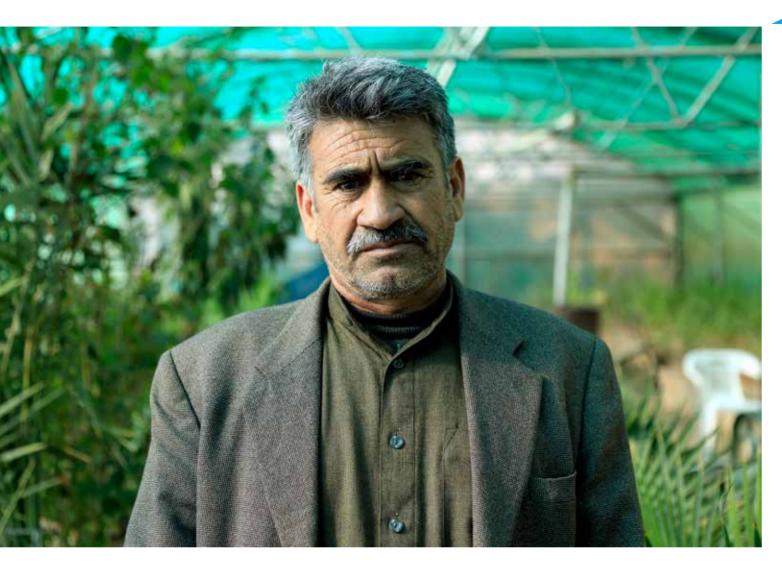
**Component 2:** Development of a training center in Kabul. DABS does not have any training facility for its staff, and this has been identified as a critical gap in its overall capacity building efforts.

The project is supporting the preparation and implementation of annual O&M plans for six major load centers using new procedures based on good international practice adjusted for local conditions. The project-supported training and a new training center are expected to improve skills of 90 percent of DABS planning and O&M staff.

The project provided internship opportunity for new women engineering graduates to work in DABS. Twelve female engineers were hired as interns in DABS and assigned to different departments.

A contract with a consultancy firm for staff capacity building was signed in May 2019 and training has started. The contract for construction of the training center was also awarded in June 2019, with construction activities already started. Procurement of equipment for the training center is delayed due to an unsuccessful bidding process. However, DABS is currently working on alternative options for the procurement of the equipment.

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## 66 We called the Farmers' Call Center

and described the problem.

They told us how to treat the disease and solved our problem... when we call "150", we know the problem will be solved."

-Bahram Shams, 52, farmer, Kabul city

## AFGHAN FARMERS FIND solutions a phone call away

- Farmers across Afghanistan have improved access to agricultural extension services by dialing a toll-free number to a call center set up by the On-Farm Water Management Project.
- The Farmers' Call Center is staffed by experts, who advise callers on farming and livestock issues. More importantly, the center is able to track serious issues like disease outbreaks through information from the calls.
- Thousands of farmers have received help from the center, which was set up in June 2018
  in response to the worsening security situation in Afghanistan that has prevented extension
  workers from making field visits.

xperts of the Farmers' Call Center (FCC) are busy attending to callers, searching their computers as they respond to questions. The computers are linked to a database on agricultural issues, which support the 15 On-Farm Water Management Project (OFWMP) experts who operate the center on the west side of Kabul city.

The FCC team is made up of specialists in a wide range of fields, including agriculture, agronomy, animal science, and irrigation. Each team member has passed theoretical and practical exams on farming and livestock and received training on how to use the online database to better assist callers.

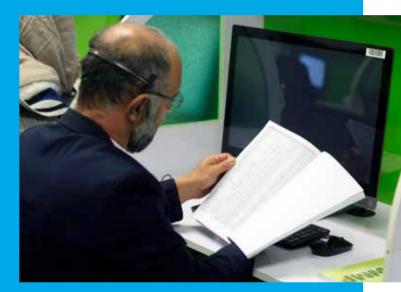
The experts field about 250–300 calls a day, covering a wide range of topics. "About 40–50 percent of queries are about crop disease and the rest covers irrigation, livestock disease, planting, and fertilizing," says Mohibullah Raza, 26, one of the experts.

