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IMPLEMENTATION COMPLETION AND RESULTS REPORT

ON A

GRANT

IN THE AMOUNT OF SDR 13.2 MILLION

(US\$20 MILLION EQUIVALENT)

TO THE

ISLAMIC REPUBLIC OF AFGHANISTAN

FOR AN

AFGHANISTAN PENSION ADMINISTRATION AND SAFETY NET PROJECT (P113421)

June 24, 2018

Social Protection & Labor Global Practice
South Asia Region

CURRENCY EQUIVALENTS

Exchange Rate Effective June 4, 2018

Currency Unit = Afghani (AFN)

US\$1 = AFN 69.80

US\$1.42 = SDR 1.00

FISCAL YEAR

21 December - 20 December

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AFN	Afghan Afghanis
ANDS	Afghanistan National Development Strategy
CDC	Community Development Committee
CPF	Country Partnership Framework
GRM	Grievance Redress Mechanism
ICR	Implementation Completion and Results Report
IT	Information Technology
LIPW	Labor-intensive Public Works
M&E	Monitoring and Evaluation
MDPP	Martyrs and Disabled Pension Program
MIS	Management Information System
MoF	Ministry of Finance
MoLSAMD	Ministry of Labor, Social Affairs, Martyrs, and Disabled
NGO	Nongovernmental Organization
PCU	Project Coordination Unit
PDO	Project Development Objective
PMIS	Pension Management Information System
PMT	Proxy Means Testing
TTL	Task Team Leader
PSPP	Public Sector Pension Program

TABLE OF CONTENTS

DATA SHEET	ERROR! BOOKMARK NOT DEFINED.
I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES.....	5
A. CONTEXT AT APPRAISAL	5
B. SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)	8
II. OUTCOME	10
A. RELEVANCE OF PDOS.....	10
B. ACHIEVEMENT OF PDOS (EFFICACY).....	12
C. EFFICIENCY	15
D. JUSTIFICATION OF OVERALL OUTCOME RATING	16
E. OTHER OUTCOMES AND IMPACTS (IF ANY).....	16
III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME.....	18
A. KEY FACTORS DURING PREPARATION	18
B. KEY FACTORS DURING IMPLEMENTATION	18
IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME	19
A. QUALITY OF MONITORING AND EVALUATION (M&E)	19
B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE	21
C. BANK PERFORMANCE	22
D. RISK TO DEVELOPMENT OUTCOME	ERROR! BOOKMARK NOT DEFINED.
V. LESSONS AND RECOMMENDATIONS.....	ERROR! BOOKMARK NOT DEFINED.
ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS	25
ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION	44
ANNEX 3. PROJECT COST BY COMPONENT.....	46
ANNEX 4. EFFICIENCY ANALYSIS	47
ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS.....	53
ANNEX 6. AFGHANISTAN CASH TRANSFER PILOT IMPACT EVALUATION: PRELIMINARY ANALYSIS	

**DATA SHEET****BASIC INFORMATION****Product Information**

Project ID	Project Name
P113421	Afghanistan Pension Administration and Safety Net Project
Country	Financing Instrument
Afghanistan	Emergency Recovery Loan
Original EA Category	Revised EA Category
Not Required (C)	Not Required (C)

Related Projects

Relationship	Project	Approval	Product Line
Additional Financing	P122642-Afghanistan: Safety Nets and Pensions Support Project - AF	13-Jun-2013	IBRD/IDA

Organizations

Borrower	Implementing Agency
Ministry of Finance	Ministry of Labor, Social Affairs, Martyrs and Disabled

Project Development Objective (PDO)**Original PDO**

The project development objectives are: (i) improve the administration of the public pension schemes; and (ii) pilot a modest social safety net program as a first step to developing a sustainable approach to safety nets in the country.

Revised PDO

The project development objective is to: (i) improve the administration of the public pension schemes; and (ii) develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery, while delivering cash benefits to the poorest families in targeted pilot districts.



FINANCING

	Original Amount (US\$)	Revised Amount (US\$)	Actual Disbursed (US\$)
World Bank Financing			
IDA-H5230	7,500,000	7,495,992	7,524,659
IDA-H8480	12,500,000	12,500,000	11,704,045
Total	20,000,000	19,995,992	19,228,704
Non-World Bank Financing			
Borrower	0	0	0
Total	0	0	0
Total Project Cost	20,000,000	19,995,992	19,228,704

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
15-Oct-2009	09-Feb-2010	06-Jul-2013	31-Dec-2013	31-Dec-2017

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US\$M)	Key Revisions
13-Jun-2013	6.48	Additional Financing
21-Apr-2016	11.62	Change in Loan Closing Date(s) Reallocation between Disbursement Categories
26-Feb-2017	15.22	Change in Loan Closing Date(s) Reallocation between Disbursement Categories

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Moderately Satisfactory	Moderately Satisfactory	Substantial



RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US\$M)
01	09-Jun-2010	Satisfactory	Satisfactory	.59
02	27-Dec-2010	Satisfactory	Moderately Satisfactory	.81
03	24-Sep-2011	Moderately Satisfactory	Moderately Satisfactory	1.63
04	30-Jun-2012	Satisfactory	Satisfactory	3.43
05	05-Apr-2013	Satisfactory	Satisfactory	5.74
06	15-Sep-2013	Moderately Satisfactory	Moderately Satisfactory	6.66
07	22-Feb-2014	Moderately Satisfactory	Moderately Satisfactory	7.37
08	20-Sep-2014	Moderately Satisfactory	Moderately Satisfactory	9.35
09	11-Jun-2015	Moderately Unsatisfactory	Moderately Unsatisfactory	10.71
10	09-Feb-2016	Moderately Satisfactory	Moderately Satisfactory	11.62
11	24-Oct-2016	Moderately Satisfactory	Moderately Satisfactory	13.24
12	26-Jun-2017	Moderately Satisfactory	Moderately Unsatisfactory	15.95

SECTORS AND THEMES

Sectors

Major Sector/Sector (%)

Social Protection 100

Public Administration - Social Protection 100

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3) (%)

Private Sector Development 100

Jobs 100



Public Sector Management		44
Public Administration		44
Administrative and Civil Service Reform		44
Social Development and Protection		56
Social Protection		56
Social Safety Nets		56
ADM STAFF		
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I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Context

1. Afghanistan has been in almost constant conflict since 1979 and there has been no meaningful, durable political settlement since the monarchy was overthrown in the early 1970s. Following the withdrawal of international troops in 2014, insurgency started growing again and insecurity continued to be a major challenge. In addition to loss of life and insecurity, the conflict has had a destabilizing effect on the social cohesion of the country, exacerbating ethnic divisions and weakening government institutions and rule of law. The Pension Administration and Safety Net Project was implemented under this difficult circumstance and its implementation was challenged by unpredictable and risky security and poor accessibility to project areas and weak capacity of government and community institutions implementing the project.
2. In 2009, at the time the Pension Administration and Safety Net Project was approved, Afghanistan was facing multifaceted challenges, including a combination of natural disasters, extreme seasonal variations in food production, security problems, and the 2008 global economic crisis, which exacerbated the already high levels of chronic and transient poverty in the country. Altogether, some 15 million people were poor or at risk of poverty. Poverty was highest in rural areas and among nomadic Kuchi tribes at 45 percent; urban poverty was 27 percent.
3. Furthermore, the Afghan formal social protection system consisted largely of the pension scheme for public sector employees and uniformed servicemen of the military and police and social safety nets encompassing a number of government and donor schemes that transferred cash and in-kind benefits to various population groups. Government interventions, however, were small, both in terms of beneficiaries and spending. For example, at project appraisal, spending on the public sector pension program was less than 0.5 percent of gross domestic product (with 60,000 beneficiaries). Roughly the same amount was spent on the program targeting families of martyrs and disabled from the conflicts (with around 220,000 survivors and 90,000 disabled beneficiaries).
4. Coordination across programs was weak, although the Afghanistan National Development Strategy (ANDS) provided a loose strategic framework within which programs and projects needed to fit and the Ministry of Economy was designated to develop and operate a system of monitoring and evaluation (M&E) of ANDS implementation across various sectors. The absence of a strong coordination function coupled with weak administrative capacity in public agencies gave rise to inefficiencies through duplication of efforts and missing out on eventual synergies between interventions.
5. The Ministry of Labor, Social Affairs, Martyrs, and Disabled (MoLSAMD) has the mandate to oversee the operation of the formal pension scheme covering public sector employees, including the security sector. The administration of the pension system was weak, inefficient, and antiquated, making it difficult to translate policy reforms into practice in the field. Financial management lacked transparency and the complete cycle of record keeping was a manual process. Handling of pension claims took a long time, was cumbersome, and was highly centralized.
6. The Government's vision was to reform the social protection sector both in the pensions and safety net areas. Among the immediate and important priorities were the enhancement of the Pension Department's administrative capacity and the development of fiscally sound and well-targeted social protection interventions, including safety nets, for



improving the poverty outcomes in the country.

Theory of Change (Results Chain)

7. The project was designed with these two main goals in mind. The theory of change of each of the Project Development Objectives (PDOs) was as follows:
8. To improve the administration of the public pension schemes the project would develop a new mechanism of claims processing and benefit delivery and a new management information system (MIS) that would convert the paper-based pensioners' records to digital records and strengthen the administration and monitoring of the program. These interventions would allow to minimize leakage and human errors. To further its impact the project would also support the development and elaboration of operational procedures, manuals and guidelines, and training for staff, which would strengthen the MoLSAMD'S capacity and improve record keeping and service delivery.
9. On the safety net side, the safety net pilot part of the project would design and implement, in selected areas, a safety net administration system that would deliver a well-targeted cash transfer. The project would develop and test the implementation arrangements and targeting and payment systems that would help identify the poor and vulnerable households and deliver cash safely and on time. The developed safety net system would serve as a foundation for a nation-wide well-targeted safety net. Learnings from the pilot would also inform coherent institutional framework for future scale-up of safety net interventions in the country. These together would contribute to the Government's poverty reduction effort.

