

Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized

ISSUE
053

/ Country Update

THE WORLD BANK GROUP IN AFGHANISTAN

“Some 200,000 women have benefited from the NHLP, which has supported them to earn a sustainable livelihood.”

page 52

page 4
WORLD BANK
GROUP SUPPORT



page 6
ONGOING
OPERATIONS

page 34
INTERNATIONAL
FINANCE
CORPORATION



page 38
AFGHANISTAN
RECONSTRUCTION
TRUST FUND

CONTENTS

WORLD BANK GROUP SUPPORT page 4 -5

page 4
World Bank projects and programs

International Finance Corporation

Multilateral Investment Guarantee Agency

page 5
Country Partnership Framework, 2017-2020
Afghanistan Reconstruction Trust Fund

Japan Social Development Fund

ONGOING OPERATIONS page 6-27

page 6
EDUCATION AND TRAINING

page 8
FINANCIAL SECTOR

page 13
HEALTH

page 15
INFRASTRUCTURE

page 24
RURAL DEVELOPMENT

page 33
URBAN DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION page 34-37

22 RESULTS 'Life Improves in Rural Afghanistan'



26 RESULTS 'Self-Sufficient through Small Businesses'



30 RESULTS 'Solidarity to fight hunger'



50 RESULTS 'New Horticultural Practices'



RESULTS 44 'Modernization through Capacity Building'



AFGHANISTAN RECONSTRUCTION TRUST FUND page 38-54

page 40
ONGOING PROJECTS

NEW SUPPORT FOR EDUCATION AND WOMEN'S ECONOMIC EMPOWERMENT

New grants valued at \$403 million will support the following projects:

\$298 million grant to the EQRA (education) Project, which aims to increase equitable access to primary and secondary education, particularly for girls, in selected lagging provinces, and to improve learning conditions in Afghanistan. The grant comprises \$100 million from IDA, \$100 million from the ARTF, and \$98 million to be provided by the Global Partnership for Education.

\$100 million grant to the Women's Economic Empowerment Rural Development Project (WEE-RDP), which aims to increase social and economic empowerment of poor rural women in selected communities. The grant comprises \$25 million from IDA and \$75 million from the ARTF.

\$5 million additional grant to the ongoing Higher Education Development Project (HEDP) from the ARTF. The project aims to increase access to higher education, as well as improve its quality and relevance.

EQRA is expected to benefit some 7 million children, especially girls, over the five-year implementation period. WEE-RDP will work to increase women's participation in community-level women's institutions, which will be supported to enable economic empowerment.

HEDP will use the additional financing to expand successful interventions, such as postgraduate scholarships and training for full-time teaching faculty.

NEWS



AFGHANISTAN RECEIVES CONTINUED SUPPORT TO REDUCE POVERTY AND IMPROVE INCLUSIVE GROWTH

The Government of Afghanistan will receive up to \$2.485 billion in continued support for its efforts in poverty reduction, service delivery, and inclusive growth under a three-year program approved in June 2018 by the Afghanistan Reconstruction Trust Fund (ARTF), the largest source of on-budget financing for Afghanistan's development.

The Partnership Framework and Financing Program (PFFP), FY1397-1399 (2018-2020), outlines how the government will spend those funds with support from international partners. Under the new PFFP, funding will continue to be provided for the priorities in the Afghanistan National Peace and Development Framework, introduced at the 2016 Brussels Conference on Afghanistan.

The largest portion of ARTF funds, 37 percent, will be devoted to poverty reduction, service delivery, and citizen engagement, including programs in health, education, and the Citizens' Charter.

The ARTF will also support economic growth and job creation, governance and state effectiveness, and will provide fiscal stability support for civilian expenses of the government, including civil service salaries.

"The ARTF represents a unique partnership between Afghanistan and its international partners, one that has been in place since 2002, working for a better, more prosperous future for Afghanistan," said Shubham Chaudhuri, World Bank Country Director for Afghanistan. "The 2018-2020 PFFP reaffirms the commitment of the ARTF partners to continue working with the Government of Afghanistan to improve the lives of all Afghans."

This PFFP is the third three-year financing strategy for the ARTF, a multidonor trust fund supported by 34 donors and administered by the World Bank.

⇒ The report is available at: <http://wrlld.bg/F5cb3oiMAoz>

WORLD BANK GROUP SUPPORT

World Bank projects and programs

Since April 2002, the World Bank's International Development Association (IDA) has committed over \$4.1 billion for development and emergency reconstruction projects, and six budget support operations in Afghanistan. This support comprises over \$3.78 billion in grants and \$436.4 million in no-interest loans known as 'credits'. The Bank has 16 active IDA projects in Afghanistan with net commitment value of over \$1.6 billion.

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 advo-

cated 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:** 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 services partners in Afghanistan.

IFC's current cumulative committed investment portfolio stands at over \$200 million and its advisory services portfolio stands at \$13.9 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.

IFC's advisory services program has been

supporting the Investment program in access to finance, strengthening horticulture export, access to renewable energy, corporate governance structure enhancement, and investment climate reform interventions.

⇒ **For more information: see page 34.**

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 (FDI) with high developmental impact in IDA countries and fragile and conflict affected situations. Afghanistan is a key country for MIGA in terms of delivering on these objectives.

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.

COUNTRY PARTNERSHIP FRAMEWORK, 2017–2020

The World Bank Group's current engagement with Afghanistan over 2017–2020 is determined by the Country Partnership Framework (CPF) 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.

Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and Government of Afghanistan (GoA) to improve effectiveness of the reconstruction effort. As of July 22, 2018, 34 donors have contributed over \$10.6 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 \$5.1 billion had been made available, both for closed and active investment projects. As of July 22, 2018, 23 projects are active under the ARTF with net commitment value of \$1.6 billion.

⇒ **For more information: see page 38.**

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 September 2018, 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> ■

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 ongoing Afghanistan Skills Development Project, this program will continue to strengthen the Technical and 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 (a) realignment of the TVET sector with labor market needs in eight priority trades, including areas with potential to improve women's labor force participation; (b) assessment of the qualification of all TVET teachers; (c) training abroad offered to the best qualified; (d) mobilizing four lead institutes to support teacher assessments/training in the eight priority trades; (e) upgrading and standardizing competency-based curriculum across the priority trades; and (f) 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, the GoA has established a standalone TVET Authority (TVETA) based on Presidential Decree No. 11, dated April 21, 2018. The mandate for vocational education has been trans-

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

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. A second restructuring of ASDP II is currently underway to reflect and include the new institutional setting.

More than 600 TVET teachers have been assessed and significant progress made in strengthening the TVET institutional framework. Moreover, 100 National Occupational Skills Standards (NOSS) have been benchmarked to an international level with the support of an international certification agency, and corresponding curricula developed for 15 trades.

Four lead institutes located in Herat, Kabul, and Nangarhar have been competitively selected for targeted support and capacity building to serve as models for response and relevant TVET institutes.

Further, ASPD II is financing an academic partnership contract with Pune University in India to enable 20 faculty members from the National Institute of Management and Administration to undertake master's degree courses.

A series of memorandum of understanding is also being finalized with other host institutions in India to provide one-year diploma courses in specific trades to some 75 TVET teachers selected through a competitive process.

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.

To support technical teacher training, an in-service Technical Teacher Training Institute (TTTI) was established in 2013. To date, 790 technical teachers have received training at the TTTI to improve their technical competencies and pedagogical skills.



A new government organization, the Technical and Vocational Education and Training Authority, has been set up recently to streamline efforts to build market relevant vocational and technical skills for economic growth and development. With the support of ASDP II, the Authority will oversee significant new skills development reforms that the government has launched, including those to improve women's labor force participation.

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, Social Affairs, Martyrs and Disabled. SWEEP was requested by the gov-

ernment 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 of community-based saving groups), and provide them with training, business development services, and access to finance. A baseline survey was conducted in August and the intervention will start in October 2018.

/ 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.

Component 1 is under implementation and MISFA has initiated a series of activities, in particular the scaling up of the Targeting the Ultra Poor (TUP) program. The TUP program has been completed in four provinces (Balkh, Kunar, Laghman, and Takhar) and is ongoing in two more provinces (Kabul and Kandahar).

Initial results from the baseline survey of the impact evaluation component show that the TUP selection process was able to identify households that—across a range of dimensions—were worse off than the average resident in target areas, and arguably more in need of support. Overall, the very high observed poverty rates and low access to services highlight the important challenges that these households face and how the program may help shift them closer to sustainable livelihoods.

A follow-up impact survey is being undertaken to provide further insights on the multi-dimensional impact of the TUP program.

Preliminary results will be available early 2019.