By dialing "150", farmers from across Afghanistan connect toll free with the FCC. "We want all farmers to call '150' for issues that they have with their land and livestock," says Ishaq Sahebzada, OFWMP Project Manager at the Ministry of Agriculture, Irrigation and Livestock, which implements the project.

The FCC was created in response to the deteriorating security situation in Afghanistan, which prevents extension workers from making field trips to address farming problems. "The security situation is not good," says Sahebzada. "Before the setup of the Farmers' Call Center, we sent extension workers to meet the farmers in person and teach them new farming methods. Now that this is no longer feasible, OFWMP together with the General Directorate of Extension and Agriculture Development initiated this call center to fill the gap."

#### Vital Advice to Farmers

Call center lines are open daily during government working hours from Saturday to Thursday. There are,



however, plans to expand the call center hours to better accommodate early-morning and late-night calls when farmers are most likely to encounter an issue at the start or end of their working day.

Since its inception in June 2018, the call center has registered calls from over 10,000 farmers across all 34 provinces using a software that records the name, village, district, and query of the caller. According to Sahebzada, this information can help track disease outbreaks and the spread of infestations as well as identify key areas of improvement to better target OFWMP projects in specific areas.

Bahram Shams, 52, a greenhouse farmer, has used the call center several times. "We called the FCC and described the problem. They told us how to treat the disease and solved our problem," he says. "When we call '150', we know the problem will be solved."

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#### Higher Education Development Project (HEDP)

**GRANT \$55 MILLION** 

HEDP aims to increase access to higher education in Afghanistan, as well as improve its quality and relevance. HEDP uses an Investment Project Financing instrument based on the Results-based Financing modality.

Under component one, project funds are being disbursed against selected line items in the annual budget of the Ministry of Higher Education (MoHE) up to capped amounts, and on condition that the agreed set of disbursement-linked indicators (DLIs) are achieved.

The DLIs reflect the priorities for development. These include intermediate outcomes that build cumulatively over the lifespan of HEDP to improve access to the higher education system and raise its quality and relevance. This component supports the reforms initiated through the National Higher Education Strategic Plan II and focuses on outcomes and results rather than inputs.

The project started in September 2015 and MoHE is on track to meet the fourth round of the DLIs, which include increased female enrollment in the first year of priority disciplines, establishment of functional ICT centers at four universities for ICT-based higher education, and establishment of Internal Quality Assurance Units functioning to international standards at six universities.

Enrollment in key priority disciplines (those that contribute to economic and social development) has increased substantially from 64,200 at the project baseline to about 81,900 to date. The special focus on increasing female enrollment has also paid substantial dividends with female enrollment increasing from 11,400 to about 16,900.

MoHE has developed a policy and bylaw for the practice of e-learning. This will support gradual introduction of blended learning, incorporating e-learning into the university curriculum, as well as recognition of blended learning toward program credits.

In the pilot phase, a select number of online courses have been uploaded on AfghanEx and supplement courses taught at public universities. AfghanEx has been developed based on the EdEx platform for online teaching and learning. Promotion of e-learning in higher education to improve access and quality has become one of the key priorities of MoHE

The project received additional financing of \$5 million, mainly to expand the following successful project interventions to scale up project impact and development effectiveness: (I) provision of faculty scholarships (150 postgraduate scholarships to public university academics in priority disciplines with one third allocated to female academics); (II) support to public universities to prepare and implement Strategic Institutional Development Plans; (III) training of teaching faculty in outcome-based education and student-centered learning; and (IV) grants to support individual and group research projects at universities.

The additional financing has been incorporated into the project and the project closing date has been extended from December 31, 2020, to December 21, 2022, to allow sufficient time for completion of the additional activities and achievement of the final targets.

#### Kabul Municipal Development Program (KMDP)

**GRANT \$110 MILLION** 

Kabul Municipality is responsible for implementing the project. The project objectives are to (i) increase access to basic municipal services in selected residential areas of Kabul city; (ii) redesign Kabul Municipality's Financial Management System to support better service delivery; and (iii) enable early response in the event of an eligible emergency.