Project Development Objectives (PDOs)

10. The original PDO was to (a) improve the administration of the public pension schemes and (b) pilot a modest social safety net program as a first step to developing a sustainable approach to safety nets in the country.

Key Expected Outcomes and Outcome Indicators

11. At project design, the PDO indicators were as follows:
 - (a) A central register provides computerized record-keeping of participants and flow of fund
 - (b) Improved services to beneficiaries
 - (c) Improved revenue and financial management of the pension programs
 - (d) Streamlined monitoring, budgeting, and planning of pension program
 - (e) Safety net framework developed and tested; an evaluation of the pilot program undertaken

Components

12. The original project had three components including pension, safety nets, and project management. The



components are described in the following paragraphs.

Component 1: Pension (US\$6.61 million)

13. Component 1 had two subcomponents.

- (a) Designing new administrative arrangements for the public pension system. This subcomponent aimed to support a reform of the administrative arrangements of the public sector retirement pension program. The funds from this subcomponent supported (i) evaluation of systems and processes of the pension program and design and implementation of new mechanisms of claims processing and benefit delivery; (ii) elaboration of operational procedures, manuals, and guidelines, including training of staff; (iii) design and implementation of the new MIS for the Pension Department; (iv) securing basic office infrastructure and stable electricity supply for the Pension Department in Kabul; and (vi) strengthening of the systems of pension contribution deduction, provision of training to personnel of the budget spending units responsible for payroll processing, and strengthening of the compliance monitoring systems of the Ministry of Finance (MoF).
- (b) Modernization of the old pension system. This subcomponent was designed to systematize and clean records of the old schemes. Activities that were planned under this subcomponent include (i) design and implementation of pensioners census and the life certification process, (ii) digitizing of records of the old systems, and (iii) survey of pensioners of the existing schemes to monitor reform outcomes.

Component 2: Safety Nets (US\$9.24 million)

14. The safety nets component also had two subcomponents.

- (a) The design and implementation of a pilot safety net program subcomponent. This was envisaged to help design, implement, and evaluate a pilot safety net program, including beneficiary selection process, benefit delivery mechanism, M&E systems, and MIS. It also includes provision of technical assistance, materials, and supplies that would help the successful design, implementation, and process evaluation of the pilot.
- (b) Strengthening the institutional capacity of the MoLSAMD. The objective of this subcomponent was to improve the MoLSAMD's capacity to (i) plan and administer social protection programs, (ii) develop and maintain a simple database on ongoing social protection activities, and (iii) use the database in advancing the national social protection agenda. In addition, this subcomponent includes technical assistance, training, study tours, and provision of equipment materials and supplies related to institution building.

Component 3: Project Management (US\$ 2.96 million)

15. This component financed activities aimed at facilitating implementation of the project by using appropriate mechanisms of project management and proper tools of project progress monitoring. The financed activities include consultancy services in project management, financial management, procurement, and salaries of the Project Coordination Unit PCU staff. The component also provided technical assistance, training, equipment, materials, and supplies.



B. SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)

Revised PDOs and Outcome Targets

16. The project had an additional financing (AF) approved by the World Bank's Board of Executive Directors in 2013. The AF was needed to (a) cover the financing gap required to complete the originally planned activities related to the administration reform of the Public Pension Program; (b) expand the scope of some activities to the Martyrs and Disabled Pension Program (MDPP), including the development of MIS, procurement of information technology (IT) equipment, renovation, and furnishing of buildings; (c) expand the safety net pilot to four districts to cover more beneficiaries and conduct evaluations for the safety net component; and (d) pilot conditional cash transfers to build human capital.

Revised PDO Indicators

17. Table 1 shows the revised PDO and outcome indicators for the project.

Table 1. Original and Revised PDO-level Indicators

Original PDO	Revised PDO	Remark
(a) Improve the administration of the public pension schemes and (b) pilot a modest social safety net program as a first step to developing a sustainable approach to safety nets in the country.	(a) Improve the administration of the public pension schemes and (b) develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery, while delivering cash benefits to the poorest families in targeted pilot districts.	There is no substantive difference between the two PDOs. Under the original project, the plan was to design, implement, and evaluate a pilot safety net program, including beneficiary selection process (that is, targeting process), benefit delivery mechanism, M&E systems, and MIS; these also continue under the AF. The only difference is that in the revised PDO, 'focus on targeting and benefit payment delivery' was added, which was not in the original PDO statement.
Original PDO Indicators	Revised PDO Indicators	Remark
A central register provides computerized record-keeping of participants and flow of fund	Number of Public Sector Pension Program (PSP) beneficiaries registered in the new PSP-MIS, for which complete electronic records exist	Original PDO indicator number 1 was split in two to make the indicator clearer and easy to measure.
	Number of Martyrs and Disabled Pension Program (MDPP) beneficiaries registered in the new MDPP-MIS, for which complete electronic records exist	
Improved services to beneficiaries	Percentage of beneficiaries satisfied with the facilities offered by the Kabul PSP Department (revised indicator)	Original PDO indicator elaborated and sharpened to make it easier to measure.
Improved revenue and financial management of the pension programs (moved to intermediate indicator)	Number of families receiving assistance under the safety net component (new indicator)	While three original PDO indicators were moved to intermediate indicators, three new PDO indicators were added. The new indicators measured the achievements of the two PDOs related to the safety net component. They are clear and measurable.
Streamlined monitoring, budgeting, and planning of	Percentage of safety net beneficiaries coming from the poorest 30 percent of	



pension program (moved to intermediate indicator)	population in project villages (new indicator)	
Safety net framework developed and tested; an evaluation of the pilot program undertaken (moved to intermediate indicator)	Percentage of safety net beneficiaries receiving the payments in time, as specified in the Program Operational Manual (new indicator)	

Revised Components

Component 1: Pension

18. Under the AF, this component covered the cost overrun for renovation of the office infrastructure and IT equipment for both the public pension system and MDPP and the cost of designing and implementation of administrative modernization of the MDPP, which was not planned under the original project.

Component 2: Safety Net

19. This component financed the scaling up of the safety net pilot to four districts to cover more poor and vulnerable households in selected districts and associated costs of service providers and third-party facilitating partners. It also covered the cost of three evaluations including process, targeting accuracy, and project impact evaluations.

Component 3: Capacity Building and Project Management

20. This component covered the cost of project management, including the salaries of project staff and all running costs of the project and institutional strengthening activities. 'Strengthening the institutional capacity of MoLSAMD', which was a subcomponent of the safety net component under the original project, was moved to Component 3 during the AF. The purpose of the subcomponent remained the same, that is, to strengthen the MoLSAMD's capacity for design and management of public pension schemes and safety net programs.

Table 2. Original and Revised Project Components

Original Components	Revised Components	Remarks
<p>Component 1: Pension</p> <p>(a) Designing new administrative arrangements for the public pension system</p> <p>(b) Modernization of the existing pension system.</p>	<p>Component 1: Pension</p> <p>(a) Designing and implementing administrative modernization of the Public-Sector Pension Program (PSPP) system</p> <p>(b) Designing and implementing administrative modernization of the Martyrs and Disabled Pension Program (MDPP) system</p>	<p>New activities under the revised Subcomponent b include design and implementation of MIS for MDPP and renovation of office of the MDPP in Kabul.</p>
<p>Component 2: Safety Net</p> <p>(a) Designing and implementing pilot safety net program</p> <p>(b) Strengthening the institutional capacity of MoLSAMD</p>	<p>Component 2: Safety Net</p> <p>(a) Developing administrative systems for safety net intervention;</p> <p>(b) Delivering targeted benefit payments in pilot districts (including payment service provider's fee and Facilitating Partners services)</p> <p>(c) Designing and implementing targeting process and impact</p>	<p>Under the revised component there were no new activities; the main aim was to complete and expand the scope of activities which were planned under the original project to ensure the PDOs will be achieved fully. Under the original component, the plan was to design, implement, and evaluate a pilot safety net program, including beneficiary selection process, benefit delivery mechanism, M&E system, and MIS.</p>



	evaluations of safety net interventions	
Component 3: Project Management Strengthening of capacity for project management	Component 3: Capacity Building and Project Management (a) Strengthening policy and institutional capacity for the design and management of public pension schemes and safety nets interventions, within the ministry structure (b) Supporting project management and operating cost	Subcomponent 'a' is not new; it was Subcomponent 'b' of Component 2 under the original project.

Other Changes

21. The project went through one AF and two Level 2 restructurings. The AF introduced revision of the project's environment category from category C to B. Two Level 2 restructurings were approved by the CD on April 21, 2016 and February 26, 2017, to extend the loan closing date by 12 months and 6 months respectively and reallocate funds between categories.

Rationale for Changes and Their Implication on the Original Theory of Change

22. The project implementation progress was slowed down because of many reasons, including the 2014 presidential elections, security challenges, high staff turnover, and MoLSAMD's limited implementation capacity and ownership. The extension of the closing date was needed to allow the project to complete the ongoing activities. Funds were reallocated from the project management and capacity building component to the safety net component to provide support to more poor and vulnerable households. This change did not have any impact on the project theory of change.
23. The environment category of the project was changed from C to B. The original project was category C for environmental safeguards as the civil works in the Public Sector Pension Department were anticipated to be minor. During implementation it became clear that the rehabilitation of offices and waiting area for the Pension Department was underestimated and needed revision both in cost and scale. In addition, during the AF and restructuring of the project it was agreed to expand the civil works to the Martyrs and Disabled Pension Department. As a result, the environmental safeguards category was changed from C to B. The main objective of the change of environment safeguard category was to ensure that the client put in place appropriate tools to identify environmental risks and design and implement mitigation measures so that the project could comply with the World Bank environmental safeguard standards. This change did not have any impact on the project theory of change.