Component 2: Improving access to financial services for small and medium enterprises (SMEs). The aim is to increase commercial bank and microfinance institution (MFI) lending to SMEs and thus facilitate their access to financial services. It will support the expansion of the Afghanistan Credit Guarantee Facility and provide technical assistance to commercial banks to strengthen their SME lending capacity. This component will include support to the Credit Guarantee Facility to provide coverage to MFI lending to the lower end of the SME market.

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. Component 2 supports the provision of credit guarantees for SMEs.

A project restructuring is being initiated to extend the TUP program to two more provinces and to engage on important topics, including digital financial services.

Afghanistan Financial Sector Rapid Response Project

⇒ IDA GRANT \$45.7 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 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, the main means of making payments in Afghanistan,



Ultra-poor families in this village in Balkh Province have had to eke out a living from almost nothing. Their lives have taken a positive turn since receiving livestock from the Targeting the Ultra Poor program, enabling them to earn a sustainable livelihood. "Now I don't have to beg," says a beneficiary. "I have money and a cow, I'm so happy."

and transitioning to electronic, card or mobile payments. The project will also provide 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.

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 to establish a Public Credit Registry.

The audits of the 10 commercial banks were completed in June 2012.

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.

Establishment of the national card and mobile payment switch has been finalized under the Afghanistan Payment System that was officially inaugurated by the DAB governor on April 26, 2016. The contract to develop the Automated Transfer System (ATS) was awarded to the recommended firm on



Additional financing to the Afghanistan Financial Sector Rapid Response Project will enable the central bank, DAB, to better manage the banking sector's risk and strengthen its oversight through a new core banking system. Additionally, DAB recently launched a Talent Development Program to invest in staff capacity to enhance the effectiveness of its regulatory capacity.

April 15, 2016. ATS will modernize the national payment system for efficient and transparent payment transactions. The new payments infrastructure and its subcomponents will enhance financial intermediation and enable safety and efficiency of the financial system.

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 capacity to enhance the effectiveness of its regulatory capacity. To this effect, DAB's Talent Development Program was launched in February 2018 and will fund tuition for bachelor and master's programs in Kabul for eligible staff.

A DAB delegation also visited Bangladesh Bank in February 2018 for knowledge exchange on their experience in implementing core banking system upgrades. Activities supporting the national payment systems are ongoing.

Afghanistan Incentive Program Development Policy Grant (IP-DPG)

⇒ IDA GRANT \$90 MILLION
⇒ ARTF GRANT \$210 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 \$300 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.

Supported reforms are organized under two pillars: (a) strengthening the policy framework to support state effectiveness, private investment, and social inclusion; and (b) improving the policy and institutional framework for public financial management.

The operation is the first of three planned operations aligned with the government's current three-year program of policy reforms. Reforms under the first pillar support development of e-payments and mobile money, civil service reforms, business environment reform, power sector reform, land titling, and water productivity. Reforms under the second pillar support an improved public investment management system, improved tax administration, and improved accountability of public finances.

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

⇒ IDA GRANT \$20 MILLION
⇒ ARTF GRANT \$30 MILLION

The 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 is organized around three complementary investment components:

- Strengthening institutional and technical capacity of relevant institutions and supporting the development of a Public Investment Management (PIM)-PPP framework;

- Supporting the establishment and operation of an Investment Project Preparation Facility (IPPF), 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

The FSP is designed to improve management of Afghanistan's public finances by strengthening the capacity of core government agencies involved, including Ministry of Finance, National Procurement Authority (NPA), and Supreme Audit Office.

The project constitutes the implementation arm of the Government of Afghanistan's Fiscal Performance Improvement Plan (FPIP), an ambitious and comprehensive reform program that covers the whole breadth of public financial management (PFM). The FPIP spans MoF, NPA, and Supreme Audit Office. The FSP will provide critical inputs in the form of up-front investments drawn directly from FPIP work plans.

The project is organized around five complementary investment components:

- The procurement subcomponent will build on the long-standing partnership with the NPA to advance a third generation of public procurement reforms. This involves first reviewing and stabilizing current reforms and the supportive legal, regulatory, and policy framework. This will be built upon through new reforms to implement open contracting to improve collection and disclosure of public procurement data across the full contracting cycle; and to establish country-wide Framework Agreements for procuring large volume small value items of repetitive purchase by various government entities. The most significant third generation reforms relate to assessment and piloting



implementation of Electronic Government Procurement (e-GP) that will follow a comprehensive process of re-engineering.

- Budget as a tool for development, which aims to increase budget credibility by improving the efficiency of budget processes, realistic budget estimation and costing, linking budget with policy, and introducing medium-term budgeting.
- Revenue mobilization, which aims to strengthen capacities of various revenue administration departments to increase tax compliance and facilitate timely filing and payment. It further aims to enhance the government's capacity to effectively regulate the minerals and hydrocarbon resources sector.
- Treasury management, accountability, and transparency, which aims to consolidate

basic core public financial management functions to underpin more ambitious aspects of planned PFM and budget reforms.

- Institutional capacity building and performance management, which aims to build the capacity of MoF staff and the requisite systems for effective functioning of the ministry, and to reinforce overall FPIP performance management and coordination.

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, to

The capacity of core government agencies will be strengthened under the Fiscal Performance Improvement Support Project, which is tasked to implement a comprehensive reform program that covers the whole breadth of public financial management in Afghanistan.

be 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 came into effect in April 2018.

/ HEALTH

Afghanistan Sehatmandi (Health) Project

⇒ IDA GRANT \$140 MILLION

⇒ ARTF GRANT \$425 MILLION

⇒ GLOBAL FINANCING FACILITY 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 (BPHS) and Essential Package of Hospital Services (EPHS) 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 the MoPH and service providers to be more responsive to community health needs.

The Afghan health system has made consi-

derable 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 2015) 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.

Afghanistan also has one of the highest levels of child malnutrition in the world. About 41 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.

The MMR estimate seems inconsistent with the significant increases in coverage of skilled birth attendance (50.5 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 91 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 34 percent from 137 to 91 per 1,000 live births from 2003 to 2015.

NEWBORN MORTALITY RATE FELL 32 percent from 53 to 36 per 1,000 live births from 2000 to 2015.

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.

BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL AMONG THE LOWEST INCOME QUINTILE INCREASED to 50.5 percent from 15.6 percent.

PENTA3 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 69 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 19.5 percent.



Thousands of villagers in rural areas have benefited from improved health care and health facilities supported by SEHAT, reflected in better health indicators. The Sehatmandi Project, which will succeed SEHAT, will continue to support improved delivery of quality basic health care and essential hospital services across Afghanistan.

System Enhancement for Health Action in Transition (SEHAT) Program

⇒ IDA GRANT \$100 MILLION
 ⇒ ARTF GRANT \$517 MILLION
 ⇒ GOVERNMENT OF AFGHANISTAN \$30 MILLION
 ⇒ MULTI-DONOR FUND FOR HEALTH RESULTS INNOVATION \$7 MILLION
 CLOSED ON JUNE 30, 2018

The program aimed at expanding the scope, quality, and coverage of health services pro-

vided to the population, particularly for the poor, and to enhance the Ministry of Public Health's stewardship functions.

SEHAT supported the provision of basic health and essential hospital services in both rural and urban areas. It also contributed to the strengthening of the national health system and MoPH's capacity at central and provincial levels.

The project included the following three components:

Component 1: Sustaining and improving the basic package of health services and essential package of hospital services; and supporting the implementation of these

services through performance-based partnership agreements between MoPH and nongovernmental organizations, which delivered health services as defined in these packages.

Component 2: Building the stewardship capacity of MoPH and system development by supporting the following thematic areas: strengthening subnational government; strengthening the healthcare financing directorate; developing regulatory systems and capacities for ensuring quality pharmaceuticals; working with the private sector; enhancing capacity for improved hospital performance; strengthening human resources for health; governance and social accountability; strengthening the Health Information System and use of information technology; strengthening health promotion and behavioral change; mainstreaming gender into Afghanistan's health system; developing capacity for procurement delivery; and improving fiduciary systems.

Component 3: This component supported program management through financing costs associated with system development and stewardship functions of MoPH, including incremental operating costs at central and provincial levels and technical assistance.

/ INFRASTRUCTURE

Afghanistan Digital CASA 1 Project

⇒ IDA GRANT \$51 MILLION

The project 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 enabling environment. The Ministry of Communications and Information Technology will be 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 situations that affect access to wheat for their consumption, and to improve the efficiency of grain storage management.

The project will support 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.

In addition to the World Bank support, \$9.7 million is expected to be provided by the Japan Social Development Fund.

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

The Central Asia South Asia Electricity Transmission and Trade Project (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 (IDB), European Bank for Reconstruction and Development (EBRD), United States Government, United Kingdom Department for International Development (DfID), and United States Agency for International Development (USAID).

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 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 42).