KMDP is expected to deliver welfare and human development benefits to over 700,000 people through services provided in some 2,400 hectares of private land. The



Enrollment in key priority disciplines in higher education that contribute to economic and social development has increased substantially under HEDP. The special focus on increasing enrollment of women has paid off with female enrollment increasing from 11,400 to about 16,900

project also supported development of a plan to improve the municipality's financial management and planning capacity to deliver improved services. The implementation of the plan is underway, which will enhance Kabul Municipality's institutional capacity.

To date \$73.24 million has been disbursed. Over 1.36 million people (about 73 percent women and children) have benefited from the construction of about 513 kilometers of neighborhood roads, 670 kilometers of community drains, and 36 kilometers trunk roads.

Temporary employment of some 2.9 million

people has been generated through the execution of contracts with labor intensive work at an investment of \$223/person per month. Durable infrastructure will generate secondary employment in the years ahead.

Importantly, KMDP has established a strong foundation for gender inclusive community participation in decision-making over public expenditures in *Guzars* (neighborhoods).

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#### Kabul Urban Transport Efficiency Improvement Project (KUTEI)

**GRANT \$90.5 MILLION** 

KUTEI aims to improve road conditions and traffic flow on select corridors of Kabul city. The project will focus on improving road infrastructure and providing technical assistance to Kabul Municipality in specific areas.

Investments in key road infrastructure will improve connectivity and make Kabul more inclusive, while technical and knowledge support will gradually transform Kabul Municipality into a modern planning and

implementing agency by adopting best international practice. Kabul Municipality will be responsible for project implementation, including procurement and financial management.

Project objectives will be measured against the following indicators: (i) traffic capacity improvements, measured by average vehicle speed during off-peak hours; (ii) people (within a 500-meter range) in urban areas provided access to all-season roads; and (iii) percentage of Kabul city's trunk road network in at least "fair" condition.

Project implementation is progressing well and all planned civil works contracts have been awarded. To date, nine civil works contracts, totaling 32 kilometers of roadway, have been completed and the roads are

The roadworks undertaken by the Kabul Urban Transport Efficiency Improvement Project are among several to improve road conditions and traffic of the capital city. The reconstruction project will result in asphalted roads idewalks, and a drainage system, among other benefits to residents and local businesses. "Having a good road is a blessing for our health," says a loca resident

opened to traffic. Implementation of the remaining four civil works contracts started early this year and all the contracts are expected to be completed by December 2019.

#### Naghlu Hydropower Rehabilitation Project (NHRP)

**GRANT \$83 MILLION** 

NHRP aims to improve dam safety and sustainability of hydropower and to increase the supply of electricity at the Naghlu Hydropower Plant (NHPP). NHPP is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity.

The project came into effect in January 2016. In November 2018, NHPP started operating at full capacity (100 MW) after the rehabilitation of turbine units 1 and 3. Unit 2 also requires overhauling as it has operated continuously without any major overhaul for more than 40,000 hours. The bidding document for overhauling this unit has been drafted and will be advertised in the last quarter of 2019.

The terms of reference for NHPP staff training and supply of spare parts for five years of operation and maintenance of the power plant will be finalized and advertised shortly.

Work on dam safety enhancement is also underway. Submersible water pumps have been installed inside the dam's drainage gallery to release upward water pressure. Two additional pumps, required to completely drain both galleries, will be purchased and installed by end-2019.

A bathymetric survey of the Naghlu dam reservoir will be performed by DABS personnel with support from the Ministry of Energy and Water (MEW) and Food and Agriculture Organization (FAO) team. DABS had undertaken market research and, with the advice of the FAO expert, has identified a suitable ecosounder. The procurement of an eco-sounder is expected to be completed by November 2019 and the bathymetric survey results available in December 2019.

Terms of reference for hiring a consultancy

firm to carry out a dam safety and hydromechanical audit have been finalized and the tenders advertised in March 2019. The expressions of interest of firms are under evaluation.

The contract for the associated procurement of a consultancy firm for conducting the Environmental and Social Impact Assessment (ESIA) of Naghlu dam is expected to be signed in October 2019. As the ESIA audit results for proper management of sediment will be available only later, DABS will perform an internal interim sediment assessment and prepare a limited environmental assessment report. The result of the interim sediment assessment is expected to be available by October 2019. Based on this result, the bidding document for sediment assessment and selective removal, including unexploded ordnance, will be finalized.