II. OUTCOME

A. RELEVANCE OF PDOs

Assessment of Relevance of PDOs and Rating

24. **Relevance of objectives.** The relevance of the PDO was Substantial both at the time of appraisal and implementation



completion. The project was in line with the then Interim Strategy Note for Afghanistan, specifically in supporting the Government's efforts of reducing poverty, strengthening governance, and improving service delivery. At appraisal, the PDO responded to the broader ANDS which aims to build a fiscally sustainable pension system and an affordable social protection system, as well as strengthen the MoLSAMD's policy capacity and institutional framework. In pensions, the immediate and important priorities were the modernization of the administration of the pensions program and the enhancement of administrative capacity of the Pension Department. The strategy also recognized that it is critically important to develop fiscally sound and well-targeted social protection interventions, including safety nets, for improving the poverty outcomes in the country. The World Bank also conducted fiscal analysis and financial projections of the pension program and various reform options, as well as basic operational analysis of the pension administration system. A comprehensive report 'Public Sector Pension Scheme: From Crisis Management to Comprehensive Reform Strategy' was delivered in June 2008 and informed the design of the Afghanistan Pension Administration and Safety Net project. At project closing, the PDO remained relevant and consistent with the current World Bank Country Partnership Framework (CPF) for 2017–2020. Enhanced social protection for the poor and vulnerable people is one of the objectives under the social inclusion pillar of the CPF, with "the intended outcomes by the end of the CPF to have established a broad-based social safety net to protect the poor and vulnerable as well as improved targeting and delivery of safety net interventions¹".

25. The project design supported the PDO and was informed by analytical work done on public sector pension by the World Bank. Similarly, the design of the safety net component considered experience from other World Bank projects implemented in Afghanistan and field-level experience of other donors and agencies that have been extensively consulted during project preparation. In addition, the project design was informed by the World Bank's experience and lessons learned in developing social insurance and assistance schemes in other parts of the world, including conflict and post conflict areas. The project design also took into account the capacity limitation of the MoLSAMD, the main implementing agency for this project. To compliment the implementation capacity gap at MoLSAMD, the safety net component involved third-party implementing partner organizations that helped with community mobilization, registration, targeting of beneficiaries, and benefit delivery/cash transfer. This arrangement was successful and helped the project to be implemented in remote, inaccessible, and insecure areas. The use of commercial banks and mobile money agencies for the safety net cash transfer, in addition to providing the private sector opportunities to participate in project implementation, ensured timely and safe delivery of benefits to eligible households. During the AF, the project also incorporated the lessons learned from the first part of the safety net pilot to further improve the design of the component. The revised design of the pilot (a) introduced proxy means testing (PMT) targeting meted, to reach 20% of the poorest families with children under five years of age; (b) reduced the transfer amount but increased the frequency – one transfer before and one after winter for two years; (c) introduced e-payment through banks and mobile money operators; and (d) incorporated three evaluations – targeting accuracy, process, and project impact evaluations.
26. The AF project paper envisaged a change in the implementation arrangement by shifting the day-to-day project management from the PCU staffed by consultants to the MoLSAMD structures where directors, heads of departments, and civil servants would be responsible for project implementation and management. The main aim of the proposed change of implementation arrangement was to mainstream the project management and implementation responsibilities within the MoLSAMD structure. However, this shift of responsibility could not happen because of the lack of capacity in the MoLSAMD, and the PCU remained responsible for the day-to-day project management until the project closing.

¹ World Bank Country Partnership Framework for Islamic Republic of Afghanistan for the period of FY17 to FY 20, October 2, 2016



27. As indicated earlier, the project went through a revision of the PDO and Results Framework as part of the AF, which resulted in a clearer and more measurable development objective and indicators.
28. The risks identified during the project design were appropriate, but the analysis and rating of some of the risks were weak. Some of the risks materialized during project implementation—for example, insecurity contributed to the slow implementation of the safety net component and rolling out of the Project Management Information System (PMIS) to provinces. The original risk assessment indicated that the activities will be implemented in areas where the security risks will be low. Similarly, the Government decided not to scale up the project's safety net component because of the lack of political support and shifting of government priorities. Although these risks were identified both in the original Project Appraisal Document and the AF paper as Substantial, they should have been rated High.
29. The project was implemented under very difficult situations, including unpredictable and risky security, poor accessibility, and weak capacity. The high staff turnover at the PCU and prolonged process of filling positions vacated by senior staff was a challenge that had negatively affected the implementation of the project, particularly delaying procurement of goods and services for the pension component. Despite the challenges, the operation was important to achieving country, World Bank, and global development objectives. For the safety net component, the Government used an implementation modality that has taken into account the capacity limitation challenges and engaged third parties to mobilize the community, register beneficiaries, and transfer benefits to eligible beneficiaries. The implementation modality worked relatively well and the project successfully piloted cash transfer and different targeting mechanisms including geographic, community-based, and proxy means test methodologies. The project also conducted two beneficiary satisfaction surveys for the pension component and three evaluations for the safety net component, including process, targeting accuracy, and project impact evaluations. The process evaluation findings indicated that the communities were satisfied with the approach and modalities followed in the implementation of the project. The approach also provided opportunities for wider participation of communities in the process of the implementation of the safety net component. The process evaluation has documented valuable lessons and provided recommendations for improving the implementation of the project and for future design of similar safety net interventions.

B. ACHIEVEMENT OF PDOs (EFFICACY)

Assessment of Achievement of Each Objective/Outcome

30. Split rating is not applied for this ICR. The original PDO was revised during the additional financing and the scope of the project expanded; for example; development of MIS and rehabilitation of building for MDPP were added on the pensions component while the number of beneficiaries increased and process and impact evaluations added on the pilot safety net component. However, the two PDOs are substantively the same. As indicated above the revised PDO and revised result framework indicators are more precise and efficacy will be assessed against the revised PDO.
31. The revised PDO has three distinctly different parts, one referring to the pension administration component and the other two referring to the safety net component, and each will be rated separately. The three parts of the PDO are the following:
- (a) Develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery. The PDO-level indicators for this objective are (i) the percentage of safety net beneficiaries receiving the payments in time and (ii) percentage of safety net beneficiaries coming from



the poorest 30 percent of population in project villages.

- (b) Delivering cash benefits to the poorest families in targeted pilot districts. The indicator set to measure this objective is 'number of families receiving assistance under the safety net interventions'.
- (c) Improve the administration of the public pension schemes. The PDO-level indicators for this part of the PDO are (i) number of PSPP beneficiaries registered in the new PSPP-MIS, (ii) number of DMPP beneficiaries registered in the new MDPP-MIS for which complete electronic records exist, and (iii) percentage of beneficiaries satisfied with the customer service facilities offered by the Pension Department.

32. Overall, the project has shown substantial efficacy in reaching its objectives.

33. Unpacking the three objectives bundled under the PDO reveals that the project achieved two of the objectives (that is, 'a' and 'b' of paragraph 31 both related to the safety net component) while the third objective (that is, 'c' of paragraph 31) was partially achieved. The details of the assessment of the three parts of the PDO are presented in the following paragraphs.

34. The project has partially achieved the objective of improving the administration of public pension schemes. The project has achieved the target for 'Number of PSPP beneficiaries registered in the new PSPP-MIS' by registering all eligible pensioners in the PMIS and pensions are paid directly to the pensioners' bank accounts. At the closing of the project, 114,256 pensioners were registered in the PMIS against the end target of 85,000 (that is, 73,200 transferred from the old paper-based system and 41,055 retired after the introduction of the PMIS). At the start of the project, there were 123,000 pensioners' records on paper-based register, out of which only 73,200 pensioners records were validated and transferred to the PMIS. The remaining 49,800 were not transferred to the PMIS because they were considered ineligible records. Cleaning and transferring the old paper-based pensioners' record identified duplicate records, multiple designated payees for the same pension record, pensioners registered both at the central pension department and in provinces, pensioners registered and claim from both pension benefits of civil and military services and multiple payment records against the same pension record over the same payment reference period.² Removing the ineligible pensioners record resulted in reduced pension expenses by approximately AFN 1.3 billion between 2013 and 2017, which translates into close to US\$19 million.³

35. The introduction of the PMIS also resulted in the improvement of business processes. The old business process contained duplicate processes, which puts a heavy burden on pensioners and Pension Department staff to repeat all the processes every year. The old business process requires pensioners to fill forms to register, pass through a certification process, get their benefit calculated manually by staff, which sometimes results in mistakes, approved, and finally passed to the payment unit for check issue. Each process is performed by a different unit of the Pension Department and pensioners should appear in person and go from one unit to another to follow up the process and finally get their payment in checks. This created a very long queue of pensioners, overwhelmed the Pension Department staff, and resulted in poor service delivery. Administration and monitoring of the program, therefore, remained very weak and prone to systemic abuse and human error. Moreover, all the processes were repeated every year and required pensioners to go through these tedious and time-consuming ordeals. On average, processing an application used to take one month for those retiring in Kabul and around three months for those retiring in the

² Implementation Support Mission Aide Mémoire, April 19–May 9, 2015.