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 com-



Under the Strategic Grain Reserve Project, the government will establish a strategic wheat reserve to be available to Afghan households during unforeseen emergency situations that would affect their access to wheat. At the end of the five-year project, it is expected that there will be storage capacity for enough wheat for 2 million Afghans for six months.

pany under the Ministry of Energy and Water (MoEW), is the implementing agency for the Afghanistan portion of this project, including a Security Management Plan for both the construction and operation phase.

The CASA-1000 project came into effect on January 24, 2018. Three contracts for the HVDC transmission line in Afghanistan were given no objection by the World Bank in December 2017 and signed in the same month. Survey and design works have started. According to the contract's schedule, construction of the line is expected to begin from the second quarter of 2019.

The contract for preparation of the country-specific Environment and Social Impact

Assessment for the HVDC transmission line is under implementation. DABS is in the process of selecting an international consultant to prepare the Resettlement Action Plan for the line. A contract for Project Owner's Engineer for the HVDC components of the CASA-1000 is under negotiation and is expected to be signed later in 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 on September 21, 2018.

More than 1,200 kilometers of electricity transmission lines will be built under the CASA-1000 project, which will enable sustainable electricity trade among four countries, including Afghanistan. The transmission lines will transmit excess summer hydropower energy from existing power plants in Kyrgyz Republic and Tajikistan to Afghanistan and Pakistan.



Herat Electrification Project

⇒ IDA GRANT \$60 MILLION

The project aims to support DABS to provide electricity to some 230,800 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 Karokh, Pahstun Zarghoon, Obe, and Chesht-e-Sharif 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) piloted construction of solar mini-grids and solar-hybrid mini-grids in villages that are unlikely to obtain grid electricity in less than five years.

The project will also support review of existing standards and procedures and the preparation of a grid code for the Afghan power system consistent with best international practices. The contracts for construction of the 110kV transmission line, four 110kV substations and for electrification of the four districts have been awarded and an initial survey of the sites have been conducted.

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 2012.

After project restructuring and additional

financing effective from July 2016, IRDP envisages support to rehabilitate irrigation systems serving some 215,000 hectares of land and to design 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 181 irrigation schemes has been rehabilitated, covering over 190,000 hectares of irrigation command area (compared to the end project target of 215,000 hectares and over 402,000 farmer households).

In the small dam component, a pre-feasibility 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 sent to MoF for dropping the detailed social and environmental study because the government will take the detailed design and construction of those six best ranked dams in the feasibility study.

Further, the dam safety manuals and minor repair works for two dams, Qargha and Darunta, are in progress. Work is also underway on producing Dam Safety Guidelines, which is about 75 percent complete.

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 now 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 Quality Maps.

Additional Financing for Second Customs Reform and Trade Facilitation Project (SCRTFP)

⇨ IDA GRANT \$21.5 MILLION
CLOSED ON JUNE 30, 2018

The additional financing bridged the financing gap in SCRTFP to achieve the project development objective more fully and support the government in finalizing its long-term priorities for customs and trade facilitation reform.

In parallel, the additional grant also helped finance the costs associated with scaling up the necessary activities for preparing the next phase of the project. These activities included continued rollout of automation to the remaining border crossings and inland clearance depots (ICDs); continued refurbishment, rehabilitation, or new construction of selected customs infrastructure; provision of technical assistance and capacity building in key areas essential to introducing modern approaches to customs administration; improved mechanisms for cooperation with customs administrations of neighboring countries; and further improvement of systems for monitoring customs performance through the use of an automated executive dashboard and alerts mechanism.

The additional grant supported preliminary work for the design of a Trade Information Portal and National Single Window system, and the development of a national training curriculum and preparation of relevant training materials.



For years, farmers in several villages in Samangan Province suffered from poor harvests because of insufficient irrigation water. Their lives have changed since IRDP rehabilitated their main irrigation canal. "Most of the water-related problems of the farmers have been solved," says a farmer. "Now our crops do not dry out because of lack of irrigation water and we have better harvests."

The project made good progress on implementation of components. For example, the ASYCUDA Declaration Processing System (DPS) is operational in 19 Custom offices; the risk management module was implemented in 19 Custom offices; the valuation module is operational in 10 Custom offices; the entry-exit gate control system is working in six Custom offices; and the E-payment system was implemented in six Custom offices.

Further, the international transit module was implemented in seven corridors, while the TIR (international road transport) module was implemented at three locations and the transit module was implemented at the

Ghulam Khan-Khost-Kabul corridor. The link between T1 customs form and DPS module was created. In addition, the passenger and cash declaration module was implemented at four locations. The vehicle control module was amended by including the provision of motorcycle declaration. ICT connectivity was further improved, with 13 offices connected through fiber optic.

On Customs to Customs cooperation, the system interface between the Iran Customs system and Afghanistan ASYCUDA system was created and tested. Data exchange between Afghanistan and Pakistan is delayed due to various reasons.

On infrastructure development, a total of 14 contracts of various sizes were awarded, out of which 12 contracts have been completed and two (construction of the Aqina boundary wall and Nimroz ICD truck parking) are in progress. The main reasons for the delay in completion of these two sub-projects were adverse weather conditions, security related incidents, and delay in vacation of site by other security agencies, which were all beyond the control of ACD.

The executive information system has been further improved by including additional SMS alerts and reports for management. The feasibility study for implementing the National Single Window system and Trade Information Portal was awarded and the consultant firm has commenced work. The study is expected to be completed by June 2019.

The project also supported proofreading of a Pashto tariff book and translation of explanatory notes. The third Customs User Perception survey was completed in July 2017.

The amendment to articles pertaining to enforcement in the Customs Act has been approved by the President of the Islamic Republic of Afghanistan through a legal decree. The *Tashkeel* (organisational structure) of 1395 of the Afghanistan Customs Department (which includes the Customs Law Enforcement Directorate) was approved by the Directorate of Administrative Reforms and Civil Services Commission.

The implementation plan for setting up an enforcement wing was completed. The transfer and deployment of officers in the enforcement department has already started and the teams have undergone short-term capacity building courses at the Afghan National Customs Academy. Special training for the Customs Police was conducted at the Academy.



“It is no longer about us versus them;
rural Afghanistan is matching cities
in its development story,
step by step.”

— Sayed Mustafa, chairperson, Markaz Community
Development Council, Dehdadi district

LIFE IMPROVES in Rural Afghanistan with Upgraded Infrastructure

- Infrastructural upgrades to a main road connecting seven villages in Balkh Province have improved the quality of life and boosted local businesses.
- The improvements were carried out under the Afghanistan Rural Access Project that aims to improve access for villagers to basic services and facilities through all-weather roads.
- Residents have supported the project to upgrade infrastructure in their villages, contributing to the success in implementation and outcome.

The main road through Pul-e-Babo village is wide and smooth and vehicles of all sizes drive by. Shops along the road display colorful wares and the whiff of fresh kebabs being barbecued in the roadside restaurants entices passers-by. The scene is buzzing with activity even though it is peak winter with heavy snowfalls dominating life in nearby villages.

Ghulam Rokay, a shopkeeper in the village in Dehdadi district in Balkh Province, recalls a different time. “We used to have many challenges when the Pul-e-Babo road was not paved, especially in winter,” he says, “the water-logging and lack of drainage led to water freezing on the road, the thick ice sheets made it difficult for cars to pass. We had to break the ice with axes and picks to be able to make our way through. Every week we had at least one car accident.”

But the situation improved when a project to upgrade infrastructure in villages paved Pul-e-Babo road with asphalt, fitted a standardized drainage system, and reconstructed the Qol Urdo Bridge located along the road. The infrastructure was built under ARAP at a total cost of 35 million afghanis (about \$530,000).

The road passes through seven villages, linking Mazar-e-Sharif–Sholgarah to Nasaji road, both considered to be arterial roads in Balkh Province. With the upgrading of the road, over 17,000 people are connected to each other and markets in all seasons. Daily commuter pressure on existing roadways also has reduced significantly in Dehdadi district. Traffic flow has increased since the road was asphalted, improving business for many shops and kiosks dotted along the sides of the road.

Better Quality of Life

ARAP has rehabilitated 16 km of gravel roads and maintained over 470 km of roads in Balkh Province. “Our main goal is to build infrastructure for villagers to connect them with cities. This will improve the economic condi-



tion of rural Afghanistan and also ensure greater access to all facilities,” says Zekrullah Nabi, an ARAP engineer in Balkh Province.

The Pul-e-Babo project has led to visible improvements in the quality of life for the villagers. The standardized drainage system has improved hygiene and sanitation for thousands of inhabitants. Aware of the benefits the project would bring, the villagers gave it wholehearted support, says Sayed Mustafa, 46, chairperson of the Community Development Council (CDC) for Markaz village, one of the villages along the road. “As people understand the importance of roadways, they pitched in to help the project and ensured it was implemented successfully.”

