

# Country Update

THE WORLD BANK GROUP IN AFGHANISTAN

**“ Solar panels**  
have allowed the villagers to access  
television, internet, and to be able  
to study and work after dark,  
transforming their  
**quality of life.”**

page 17



page 4

WORLD BANK  
GROUP SUPPORT



page 6

ONGOING  
OPERATIONS



page 20

AFGHANISTAN  
RECONSTRUCTION  
TRUST FUND

page 26

IFC ADVISORY  
SERVICES PROJECTS

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## CONTENTS

**WORLD BANK GROUP SUPPORT**  
page 4 -5

page 4  
World Bank projects and programmes

International Finance Corporation

Afghanistan Reconstruction Trust Fund

page 5  
Interim Strategy Note, 2012-2014

Japan Social Development Fund

**ONGOING OPERATIONS**  
page 6-19

page 6-7  
EDUCATION AND TRAINING

page 8-9  
FINANCIAL SECTOR

page 10  
HEALTH

page 11-13  
INFRASTRUCTURE

page 14-17  
RURAL DEVELOPMENT

page 18  
SOCIAL SAFETY NET

page 19  
URBAN DEVELOPMENT

**AFGHANISTAN RECONSTRUCTION TRUST FUND**  
page 20 -25

page 20-21  
WHAT IS THE ARTF  
HOW THE ARTF WORKS

page 24  
ONGOING PROJECTS

**IFC ADVISORY SERVICES PROJECTS**  
page 26

7 RESULTS  
**'Education project equips children'**



15 RESULTS  
**'Rural women start small but dream big'**



23 RESULTS  
**'Power brings brightness to people'**



## WORLD DEVELOPMENT REPORT 2013 ON JOBS

**Part I** Jobs are transformational. We tend to neglect jobs when thinking about growth, while in reality they are at the center of development. Jobs connect improvements in living standards, productivity gains and social cohesion.

**Part II** What is a 'good job'? Some jobs do more for economic and social development than others because they reduce poverty and inequality, strengthen value chains, and production clusters, or help build trust and shared values.

**Part III** Identifying policies through the jobs lens. Understanding how labor markets interact with government and market imperfections, and how this interaction affects development goals, is the key to identifying and evaluating policies for the creation of good jobs.

⇒ The report is available at <http://go.worldbank.org/TM7GTEB8UO>

## NEWS

### JOBS CREATE VIRTUOUS CYCLE IN DEVELOPMENT

The World Development Report, the World Bank Group's annual flagship report, was released in October, 2012. *The World Development Report 2013: Jobs* stresses the role of strong private sector led growth in creating jobs and outlines how jobs that do the most for development can spur a virtuous cycle. The report finds that poverty falls as people work their way out of hardship and as jobs empower women to invest more in their children. Efficiency increases as workers

get better at what they do, as more productive jobs appear, and as less productive ones disappear. Societies flourish as jobs foster diversity and provide alternatives to conflict. According to the report, in developing countries, jobs are a cornerstone of development, with a payoff far beyond income alone. They are critical for reducing poverty, making cities work, and providing youth with alternatives to violence.

**Jobs are critical for reducing poverty, making cities work, and providing youth with alternatives to violence**

### ASSURING GROWTH OVER THE MEDIUM TERM

According to World Bank's *Global Economic Prospects* (GEP) released in January 2013, in South Asia, growth weakened to an estimated 5.4 percent in 2012 (7.4 percent in 2011), mainly due to a sharp slowdown in India, where GDP growth (measured at factor cost) is forecast at 5.4 percent in the fiscal year ending March 2013. Weak global demand exacerbated region-specific factors, including subdued investment growth, electricity shortages, policy uncertainties, and a weak monsoon. Regional

GDP is projected to grow by 5.7 percent in the 2013 calendar year, and by 6.4 and 6.7 percent in 2014 and 2015, respectively, driven by policy reforms in India, stronger investment activity, normal agricultural production, and improvement in export demand. Growth in Afghanistan is projected at 3.1 percent in the 2013, rising to 6.3 percent by 2015.

⇒ The GEP is available at: <http://go.worldbank.org/RWLJPPA0DO>

### WOLESI JIRGA PASSES BUDGET

On January 20, 2013, the *Wolesi Jirga* (Lower House of Parliament) passed the draft budget (\$6.8 billion) for Afghan FY1392 (January through December 2013), after rejecting the draft twice for uneven fund distribution to provinces, a high allocation for the presidential palace and only a small sum for job-generating projects. The now approved draft allocates 157.7 billion Afghanis (about \$3 billion) to the development budget and 196.3 billion Afghanis

(about \$3.7 billion) to the general budget. According to the Ministry of Finance, \$2.9 billion have been allocated to the security sector whereas \$1 billion has been allocated for education, \$964 million for infrastructure and national resources sector, \$544 million for rural development and agriculture, \$253 million for health, \$175 million for private sector development, and \$289 for local governance and enforcement of rule of law.

## WORLD BANK GROUP SUPPORT

### World Bank projects and programmes

Since April 2002, the World Bank has committed over \$2.48 billion for development and emergency reconstruction projects, and four budget support operations in Afghanistan. This support comprises over \$2.04 billion in grants and \$436.4 million in no-interest loans known as 'credits'. The Bank has 22 active projects in Afghanistan with net commitments of more than \$1.06 billion.

The World Bank has provided advice to help the government manage donor funds effectively and transparently. The Bank also supports the government by providing analytical work on the economy, public administration, gender, poverty, opium economy, and public finance management.

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 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:**  
[www.worldbank.org.af](http://www.worldbank.org.af) – **Projects & Programs.**

### International Finance Corporation

The International Finance Corporation (IFC), the World Bank Group's private sector development arm, continues to work with its investment and advisory service partners in Afghanistan. IFC Investment Services now has a committed investment portfolio totaling more than \$80 million in four companies. These include commitments in the financial (First Microfinance Bank of Afghanistan, Afghanistan International Bank), telecom (MTN Afghanistan) and hospitality (Serena Kabul Hotel) sectors. IFC is exploring investment opportunities across the manufacturing, financial markets, and infrastructure sectors, and has recently completed a senior-level business development mission to Afghanistan. IFC Advisory Services is very active in Afghanistan with six current projects in Investment Climate, Access to Finance, Public Private Partnerships, and Sustainable Business Advi-

sory areas (see page 26). Two projects were successfully completed in the previous quarter and IFC expects to launch up to three new or next phase projects.

### Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and the Afghan government to improve effectiveness of the reconstruction effort. As of January 31, 2012, 33 donors have contributed over \$6.17 billion, making ARTF the largest contributor to the Afghan budget – for both operating costs and development programs. ARTF's support for national priority programs, operating costs of government operations and the policy reform agenda is contributing to the achievement of the Afghanistan National Development Strategy goals. More than \$2.72 billion have been disbursed to GoA to help cover recurrent costs, such as civil servants' salaries, and over \$2.60 billion had been made available for investment projects.

### INTERIM STRATEGY NOTE, 2012-2014

The World Bank's approach is to support the Government of Afghanistan (GoA) in implementing elements of the most important National Priority Programs (NPPs) in a way that will build legitimacy and capacity of the institutions.

One of GoA's greatest priorities will be to build domestic sources of growth and jobs to replace donor/military assistance and to sequence NPPs to concentrate on foundational investments for growth. Under this Interim Strategy Note period, the Bank's program is built around three interlocking themes:

- Building the legitimacy and capacity of institutions.
- Equitable service delivery.
- Inclusive growth and jobs.