³ Annex 4 - Economic and Financial Analysis.



provinces.⁴

36. Under the project, streamlined business processes have been developed and automated with computerized workstations. In the new business process, pensioners visit one window where they get all the services. In addition, registration, certification, benefit calculation, and issuing of pension cards are done at the entry of retirement and will not be repeated every year. All the processes are also facilitated by the MoLSAMD and the employers through the automated system without involving the pensioner. The payment is done through the pensioner's bank account and the recertification, which is proof of life, is required once in two years. This was also further automated by introducing biometric verification and saved a lot of transaction cost for the pensioners, including reducing the time spent going through repetitive and tedious processes annually.
37. However, the project did not achieve the targets set for the remaining two PDO-level indicators. At the time of project closing, no MDPP beneficiary was registered in the MDPP-MIS against the end target of 40,000. Although the MDPP-MIS was developed, the beneficiaries were not registered in the new MDPP-MIS because of the delayed procurement of the IT equipment. After the project closure, the Government developed an action plan with the support of the World Bank team, allocated resources, and started cleaning up the old paper-based records and registering eligible beneficiaries in the MDPP-MIS. So far (by May 30, 2018) 3,000 beneficiaries have been registered. The Government has retained project staff to support the implementation of the action plan. Given the Government's commitment and the approval of further pension sector reform by the Cabinet in April 2018, there is a strong likelihood that the target set for MDPP reform will be achieved by the end of 2018.
38. The second target which was not achieved is improved beneficiary satisfaction. The beneficiary satisfaction survey result indicates that 45 percent of respondents are satisfied with the facilities provided by the pension department against the baseline of 51 percent satisfaction. The main reason for the dissatisfaction is the inconvenience faced by the pensioners during the transition from the legacy/paper-based system to the automated and computerized pension administration system. The Pension Department was overwhelmed by the large number of pensioners who turned up to register in the new PMIS and, therefore, service provided by the Pension Department staff was poor. However, this situation was only temporary and once the transition from the paper based system to the automated system was completed the operation has become smooth. Unfortunately, the satisfaction survey was conducted at the time when the unpleasant experience was fresh in the pensioners' minds and must have been the reason for their negative response to the survey.
39. The objective to develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery, has been achieved. To this effect, the project developed and successfully implemented beneficiary targeting and cash transfer mechanisms to effectively target the poor and vulnerable households and transfer benefits on time and securely. In the first pilot, the project used a community-based targeting and the evaluation indicated that there were significant inclusion and exclusion errors. During the scaling up of the pilot under the AF, the project used the PMT method to identify and select poor households based on objective and transparent criteria and conducted an evaluation to test the level of accuracy of the method used. The results of the targeting accuracy evaluation indicate that the targeting approach was clearly progressive. The targeting accuracy evaluation findings show that targeting was largely successful relative to both previous targeting approaches in Afghanistan and similar safety net programs globally. In summary, the evaluation report indicates that (a) about two-thirds of safety net beneficiaries are from the poorest 40 percent of the population—a performance that compares well with the

⁴ World Bank. 2008. *Afghanistan Public Sector Pension Scheme: From Crisis Management to Comprehensive Reform Strategy*. Washington, DC: World Bank.



international experience⁵; (b) inclusion and exclusion errors were relatively small (18 percent and 28 percent, respectively), particularly compared to the pilot community-based targeting method used for the first part of the pilot (which was 85 percent and 80 percent, respectively);⁶ and (c) 76 percent of respondents in the program communities were aware of the program, and, among those, more than 9 out of 10 citizens felt that the targeting was fair and transparent.

40. The project has also managed to deliver the cash transfer on time. The data from the MIS show that the percentage of safety net beneficiaries receiving the payments on time were 72 percent against the end target of 60 percent. The use of commercial banks and mobile money transfer agencies contributed to the delivery of benefits on time. In addition, the process evaluation finding also indicates that electronic payments were suitable, efficient, and secure and that 9 out of 10 beneficiaries agree that cash is good as a safety net transfer.⁷ However, the delay to start the first payment was a major setback because the payments were distributed after more than eight months of enrollment of the beneficiaries. This was caused by the delay in the contracting process of payment agents.
41. The target of delivering cash benefits to the poorest families in the pilot districts was surpassed by delivering benefits to 31,456 households against the end target of 28,000. The preliminary project impact evaluation findings show that the program had several positive results, including improvements in food security, increased consumption of durable goods, and reduced utilization of some of the negative coping mechanisms,⁸ and encouraged human capital development, through increased school attendance and lower child labor among male children. More details on the impact of the project are presented in annex 4.
42. Overall, the project has substantively achieved the objective of developing an administrative system for safety net interventions, including an effective and transparent targeting mechanism and a secure, transparent, and efficient benefit delivery mechanism. The administrative system developed under this project can serve as a foundation for the future scale-up of safety net interventions in the country.

Justification of Overall Efficacy Rating

43. As indicated above, overall, the project has shown substantial efficacy in reaching its objectives by achieving two of the PDOs and partially achieving the third one. The project's achievement in the pensions component has resulted in significant fiscal saving which is likely to be sustainable. In addition, the safety net pilot has been fully and successfully implemented and developed effective safety net administrative systems that would serve as a foundation for a nation-wide well-targeted safety net. Although the government is not scaling up the safety net intervention now, the ongoing policy dialogue will continue to engage relevant government bodies including MoLSAMD, MoF and the President's office on how best to utilize the systems built and lessons learned from the pilot.

C. EFFICIENCY

Assessment of Efficiency and Rating

44. Overall, the project's efficiency was Modest considering significant achievements (in particular in pensions) despite

⁵ For example, well-established cash transfer programs in Philippines and Bangladesh 65% and 60% of beneficiaries come from those in the bottom 40 % respectively.

⁶ World Bank. 2012. *Pilot Program to Support Poor Families - Targeting Evaluation Report*.

⁷ Safety Net and Pension Support Project, Technical and Financial Audit of Safety Net - Final Report May 2017.

⁸ This includes such coping mechanisms as skipping meals or reducing food consumption to cope with shocks.



the challenging circumstances surrounding its implementation and its size but also accounting for implementation delays that did not allow for all the outputs to be realized within the project lifetime. In terms of achievements within the pensions component of the project for an investment of US\$4.5 million⁹ the project has created significant fiscal savings of close to \$19 million (almost fourfold) in the PSPP just between 2013 and 2017. The overall savings are likely to be bigger as this figure does not account for the net present value of savings that will accrue each year due to the use of the new electronic system as opposed to the paper based one. Similarly, a US\$2.1 million¹⁰ investment in MDPP, while has not fully borne fruit during the project implementation period, led to the Government's full commitment to implementation of the reform, which will likely result in fiscal savings between US\$4.9 million and US\$6.5 million.¹¹

45. Under the safety net pilot component improved targeting, enrollment, and delivery mechanism of the pilot safety net led not only to reduction of food insecurity among beneficiaries but also to significant gains in the efficiency of the pilot safety net administration and delivery through reduction of leakages and exclusion errors. The program design from 2013 also has shown impressive ability to learn from various targeting and process studies conducted earlier in the project, resulting in a much-improved design of the cash transfer program. See details in Annex 4.
46. The project used the allocated funds well. By the end of the disbursement (May 31, 2018) the project had accounted for all funds except the US\$414,000 which is unused and remained in the special account. The spending on project management (PIU costs) at US \$2.63 million accounted for only about 15% of the overall project cost. This can be seen quite positively given the complexity of the environment in which the project was implemented and the fact that Component 2 was a pilot with implementation of pilots usually taking up more administrative resources
47. The main shortcoming, in terms of efficiency, was that it took longer than originally planned to complete the project. Project implementation was slow and required two extensions of closing dates for cumulative of 18 months. While these delays are not unusual across similar World Bank Projects in general and across projects implemented in fragility, conflict and violence (FCV) setting, they did prevent some of the outputs from being fully materialized. For example, the AF was approved in April 2013, but enrollment of beneficiaries of the safety net component was completed toward the end of 2015 and the first round of transfer was made in 2016. Thus, the total number of transfers under the project financing was lower than planned. Similarly, the implementation of the pension component was also delayed and some activities under the MDPP were not completed. The latter, however, was partially mitigated by the strong commitment from Government to complete the implementation of the MDPP reform.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

48. The project has shown Substantial efficacy in reaching its objectives; efficiency is Modest and the PDO relevance is Substantial. Overall outcome rating is Moderately Satisfactory.

E. OTHER OUTCOMES AND IMPACTS (IF ANY)

⁹ The figure of US \$ 4.5 million is based on the costing of the PSPP subcomponent at the time of the AF. This assumption is made because latest administrative data does not provide reliable information on the breakdown of Component 1 costs between PSPP and MDPP.

¹⁰ This figure is based on the assumption that from US \$6.6 spent on Component 1 the anticipated amount of US \$4.5 million was spent on the PSPP, but the disbursement on the MDPP was only partial leaving it at about US \$2.1 million from US \$3.0 million.

¹¹ Please see Annex 4 for a detailed discussion of the assumptions behind these calculations.



Gender

49. The project design has appropriate considerations for inclusion of women in all the processes of the project cycle. The project prioritized poor women who have children under five years of age as the beneficiaries of the safety net component. The project Operations Manual also provides for the involvement of women in various community committees and clearly indicated the roles and responsibilities they would have; for example, the Operations Manual indicates that out of seven Community Development Committee (CDC) members, three of them should be women and should take part in all CDC activities.
50. However, the actual participation of women at various levels of the project is mixed. On the positive side, the targeting accuracy evaluation findings indicate that 76 percent of female household heads had registered for the project, indicating comparable levels of registration for this vulnerable subpopulation to the population overall which was 78 percent. On the other hand, during the implementation of the project, the participation of women was lower than anticipated in the project design. The findings of the process evaluation indicate that participation of women in community mobilization and taking part in CDC activities such as verification of the targeting process, payment monitoring, and so on was low. For example, in one registration center in Chamkani district, during the community mobilization to disseminate the information about the project, women participants were 48 percent of the total participants because of the female facilitators who met the women group separately. However, none of those who participated in the mobilization turned up for registration; instead they sent male family members to register, because there were no female facilitators during the registration. The process evaluation also observed that the participation of women in proportion to men was found decreasing from mobilization to registration to payment collection, which indicates that male members of the family are more likely to make decisions about use of money.

Institutional Strengthening

51. The project financed activities that supported institutional strengthening at the national, district, and community levels. The project management and capacity building component supported the establishment of a PCU at the national level, headed by the project director to support the MoLSAMD to oversee the overall project coordination and accountability of project resources. The PCU was staffed by contracted professional staff responsible for operations, financial management, procurement, M&E, and civil works. The component also supported training of 228 staff from the MoLSAMD and 74 Government ministries and agencies and the establishment of the Social Protection Department within the MoLSAMD through provision of office equipment and training to staff allocated to the department. The project has also supported activities that strengthened community institutions. The training of the CDCs and other community committees provided hands-on skills in coordinating community mobilization processes, providing feedback to the community, accepting and addressing complaints from the marginalized community members, and monitoring the implementation of the project.
52. The project involved nongovernmental organizations (NGOs) and private sector firms, including commercial banks and mobile money transfer firms as implementing partners. This has opened an opportunity for the NGOs and private sector participants to learn new skills and build capacity for future similar interventions. For the commercial banks and mobile money operators, the project has created an opportunity to develop new business opportunities by reaching clients they were not serving before.