Improving the connectivity between the villages and Mazar-e-Sharif city has led to symbiotic development, says Sayed Mustafa. “It is no longer about us versus them; rural Afghanistan is matching cities in its development story, step by step,” he says.

/ 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 August 31, 2018, construction of 650 km of secondary gravel roads, 260 km of secondary asphalt roads, and 1,345 km of tertiary roads has been completed. In addition, 1,450 linear meters of secondary bridges and 1,700 linear meters of tertiary bridges have been built. In the meantime, routine maintenance of 1,300 secondary roads and period maintenance of 500 km of secondary roads were undertaken. Routine maintenance of 3,600 km of tertiary road and period maintenance of 1,000 km of tertiary road were also completed.

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 of 34 provinces.

Afghanistan Rural Enterprise Development Project (AREDP)

⇒ IDA GRANT \$28.4 MILLION

⇒ ARTF GRANT \$15.9 MILLION

AREDP aims to enhance economic mobilization and activities by organizing the rural poor into Savings Groups (SGs), Village

Savings & Loan Associations (VSLAs), and Enterprise Groups. The project 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 project has established 5,450 SGs with a membership of some 61,460 rural poor (54 percent women) in 694 villages. The SGs have saved over \$5.56 million and members have accessed more than 52,450 internal loans (65 percent by female members) for productive and emergency purposes with a repayment rate of 95 percent.

To generate economies of scale, 524 VSLAs have also been established as federations of the SGs and are maintaining accurate and up-to-date records of accounts with good governance structure in place. On average each VSLA has \$4,335 as loanable capital, which is further boosted with a seed grant injection. This improves access to finance for group members who would like to increase productivity or engage in entrepreneurial activities but cannot access such funds from commercial banks or microfinance institutions.

AREDP also works toward strengthening market linkages and value chains for rural enterprises by providing technical support to 1,436 Enterprise Groups (65 percent female) and 645 small and medium enterprises (15 percent female) that have been selected for their potential as key drivers of rural employment and income generation.

Support was given to 161 *Kochies* (nomads) and 97 disabled people to enhance their enterprise development skills and productivity. AREDP uses Community Development Councils as an entry point into communities and is currently working in 24 districts of five provinces: Balkh, Bamyan, Herat, Nangarhar, and Parwan.

In preparing to implement an anticipated Women's Economic Empowerment project in 76 districts in 34 provinces, AREDP has reviewed and developed its policies and plans to place women at the center. These include implementation strategies, part-



Support from AREDP allowed the owner of this carpet store to expand his business into a company that now employs over 300 people. In supporting enterprises in the cities such as this one in Mazar-e-Sharif, AREDP is helping ensure employment opportunities in rural areas as well. "Helping us means helping the farmers and people living in rural areas, because they are the people who weave the carpets for us," says the owner of the carpet enterprise.

nership model with facilitating partners in close collaboration with the Citizens' Charter, Business Development Service Provisions/Resource Persons strategies, formal financial linkages model, revised structure for Pan-Afghanistan Intervention, Community Institution Development strategy, analyses of selected 6–8 value chains (women oriented), and technical and marketing support plans.

Importantly, AREDP has selected the probable districts and provinces for the Women's Economic Empowerment Rural Development Project based on eight parameters, such as poverty rate, involvement of the ultra poor,

Citizens' Charter presence, access to finance, National Horticulture and Livelihood Project, and security and access. This has made its intervention strategy much more inclusive with likely convergence of ongoing poverty reduction programs of different stakeholders.



“*I keep orderly accounts. I collect the milk and bring it to the center. They sell it to a dairy company and I get paid well.*”

– Ghulam Haidar, farmer, Barshad Khan village, Nangarhar Province.

VILLAGERS FIND

Opportunities to become Self-Sufficient through Small Businesses

- Farmers who have cows for personal use are milking them for extra income after a milk collection center was set up in their village in Nangarhar Province.
- The center was set up under the Afghanistan Rural Enterprise Development Program, which aims to increase employment and incomes in rural communities.
- The program also provides the farmers training on bookkeeping and livestock husbandry.

A group of men in Barshad Khan village have gathered to discuss milk prices, while their cows are out to pasture nearby. One of the men, Ghulam Haidar, 62, reads from a notebook in which he has recorded his earnings: “My monthly income from milk collection is about 18,000 afghanis (around \$260).” It is good extra earnings to his main income of selling vegetables, he says. With the extra earnings, the father of 10 says, his children can go to school and he can meet their needs.

Ghulam Haidar and 31 other residents of Barshad Khan village, in Khaiwa district in Nangarhar Province, are profiting by doing business with a milk collection center, named “Parmakhtak” in Pashto, which was set up two years ago. Through the center, Ghulam Haidar has learned to use the milk from his cows for profit. “I have learned not to waste a single drop of milk,” he says, “I keep orderly accounts. I collect the milk and bring it to the center. They sell it to a dairy company and I get paid well.”

Barshad Khan village milk collection center is one of three centers in the province set up by a Producer Association established by AREDP. As a result of AREDP’s work, many, like Ghulam Haidar, found that the cows they had always kept for personal use could be used as a source of income.

Imam Jan, an AREDP employee in the village, points out how the program has changed the lives of residents: “There were dozens of cows in this village, but people never thought of turning them into a source of income. However, when the project came to the village, things changed. AREDP’s activities were the most beneficial experience for the residents of this village.”

Improved Earnings

AREDP works to improve economic activity among the rural poor by organizing them into various types of groups, such as Enterprise Groups (EGs). Producer Associa-



tions are formed by several EGs coming together. Since 2010, the program has been active in seven districts of Nangarhar Province and has set up 1,280 EGs and 62 Producer Associations.

The setting up of Producer Associations has enabled EGs to perform better and has improved earnings for their members. For example, while dairy farmers in an EG might not produce enough milk to make regular sales, several EGs could come together in a Producer Association to combine resources to establish a milk collection center to supply markets.

The Barshad Khan village milk collection center is a good example of the success a Producer Association can have. The center collectively sends 300 liters of milk and 70 kilos of cheese to the market a day.

AREDP support also provided technical training on bookkeeping and livestock husbandry. The training taught the farmers to reduce disease and increase milk production in their livestock by maintaining a suitable environment and ensuring proper nutrition for their cows.

To date, over 8,700 Community Development Councils across the country have been elected to help the government deliver core infrastructure and social services under the Citizens' Charter. Close to half of the office bearers are women.



Citizens' Charter Afghanistan Project (Citizens' Charter)

⇒ IDA 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. It is expected to be implemented over a period of four years.

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.

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 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 inter-ministerial 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 responsi-

bility 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 upon 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, Mazar-i-Sharif, Kandahar, and Jalalabad) 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 between 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, and Social Organizers; and 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.

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 the national, provincial, and district levels 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.

Implementation progress to date includes: **In rural areas:** Over 8,400 community profiles (CPs) completed; more than 8,150 new CDCs elected; over 6,900 Community Development Plans (CDPs) completed; and more than 5,700 sub-project proposals prepared.

In urban areas: Implementation has been



“We established the grain bank through which we collect things *like wheat, rice, clothes, and rugs.* We register them *in a book* and then distribute the goods among people *when they need them most.*”

—Mohammad Esa, Chairperson, Community Development Council, Zargarán village, Balkh Province

AFGHAN VILLAGERS Stand in Solidarity to Fight Hunger

- In a rural community of Balkh Province that depends on agriculture and livestock, poor families face hunger in the autumn and winter, when there is no work for them.
- A new grain bank set up by the village’s Community Development Council, with support from the Citizens’ Charter Afghanistan Project, aims to alleviate their struggles.
- The grain bank is part of a new government initiative to help communities set up philanthropic food reserves for the most vulnerable households, including internally displaced persons and returnees.

Youngsters and elders are gathered in a yard in Zargarán village, more than 20 kilometers outside the provincial capital of Mazar-e-Sharif. The villagers are discussing how best to support the poor through their newly established grain bank.

Established by Zargarán’s Community Development Council (CDC) with support from the Citizens’ Charter Afghanistan Project (Citizens’ Charter), the grain bank aims to fight seasonal hunger by assisting the most vulnerable households in the community. Seasonal hunger is a major concern for over half the households in Zargarán.

Mohammad Esa, 45, Chairperson of the CDC, says: “We established the grain bank through which we collect things like wheat, rice, clothes, and rugs. We register them in a book and then distribute the goods among people when they need them most.”

The Zargarán village grain bank is part of a new initiative by the Government of Afghanistan under the Citizens’ Charter, which supports collective community action aimed at improving social inclusion and protecting the ultra poor and vulnerable, including internally displaced persons and returnees.