### 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 which 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 the 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 2013, JSDF's total commitment had reached \$81.3 million. A number of JSDF financed projects have so far been completed.

⇒ **For more information:**

<http://go.worldbank.org/USOQZVF200> ■

## ONGOING OPERATIONS

### / EDUCATION AND TRAINING

#### Second Education Quality Improvement Program (EQUIP)

⇒ IDA GRANT \$65 MILLION

⇒ ARTF GRANT \$283 MILLION

EQUIP's objective is to increase equitable access to quality basic education, especially for girls, through school grants, teacher training and strengthened institutional capacity with support from communities and private providers. Program interventions are primarily targeted towards general education, teacher training and education management. The program is fully aligned with the Afghanistan National Education Strategic Plan and supports the institutional development of the program staff of the Ministry of Education.

Under EQUIP II, all teachers have received training in pedagogy and content specific subjects. In addition, a total of 3,500 female teachers have received scholarships to attend Teacher Training Centers.

#### Strengthening Higher Education Program (SHEP)

⇒ IDA GRANT \$60 MILLION

⇒ ARTF GRANT \$5 MILLION

The program aims to restore basic operations at 12 core universities (Kabul Polytechnic University, Kabul University, Kabul Education University) and nine regional universities (Balkh, Herat, Kandahar, Khost, Bamyan, Kapisa, Takhar, Juzjan, and Nangarhar) through partnership programs with universities in the region, and in Europe and USA, as well as through competitive block grants.

In June 2010, additional resources of \$20 million equivalent through the World



**“When a daughter becomes a mother, she is both teacher and school for her children, so if she doesn't know things, then how can she raise her children?”**

—Nassema Saberi, Principal, Sorya School

## EDUCATION PROJECT *equips children for life*

- Civil war and subsequent Taliban rule in the 1990s destroyed Afghanistan's education system, and girls were forbidden to attend school.
- The Education Quality Improvement Program, funded by the World Bank and ARTF, aims to increase access to education, particularly for girls, through school grants and teacher training.
- Through EQUIP, girls' enrolment has increased to 2.7 million from less than 200,000 in 2002, and boys' attendance to about 4.4 million from under a million.

**R**aihana Ahmadi, 13, is at the heart of sweeping changes to education in Afghanistan. When the ninth grade biology student points to a plastic model of the human heart, she is not only sharing a lesson with her female classmates, but also demonstrating the importance of a quality education, especially for girls, in this country.

Watching the class at Kabul's Sorya School, principal Nassema Saberi says: "This is my dream in life. I have always wanted to educate and empower the young women of Afghanistan, so they can serve the younger generation of this country and make it a better place."

Saberi says her wish is coming true, thanks to the World Bank's Education Quality Improvement Program (EQUIP), co-financed by the Afghanistan Reconstruction Trust Fund (ARTF). The objective of the program is to increase access to education, particularly for girls, through school grants, teacher training, curriculum development, and community involvement.

Through EQUIP, more than 1,600 schools are being constructed or rehabilitated. Girls' enrolment has increased to 2.7 million from less than 200,000 in 2002, and boys' attendance to about 4.4 million from under a million.

#### Barriers to education for girls

Now a bustling brick complex, the Sorya School offers classes to 6,000 students, both boys and girls, who attend in two daily shifts. But not long ago, the building, which stood for almost 50 years, was simply a mass of rubble. Civil war and subsequent Taliban rule in the 1990s destroyed the country's education system, and strictly forbade girls' attendance.

Two barriers often exist for female students, explains the principal. First, parents fear insurgents will harm their daughters. "In the provinces, schools get burned down, and girls have acid thrown on them for attending



school," says Saberi. "But we tell people the only way to improve our society is through education." Armed security guards and safe transportation are arranged for students here.

The other problem is that many parents are uneducated themselves, the principal notes. "Some people are still living as we did 100 years ago, and they don't understand how important it is to send daughters to school, so we have to bring them here, talk, and try to show them."

Frequently, Saberi tells parents: "When a daughter becomes a mother, she is both teacher and school for her children, so if she doesn't know things, then how can she raise her children?"

Now parents are so enthusiastic about the program that they eagerly give books, carpets, trees, chairs, and other generous donations, says Haji Noorzai, a school council member. "With the support of EQUIP and the World Bank, parents have realized that this should be like home for their children, so they have come together and worked hard to make this place nice," says Noorzai.

Bank's IDA Crisis Response Window was approved to scale up these activities while adding six more public universities (Bamyan, Takhar, Jouzjan, Khost, Kabul-Education and Alberoni Universities), in line with the priorities identified in the National Higher Education Strategic Plan.

## Afghanistan Skills Development Project

⇒ IDA GRANT \$20 MILLION

⇒ ARTF GRANT \$18 MILLION

The project is designed to increase the number of immediately employable skilled persons by building in stages a high-quality Technical Vocational Education and Training system that is equitable, market responsive, and cost effective. More specifically, the project aims to develop a demand-driven vocational education and training system, and encourage the provision of autonomy to training institutions to plan and customize their programs and establish linkages with employers. The project has three components:

Component 1: Mainly focuses on the establishment of the Afghanistan National Qualifications Authority, Afghanistan National Qualifications Framework, and Awarding Boards. The documents developed so far are being exposed in phases to the stakeholders.

Component 2: The National Institute of Management and Administration, set up under the project, implements competency-based curricula for its academic programs. The first batch of about 1,500 students in Accounting, Management and ICT graduated in July 2011. Of this, 1,058 students were given diplomas by the University of Jyväskylä, Finland. The project provides aid to five other institutions under the Ministry of Education that requires them to broad-base their governing councils and develop linkages with employers.

Component 3: Under this component, training is provided to youth, as well as to some vulnerable groups. The implementing

agency is the National Skills Development Program unit, and nearly all of the programs contracted out for the training of about 7,500 youth, marginalized farmers and chronically poor women have been completed.

### / FINANCIAL SECTOR

## Afghanistan Financial Sector Rapid Response Project

⇒ IDA GRANT \$19 MILLION

The project is assisting the Da Afghanistan Bank (DAB) 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 the DAB to accurately assess the financial situation of 10 commercial banks through audits conducted 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 project also aims to modernize the national payment system with the goal of reducing the use of cash transactions, currently the main means of making payments in Afghanistan, and transitioning to electronic, card or mobile payments. The project will also provide further support to the Afghanistan Institution of Banking and Finance (AIBF) to allow the institute to scale up its activities, in order to increase the availability of banking sector skills.

The audits of the 10 commercial banks started in November 2011 and ended in June 2012. The bidding documents for the modernization of the payment systems have been advertised and the bidding documents are under evaluation. AIBF is scaling up its activities, with a focus on the banking and microfinance sector, with support from various development partners.



Preparations to mine at Hajigak in Bamyan Province are underway to tap Asia's largest known deposit of iron ore. The World Bank is supporting the process through the Sustainable Development of Natural Resources Project, which aims to improve access to Afghanistan's resources and help establish a framework for regulation and monitoring. Geologist Mohammad Amin (left) and residents, like Mohammad Reza Danishi, are hopeful that mining will bring new jobs, schools, and other much needed facilities and infrastructure.