NHRP also has a benefit-sharing program for the local population, which includes electrification of villages in surrounding districts. Construction of the Sorobi 20 MW substation was completed in April 2019, supplying power to some Sorobi villages. Extension of the distribution system by DABS personnel in 18 villages in Sorobi district is underway and expected to be completed by October 2019. Villages in Tagab district have been surveyed and the distribution system is at design stage.

The project also included vocational training for villagers. However, during consultation with the villagers, it was agreed that instead of vocational training, the project will facilitate extension of services of the National Horticulture and Livestock Project. Under the first phase that started in January 2019, poultry and training of its upkeep will be provided to 13 villages in Sorobi district.

Further, the project supports preparation work of the Kajaki dam addition. The project management team is under recruitment at MEW. The national environmental specialist has been hired, while national social experts and two international social and environmental consultants are under procurement.

The terms of reference for a consultancy service firm to conduct ESIA and Research and Analysis Program studies have been prepared and advertised.

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Raisin producers in Kandahar province are seeing a jump in their annual income after adopting a modern method of drying grapes. The new raisin drying houses, built with NHLP support, reduce wastage and result in better quality raisins compared to drying in traditional facilities. "We expect our raisin production to get even better," says a satisfied producer.



Following a formal request from MoF, the project was restructured to include the rehabilitation and renovation of the Darunta Hydropower Plant. Three units will be renewed, and an administrative building and warehouse will be constructed inside the power plant. The bidding document of this activity has been completed and social and environmental impact documents have been prepared and cleared by the World Bank. The tender for design, supply, installation, and commissioning of Darunta power plant was advertised in July 2019. The submission deadline for bids was August 28, 2019.

#### **RESULTS EXPECTED UNDER THE NHRP**

- Revived 50 MW of previously nonoperational capacity of Naghlu Hydropower Plant by rehabilitating Unit 1 and overhauling Unit 3.
- Improved routine operation and maintenance of the power plant for five years.
- Enhanced staff capacity to operate and maintain the power plant.
- Residents living near NHPP connected to electricity and facilitated NHLP extension services, i.e., poultry farming, kitchen gardening, and establishment of orchards
- Enhanced security and safety measures of the NHPP.
- Renovate and revive full capacity of Darunta Hydropower Plant.

#### National Horticulture and Livestock Project (NHLP)

GRANT \$190 MILLION
AFGHAN FARMERS' CONTRIBUTION
\$28.2 MILLION

NHLP aims to promote the adoption of improved production and post-harvest practices and technologies by target farmers in the horticultural sector and to support the livestock sector, with gradual rollout of farmer-centric agricultural services systems and investment support.

The project has three components: (I) horticultural production; (II) animal production and health; and (III) implementation management and technical assistance support. These activities were initially implemented in 120 focus districts in 23 target provinces.

The original budget of the project was \$100 million, but based on the high demand for NHLP services, the project received an additional financing of \$90 million to allow expansion of its work programs to more farmers and add new activities.

The project covers 291 districts in all 34 provinces, and, so far, has reached over 570,000 farmers/beneficiaries, including around 242,000 women.

To date, NHLP has financed the establishment of almost 32,520 hectares (ha) of new pistachio and fruit orchards in 34 provinces. In addition, over 32,000 ha of existing orchards have been rehabilitated and more than 143,000 kitchen gardening schemes established.

The project has supported construction of about 1,900 small water harvesting structures, improving farmers' resilience to weather change by allowing harvest and storage of water during the rainy season and gradual release in the growing period based on crop needs. This has been implemented in partnership with Community Development Councils.

To strengthen market supply, a large number of the targeted farmers, both male and

female, have been trained on harvesting and post-harvest practices for horticultural crops. They have also been provided with a large number of essential tools (e.g., pruning shears, ladders, bags) for proper harvesting of their products.

Farmers are encouraged to work together through the establishment of Producers Marketing Organizations (PMOs) with 70 PMOs set up so far, having a membership of 300–400 farmers per group. This structure helps farmers with outsourced inputs and access to markets.

Over 1,600 raisin drying houses have been constructed on a cost-sharing basis to reduce post-harvest losses of grapes and improve the quality of raisins produced.