The poor and ultra poor families in Zargarán village are mostly laborers. In the lean seasons when there is no work, these households face food shortages and struggle with hunger, which is precisely the time the village grain bank is used to their benefit.

Poor Communities Willing to Contribute

The Citizens’ Charter began working with Zargarán villagers in 2017 to help them elect a CDC and start their development activities. The CDC formed a sub-committee on vulnerable groups, which has led campaigns to gather support for the effort to eliminate seasonal hunger, resulting in generous donations from those with means to the grain bank.



The CDC distributed the donations among the ultra poor families during the winter of 2017–2018. Abdul Wahid, 28, and his family were among those who received rice, wheat, and cooking oil from the grain bank.

A laborer in dire circumstances, Wahid needed the support, particularly in autumn and winter, when there was no work. “I have a family of eleven and because there is no work in winters, I am not able to support my family,” he says. “Thank God, last winter the local CDC gave us foodstuff from the grain bank and it helped us a lot.”

The Citizens’ Charter initiative demonstrates that even in poor communities, Afghans are willing to support vulnerable households. “We have received encouraging feedback from the villagers about this initiative and they are helping us a lot in its implementation. I hope our activities will bring the change we want to see in the villages,” says Nasir Ahmad Muslih, a social worker in Balkh district.

This pharmaceutical factory in Herat city produced only a few medical products in 2011, but has since grown to manufacture 45 different medical products with support of a World Bank-funded project. "Our products have improved dramatically in quality because of this support," says a manager at the pharmaceutical company.



rolled out in over 666 communities. A total of 633 CPs completed; 633 CDCs elected; 592 CDPs completed; and 509 sub-project proposals approved.

Overall, 90 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 close to half (47 percent overall and 48 percent office bearers) are women. This is evidence that the new election system and norms on CDC governance are having a strong impact.

Trans-Hindukush Road Connectivity Project

⇒ IDA GRANT \$250 MILLION

The project aims to support GoA'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).

Preliminary activities under the project have started. Land acquisition, engineering

design review, procurement, and office set up are underway. To date, the land acquisition for two segments of B2B has been completed and the process is ongoing for the remaining four segments.

The contract for the implementation consultant has been signed and its technical team mobilized on site to support the Ministry of Public Works in project implementation.

The design review of all segments of the B2B road has been completed and is ready for procurement. The procurement for segment 1 of B2B has been completed and contractors are on site, with the physical work started. The procurement of segment 2 has been completed and is expected to be submitted for the Bank's review shortly, while the procurement of the remaining three segments are scheduled to be completed during 2018.

Further, the procurement for a consultant to design the rehabilitation work of the Salang Pass has been signed and the consultant's technical team has been mobilized. The Inception report is expected to be prepared by mid-October 2018.

/ URBAN DEVELOPMENT

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 policy-making 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 (PCCs). 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 (GIS) 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.

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 cumulative advisory portfolio in Afghanistan stands at \$13.9 million. IFC's current strategy is in line with the ongoing World Bank Group's Country Partnership Framework (2017 to FY 2020).

Investment Portfolio

IFC provides a mix of investments services in Afghanistan, with a focus on financial inclusion, services, telecommunications, agribusiness, and infrastructure. IFC's current cumulative committed portfolio stands at over \$200 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, particularly in infrastructure, finance, manufacturing, and agribusiness.

At present, IFC's investment portfolio includes investments in the telecommunication sector and financial markets. The investment pipeline looks promising and includes investments in the power sector and agribusiness.

/ ONGOING ADVISORY PROJECTS

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 leasing. 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. This was the first critical step 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.

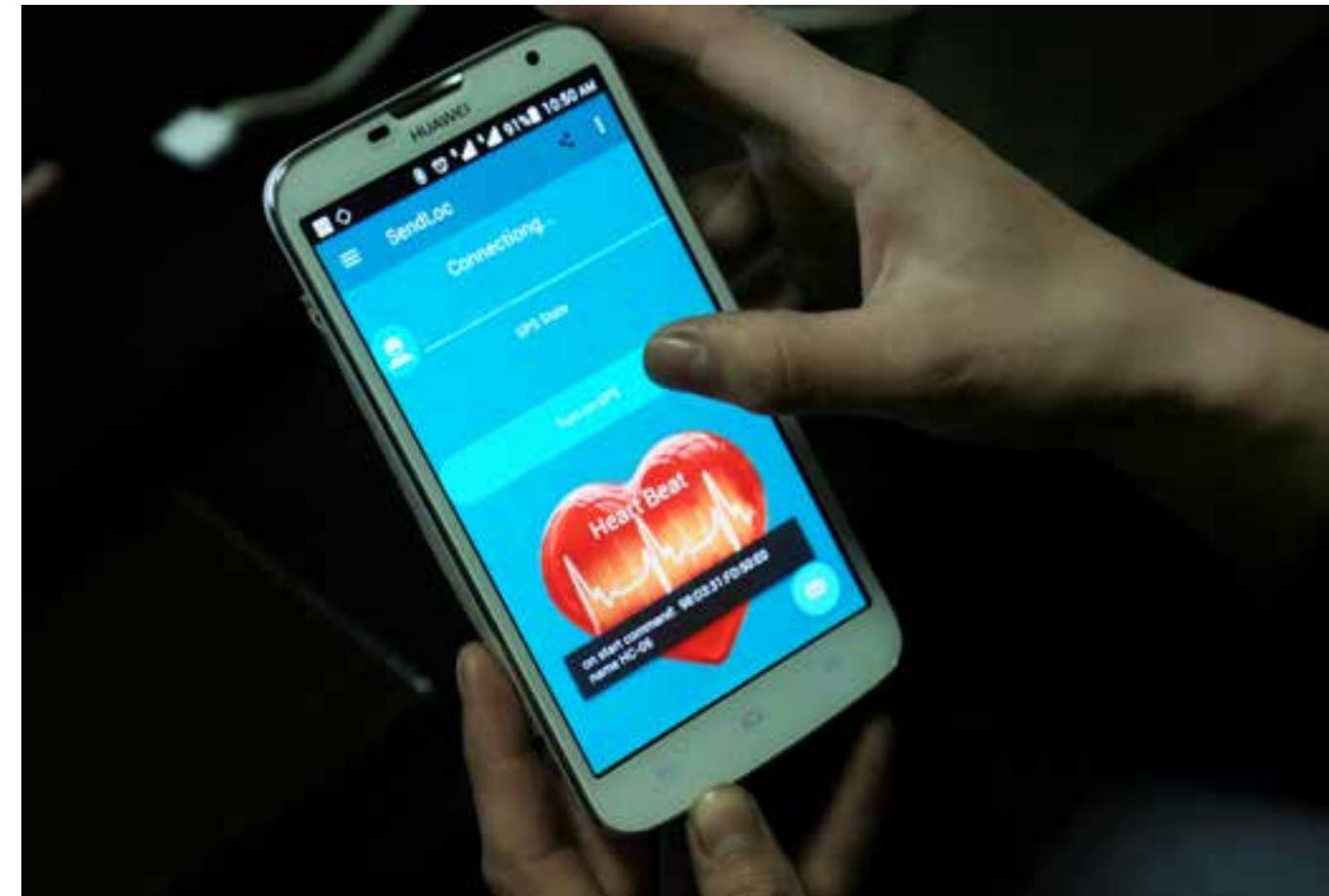
Afghanistan Raisins Supply Chain Development

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 the Afghanistan banking sector. Through scoping activities as well as prior work in this sector, 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.



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. It aims at improving the quality of business regulations, strengthening mechanisms for trade facilitation and export promotion, and enhancing 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 Afghan government in promoting an investment and business climate that is conducive to private sector growth through Investment

Climate's sub-projects – (i) Business Licensing Reform project: phase II, and (ii) Business Enabling Environment Project.

The pipeline under the investment climate program includes studying Afghanistan Women Entrepreneurship Legal Barriers, and Trade Facilitation and Export Promotion.

Business Licensing Reform Project – Phase II
The Business Licensing Reform Project Phase II is building on the reforms achieved in Phase I—the establishment of a one-stop shop for business registration and licensing at MoCI—with the overall goal to reduce the time and cost of business licensing and renewals in the country, and rollout of business licensing reforms to provinces.

The goal of the project will be achieved



by streamlining procedures and supporting institutional capacity building. The project objectives are to (i) streamline procedures for new business licenses and license renewals; (ii) reduce time to obtain new business licenses and license renewals; and (iii) rollout business licensing reforms from Kabul to 21 provincial offices of the Afghanistan Central Business Registry and Intellectual Property (ACBR-IP).

The impact of the project is in the form of compliance cost savings for private sector that will be achieved after project completion.