## Financial Sector Strengthening Project

⇒ IDA GRANT \$8 MILLION

The project supports the Afghanistan National Development Strategy's vision to establish a modern and competitive financial sector. The project will specifically strengthen the capacity of Da Afghanistan Bank (DAB) through modernization of its IT systems (off site supervision and human resource management). It will also develop necessary financial infrastructure such as a public credit registry, movable collateral registry, and the AIBF.

Through this project, IFC also provides technical assistance to the Central Bank in order to establish two basic financial sector infrastructures: (i) a Public Credit Registry that will provide lenders with information for efficient risk assessment on borrowers; (ii) a Collateral Registry for movable property that will provide lenders with the ability to effectively use borrowers' property as collateral. IFC's involvement includes support to DAB on enactment of the Secured Lending Transactions Law and the Credit Reporting Regulation. IFC has also helped draft a best practice leasing law.

The Collateral Registry was officially launched in February 2013. The procurement process of the Public Credit Registry is complete and the contract between the selected bidder and DAB should be signed by end March 2013. A vendor has also been identified for the modernization of the human resources management system and the contract should also be signed shortly.

## Public Financial Management Reform Projects

⇒ IDA AND ARTF GRANT \$120 MILLION

A series of five operations support Afghanistan's efforts to establish a transparent and well-functioning public financial management system to ensure better use of public resources. The grants initially concentrated on funding consulting firms to support government officials in carrying out procurement and treasury operations, but have now shifted emphasis to building capacity in procurement and audit functions in the Treasury Department of the Finance Ministry. The projects contributed to the establishment of the current modern legal framework for public financial management and to the implementation of systems to support this framework.

/ HEALTH

### Afghanistan HIV/AIDS Prevention Project (AHAPP)

⇒ IDA GRANT \$10 MILLION  
 ⇒ ARTF GRANT \$2 MILLION  
 (CLOSED ON NOVEMBER 30, 2012)

AHAPP was designed to strengthen national capacity to respond to the epidemic by scaling up prevention programs targeting people engaged in high risk behaviors. These vulnerable groups included injecting drug users, sex workers and their clients, and prisoners. The project also aimed to improve the knowledge of HIV prevention among the general population, strengthen surveillance of HIV prevalence and high risk behaviors, map and estimate the sizes of groups engaged in high risk behavior, and use communications and advocacy to reduce stigma related to HIV and AIDS.

The AHAPP grant closed on November 30, 2012. The Ministry of Public Health/National Aids Control Program transferred the project's priority interventions to the Strengthening Health Activities for the Rural Poor Project which closes on September 30, 2013, while the next phase of support beyond September 2013 is likely to be under the System Enhancement for Health Action in Transition (SEHAT) project.

### Strengthening Health Activities for Rural Poor Project (SHARP)

⇒ IDA GRANT \$79 MILLION  
 ⇒ ARTF GRANT \$46 MILLION  
 ⇒ JSDF GRANT \$17.9 MILLION  
 ⇒ MULTI DONOR TRUST FUND FOR HEALTH RESULTS INNOVATION \$12 MILLION

SHARP aims to improve the health and nutritional status of Afghans, focusing especially on women and children, and the underserved areas of the country. The project supports Afghanistan's Health and Nutrition Sector Strategy, which is the blueprint for the government's health sector program for the period 2008-2013.

The Afghanistan Mortality Survey (AMS 2010) shows that significant progress has been made on all fronts including the reduction of maternal and child mortality. Similarly routine data show increase in the number of health facilities and female health workers, and improved performance of the health sector as measured by key performance indicators.

The Bank in collaboration with the European Union has negotiated the next phase of support for the health sector which focuses on strengthening health systems at all levels, besides continued support for the Basic Package of Health Service and Essential Package of Health Services, and supporting the stewardship functions of the Ministry of Public Health (MOPH). The basis of the future support will be the Ministry's Strategic Plan 2011-2015.

On February 28, 2013, the World Bank Board of Executive Directors approved a \$100 million grant to support the System Enhancement for Health Action in Transition (SEHAT) project. The project aims to expand the scope, quality and coverage of health services provided to the population, particularly for the poor, in the 22 provinces, and to enhance MOPH's stewardship functions. The project will support the provision of basic health and essential hospital services in both rural and urban areas. It will also strengthen the national health system and MOPH's capacity at central and provincial levels, so it can effectively perform its stewardship functions.



Midwives in training at a clinic supported by SHARP, which funds a basic package of health services in 11 provinces.

/ INFRASTRUCTURE

### Afghanistan Information and Communication Technologies (ICT) Sector Development Project

⇒ IDA GRANT \$50 MILLION

The project builds on the success of earlier projects and catalyzes the next phase of ICT development in the country. It will support policy and regulatory reforms and strategic infrastructure investment to expand connectivity and enable more users to access high quality mobile and internet services. It will also help mainstream the use of mobile applications to improve public service delivery and program management in strategic sectors in the government. The project will help develop the local IT industry by expanding the pool of skilled and qualified IT professionals, and supporting the incubation of ICT companies in Afghanistan.

Project implementation has taken off and major contracts are being implemented – three contracts for the installation and commissioning of approximately 1,000 kilometers of fiber optic cables; and one contract for the establishment of a shared government mobile services delivery platform. Consultants are also supporting the government to revise the ICT sector policy, develop a government mobile strategy, improve the regulatory framework for mobile telecommunications, and implement a mobile innovations support program. Three firms have also been contracted to carry out a pilot skills development program aimed at developing a pool of skilled and qualified IT professionals.

### Emergency Power Rehabilitation Project

⇒ IDA GRANT \$105 MILLION  
 ⇒ ARTF GRANT \$20 MILLION

The project is working to provide improved and more reliable supply of electricity to the residents of Kabul. It is doing so by rehabilitating and expanding city distribution networks; connecting the Kabul city grid to the future North East Transmission System to allow for the import of lower cost power from Uzbekistan; rehabilitating the 100 MW Naghlu Hydropower Plant (the largest hydro generation station in Afghanistan which supplies power to Kabul) and the associated transmission line; and restructuring and commercializing the power utility to improve service delivery.

The project is extended to March 31, 2013 to allow completion of the remaining works, except for the Naghlu hydropower plant. Preparation of a new project is underway to finish the remaining mechanical works in Naghlu, as well as to cover some new civil works required for safe and efficient operation of the plant.

### Irrigation Restoration and Development Project (IRDP)

⇒ IDA GRANT \$97.8 MILLION  
 ⇒ ARTF GRANT \$48.4 MILLION  
 ⇒ GOVERNMENT FUNDS \$2.5 MILLION

The project builds upon and scales up activities supported under the completed World Bank-financed Emergency Irrigation Rehabilitation Project closed in December 2011. It supports the rehabilitation of irrigation systems serving some 300,000 hectares of land, and design and construction of a limited number of small

**“ Before this project there was no infrastructure and capacity was very low. ”**

– Mohammad Umar Momand,  
Director of Planning and Reform, Afghan Customs Department

multi-purpose dams and related works, while establishing hydro-meteorological facilities and services.

As of December 31, 2012, some 80 sub-project proposals, costing \$38.2 million had been prepared; 74 subproject proposals costing \$35.4 million were approved, of which 50 subprojects costing \$21.1 million had been awarded, and construction work of 8 subprojects costing \$9.3 million had been completed. A pre-feasibility study of 22 dams in the north river basin was completed in January 2013 and a feasibility study of 7 out of 22 small dams will be started soon.