Mobilizing Private Sector Financing

53. None



Poverty Reduction and Shared Prosperity

54. The safety net pilot cash transfer benefited 33,490 poor and vulnerable families. Preliminary analysis from the project's impact evaluation finds that the program had several positive results. At midline, the cash transfer intervention was found to encourage (a) human capital development, through increased school attendance and lower child labor among male children, and (b) sound mental health, particularly among men. At endline, the program improved individuals' sense of social cohesion, increasing beneficiaries' confidence in various institutions and men's overall attitudes toward gender equality. The program also had an impact on several indicators of food security. At midline, fewer households reduced food consumption or skipped meals to cope with negative shocks, and at endline, fewer households reported having no food in the household or children going to bed hungry. However, no impact was observed on aggregate food consumption, possibly due to a measurement error related to the definitions of household size. Few impacts were observed on asset and labor outcomes overall. The impact evaluation also sheds light on program implementation, by observing a high rate of discrepancies between administrative data and self-reporting of enrolled households in receipt of cash transfer payments. These discrepancies were much more common in the one district (out of three) that did not use biometric verification for payment receipt.

Other Unintended Outcomes and Impacts

55. None

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

56. Before the design of this project, the World Bank supported the Government of Afghanistan on fiscal analysis and financial projections of the pension program and various reform options, as well as basic operational analysis of the pension administration system. The World Bank has also produced a comprehensive report on the public sector pension scheme and assistance was provided to the Government in drafting the new Pension Regulation. The design of the Pension Administration and Safety Net Project was informed by the findings and experiences of the World Bank's support mentioned earlier.

B. KEY FACTORS DURING IMPLEMENTATION

57. Engaging third-party implementing partners and establishment of the PCU bridged the implementation capacity gap that exists within government structures. The recruitment of NGOs to facilitate community mobilization, beneficiary registration, and enrollment and the commercial banks and mobile money agencies for transferring benefits has contributed to the successful implementation of the safety net component in very remote, hard-to-reach, and insecure areas.
58. The active participation of CDCs and community members at large and the capacity-building activities undertaken to empower CDCs and community members have contributed to the relatively smooth implementation and M&E of the safety net component of the project.
59. High staff turnover was a challenge that contributed to slow implementation progress. The project supervision Aide Memoires and Implementation Status and Results Reports documented that there was high PCU staff turnover (for example three project managers in two years) and difficult relationship between the MoLSAMD management and PCU staff. Senior staff positions such as project manager, team leader, and senior finance



and procurement specialists have been vacant for several months at different periods of project implementation, which has had a negative impact on the implementation progress of the project.

60. Limited ownership. Project supervision Aide Memoires documented limited ownership of the project by the various departments in the MoLSAMD as one of the challenges that slowed the progress of the project implementation. Particularly, the Martyrs and Disabled Department delayed the recruitment of project staff who were supposed to support the department to implement the martyrs and disabled component. In addition, the resistance of the Pension Department staff to transition from the old legacy system to the new automated pension administration system was a challenge and contributed to the confusion created for the pensioners. Also, the Project Steering Committee was not fully functional. Hence, there have been ambiguities in the roles and responsibilities of different stockholders (project staff, directors, and deputy ministers) which have slowed down decision making and, in turn, contributed to delays in implementation that necessitated two extensions of closing dates. It is also important to note that the uncertainty around the period before, during and after 2014 election had contributed to the lack of focus on the project by relevant government entities which might have given an impression of lack of ownership. The ownership and commitment of government has improved by the new leadership (which took charge in August 2017) at the MoLSAMD. The MoLSAMD new leadership provided guidance and close oversight on the implementation completion, orderly closure of the project and continuation of the implementation of activities which were not completed-notably the registration of beneficiaries of MDPP in the MDPP- MIS. Moreover, the allocation of budget by the MoF to the MoLSAMD for continuation of the implementation of the administrative reform in the MDPP and rolling out the PMIS to more provinces is strong testament to the improved government ownership.
61. Elections. Project supervision mission Aide Memoires documented that post-election uncertainties related to the absence of a fully appointed minister significantly affected the decision-making processes and the morale of project staff. Several key staff resigned, including the project and component managers.

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

M&E Design

62. The M&E design is rated Substantial. The project Results Framework includes indicators which are relevant (particularly after the revision of the Results Framework) and created a good logical frame for following the project progress. The baselines have also been established and periodic assessments, including spot-checks and various evaluations (process evaluation, targeting accuracy, and impact evaluations), were included in the design. M&E of the project was also supported by the MIS developed for the pension and the safety net components separately. However, some of the indicators of the original project were broad and difficult to measure (for example, central register in place and operational) or had ambitious targets (like all provincial offices covered with new data consolidation and reporting process).
63. For the safety net component, the project developed an MIS, which was used for beneficiary register and was linked to electronic payment, which facilitated proper monitoring of progress of the safety net component.
64. For the pension component, the project developed an MIS for the modernization of the pension administration and electronically captured all pensioners' information, including the data kept on paper. All pension-related business



processes are automated and they are captured by the PMIS and payments are made to the pensioners' bank accounts.

M&E Implementation

65. M&E implementation is rated **Substantial**. The PCU was staffed with two M&E specialists who managed day-to-day M&E aspects of the project. The implementation of the M&E of the project activities was conducted at two components, namely at the pension and safety net components. For the safety net component, the project developed an MIS which tracked project information at the district level. The implementing partner organizations and CDC members were responsible for the M&E function at the community and district levels and data were collected from the targeted community, compiled, and entered in the PMIS. The cash transfer data were collected and compiled by the banks and mobile money transfer agencies contracted by the project. The project also contracted an independent firm to conduct spot-checks to monitor the accuracy and time lines of cash transfers. The project conducted three evaluations, including safety net implementation process, targeting accuracy, and project impact evaluations and generated knowledge and lessons which are useful for future safety net programming.

M&E Utilization

66. M&E utilization is rated **Substantial**. Studies were implemented to generate evidence on effectiveness of the project interventions in the beneficiary communities. The information from the MIS was also used during the impact evaluation conducted for the safety net component. Major studies include targeting accuracy evaluation, project implementation process evaluation, project impact evaluation, public pension baseline, and follow-up survey on beneficiary satisfaction. The findings of these studies provided valuable inputs and evidences to assess the performance of the project.
67. The project had weakness in preparing and submitting quarterly and annual project progress reports, which reflects the limited capacity both at the Pensions Department and the PCU. The project progress reports submitted by the PCU were often late and of poor quality. Although the reports contain data from the pensions and safety net MIS, the analysis was usually wanting.

Justification of Overall Rating of Quality of M&E

68. The overall rating for quality of M&E is **Substantial**. The design of project M&E framework was robust and included a result framework with relevant indicators and a number of impact evaluations and beneficiary satisfaction surveys. The project progress was monitored involving relevant stakeholders and planned evaluations were implemented. The result of the evaluations and surveys conducted were used to assess the achievement of the project objectives and generated knowledge and lessons to inform future design and implementation of similar initiatives. As indicated above the minor shortcoming was limited capacity of the implementing agency (MoLSAMD) to prepare and submit timely progress report.



B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

Procurement and Financial Management

69. Procurement for the project was conducted at the center by the PCU under supervision and guidance from the MoLSAMD. The PCU was staffed with one procurement officer, this arrangement has never been adequate both in numbers and capability. Overall, the project experienced poor procurement performance and this was one of the main bottlenecks during most of the project implementation period. The post procurement reviews identified weakness in many areas, including following faulty procurement processes, lack of proper documentation of procurement and procurement-related files, and weak contract management. The poor procurement performance of the project greatly contributed to delay of implementation of critical activities, which in turn led to two extensions of closing dates.
70. The project financial management was handled at the center by the PCU under supervision and guidance from the MoLSAMD finance directorate. The project maintained agreed financial management arrangements for most of the project implementation period except the financial management staffing where there was a high turnover. The financial management performance rating remained Moderately Satisfactory throughout the project life due to low budget credibility, high turnover of financial management staff, and weak fixed asset management. The budget utilization rate in the last three years of the project was on average 53 percent. The financial management risk rating was initially established as Substantial, while it was upgraded to Moderate in the last two years of the project. Despite high turnover of the financial management staff, the World Bank received all the financial management reports on time. All the project-related fixed assets are handed over to the parent ministry. There are no ineligible expenditures, overdue interim unaudited financial reports, and audit reports with respect to the Pension Administration and Safety Nets Project.

Environmental and Social Safeguard

71. The following environmental and social safeguard policies were triggered at appraisal (a) Environmental Assessment (OB/BP 4.0 1) and (b) Involuntary Resettlement (OP/BP 4.12). The project developed an Environmental and Social Management Framework to lay out the specific requirements, processes, and responsibilities for ensuring that the activities implemented by the project will not have negative impacts on the environment and people.
72. Environmental safeguard. The main activities implemented related to environmental safeguard was the rehabilitation of the buildings for the Pension Department and the Martyrs and Disabled Department of the MoLSAMD. The World Bank environmental safeguards team conducted meetings, field visits, and assessments of the overall safeguards compliance under the project at project closing. The buildings rehabilitated at pension department are fully functional and have improved the working environment for the staff and comfortable waiting area for pensioners who are visiting the department to receive various services. However, during the visit to the rehabilitated building of the Martyrs and Disabled Department, several health and safety issues were noticed including a gas and cooking stove in the customers waiting area, poor air circulation because of malfunctioning of the air conditioners, expired fire extinguishers, and poorly maintained toilets which can expose users to health hazards. The government has agreed to fix the shortcomings observed including cleaning up the area, fixing the air conditioners and improving the conditions of toilets.
73. Social safeguard. There was no activity implemented by the project which required land acquisition. The project has supported an extensive community participation and decision making in the process of project implementation, monitoring and evaluations. The project also empowered and utilized the local knowledge and leadership of the



CDCs in the community mobilization, targeting, implementation, monitoring and evaluation of the safety net component. The project design had included considerations to ensure participation of the poor and marginalized group, including women. The targeting accuracy evaluation results indicated that women were fairly treated during the targeting for the safety net benefits. While participation of the poor and marginalized community members was satisfactory, the participation of women in the decision-making process was lower than anticipated in the project design. In addition, the project has attempted to develop and implement grievance redress mechanism (GRM) to ensure that those who have complained will have a mechanism through which they can be heard and that their complaint will be addressed properly and on time. However, while the attempt is commendable the effectiveness of the GRM was limited, primarily because of lack of capacity of the community committees which are supposed to handle the grievances.