Afghanistan Business Enabling Environment Project

The Business Enabling Environment project

is designed under the investment climate program to catalyze doing business reforms in Afghanistan.

The focus of the project is on doing business areas with the greatest potential to contribute to improving the investment climate and investment facilitation. The goal will be achieved through supporting institutional capacity building, improved inter-agency coordination and public-private dialogue, and management of investor grievances for investment retention.

The project objectives are to (i) streamline the legal and regulatory framework for doing business reforms; (ii) strengthen inter-agency coordination mechanisms on investment climate reforms and establish effective public-

private dialogue mechanisms; and (iii) implement a Systematic Investor Response Mechanism (SIRM) to increase investment retention.

The project has two components:

Component 1: Improve business enabling environment and support institutional capacity building. It has three subcomponents:

1.1. Assist the Government of Afghanistan in developing and implementing business environment reforms in a selected number of areas measured by the Doing Business project.

1.2. Establish and strengthen the institutional mechanisms to support the investment climate reform program.

1.3. Identify gender-based differentiations in legal and regulatory frameworks that affect women's equal access to business opportunities.

Component 2: Investment Retention and Promotion. In countries affected by fragility and violence (such as Afghanistan), attracting new investors may be challenging but retaining existing ones is necessary. Retaining investors in Afghanistan requires a clear retention strategy and targeted investment in building an investment aftercare program complemented by SIRM.

SIRM as an early warning and tracking mechanism to identify and resolve complaints/issues that arise from government conduct. The implementation of SIRM entails identifying an agency or a platform that has the capacity to mediate a solution to the problem facing an investor.

Lighting Afghanistan

This IFC market transformation program aims at increasing access to clean, affordable off-grid energy in rural Afghanistan. It is an integral part of IFC's "Lighting Global" program.

The program's objective is to increase access to modern solar lighting products and services for 250,000 Afghans living in off-grid

areas. The impact will be achieved through accelerating the development of a sustainable commercial market for quality verified lighting products. The program works with the private sector to remove market entry barriers, provide market intelligence, foster business to business linkages, and raise consumer awareness on modern lighting options.

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.

The Government of Afghanistan signed a landmark transaction advisory agreement with IFC for the Scaling Solar project, whereby IFC will support Gol to attract private sector participation to develop the first solar power plant of up to 40MW under Public Private Partnership (PPP). This agreement will enable IFC to support the government in implementing a multi-year program to develop 2,000 MW renewable energy-based generation under PPP.

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.

AFGHANISTAN RECONSTRUCTION TRUST FUND

The Afghanistan Reconstruction Trust Fund (ARTF) was established in 2002 to provide a coordinated financing mechanism for GoA's budget and national investment projects. Since its inception, 34 donors have contributed over \$10.6 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 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.

The Research and Analysis Program aims to facilitate and promote evidence-based policy research and knowledge consolidation through project-based and selected sector-wide/thematic research and impact evaluation.

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 "prefer" 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.

The Recurrent Cost Window (RCW)

GRANT \$4.745 BILLION

The objective of the Recurrent Cost Window is to provide a coordinated and incentives-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, and a \$100 million Fiscal Stability Facility, which will provide fast-disbursing support to overall macroeconomic stability against a range of sound fiscal management benchmarks.

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.



To date, the ARTF has disbursed \$5 billion through the government's non-security operating 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 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. The Ministries of Public Health, Foreign Affairs, Labor, 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.

The Investment Window

The Investment Window has increased significantly in volume and scope. Since SY 1389 (year 2010), investment commitments have exceeded recurrent cost commitments. Decentralized and national rural development programs, such as NSP, rural roads, and education, have been strongly supported by the ARTF.

As of July 22, 2018, there are 23 projects active under the ARTF with a total commitment value of \$1.6 billion. Over \$5.19 billion was made available, both for closed and active investment projects, of which \$4.30 billion has been disbursed and the net undisbursed amount is \$885 million.

⇒ Full details of investment activities are provided in the ARTF Reports: www.artf.af

/ ONGOING PROJECTS

Afghanistan Agricultural Inputs Project (AAIP)

GRANT \$67.25 MILLION

AAIP aims 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 are invaluable to support continued increase of agriculture productivity.

Firstly, the project seeks to improve the technical and economic efficiency of the value chain of certified wheat seed. Secondly, building on the legal and regulatory framework that the project helped build during the preparation phase, the project is developing the necessary accredited facilities for plant quarantine networks and quality control of agro-chemicals.

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

Component A: The project has continued to deliver expected results in a satisfactory way, both in soft activities, e.g., capacity building and the development of new wheat varieties, and hard infrastructures, including refurbishing and developing selected research and seed production stations.

Major achievements include training of 470 staff in short and medium term, as well

as through master's and PhD programs; release of four new wheat varieties against the target of five; and completing rehabilitation work at six research and seed production stations, while work at the remaining farms is at an advance stage of implementation.

Component B: The work of nearly all Border Quarantine Stations and the laboratory complex has been completed and they are expected to be operational shortly.

Work on the regulatory framework has produced good results—the Plant Protection and Quarantine Law and Pesticide Law have been approved. The project is supporting implementation of the legislation.

In addition, over 3,000 farmers, traders, and MAIL staff, 205 of whom are women, have been trained on safe handling, storage, and application of pesticides and the newly approved Pesticide Law.

Component C: The pilot voucher schemes in 2017 have been successfully completed, in which 6,000 farmers received vouchers, 98 percent of whom redeemed against part of seed costs in four districts. The scheme was well managed and demonstrated the value of direct links between farmers and seed companies.

Afghanistan On-Farm Water Management Project

GRANT \$70 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 10,000 hectares (Phase Zero) (59,000 hectares end target in 2019). The project improves agricultural productivity in project areas by enhancing the efficiency of water use.

Land productivity of wheat and other crops has increased by 15–20 percent. Water productivity of wheat and other crops increased



20 percent, and the irrigated area increased by 20 percent. Physical rehabilitation of irrigation schemes exceeded its target with good quality and within the project budget allocation and timeline: 207 irrigation schemes (mostly informal) have been rehabilitated, covering a total of 52,000 hectares of irrigation command area. Rehabilitation of 59 irrigation schemes is ongoing, covering 18,500 hectares of land.

The establishment of 570 Irrigation Associations (IAs) has been completed. The IAs are based on the traditional *Mirab* system and have taken up the responsibilities for operation and maintenance.

The reconstruction of this irrigation canal in Kabul Province has alleviated conflict over water distribution, reduced water wastage, and improved water flow. Farming has become easier, says a farmer, who is able to spend more time improving his farm instead of having to constantly maintain and clean the old inefficient water canal.

Capacity Building for Results Facility Project for Afghanistan

GRANT \$150 MILLION

Capacity Building for Results (CBR) is a key ARTF investment that supports government in developing its internal human capacity, organizational structures, and functions over the medium term to improve service delivery to the population.

CBR promotes accountability in line ministries by introducing results-based reform and services improvement programs. CBR is also one of the key tools for the government to reduce reliance on external technical assistance and parallel structures.

The grant helps finance the costs associated with (i) technical assistance for preparation and implementation of capacity building programs; (ii) recruitment of some 1,500 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.

CBR is demand driven and open to all line ministries and independent agencies. Based on pre-agreed criteria, including service delivery potential and reform readiness, line ministries and agencies are grouped as either Category 1 (high priority) or Category 2.

Category 1 ministries/agencies receive full CBR reform support whereas Category 2 ministries receive foundational (“CBR-readiness”) inputs designed to upgrade them to Category 1. Ministries/agencies in both categories must develop a comprehensive reform plan (to be implemented with existing donor and government resources) with a results framework to which they are held accountable.

Of the advertised CBR positions, 929 have been contracted to date, 70 of whom are women (7 percent of contracted positions), with another 348 recruitments at various stages of quality review and approval. CBR is also assisting salary harmonization for donor-funded consultants embedded in or working in support of government.

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



Since the start of the HEDP in 2015, enrollment in key priority disciplines has increased by almost a quarter, from 64,200 to about 79,400 this year. The focus on increasing female enrollment is also paying off with female enrollment rising from 11,400 to some 15,000 for the current academic year.

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 4-km “corridor of influence” along the transmission line.

It is estimated that there will be more than 580 communities in the seven provinces selected. During a mission in September, it was agreed that work will begin soon in communities along the parts of the route that have been confirmed and MRRD will hire social mobilizers within 2-3 months to start the social processes to form CDCs in the selected communities.

Further, the project plans to pilot an innovative approach in 2-3 communities in partnership with IFC’s “Lighting Afghanistan” to solar home systems and a “pay as you go” model in partnership with the private sector.