## Second Customs Reform and Trade Facilitation Project (SCRTFP)

⇒ IDA GRANT \$50.5 MILLION

SCRTFP builds on the overall success of the completed Emergency Customs Modernization and Trade Facilitation Project and continues with the ongoing reforms. The project is assisting the Afghan Customs Department (ACD) to consolidate the customs modernization process, improve governance, and improve the release of legitimate goods in a fair and efficient manner.

The project aims to achieve this through (i) countrywide computerization of customs clearance operations; (ii) installation of executive information systems for customs, allowing real-time monitoring of operations; (iii) development of possible options for cross-border customs-to-customs coopera-

tion; (iv) provision of selected customs infrastructure to enable modernized operations; and (v) technical assistance to support the development of a regulatory, administrative, and institutional framework for customs.

Automation through the installation of Automated System for Customs Data (ASYCUDA), specifically through the full Declaration Processing System (DPS) is functional at almost all the major Custom Houses, including Jalalabad, Herat, Kabul, Kabul Airport, Hairataan (Mazar), Nimroz, Sherkhan Bandar (Kunduz), and Kandahar. ASYCUDA DPS became operational at Andkhoy and Torkhum in December 2012 and January 2013 respectively. Currently Customs processes more than 90 percent of trade by value electronically. Further roll out of ASYCUDA to the remaining Custom Houses and border crossings is underway, with Farah and Islamqala expected to become operational by April 2013. The ASYCUDA Risk Management module, piloted successfully at Kabul Airport, is now being rolled out to the other major Custom Houses. Similarly the ASYCUDA Manifest Module is under implementation at Kabul Airport. The process for migration from ASYCUDA++ to ASYCUDA World (web based) is well advanced, with the pilot expected to be operationalized by April 2013.

The process for setting up of an Executive Information System in ACD is underway. Expression of Interests have already been solicited through advertisement.

The pilot for setting up a possible Customs to Customs (C2C) data exchange interface between ACD and Pakistan Customs is underway at Torkhum border crossing. To fast track the implementation of the Afghan Pakistan

Transit Trade Agreement, both countries have agreed to start initial exchange of selected customs data through secure email. Data elements have been identified and agreed; and test emails have been exchanged. Work is simultaneously being undertaken to start C2C cooperation at Hairatan at the border with Uzbekistan and at Sherkhan Bandar at the border with Tajikistan.

Infrastructure development is in full swing with 6 out of 14 contracts completed i.e. Khost ICD boundary wall and truck parking, Jalalabad ICD truck parking and warehouses, and Andkhoy ICD ASYCUDA office refurbishment. Construction is at various stages of progress at Kandahar, Khost, Kabul, Nimroz and Andkhoy, while design and documents are being finalized for construction activities at Farah ICD.

## Sustainable Development of Natural Resources Project

⇒ IDA GRANT \$50 MILLION

The project supports measures to enhance regulatory capacity, foster private sector development and adherence to international standards. It is helping the government to ensure that revenues from valuable resources are available to the country as a whole and are transparently managed. The project is also providing technical support to the Ministry of Mines in national projects such as the Mes Aynak Copper project, Hajigak Iron Ore project, and other priority projects.



Mohammad Umar Momand, Director of Planning and Reform, Afghan Customs Department outside the Customs building. SCRTFP is continuing with reforms to assist the Afghan Customs Department to consolidate the customs modernization process helping improve governance and the release of legitimate goods in a fair and efficient manner.

In addition to strengthening the Ministry's capacity to supervise the mining sector, the project is helping the government move towards its goal of ensuring transparency and good governance in the sector. GoA has taken the important step of endorsing the principles of the Extractive Industries Transparency Initiative (EITI) and has been awarded 'candidate' status by the EITI secretariat in Oslo. An EITI Secretariat and the National Multi Stakeholders Group, with a broad participation of government, private sector, and civil society groups, have been established to run and oversee EITI implementation processes in Afghanistan. EITI, now in a very active phase, conducted the process towards production of its first and second independent reconciliation report, and is also preparing the validation process.

“It’s my dream to have a big company selling clothes all over Afghanistan and someday all over the world.”

– Masooma Ibrahim,  
Co-owner, Poshak-e-Jawanan,  
or Youth Clothing tailor shop



#### / RURAL DEVELOPMENT

### Afghanistan Rural Access Project (ARAP)

⇒ IDA GRANT \$125 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 January 31, 2013, 150 km of the total 1,000 km secondary roads and 248 km of the total 1,300 km tertiary roads have been designed. The survey and design of 1,377 linear bridges have been completed by both Ministries of Public Works, and Rural Rehabilitation and Development. The construction work for 14.5 km of tertiary roads has started. The project has disbursed approximately \$10.5 million and is expected to close by March 2018.

### Afghanistan Rural Enterprise Development Project (AREDP)

⇒ IDA GRANT \$30 MILLION

⇒ ARTF GRANT \$18 MILLION

AREDP aims to enhance economic mobilization and activities by organizing the rural poor into Savings Groups (SGs), Village Savings & Loan Associations (VSLA) and Enterprise Groups. The project then provides technical support to these groups so as to build a financial discipline through savings and internal lending practices, and technical support to enterprises.

To date, the program has mobilized over 2,700 Savings Groups with a membership of over 33,400 rural poor (49 percent women) in 377 villages. The SGs have saved over \$1 million and members have accessed over 2,500 internal loans for productive and emergency

purposes with a repayment rate of 95 percent. To generate economies of scale, 27 Village Savings & Loan Associations have also been established as federations of the Savings Groups, and are maintaining accurate and up-to-date records of accounts with good governance structure in place. On average each VSLA has \$2,956 as loanable capital which will be further boosted with a seed grant injection in the coming months. This improves access to finance for group members who cannot access such funds from commercial banks or microfinance institutions.

AREDP also works towards strengthening market linkages and value chains for rural enterprises by providing technical support to over 130 Enterprise Groups (58 percent women) and 150 Small and Medium Enterprises that have been selected for their potential as key drivers of rural employment and income generation. AREDP uses Community Development Councils as an entry point into communities and is currently working in 20 districts of five provinces: Parwan, Bamiyan, Nangarhar, Balkh, and Herat.

## RURAL WOMEN start small, but dream big

- About 80 percent of Afghanistan’s population live in rural areas and are dependent on agriculture and livestock occupations.
- The Afghanistan Rural Enterprise Development Project, funded by the World Bank and ARTF, is helping develop rural small and medium businesses through microfinance and technical assistance.
- Masooma Ibrahim’s tailor shop is one business that is benefiting from the program.

**S**tart small and dream big. This is Masooma Ibrahim’s plan for her tiny tailoring shop tucked away in rural Afghanistan.

“It’s my dream to have a big company selling clothes all over Afghanistan and someday all over the world, so I can employ lots of poor women who need this work, and together we can teach others, too,” explains Ibrahim, 25, while manoeuvring her solar-powered sewing machine in a village outside Bamiyan.

Mohammad Elyas Haidari, a business development officer with the Afghanistan Rural Enterprise Development Project (AREDP), says there are countless women like Ibrahim with this drive to succeed. All they need is more help with concrete business plans, advice on marketing, strategies for small business loans, and other technical assistance.

“This is why we’re here,” says Haidari. “We want to work with these people to help them identify opportunities to profit and grow their businesses. This will put these ladies, their families, and this country back on its feet.”