Regarding livestock activities, NHLP continues to focus on key activities, including poultry production and animal health and extension services, while expanding work programs to other areas such as fishery and dairy.

Under the National Brucellosis Control Program in 360 districts, more than 2.5 million young female calves and over 13.5 million young female sheep and goats have been vaccinated. To ensure sustainability, the project is gradually handing over this activity to the General Directorate of Animal Health under the Ministry of Agriculture, Irrigation and Livestock.

To date, the project has supported 205,360 livestock farmers (136,088 women and 69,272 men), clustering them into producers' groups, including poultry producer groups, to benefit from animal production and health services. It has also extended its activities to new geographical areas under sanitary mandate activities and is supporting MAIL's relevant directorate to implement them.

NHLP activities are based on cost sharing, accordingly it is expected that farmers will contribute \$28.2 million to the cost of services and inputs received.

#### 54/Country Update/ARTF



Under WEE-NPP, many women across Afghanistan will be socially and economically empowered through training in literacy, business management, and labor skills, and access to finance and markets.

#### Women's Economic Empowerment National Priority Program (WEE-NPP)

Grant \$5 million

The objective of the WEE-NPP is to advance women's agency, autonomy, and well-being by expanding women's access to economic resources.

The WEE-NPP is led by a Project Coordination Office (PCO) in the Ministry of Labor and Social Affairs (MoLSA). The PCO is responsible for overseeing WEE-NPP activities across six pillars: (i) increasing the availability of gender statistics; (ii) removing legal barriers to participation; (iii) training in literacy, business management, and labor skills; (iv) inclusive access to finance; (v) access to agricultural inputs, extension services, and markets; and (vi) access to creative economy

The three-year Project Preparation Grant (PPG) has three components: (i) coordination and program management; (ii) provide technical assistance and capacity building

for line ministries carrying out WEE activities and conduct relevant analytic work; and (III) establish and operate an Innovation Fund to support women's economic activities.

Despite a slow start, implementation progress of the WEE-NPP Coordination Support PPG has improved considerably. The WEE-NPP Secretariat is functioning well and almost all of its key positions have been filled. WEE-NPP action plans and targets that have been agreed on by the majority of the implementing line ministries (LMs) are in place.

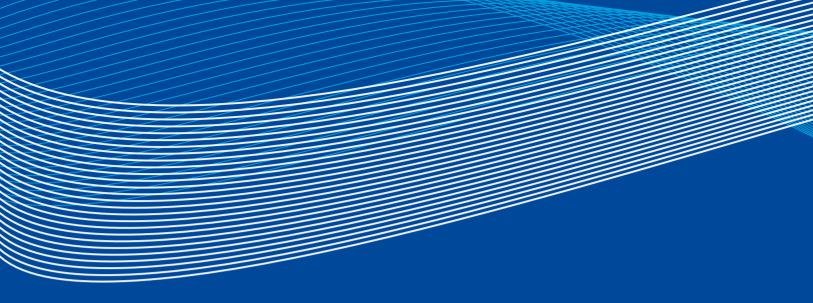
Furthermore, the Monitoring and Results Framework for the program has been developed but has yet to be approved by the WEE-NPP Steering Committee. The Steering Committee and technical working group meet regularly.

Based on the recommendation of the Country Portfolio Performance Review for Afghanistan held in February 2019 and the request from GoIRA, the WEE-NPP will be transitioned from MoLSA to MoF.

The rationale for the transition is threefold: (i) GoIRA, World Bank, and other development partners seek to ensure that the WEE-NPP remains a core part of the country's development agenda and therefore it needs to be integrated into MoF's core budget system; (II) WEE-NPP stands to achieve greater operational impacts under MoF, where there is an institutional mandate to coordinate outcome-oriented planning across LMs with budgeting processes; (III) an NPP Coordination Directorate has been established within MoF (financed through FSP), thus creating a clear institutional home for the PCO that did not exist at the time of WEE-NPP inception. It is expected that the transition will be completed by end of October 2019.

Note: All dollar figures are in US dollar equivalents. IDA, the International Development Association, is the World Bank's concessionary lending arm.







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