DABS Planning and Capacity Support Project

GRANT \$6 MILLION

The Da Afghanistan Breshna Sherkat Planning and Capacity Support Project aims to improve 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 newly graduated female engineers to work in DABS. In the first phase, eight female engineers, who graduated from the civil and electrical engineering department of various universities, were hired as interns in the first quarter of 2018, and in the second phase, four new female engineers were hired in September 2018.

Design of the training center is complete, and the construction work is expected to start in the first quarter of 2019. Procurement of equipment for the training center and hiring of a training consultancy package are at varying stages.



“Through HEDP we would like to transform the old and traditional systems that are being used in public universities with a modernized and internationally recognized system, with serious attention to female participation.”

—Noor Ahmad Darwish, HEDP director, Ministry of Higher Education

PUBLIC UNIVERSITIES ON TRACK to Modernization through Capacity Building

- Public universities in Afghanistan are undergoing a systemic change to modernize through capacity building at all levels, from lecturers to chancellors.
- The capacity building through scholarships and training is provided by the Higher Education Development Project, implemented by the Ministry of Higher Education.
- To date, 250 scholarships have been awarded to lecturers from public universities to pursue a postgraduate degree in universities abroad.

Nargis Taimoory started as a lecturer at Baghlan university in 2012 after passing a very tough competitive examination. Only a few years earlier, she had graduated from the Faculty of Biology and Chemistry at the same university in the Baghlan provincial capital, Puli Khumri.

“I had just a BSc degree, no experience, and I was unfamiliar with the new methods of teaching,” she recalls. Despite her best efforts and academic rigor, she felt herself struggling and decided she needed to upgrade her skills to do justice to her job.

Taimoory, 28, is now pursuing a master’s degree in natural resources management at the Asian Institute of Technology in Thailand. One of 250 HEDP scholarship recipients, she believes she could not have pursued her dream without the project’s help.

“With HEDP support, I am studying in a good international university in Thailand,” Taimoory says. “I have learned a lot and feel my master’s degree will improve my teaching abilities and when I come back to Afghanistan, I will be able to teach my students much more efficiently.”

Afghanistan has 36 public universities and institutes of higher education across the country, most of which were established or re-established only within the past decade. One of the most critical challenges they face is the lack of well-qualified lecturers—as high as around 60 percent of all lecturers in public universities hold only a bachelor’s degree. Based on the MoHE second National Higher Education Strategic Plan, 2016–2020, all university lecturers require at least a master’s degree by 2021.

Filling the Knowledge and Skills Gap

HEDP is working to change the old system of higher education to a more modern one to increase its relevance and efficacy. “Through HEDP we would like to transform



the old and traditional systems that are being used in public universities with a modernized and internationally recognized system, with serious attention to female participation,” says Noor Ahmad Darwish, director of HEDP in MoHE.

There is, moreover, a huge knowledge and skills deficit, he says. HEDP is playing a key role to fill this gap. The project has awarded scholarships to 200 lecturers, 60 of whom are women, to study in other Asian countries, such as Malaysia, India, Thailand, and Iran. They are pursuing postgraduate degrees in various fields, including engineering, environment, economy, agriculture, and medicine.

The project endeavors to maintain a male-female beneficiary ratio to ensure female academics are included and will fund another 250 lecturers by 2020, says Dr. Elham Shaheen, director of Foreign Relations and Cultural Affairs in MoHE.

Higher Education Development Project

GRANT \$55 MILLION

The Higher Education Development Project (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 third round of the DLIs, which include increased female enrollment in first year of priority disciplines, establishment of functional ICT centers at seven universities for ICT-based higher education, and establishment of Internal Quality Assurance Units (IQAUs) functioning to international standards at eight 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 79,400 this year. The special focus on increasing female enrollment has also paid substantial dividends with female enrollment increasing from 11,400 to approximately 15,000 for the current academic year.

MoHE has developed a policy and by-law for the practice of e-learning. This will support gradual introduction of blended learning, in-

corporating e-learning into the university curriculum, as well as recognition of blended learning toward program credits.

The project has 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 pre-

pare 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 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.



For years, residents in this Kabul neighborhood faced almost impassable neighborhood streets in poor condition and overflowing with litter. Their lives have changed since the upgrading of road infrastructure and drainage by Kabul Municipality under the KMDP.

"On these newly paved streets, there is much less dust and no mud or puddles of water. I feel like I am walking in a whole new city!" says a neighborhood resident.

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.

The project is expected to deliver welfare and human development benefits to over 700,000 people through services provided in some 1,800 hectares of private land. The 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 \$64.09 million has been disbursed. Over 1.36 million people (about 73 percent women and children) have benefited from the construction of about 400 kilometers of neighborhood roads, 538 kilometers of community drains, and 27 kilometers trunk roads.

Temporary employment of some 2.6 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).

Kabul Urban Transport Efficiency Improvement Project (KUTEI)

GRANT \$90.5 MILLION

The project aims to improve road conditions and traffic flows on selected corridors of Kabul city. The project will focus on improvement of road infrastructure and provision of 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.

Progress toward the achievement of the project development objectives will be measured through the following indicators: (a) traffic capacity improvements will be measured by average vehicle speed during off-peak hours; (b) people (within a 500-meter range under the project) in urban areas provided with access to all season roads; and (c) percentage of Kabul city's trunk road network in at least 'fair' condition.

To date, implementation of infrastructure contracts for six roads, totaling 19.3 km, has been completed and the roads opened to traffic. The pace of project implementation is picking up and all planned civil works contracts have been awarded. The implementation progress for the newly awarded roads contracts stand at 80 percent.

The procurement for the consultancy contract for the design and review of 40 km of new roads is in the last stages and the contract is expected to be awarded soon. The project has prepared a detailed plan for the remaining activities and the procurement will be completed most likely by end of the year.

Naghlu Hydropower Rehabilitation Project (NHRP)

GRANT \$83 MILLION

The NHRP development objective is to improve dam safety and sustainability of hydropower and to increase the supply of electricity at the Naghlu Hydropower Plant (NHPP). The 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, after the signing of the Grant Agreement. The main contract for the rehabilitation of turbine units 1 and 3 of the plant was signed in December 2015 and came into effect in August 2016.

Rehabilitation of unit 1 was completed in March 2018, revitalizing 25 MW capacity of the power plant (25 percent of the total capacity of NHPP). The equipment for rehabilitation of unit 3 has been supplied. This unit is expected to be operationalized by the last quarter of 2018 and will reactivate a further 25 MW capacity of the plant.

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. Tenders for hiring a consultancy firm and a contractor to carry out a dam safety audit, bathymetric survey, and remove sedimentation in front of the flash out gate will be advertised during the last quarter of 2018. To maximize security of the Naghlu dam site, the construction of a security wall around the Naghlu dam and power plant premises is underway.

The project includes a benefit-sharing program dedicated to the local population. Under this program, electrification of villages in Sorobi district is underway and the feasibility of electrification of villages in Tagab Province is being investigated by DABS. The Sorobi substation is under construction and expected to be completed by early January 2019. Another aspect of the program is vocational training for villagers. A vocational



The Naghlu Hydropower Rehabilitation Project is expected to increase electricity supply generated by the Naghlu Hydropower Plant, which is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity. The project includes a benefit-sharing program for the local population, which will enjoy better access to electricity.

training manual has been prepared and the next step will be to hold the trainings.

Following a formal request from MoF, the project will be restructured to include the rehabilitation and renovation of the Darunta Hydropower Plant. The restructuring work on the NHRP is in progress. Three units of the Darunta power plant will be renewed and an administrative building and warehouse will be constructed inside the power plant. The bidding document of this activity is near completion and the tender is expected to be advertised in October 2019. Rehabilitation of the distribution system in Jalalabad city will also be considered.

RESULTS EXPECTED UNDER THE NHRP

- Revived 50 MW unoperational capacity of Naghlu Hydropower Plant (NHPP) 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 local residents benefit from vocational training.
- Enhanced security and safety measures of the NHPP.
- Renovate and revive full capacity of Darunta Hydropower Plant.



“Now I understand that our orchards have been cultivated traditionally and I need to modernize them for better productivity.”

– Aminullah, farmer, Roh Abad village, Kandahar Province

NEW HORTICULTURAL PRACTICES

Bear Fruit in Kandahar Province

- Target farmers in Kandahar Province are putting into practice new horticultural methods and seeing the fruits of their labor.
- This is the result of technical training sessions on horticulture provided by the National Horticulture and Livestock Project, which aims to increase horticultural output and productivity across the country.
- Project activities are currently implemented in 300 districts in 31 target provinces, numbers that may grow as conditions warrant.

It is a bright, fresh day and the orchards and farms are being prepared for planting. This day marks Farmer Field School (FFS) day in Roh Abad village in Dand district of Kandahar Province.