About 80 percent of Afghanistan’s population live in rural areas and are dependent on agriculture and livestock occupations that contribute an estimated 53 percent of gross domestic product.

Ibrahim’s business is one of the nearly 200 small and medium enterprises under AREDP, which is part of the World Bank’s effort to encourage more commercially oriented, off-farm employment that increases job opportunities and incomes for people in Afghanistan.

To date, AREDP, which is co-financed by the Afghanistan Reconstruction Trust Fund (ARTF), is working in 377 villages. There are more than 2,700 Savings Groups and 87 Enterprise Groups, with over 33,000 active members (49 percent women). These members have collectively saved more than \$1 million, which they loan to each other. From December 2011 to March 2012, the number of borrowers increased from 1,014 to 2,550.



#### Business tailored for women

“Women in other countries have a lot of facilities and choices, but here we don’t have anything yet. We are poor and can’t get jobs, but we want to show that Bamiyan women are not less than other women in the world,” Ibrahim says.

At first, her husband wanted to start a tailoring business for men, but it was Ibrahim’s idea to create women’s clothing made by village women, and call their business ‘Poshak-e-Jawanan,’ or Youth Clothing. They would like to hire more workers, and also hope to expand their markets to other provinces and to India and Pakistan.

Haidari of AREDP is completing an assessment of the shop’s progress, designing a business plan and finalizing a strategy with them. “We are helping them to identify all these opportunities, as well as explaining how to get small business loans,” he says. “We want to help them follow this dream.”

## Emergency Horticulture and Livestock Project (HLP)

⇒ IDA GRANT \$20 MILLION

⇒ ARTF GRANT \$49.3 MILLION  
(CLOSED ON DECEMBER 31, 2012)

HLP made good progress especially under the Horticulture Component. Over 4,000 hectares of new orchards have been planted in the areas under project cover. Four additional crops – apple, peach, plum, and cherry – were introduced, adding to the previous list of crops supported, which included almond, apricot, pomegranate, and grape. As part of pilot horticultural interventions to inform National Horticulture and Livestock Project design, the project established around 5,000 kitchen gardening plots. Started in 2011, beneficiaries of this pilot are all women who received inputs and extension services as well.

Under the Animal Health Component, 166 government veterinary clinics have been transferred to trained veterinarians for private operation. The poultry subcomponent has helped poor women enhance their incomes from poultry production.

In addition to the 25,000 women-operated poultry units established earlier, 100 semi-commercial backyard poultry units were established this year on a pilot basis. The beneficiaries were also women. The pilots used more focused targeting, and intense training and supervision to address shortcomings of previous interventions and assess the impact of the changes on viability and sustainability.

On December 22, 2012, the ARTF Management Committee approved a \$50 million grant to finance the National Horticulture and Livestock Project (NHLP). The project aims to promote adoption of improved production practices by target farmers, with gradual rollout of farmer-centric agricultural services systems and investment support. Service delivery centered on farmers will promote increased participation of beneficiaries both in defining the type of services required

and in the delivery itself. The project would also promote improved ratio of overall costs reaching beneficiaries as direct investments. The aim is thus to promote sustainability, effectiveness and efficiency.

## Third Emergency National Solidarity Program (NSP)

⇒ IDA GRANT \$40 MILLION

⇒ ARTF GRANT \$750 MILLION

⇒ JSDF GRANT \$15 MILLION

GoA's flagship program is in its third phase and aims at generating a strong sense of ownership and social stability while enhancing service delivery and security through empowerment and development activities that communities identify, plan, manage, and monitor on their own. Democratically elected through secret ballot, there are over 49,900 Community Development Councils (CDCs) mandated with governance responsibilities and are proving to be an effective mechanism nationwide for ensuring equitable development, representing the rights and demands of over 18 million rural community members. The NSP and its 29 Facilitating Partners have worked through these CDCs to identify and implement some 50,350 small-scale reconstruction and development activities in over 39 sub-sectors such as roads, drinking water, sanitation, irrigation, bridges, health, and education.

The NSP is active in 359 of Afghanistan's 364 districts and all 34 provinces (about 80 percent of villages). It is financed together with several bilateral contributors, and more than \$33 million of IDA funds and over \$390 million from ARTF have been disbursed under this phase. Since inception in 2002, over \$1.2 billion has been disbursed as block grants directly to CDCs.

⇒ For more information  
<http://www.nspafghanistan.org>



Mohammad Nabi with his solar panel outside his home in Nowabad Shaspol village, Bamiyan. The introduction of power from the panels, provided by the NSP, has allowed the villagers to access television and the internet, and to be able to study and work after dark, transforming their quality of life.

## National Emergency Rural Access Project (NERAP)

⇒ IDA GRANT \$152 MILLION

⇒ ARTF GRANT \$80 MILLION

NERAP aims to provide year-round access to basic services and facilities in the rural areas to enhance the wellbeing of the population and promote economic growth in the country. Under the project, secondary roads are being rehabilitated by the Ministry of Public Works and tertiary roads by the Ministry of Rural Rehabilitation and Development.

As of January 31, 2012, 1,017 km of the total 1,105 km secondary roads and 1,132 km of the total 1,197 km tertiary roads have been rehabilitated. Secondary roads have generated more than 1.3 million labor days of employment and the tertiary roads over 1.5 million labor days. Out of the total budget of \$232 million allocated for road rehabilitation, drainage works, and routine maintenance, approximately \$212 million have been disbursed. The project is expected to close by the end of 2013.

“The introduction of power from solar panels has allowed the villagers to be able to study and work after dark, transforming their quality of life.”

A recently rebuilt road under NERAP gives residents of this community in Herat province year round access to markets, clinics and other basic services and facilities.



#### / SOCIAL SAFETY NET

### Afghanistan Pension Administration and Safety Net Project

⇒ IDA GRANT \$7.5 MILLION

The project is designed to improve the administrative capacity of the public pension system to ensure the effectiveness of a reformed pension scheme for public sector employees. It will also develop a policy framework for safety nets, and on that basis implement a pilot safety net program for needy households, with a subsequent proposal for a scaled-up national approach. The project aims to de-

velop capacity in the Ministry of Labor, Social Affairs, Martyrs and Disabled to plan and administer programs in pensions and safety nets.

On pensions, a new institutional setup for the pension department and new business procedures for the public pension program have been developed. Development of a new management information system for the pension department has been completed including initial round of training and piloting; work on renovation of the premises of the pension department to host the new system has been initiated; preparations for the census of pensioners to clean pensioner records have been initiated and a new chart of accounts of the pension system on the Ministry of Finance treasury system has been designed

and implemented. The new pensions system is expected to be fully operational in accordance with the new Pension Regulations and new administrative procedures by mid-2013. Meanwhile preparations for administrative reforms within the Martyrs and Disabled pension directorate are underway.

On the safety nets side, implementation of Phase III of the cash transfer program in Daikundi province has been completed and implementation of Phase IV in Samangan province is currently underway. Recent rounds of the program incorporate findings and recommendations of the targeting and operational evaluations conducted under Phase II in 2011, and include nutrition and hygiene awareness campaigns as conditions to cash transfers as a step towards provi-

sion of comprehensive package of services to rural communities. The Ministry has recently adopted this operation as a national program, the Afghanistan Social Protection Program, and will continue its scale up on a phased approach. Based on a request from GoA, the World Bank is considering providing additional financing for the next round of the implementation of the cash transfer program planned for the third quarter of 2013.