C. BANK PERFORMANCE

Quality at Entry

74. The project preparation was informed by the analytical work conducted by the World Bank team and experiences from Afghanistan and other countries with similar situations. The Bank team had also conducted extensive consultations with the relevant Government bodies, bilateral donors and NGOs engaged in similar activities in Afghanistan. Experience from previous operations and international experience were extensively used and the project design had clear relevance to the intended objectives. The project design has also anticipated the implementation capacity challenges in remote areas and included the services of third party to address the capacity challenges. The involvement of CDCs in project implementation process helped to address challenges related to community mobilization and security. However, the project design had few shortcomings including, as noted above, the project under estimated the costs of activities which created financing gap and necessitated an additional financing. The project result framework also needed to be revised in order to make it clearer and easy to measure.

Quality of Supervision

75. The World Bank team provided close support and hand-holding to the PCU and relevant government departments involved in the implementation of the project. The World Bank team was composed of World Bank staff and consultants with expertise and experiences relevant to the various project components. The World Bank team conducted regular supervision missions, including a midterm review. Project supervision mission Aide Memoires documented project progress, implementation bottlenecks, recommendations, and agreed actions. The World Bank team also led three evaluations conducted under the project. The team has continued supporting the Government team to further strengthen and continue the pension administration reform started under the project.
76. There were shortcomings in following up on the post procurement review results and recommendations. For example, there are three post procurement reviews (including 2014/15, 2015/16, and 2016/17) which are still under discussion with the client.

Justification of Overall Rating of Bank Performance

77. The World Bank's overall performance rating is Moderately Satisfactory. Quality at entry included broad based consultation and collaboration during preparation and use of lessons learned from previous operations implemented in the country and from international experience. Supervision was proactive and provided realistic feedback to management, as well as stable guidance to counterparts. Minor shortcomings were seen at design, mainly related to



under estimation of project costs and failure to realistically analyze, rate and monitor risks associated to insecurity.

D. RISK TO DEVELOPMENT OUTCOME

78. While the Government has taken actions to continue the pension administration reform to further strengthen the outcome of the project, the safety net component will not be scaled up as expected because of lack of government ownership. Therefore, the overall risk to development outcome is rated Significant.
79. The project achieved good progress toward the development outcomes of the safety net part of the project. It has developed safety net administrative tools and tested their effectiveness, strengthened national and local institutions, and built capacity. However, the Government has no plan to scale up the safety net cash transfer component using the administrative tools developed by the project. Instead, the Government has a program called 'Citizens Charter', financed by the World Bank, which provides temporary employment through labor-intensive public works (LIPW) to the poor and vulnerable households with able-bodied adults who can participate in the LIPW. The 'Citizens Charter' also provides 'social inclusion grant' to poor households who do not have able-bodied members to participate in the LIPW. While the temporary employment creation through the LIPW and the 'social inclusion grant' to support the poorest and most vulnerable members of the community are good approaches, both are one-off interventions (that is, a community will receive US\$70,000 for LIPW and US\$2,000 for social inclusion grant only once) and cannot fulfill a safety net function.
80. On the other hand, the Government has shown strong commitment and has taken practical steps to continue the pension administration reform, building on the achievements of the closed project. To this effect, the Government has allocated budget and retained the services of the PCU staff to support the MoLSAMD to continue the pension administration reform started under the project and, in parallel, build the capacity within the ministry for complete takeover of day-to-day activities of the pension department. Moreover, in April 2018, the Cabinet approved further pension reform which includes (a) parametric reform measures for the civil service and security forces schemes, (b) the establishment of a public pension fund for the contributory schemes that were not implemented as true contributory schemes in the past, and (c) introduction of a voluntary pension scheme for formal private sector workers.

V. LESSONS AND RECOMMENDATIONS

81. The Government ownership is critical for the success of a project. The implementation of the survivors of martyrs and disabled pension component suffered because of the limited involvement and leadership of the Government in the implementation of the activities to improve the MDPP. Similarly, the reluctance of the Pension Department staff to collaborate with the PCU staff also slowed down the implementation pace of the component. As indicated under the section "Key factors affected implementation of the project" (para 61), the MoLSAMD's leadership oversight on the project implementation and guidance to the relevant staff was affected by the protracted uncertainties before, during and after the 2014 election. The Bank team's various efforts to get the full attention and oversight of the leadership on the project implementation had limited success. However, at the later stage of the project implementation, in addition to continued engagement with the high-level leadership, the Bank team exerted a focused engagement with the department head and senior staff of the procurement department of the MoLSAMD which resulted in the integration of the project procurement support functions into the ministry's procurement department. Though the integration was vigorously enforced late in the life of the project, it allowed procurement department of the ministry to make timely decisions, and exercise monitoring and oversight on the key function of procurement which in turn resulted in accelerated project implementation. The integration also helped to clear confusions around roles and responsibilities of the procurement department staff vis a vis project support staff. Ambiguities regarding the roles and responsibilities and delays in procurement were the key reasons for implementation delays during most of the project life. In



retrospect, the Bank team would have engaged more with the midlevel managers and technical staff of the MoLSAMD who were responsible for the day to day project implementation activities. Such engagement would have filled the temporary leadership gap and fostered better harmony and collaboration between PCU and MOLSAMD staff which in turn would have contributed to smoother and faster implementation of the project.

82. The participation of women was low in most of the project activities. There is a need to address the bottlenecks that cause low participation of women in various project activities. One of the areas that needs to be addressed was the involvement of sufficient number of female project facilitators so that women will have a chance to have the necessary information, guidance, and services that the project is supposed to provide. In addition, considering that the registration centers are sometimes inaccessible for some families, particularly women, the registration process needs to be flexible and reach out to those who cannot travel far from their villages for whatever reason.
83. Third-party implementation arrangement for the safety net component was successful and had bridged the implementation capacity gap that exists at the district and central level of government structures. For example, the delivery of cash through mobile banking services in provinces where there were no banking services available was successful and in future, social safety net projects which intend to use cash as a mode of benefit in Afghanistan can build on the experience gained under this project and use the mobile payment mechanism.



ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Improve the administration of the public pension schemes

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of PSPP beneficiaries registered in the new PSPP-MIS, for which complete electronic records exist	Number	220.00 15-Dec-2012	0.00 13-Jun-2013	85000.00 22-Jun-2017	114100.00 31-Dec-2017

Comments (achievements against targets): The target was achieved. All eligible pensioners are registered in the PMIS. Original target is stated in text as "all system in Pension Department fully operational"

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of MDPP beneficiaries registered in the new MDPP-MIS, for which complete electronic records exist	Number	0.00 15-Dec-2012	0.00 13-Jun-2013	40000.00 22-Jun-2017	0.00 31-Dec-2017



Comments (achievements against targets): This indicator did not have original value, it was a new indicator added at the additional financing. Target has not been achieved; however, the MoLSAMD has continued the registration of beneficiaries after the project closure. Up to May 30, 2018 over 3,000 beneficiaries registered in the MDPP-MIS. The registration is in progress and the World Bank team is providing technical assistance.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of beneficiaries satisfied with the customer service facilities offered by the Pension Department (including waiting area, office building, etc.)	Text	51%	Improved services to beneficiaries	75%	45%
		15-Dec-2012	13-Jun-2013	22-Jun-2017	31-Dec-2017

Comments (achievements against targets): Despite the fact that tangible benefits have accrued to the pensioners because of the improved infrastructure including renovated and furnished waiting area with air conditioners and toilets for both male and female, the response to the customer service satisfaction survey was negative. The main reason for the dissatisfaction was, the difficulty during the transition from the paper based and manually operated system to the automated and computerized pension admin system. This was temporary and now the system runs smoothly.

Objective/Outcome: Develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of safety net beneficiaries coming from the poorest 30 percent of population, in project villages	Percentage	32.00	0.00	60.00	55.00
		15-Dec-2012	13-Jun-2013	22-Jun-2017	31-Dec-2017

Comments (achievements against targets): Target substantially achieved. This indicator did not have original value, it was a new indicator added at the additional financing.



Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of safety net beneficiaries receiving the payments in time, as specified in the Program Operational Manual	Percentage	40.00 15-Dec-2012	0.00 13-Jun-2013	60.00 22-Jun-2017	72.00 31-Dec-2017
Comments (achievements against targets): This indicator did not have original value, it was a new indicator added at the additional financing. Target surpassed					
Objective/Outcome: Deliver cash benefits to the poorest families in targeted pilot districts					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of families receiving assistance under the safety net intervention (cumulative)	Number	16465.00 15-Dec-2012	0.00 13-Jun-2013	28000.00 22-Jun-2017	26938.00 22-Jun-2017
Comments (achievements against targets): This indicator did not have original value, it was a new indicator added at the additional financing. Target substantially achieved					
A.2 Intermediate Results Indicators					
Component: Pension					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised	Actual Achieved at



				Target	Completion
Operational Manual of the PSPP Pension Department developed, including operational procedures and rules, and TORs	Text	Draft	Operations manual being used as a standard for PSPP operation	Updated OM being used as a standard for PSPP operation	Updated OM being used as a standard for PSPP operation
		15-Dec-2012	13-Jun-2013	30-Jun-2017	31-Dec-2017

Comments (achievements against targets): The target achieved. Pension department uses operations manual to guide all the pension administration operations.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Operational Manual of MDPP developed, including operational procedures and rules, and TORs	Text	NA	operations manuals developed and used	The updated OM is used as a standard for MDPP operation	Developed but pending system installation and implementation
		15-Dec-2012	13-Jun-2013	30-Jun-2017	31-Dec-2017

Comments (achievements against targets): The Operations manual was developed but was not put in use because of the delay of starting the registration of beneficiaries of MDPP. The MoLSAMD started the registration of beneficiaries after the closure of the project and the operations manual is fully in use.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of PSPP Pension Department staff trained to implement new rules/procedures	Number	0.00	0.00	50.00	88.00
		15-Dec-2012	13-Jun-2013	30-Jun-2017	31-Dec-2017



(cumulative)

Comments (achievements against targets): target surpassed

This indicator was added during the additional financing, hence no value for original target.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of MDPP staff trained on the new rules/procedures (cumulative)	Number	0.00 15-Dec-2012	0.00 13-Jun-2013	35.00 30-Jun-2017	40.00 22-Jun-2017

Comments (achievements against targets): Target surpassed

This indicator was added during the additional financing, hence no value for original target.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
PSPP pension eligibility verification and recertification procedures defined and applied.	Text	No 15-Dec-2012	Verification and recertification implemented in Kabul and six additional provinces 13-Jun-2013	Verification and recertification implemented in Kabul and six additional provinces 30-Jun-2017	Verification and certification completed in Kabul and in four provinces 31-Dec-2017

Comments (achievements against targets): Target substantively achieved

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised	Actual Achieved at
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				Target	Completion
PSPP pensioners census conducted	Yes/No	N	Y	Y	Y
		15-Dec-2012	13-Jun-2013	30-Jun-2017	31-Dec-2017

Comments (achievements against targets): Target achieved

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of agencies/ministries connected to PSPP MIS and submitting online applications for new pensioners	Text	4	0	35	74
		15-Dec-2012	13-Jun-2013	30-Jun-2017	31-Dec-2017

Comments (achievements against targets): Target surpassed

This indicator was added during the additional financing. No target value in the original project.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of beneficiaries satisfied with the customer service facilities offered by the Kabul DMPS Department (including waiting area, office building, etc.)	Percentage	51.00	0.00	75.00	72.00
		15-Dec-2012	13-Jun-2013	30-Jun-2017	31-Dec-2017



Comments (achievements against targets): Target substantively achieved

The original target value for this indicator was in text stated as "survey indicates improved beneficiary satisfaction"

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Chart of accounts developed and introduced in the treasury accounting system	Yes/No	N 15-Dec-2012	Y 13-Jun-2013	Y 30-Jun-2017	Y 31-Dec-2017

Comments (achievements against targets): Target achieved

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
New reporting and monitoring system for PSPP established in all 6 provincial centers.	Text	New reporting system from the provinces is under preparation as part of new PD-MIS rollout. 15-Dec-2012	New reporting systemfor PSPP established in all 6 provincial centers 13-Jun-2013	Yes 30-Jun-2017	New Reporting system installed and functional in four provinces 31-Dec-2017

Comments (achievements against targets): Target partially achieved

Component: Safety Net

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Annual spot checks carried	Text	No	NA	Yes	Yes,



out (through third party verification mechanisms/Ministry's internal systems) to verify compliance with safety net benefits delivery procedures

15-Dec-2012

13-Jun-2013

31-Dec-2017

31-Dec-2017

Comments (achievements against targets): Target achieved

This indicator was added during the additional financing. No target value in the original project

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of beneficiary families in the upgraded Safety Net MIS	Number	0.00	0.00	10000.00	10475.00
		15-Dec-2012	13-Jun-2013	31-Dec-2017	31-Dec-2017

Comments (achievements against targets): Target achieved.

This indicator was added during the additional financing. No target value in the original project

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Appeals and grievances mechanisms in place and functional	Yes/No	N	Y	Y	Y
		15-Dec-2012	13-Jun-2013	31-Dec-2017	22-Jun-2017

Comments (achievements against targets): Target partially achieved. The appeal and grievance redress mechanism developed but its effectiveness was limited because of the limited capacity of community committees who are responsible to manage it.



Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of beneficiaries participating to nutrition and hygiene awareness sessions in the CCT communities	Percentage	0.00	70.00	70.00	0.00
		15-Dec-2012	13-Jun-2013	31-Dec-2017	31-Dec-2017
Comments (achievements against targets): Target not achieved.					

Unlinked Indicators

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of staff under the safety nets dedicated unit within MoLSAMD	Number	4.00	0.00	6.00	4.00
		15-Dec-2012	13-Jun-2013	31-Dec-2017	31-Dec-2017
Comments (achievements against targets): Target was not achieved This indicator was added during the additional financing. No target value in the original project					



A. KEY OUTPUTS BY COMPONENT

Component 1: Pensions	
Objective/Outcome 1 - improve the administration of the public pension schemes	
<i>PDO Result indicators</i>	<i>Output</i>
<p>1. Number of Public Sector Pension Program (PSPP) beneficiaries registered in the new PSPP-MIS, for which complete electronic records exist.</p> <ul style="list-style-type: none"> At ICR preparation, 114,1000 pensioners (including 40,900 who retired after the PMIS was installed) registered in in PSPP-MIS against the end target of 85,000. At the start of the project, there were 120,000 pensioners records in the old paper based system. After cleaning and verification of the records only 73, 200 were transferred to the MIS and the remaining 46,800 (that is, 40 percent) could not be verified and therefore did not make it to the computerized MIS. The 46,800 could be duplication of records or ineligible beneficiaries of the pension system and were removed from pensions system. 64,682 or 88 percent of those registered in the MIS are biometrically verified- the process will continue until it reaches 100 %. Biometric verification was not planned initially but added later as a necessity to ensure reliable verification of pensioners. Before the project, all operations were paper based. After the project interventions all business processes automated including registration, rectification, benefit calculation and payment which in turn: <ul style="list-style-type: none"> improved budget forecasting, improved accountability minimized fraud, corruption, and human error 	<ul style="list-style-type: none"> Manuals developed for new business process PMIS and biometric systems Developed and installed A software developed to deal with pension claim processing (that is, linking the MIS with bank payments), fiscal forecasting for pension revenue and expenditures. An independent technical review of the PMIS conducted and based on the findings and recommendations of the review the PMIS was upgraded Records of 114,1000 pensioners registered in the PMIS Public sector pension Renovation and furnishing of buildings in Kabul and in four provinces (Nangarhar, Balkh, Herat, and Kandahar) completed Procured and installed power generator to provide reliable electric power to pension department to avoid delay in service provision to pensioners Opened individual bank accounts for all pensioners Baseline and end line survey conducted to assess beneficiary satisfaction on service delivery before and after the project interventions. Procurement and installation of 100 Computers and 9 Servers in Kabul pension department and four provinces completed.



<ul style="list-style-type: none"> ○ improved financial inclusion for pensioners – at endline survey 97 % pensioners reported that they have bank account compared to 10% at the baseline. ● Public resources saved. In 1397 (2017) close to AFN 1.3 billion saved (equivalent of US\$19 million) 	
<p>2. Number of Martyrs and Disabled Pension Program (MDPP) beneficiaries registered in the new DMPP-MIS, for which complete electronic records exist.</p> <ul style="list-style-type: none"> ● No beneficiary was registered at closing of the project ● The registration of the beneficiaries started late because of the delay of procurement of necessary IT hardware for the MIS. The IT hardware for the MIS were delivered just before the closing date of the project. ● After the closure of the project, the MoLSAMD continued the implementation of the registration of MDPP beneficiaries using the budget allocated from the MoF. ● At the time of ICR 3,000 DMPP beneficiaries registered in the DMPP - and the process has continued 	<ul style="list-style-type: none"> ● Manuals developed to outline eligibility criteria and the procedures that must be followed to review, verify and certify the MDPP beneficiary records ● MIS and Biometric System Developed ● Renovation of building in Kabul martyrs and disabled office to facilitate a better working environment for staff and improved waiting areas for martyrs and disabled beneficiaries ● Procured and installed furniture and air conditioners in waiting area and office for Kabul martyrs and disabled office ● 24 Computers and 4 servers procured ● 40 staff trained
<p>3. Percentage of beneficiaries satisfied with the facilities offered by the Kabul PSPP Department</p> <ul style="list-style-type: none"> ● The end line beneficiary survey result shows that the level of satisfaction deteriorated from the base line level of 51 percent to 45 percent. ● Even though there are tangible benefits that have accrued to the pensioners because of the improved infrastructure including renovated and furnished waiting area with air conditioners and toilets for both male and female, the response to the customer service satisfaction survey was negative. ● The main reason for the dissatisfaction of pensioners was the resentment and distrust in the new system due to the significant 	<ul style="list-style-type: none"> ● End line beneficiary satisfaction survey conducted ● The pension administration reform introduced by the project has simplified the business processes which were long and cumbersome under the old system. Under the new system pensioners (a) will no longer visit the pension department to collect their pay check, instead their payment is sent to their bank account, (b) registration, certification and benefit calculation is done only once at the entry of retirement and recertification/proof of life is done once in two years through biometric system. This is a huge improvement compared to the old system where pensioners were obliged to visit pension department every year to go through these processes, (c)