In a newly established pomegranate orchard, engineer Mohammad Nasir slowly trims off extra branches from the trees. He explains why and at which specific points the branches of a newly planted tree should be cut off to ensure a strong and robust tree. He is mentoring a group of eight farmers who watch the process carefully. All of them will later gather with other farmers to share the new horticultural practices they have learnt.

Aminullah, 28, is one of the farmers who participated in the lesson today. He owns about 100 *jeribs* (20 hectares) of farmland in the village and cultivates wheat, corn, and vegetables. He also owns and manages pomegranate orchards that were planted by his father.

FFS training sessions have equipped him with the knowledge and skills to understand and implement new systems of horticulture. He has also learnt about seasonal diseases and the preventive measures he can take to protect his orchards. “The sessions are really helpful for us,” he says, “now I understand that our orchards have been cultivated traditionally and I need to modernize them for better productivity. I never thought about farming like this in the past.”

Aminullah was one of the first farmers to express interest in the training when the National Horticulture and Livestock Project (NHLP) started its work by holding FFSs and information sessions in Roh Abad village.

NHLP started its work in Kandahar Province in 2016, covering 6 out of 17 districts. “Even though most people in the province depend on agriculture and horticulture as their primary source of income, their use of traditional methods of farming results in low farm output and productivity,” says Mohammad Nasir, NHLP’s provincial coordinator for Kandahar.



Better Income, Better Life

Aminullah turned 20 *jeribs* (4 hectares) of his farmland into a pomegranate orchard in 2016 with support from the NHLP, which covered 75 percent of the cost. Farmers under the project are normally expected to contribute between 20 percent and 50 percent of the cost. Their contribution starts low when new practices or products are introduced and increases over time.

The orchard was planted with trees certified by a recognized organization, which will come into fruition after four years. Aminullah hopes that the additional income will translate into a better life for him and his family: “With this horticulture system, which is very new for us, we hope to earn more in the future.”

The project has also provided other technical training sessions on prevention of seasonal diseases and livestock management.



NHLP activities have benefited 600,000 farmers, including about 220,000 women, covering 291 districts in all 34 provinces of Afghanistan. Some 96,000 kitchen gardening schemes have been set up across the country, giving women especially a means to a sustainable livelihood.

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 has received an additional financing of \$90 million to allow expansion of its work programs to more farmers and add new activities.

The project now covers 291 districts in all 34 provinces, and, so far, have reached over 600,000 farmers/beneficiaries, including around 220,000 women.

To date, NHLP has financed the establishment of 16,750 hectares (ha) of new pistachio and fruit orchards in 32 provinces. In addition, over 90,000 ha of existing orchards have been rehabilitated and some 96,000 kitchen gardening schemes established.

The project has supported construction of 1,037 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 Producer Organization Groups (POGs), with 42 POGs set up so far, having a membership of 300–400 farmers per group. This structure helps farmers with outsourced inputs and access to markets.

A total of 997 raisin drying houses has 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 2.2 million young female calves and over 11.5 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 122,800 livestock farmers (78,968 women and 43,872 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.

Non-formal Approach to Training Education and Jobs in Afghanistan Project (NATEJA)

GRANT \$15 MILLION

The objective of NATEJA is to increase the potential for employment and higher earnings of targeted young Afghan women and men in rural and semi-urban areas through non-formal skills training. The project focuses on improving labor market outcomes (e.g., earnings and employment) for unskilled and semi-skilled youth through enhancing the quality of training delivery and providing entrepreneurship/apprenticeship support.

To date, 2,482 youth have received an en-

trepreneurship grant. A series of field visits has reported that more than 95 percent of the targeted grantees have started their new businesses after receiving the grants. The same percentage of grantees with existing businesses has made further investments in their businesses. A number of the targeted grantees made an additional investment to complement the grant funding through NATEJA.

The majority of visited grantees indicated that their business had improved as a result of receiving the grant with an end-line survey indicating that beneficiaries realized an average 55 percent increase in their earnings for the month preceding the survey. About 60 percent of beneficiaries expressed satisfaction with their work against 30 percent of the control group.

Under the capacity building component, 130 vocational trainers received training to utilize national occupation standards in 22 provinces. Furthermore, officials from the Ministry of Labor, Social Affairs, Martyrs and Disabled People were trained in areas of financial management, procurement, monitoring and evaluation, and employment services or career guidance. One-third of the beneficiaries were women, particularly vulnerable female heads of household or less educated women.

The project is proposed for early closure in October 2018, two months in advance of its official closing in December 2018.

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.

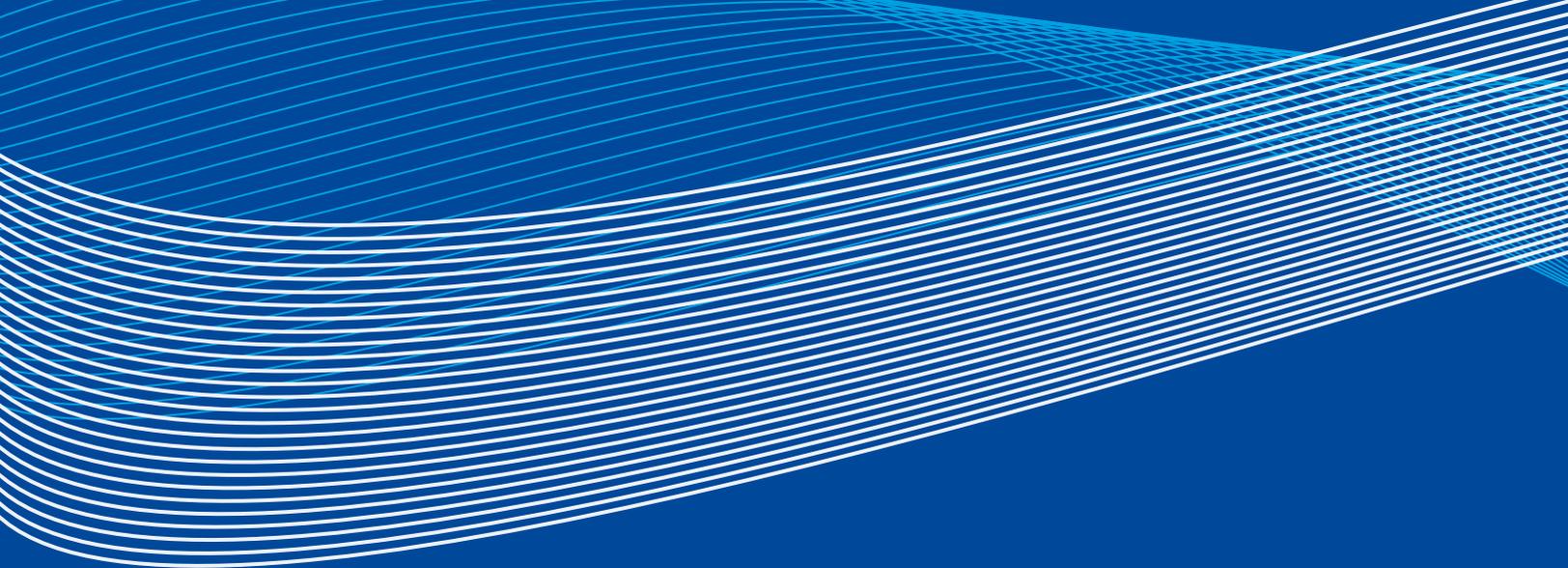
The WEE-NPP is led by a Project Coordination Office (PCO) in the Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD). The PCO is responsible for overseeing WEE-NPP activities across six pillars: (i) increasing the availability of gender statistics; (ii) removing legal barriers to participation; (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 markets.

The three-year Project Preparation Grant (PPG) has three components: (i) coordination and program management; (ii) provide technical assistance and capacity building to 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 the slow progress of implementation of the PPG, several important steps have been taken to define and set up the overall institutional and coordination arrangements for the WEE-NPP. The PCO's working lines and coordination mechanisms within MoLSAMD leadership, Technical Working Group for operational coordination, Steering Committee (SC) for management-level coordination, and Human Development Council for high-level coordination have been established and their roles and responsibilities defined and agreed upon by the relevant parties.

The SC, co-chaired by the Ministry of Women's Affairs, MoLSAMD, and MoF, has met twice and formally endorsed the SC's structure, roles and responsibilities. The program has high visibility within the government.

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



THE WORLD BANK GROUP IN AFGHANISTAN

Abdul Raouf Zia

PHONE +93 701 133 328

infoafghanistan@worldbank.org

House 19, Street 15, Wazir Akbar Khan, Kabul, AFGHANISTAN

www.worldbank.org.af

<http://facebook.com/WorldBankAfghanistan>

<http://twitter.com/WorldBankSAsia>

PHOTOS AND PHOTO COVER © Rumi Consultancy/World Bank/2018.
©WORLD BANK, OCTOBER 2018.