#### / URBAN DEVELOPMENT

### Afghanistan New Market Development Project

⇒ IDA GRANT \$22 MILLION

The project will pilot a business development program in the four urban centers of Kabul, Mazar-e-Sharif, Jalalabad and Herat, which are the major hubs of economic activity. It will help enterprises gain market knowledge, improve product quality, boost productive capacity, acquire new technologies, and develop and implement business plans to increase their presence in both domestic and export markets. The project specifically aims to support some 750 enterprises and 10 business associations through a cost sharing facility to access business development services. The project is expected to create around 1,500 jobs in the short term with much higher job growth over the longer term.

The project is managed through the Ministry of Commerce and Industry's Project Management Unit (PMU). The General Director of the Private Sector Development Department acts as the Project Director. The PMU is now fully operational. The Facility for the New Market Development component will be implemented by GIZ IS, which was selected through an international competitive bidding process (the contract was signed in September 2012). The Facility for New Market Development was officially launched in February 2013.

### Urban Water Sector Project

⇒ IDA GRANT \$17 MILLION

The project's objective was revised in 2010 to assist GoA to develop the capacity of the Afghanistan Urban Water Supply and Sewerage Corporation (AUWSSC) for operational management and investment planning, and implementation.

Despite a difficult operating environment, institutional development results achieved by AUWSSC are significant since its creation two years ago: (i) AUWSSC has assumed the country's urban water supply and sewerage responsibility and expanded operations from 16 to 48 towns; (ii) water production and distribution have increased by 18.5 percent, water revenues by 33.3 percent, and improvements in billing and collection have resulted in an overall increase of 230 percent in other revenues; non-revenue water has declined by 36.7 percent, and metered connections have increased by 54.5 percent; (iii) the gap between revenues and expenditures has decreased from 54.46 million to 1.89 million Afghanis; (iv) the government's recent approval of the increase in tariffs by over 200 percent will transform AUWSSC into a financially viable institution.

In view of the above and that the project's development objectives appear achievable, the closing date for the project was recently extended by two years. The project is now scheduled to close on June 30, 2014. ■

## AFGHANISTAN RECONSTRUCTION TRUST FUND

### / WHAT IS THE ARTF?

*The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and GoA for the improved effectiveness of the reconstruction effort. Since 2002, 33 donors have contributed over \$6.17 billion, making ARTF the largest contributor to the Afghan budget for both operating costs and development programs. ARTF's support for national priority programs, operating costs of government operations and the policy reform agenda is contributing to the achievement of the Afghanistan National Development Strategy goals.*

#### Management

The World Bank is administrator of the fund. The Management Committee consists of the World Bank, Islamic Development Bank, Asian Development Bank, UNDP and Ministry of Finance. The Management Committee meets regularly in Kabul to review ARTF finances and approve funding proposals. Once a quarter, donors meet to discuss broader strategy with the government and ARTF management in the steering committee.

#### Donor Contributions

A total of 33 donors have contributed to ARTF over the past ten years. Donor contributions have increased year after year, with new donors joining and older donors increasing their levels of contribution. 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 'prefer' more than half of their annual contributions. This rule is

to ensure that ARTF has sufficient funding to finance the Recurrent Cost Window and that it retains some flexibility in the approval of projects in support of the National Priority Programs (NPPs).

#### The Recurrent Cost (RC) Window

##### GRANT \$2.72 BILLION

To date, ARTF has disbursed \$2.72 billion through the government's operating budget. Domestic revenues continue to be insufficient to cover the costs of government. The ARTF Recurrent Cost Window has therefore ensured the basic functioning of government including the delivery of services such as healthcare 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. 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 RC Window resources are national in scope, ensuring the payment of salaries of around 62 percent non-uniformed civil servants in all 34 provinces of the country. Steady year-on-year increases in operating costs across government mean the RC Window accounts for a declining share of the overall budget. Nevertheless, the RC Window still finances around half of the non-security costs of government.

#### The Investment Window

The Investment Window has in the last years increased significantly in volume and scope. Since SY1389 (year 2010) investment commitments have exceeded recurrent cost commitments. Disbursement rate on ARTF

## THE AFGHANISTAN RECONSTRUCTION TRUST FUND

The Afghanistan Reconstruction Trust Fund (ARTF) was established in April 2002 as a temporary means to finance the government's wage bill. ARTF has now developed into the main multi-donor funding mechanism in the country, financing both the essential running costs of government as well as key Afghan National Development Strategy programs across the country. The objectives of 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.

investment as of September 21, 2012 is 46 percent. During SY1391, commitments and disbursements have increased significantly. Consistently high rates of disbursement are strongly influenced by the sectors in which ARTF invests. Decentralized and national rural development programs, such as NSP, NRAP, and education, have been strongly supported by ARTF.

At the end of SY1391 – December 21, 2012 – there were 19 active projects funded through ARTF, with a combined available commitment value of over \$1.6 billion.

⇒ Full details of investment activities are provided in the ARTF Quarterly Reports: [www.worldbank.org/artf](http://www.worldbank.org/artf).

### / HOW THE ARTF WORKS

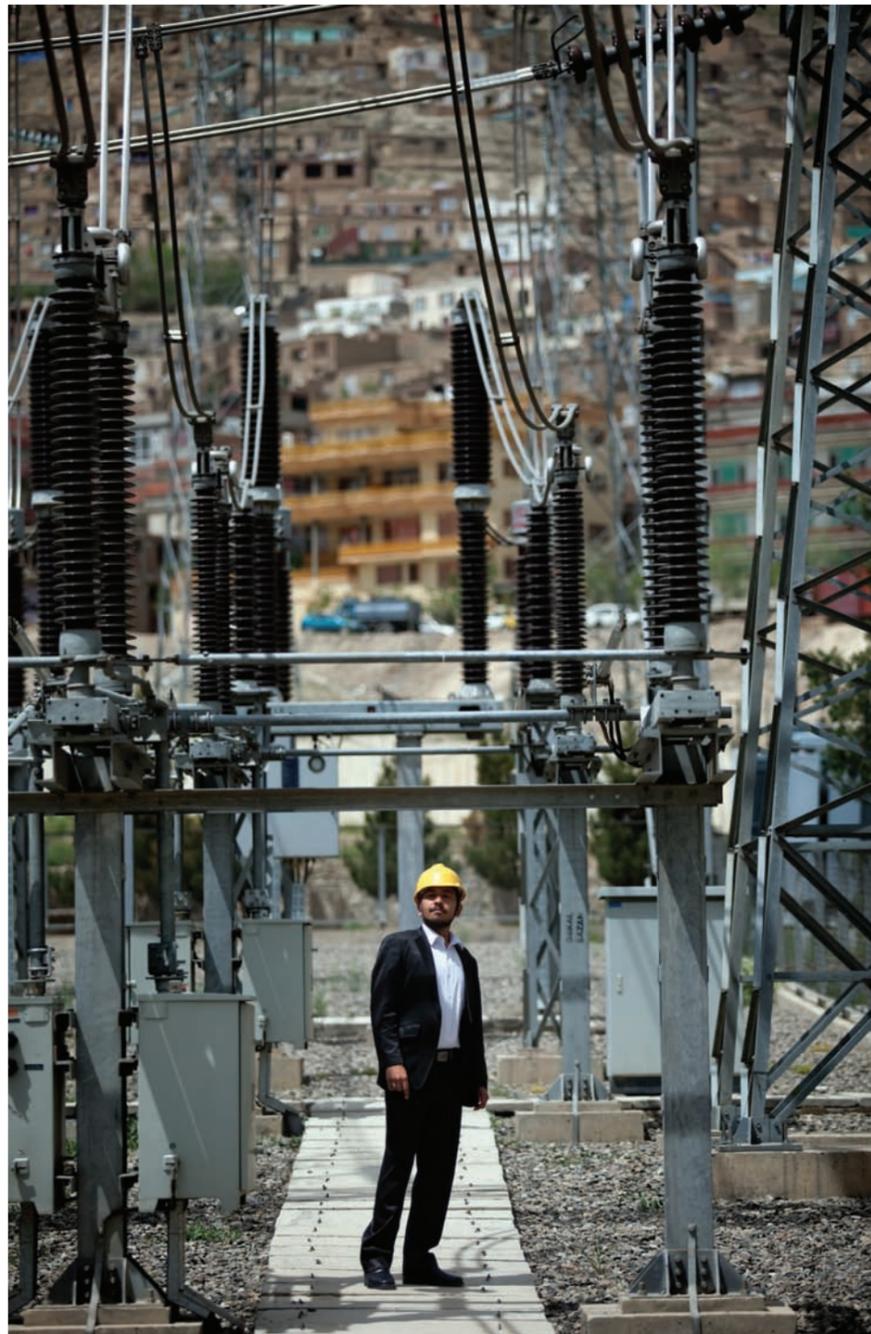
Donors contribute funds into a single account, held by the World Bank in the USA. The ARTF Management Committee makes decisions on proposed allocations at its monthly meetings, and those decisions are translated into funds through Grant Agreements signed between the World Bank and the Government of Afghanistan.

ARTF allocations are made through two 'windows': the Recurrent Cost Window and the Investment Window. 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.



**“Power is part of life, part of all we need – for food, security, everything.”**

– Mirwais Zamkaniwal, power substation manager



## REFURBISHED POWER NETWORK brings brightness to people's lives

- Almost a decade ago, only six percent of the Afghan population had access to electrical power, making it one of the lowest rates in the world.
- Today, a newly refurbished power network in Kabul provides electricity to many more, as a result of the Emergency Power Rehabilitation Project funded by the World Bank and ARTF.
- People in Kabul now receive electricity almost 24 hours a day instead of three or four hours every two days

Quadratullah Sarhady, 22, wants to bring power to his people, but he's not talking politics. Instead, he will shimmy along high-voltage electrical transmission lines, scale sky-high towers, or do whatever it takes to keep Kabul's newly refurbished power network functioning properly. Sarhady recently signed on as part of a high-voltage engineering maintenance team that will serve Kabul, and the newly commercialized power utility, Da Afghanistan Breshna Sherkat. The Emergency Power Rehabilitation Project, launched in 2004 and financed by the World Bank and the Afghanistan Reconstruction Trust Fund (ARTF), is behind this development.

“I want to give power to my people,” Sarhady says. “Everyone knows power is really important in life. It brings brightness and I am the provider of brightness to the life of my people.”

He adds, “Now, we are getting electricity almost 24 hours a day here, but before it was three or four hours, every two nights or less. This is a big change.”

It's estimated that just eight years ago, public access to power in all of Afghanistan was only six percent, one of the lowest rates in the world. Only some 234,000 customers were officially connected to the public grid, of which about 30 per cent lived in Kabul. Other provinces had even less access, and rural areas were virtually unserved.

The power network was in a dilapidated state and in urgent need of rehabilitation. But power service was critical for the country's economic growth, social equity, and to meet development goals.

### Power is part of life

Mirwais Zamkaniwal, 27, is manager of Kabul's northwest power substation, which supplies half the city's power. “Today, technology is important if we want to be industrialized, and power is an essential part of our de-



Kabul is now enjoying a more reliable power supply thanks to a refurbished power network, funded by the World Bank and ARTF.

velopment,” observes Zamkaniwal. “Power is part of life, part of all we need – for food, security, everything.”

After extensive study, the World Bank and its partners agreed to launch the rehabilitation project valued at about \$125 million. The main purpose was to provide more reliable power supply to Kabul, and so it was decided to rehabilitate Afghanistan's largest hydropower plant at Naghlu, several of its transmission lines and substations, as well as distribution networks in the city.

Not far from the substation, Mohammed Noor, 60, runs a small shop selling groceries. A nest of wires still runs from a nearby power pole but haphazard, unauthorized power hookups are being replaced all over the city. “I want better for my family and my country, and Allah is merciful,” he says, “I know we will all find a way to have more of this good power, this good life.”

## / ONGOING PROJECTS

## Afghanistan On-Farm Water Management Project

GRANT \$41 MILLION

This pilot project is designed to support on-farm water management investments in five regions (Central, Eastern, Southwest, Northeast, Northern) covering a total of 175 irrigation schemes in approximately 50,000 hectares. The project will improve agricultural productivity in project areas by enhancing the efficiency of water used.

After a substantial start-up and training period, the project has picked up and is making good progress. This includes the establishment of 175 Irrigation Associations (IAs), out of which 170 are registered; completion of two schemes in Nangarhar which were formally handed over to the communities; two schemes being under construction in the Central region; awarding of contracts for 14 more schemes; and completion of the technical survey for 92 irrigation schemes as well as completion of design for 55 schemes. Also the by-laws for the establishment, registration, strengthening, and functioning of IAs were developed and approved by the Ministry of Agriculture, Irrigation and Livestock.

The project is going through a midterm review and any corrective measures, based on the findings of the review, will be taken.

## ARTF – Afghanistan Power Sector Development Project

GRANT \$60 MILLION

The project supports GoA in increasing access to grid power, and the quantity of power available to consumers in the target urban centers of Pul-e-Khumri, Charikar, Gulbahar



Aman Ullah, 66, has worked 20 years at the Northwest Kabul Breshna Substation, which is being rehabilitated to provide more reliable supply of electricity to residents of the capital city.

and Jabul-Seraj. It consists of the following three components: distribution system rehabilitation; rehabilitation of transmission switchyard associated with Naghlu and Mahipur Hydropower Stations; and institutional capacity building and project management support to the Ministry of Energy and Water (MEW).

With delays, design work is completed; the majority of materials have arrived, with some still in transit. Installation works are currently ongoing.

The project is supporting the energy efficiency activities of MEW through the setting up of an Energy Efficiency Unit. After some delays, the contract for the public outreach component was awarded in January 2013; however, progress has been very slow on procurement of three demonstration projects due to procurement capacity issues in the ministry.

Another restructuring of the project is requested by MEW to allow inclusion of additional works in the project.

## ARTF Second Judicial Reform Project

GRANT \$85.5 MILLION

The objective of the Justice Service Delivery Project for Afghanistan is to increase access to and use of legal services. The project seeks to implement the Government's National Priority Program; mitigate the impact of the transition; put the system on a sustainable path for long term results; and improve service delivery. The project will finance the costs associated with: (a) building capacity of front line legal service providers to deliver key legal services; (b) increasing scope and quality of legal aid; (c) improving access of the people to legal information and civil legal education; (d) improving management and provision of legal services by central justice institutions; and (e) building project management capacity.

The key outcome indicators for this project

include: (i) scope and quality of legal services increased; (ii) productivity of legal service providers improved; and (iii) accountability of legal service providers enhanced. The project has been effective since May 31, 2012 and the implementing agencies are the Supreme Court, Ministry of Justice, and Attorney General's Office.

## Capacity Building for Results Facility Project for Afghanistan

GRANT \$100 MILLION

The project will assist the government in improving the capacity and performance of select line ministries in carrying out their mandates and delivering services. This will be achieved through the implementation of specific capacity and institution building programs, which include systematic monitoring of and reporting on results. The project will support the government's effort to improve the capacity and performance of core line ministries responsible for national priority programs.

The grant will help finance the costs associated with (i) technical assistance for preparation and implementation of capacity building programs; (ii) recruitment of some 2,400 managerial, common function and professional staff for key positions in selected line ministries; (iii) a management internship program; (iv) training of civil servants; and (v) project management, monitoring and evaluation.

The project was effective from January 2012 and is being implemented through the Ministry of Finance and the Independent Administrative Reform and Civil Service Commission.

## Kabul/Aybak/Mazar-e-Sharif Power Project

GRANT \$57 MILLION

The project aims to provide reliable and quality power to consumers in target areas of the cities of Kabul, Aybak, and Mazar-e-Sharif. The project was extended for a third time on June 17, 2012, bringing the cumulative extension period to 39 months, to provide adequate time to complete the remaining project activities and thus allow full completion of the Project Development Objective.

The Kabul rehabilitation work has been completed. Delays were experienced as a result of difficulties in accessing right of way to construction sites, especially from Kabul Municipality, institutions and other landlords, and pole procurement.

There are some outstanding tasks in the Mazar-e-Sharif distribution sub-project. As DABS could not provide additional materials as originally agreed, it was decided to import them. This component is now scheduled for completion by the project closing date, March 31, 2013.

The Mazar-e-Sharif and Aybak substations are near completion. Mazar-e-Sharif substation is ready for commissioning. The work on Aybak substation had made significant progress, but it has stopped again due to the winter. Although it is still planned to finish the remaining works before the project closing date of March 31, 2013, completion of some components seem to be difficult. ■

## IFC ADVISORY SERVICES PROJECTS

### Afghanistan Farmer and Small and Medium Enterprise Training Project – Phase 1

⇒ DFID GRANT \$2.4 MILLION

Business Edge™ aims to improve the business performance and competitiveness of firms and individuals, and to create jobs in developing countries. This is achieved by strengthening the management skills of small and medium enterprises, and middle managers of larger firms, providing them access to Business Edge's practical training solutions. This initiative aims to facilitate the management and business skills training of some 5,000 individuals (20 percent women) over the next three years. To date more than 2,900 individuals (including over 790 women) and over 311 businesses have been trained. In addition, IFC has partnered with and is building the capacity of nine local training providers, which will ensure that the provision of training services is sustainable.

### Afghanistan Licensing Reform Project – Phase 1

⇒ HARAKAT GRANT \$1.2 MILLION

The objective of the project is to create an environment conducive for investment through establishing a transparent, comprehensive, integrated and inter-connected business licensing regime in Afghanistan. The project works directly with the Ministry of Commerce and Industry and includes a review of the relevant laws and regulation, and the design and implementation of an automated system. It would lead to streamlined

and more efficient licensing procedures, reducing opportunities for corruption, and facilitating investment.

⇒ For more information:

<http://www.harakat.af>

### Secured Lending & Public Credit Registry

⇒ HARAKAT GRANT \$300,000 AND \$370,000

IFC is providing technical assistance to the Central Bank, through the IDA's Financial Sector Strengthening Project to establish a Public Credit Registry and a Collateral Registry for movable property.

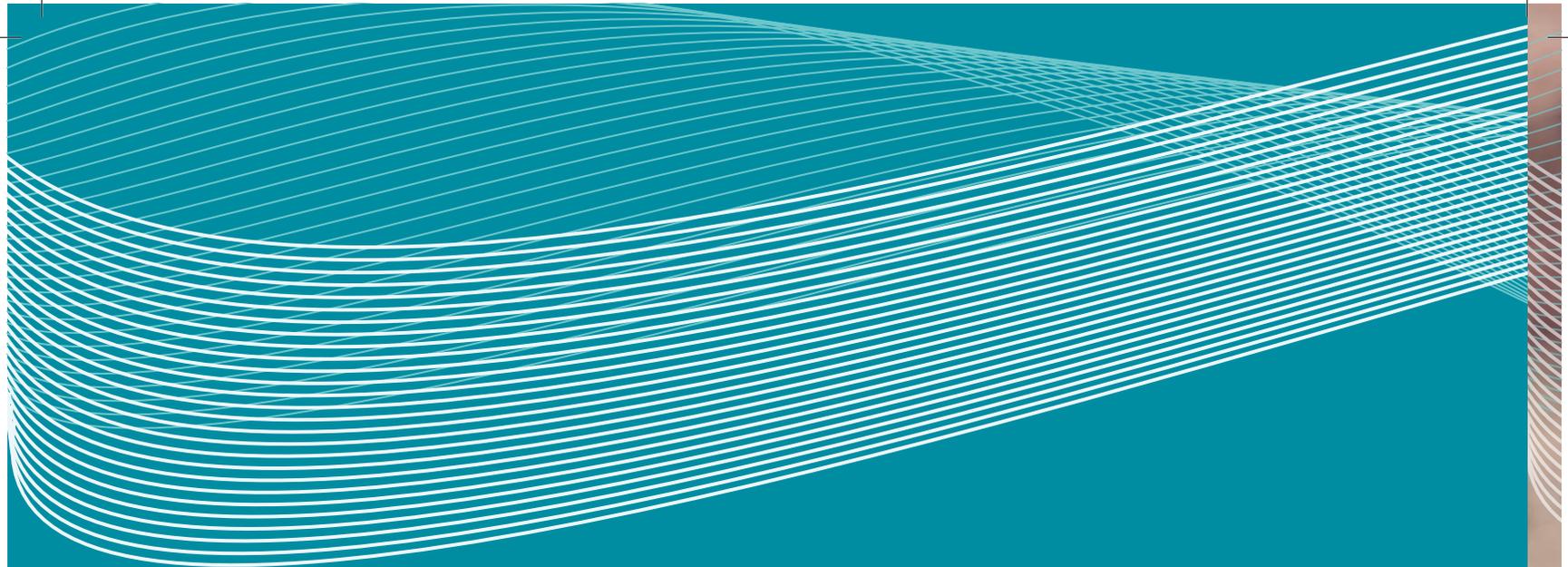
The Public Credit Registry project aims to assist DAB to establish a best practice credit registry for collecting, managing and disseminating credit information in order to a) strengthen its supervisory capacity, b) assist the banking sector in adopting better credit risk management practices, and c) improve access to finance for existing and future banking sector clients by enabling them to convert good payment histories into 'reputational collateral' thereby reducing the need for significant levels of physical collateral.

The Secured Lending project aims to increase access to credit to the private sector by strengthening lenders' rights in movable assets. This will be achieved by expanding the variety of collateral lenders will accept and promoting increased lending to MSME's as well as improving risk management through more effective collateral arrangements.

IFC has supported the DAB on enactment of the Secured Lending Transactions Law and the Credit Reporting Regulation and conducting training and capacity building of the DAB and financial institutions. (See page 9 for further details). ■

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





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