<p>time lags between registration in PMIS and payment of benefits. As part of the transition to the new pension administration system, existing pensioners (that is, those already registered and receiving payments under the old manual system) are required to go through a one-off process including registration in PMIS, recertification, and bank account opening. The registration, recertification and bank account opening process occurs when beneficiaries come to claim their checks from the pension department and cash their benefits for the current payment cycle. At initial stage of the transition from the legacy system to the new system, the pension department was overwhelmed by the large number of pensioners coming at the same time to register in the new system which in turn resulted in longer waiting time to complete the process and receiving their pay. The time lags between registration in PMIS, opening a bank account, and receiving the payment was one of the major dissatisfaction of beneficiaries on the new system.</p> <ul style="list-style-type: none"> • Although there was planned activity for publicity and communication campaign to create awareness about the new pension system, it was not implemented. Proper communication campaign would have helped the beneficiaries to understand the process, avoid the overcrowding of the pension department and manage their expectations better. 	<p>pensioners get all the services they need from pension department through one stop window which is a great improvement compared to the old system where pensioners had to go from one unit to another to get services; and (d) the project has renovated and furnished the waiting area which now provides spacious and comfortable space where pensioners can sit when they visit pension department for services.</p>
<p>Intermediate Results Indicators (Objective 1)</p>	<p>Outputs</p>
<p>PSPP pension eligibility verification and recertification procedures defined and applied</p> <ul style="list-style-type: none"> • Clear business process, operational rules & procedures and clear roles and responsibilities of staff in place. • The old business process was analyzed and found to contain 	<ul style="list-style-type: none"> • The project developed manuals that outlines eligibility criteria and the procedures that must be followed to review, verify, and certify the records in the legacy system, including: <ul style="list-style-type: none"> ○ Guidebook for HR managers for implementation of the pension regulation for civil service employees



<p>duplicate processes which puts a heavy burden on pensioners to follow all the processes every year. The old business process requires pensioners to fill forms to register, pass through a certification process, get their benefit calculated manually by staff which sometimes result in mistakes, approved, and finally passed to payment unit. Each process is performed by a different unit of the pension department and pensioners should appear in person and go from one unit to another to follow up the process and finally get their payment in checks. This usually creates a very long queue of pensioners, overwhelms the pension department staff and results in poor service delivery. Moreover, all the processes are repeated every year and requires all pensioners to go through these tedious and time taking ordeal.</p> <ul style="list-style-type: none"> Based on the findings of the review the project has designed a and implemented a new business process. The new business process has divided the pensions operation into two categories namely one-time operation and recurring operation. Most of the operations were categorized as one-time operation; accordingly, registration, certification, control and issuing of pension card are identified as one-time operation. All one-time business processes are conducted through single window, that is, the pensioner will only go to one window where all the processes are handled and completed. The operations categorized as recurrent are payment and recertification which do not require the appearance of pensioners at the pension department. The payment is done through the pensioners bank account and the recertification which is proof of life is done once in two years which was also further automated by introducing biometric verification. 	<ul style="list-style-type: none"> Pensions department Operations Manual prepared to guide eligibility verification, rectification, benefit calculation, and so on.
<p>Number of PSPP Pension Department staff trained to implement new rules/procedures</p>	<p>In total 228 Government staff trained. The project supported the training of 88 staff from the pensions department in Kabul and</p>



<ul style="list-style-type: none"> 88 staff of pension department trained against end target of 50. The MoF and payroll staff in the 76 ministries follow the new rules, procedures and business processes and accomplish their tasks efficiently. 	<p>provinces and 140 staff from 76 Government agencies to build the capacity for implementation of the new rules and procedures of the pension administration.</p>
<p>Number of MDPP staff trained on the new rules/procedures</p> <p>40 MDPP staff trained, against end target of 35, on the new rules/procedures and continued registering beneficiaries after the closing of the project.</p>	<p>40 MDPP staff were trained</p>
<p>PSPP pensioners census conducted. PSPP pensioners census completed</p>	<ul style="list-style-type: none"> 123,000 thousand old pensioners' records were scanned and digitized at the central pension department and in eight provinces. Once the verification and recertification of the records kept on papers is completed, pensioners were requested to appear in person as a proof of life and through this process census of eligible pensioners was conducted.
<p>Number of agencies/ministries connected to PSPP MIS and submitting online applications for new pensioners</p> <ul style="list-style-type: none"> 74 ministries and government agencies are submitting online applications for registration of new pensioners, deduct active staff pension contribution and remit to the MoF. The target set for end of project for this indicator was 35 ministries and government agencies to be connected to the MIS. After the installation of the PMIS the employer organization sends all the necessary evidence and paper work to the MoLSAMD through the PMIS and pensioners can receive their benefits immediately after retirement. Processing application used to take on average one month for those retiring in Kabul and around three months for those retiring in provinces.¹² 	<p>74 ministries and government agencies are connected to PSPP MIS.</p>

¹² Afghanistan Public Sector Pension Scheme: From Crisis Management to Comprehensive Reform Strategy June 24, 2008, World Bank



<p>Percentage of beneficiaries satisfied with the customer service facilities offered by the Kabul DMPS Department</p> <p>Satisfaction survey not conducted.</p>	<p>Although the waiting area and office buildings in Kabul was renovated but the completion and hand over was done almost at the end of the project period and beneficiary satisfaction survey was not conducted for survivors of MDPP beneficiaries.</p>
<p>Chart of accounts developed and introduced in the treasury accounting system</p> <ul style="list-style-type: none"> 14 Chart of accounts (9 for civil service pensions and 4 for security sector pensions) developed and introduced in the treasury accounting system. This has helped to prepare detailed budget forecast, monitor budget utilization and improved accountability. In the old system there was only one chart of account through which pensions budget for both civil service and security sector pensions disbursed as a lumpsum. 	<ul style="list-style-type: none"> The project developed chart of accounts; currently there are 14 accounts compared to only one account before the project. Old system disburses pension budgets through one account in lumpsum
<p>New reporting and monitoring system for PSPP established in all 6 provincial centers</p> <ul style="list-style-type: none"> The MIS system was rolled out to four provinces against the originally planned six provinces Four states have installed PMIS and fully functional for pensions administration, monitoring and reporting. 	<p>The PMIS is installed in four provinces - Nangarhar, Balkh, Herat and Kandahar</p>
<p>Component 2: Safety net</p>	
<p>Objective/Outcome 2 - <i>Develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery</i></p>	
<p><i>PDO Result indicators (Objective 2)</i></p>	<p>Outputs</p>
<p>Percentage of safety net beneficiaries receiving the payments in time, as specified in the Program Operational Manual</p> <ul style="list-style-type: none"> According to the MIS data safety net beneficiary households are satisfied with the timing of benefit delivery. 72 % of beneficiaries received their benefits in time. The findings of spot check conducted by an independent consulting firm also confirmed that the cash transfer was overall satisfactory 	<ul style="list-style-type: none"> The project contracted a commercial bank and two mobile money operators to transfer cash to safety net beneficiaries. The payment modalities were: electronic (transferred to banks and withdrawn using cards), and M-Paisa (transferred using mobiles, and payment made by local centers). Also in limited number of remote communities, inaccessible by Banks and mobile



<ul style="list-style-type: none"> • The payment modalities selected were appropriate considering the existing security concerns, and were also smooth in keeping records and managing the transactions. • However, the delay in the first payment was a major setback since the payments were distributed after more than eight months. The project made seven transfers in total (4 transfers to treatment groups and three to control groups). 	<p>money agent, manual/direct (given to individual beneficiary in cash).</p> <ul style="list-style-type: none"> • The project contracted an independent consulting firm to conduct a random spot check to review and verify compliance with safety net benefits delivery procedures including the timeliness and accuracy of the cash transfer.
<p>Percentage of safety net beneficiaries coming from the poorest 30 percent of population</p> <ul style="list-style-type: none"> • The objective of the targeting accuracy evaluation was to assess the extent to which the project selected the beneficiaries it intended to select. The target group was the poorest 20% of families with children under the age of five¹³. The targeting approach combined community mobilization and proxy-means testing (PMT)—a technique for poverty-based targeting. The results of the TAE indicate that 78 percent of households in program communities registered. The targeting significantly favored the poorest households: nearly half (45 percent) of all households that were selected for the program were among the country's poorest 20 percent. Sixty-six percent of selected households were among the country's poorest 40 percent. While there is clearly room for improvement to reduce exclusion errors, these results are in line with international cash transfer programs. Citizens' perceptions of the targeting process were very positive. 	<ul style="list-style-type: none"> • The project has developed, tested, and evaluated targeting mechanisms for beneficiary selection. The project used two targeting methods namely community based targeting and PMT. At the first pilot community based targeting was used while PMT was used under the expanded pilot safety net implementation. • The project conducted an evaluation to measure the accuracy of the PMT targeting mechanism.
<p><i>Intermediate Results Indicators (Objective 2)</i></p>	<p><i>Output</i></p>
<p>Annual spot checks carried out to verify compliance with safety net benefits delivery procedures.</p>	<ul style="list-style-type: none"> • The project conducted spot check by hiring an independent consulting firm.

¹³ The targeting method was developed to identify households in pilot districts who fall within the poorest quintile (20 percent) of Afghanistan's national distribution of households.



<ul style="list-style-type: none"> The findings of the spot check confirmed that the cash transfer was overall satisfactory 	<ul style="list-style-type: none"> The payment modalities were: electronic (transferred to banks and withdrawn using cards), and M-Paisa (transferred using mobiles, and payment made by local centers). Also in limited number of remote communities, inaccessible by Banks and mobile money agent, manual/direct (given to individual beneficiary in cash). The payment modalities selected were appropriate considering the existing security concerns, and were also smooth in keeping records and managing the transactions.
<p>Number of beneficiary families in the upgraded Safety Net MIS</p> <ul style="list-style-type: none"> 10,745 families registered in the MIS 	<ul style="list-style-type: none"> Project developed an MIS which is used as pilot for both social registry and beneficiary registry. The MIS is used as social registry capturing social-economic features of all those who want to apply to benefit from the project. 70,000 families registered in the MIS as potential beneficiaries from which 10,745 eligible beneficiaries were selected using the poverty scorecard/ MPT targeting method and enrolled to benefit from the project. Although the social registry is limited to the pilot districts it has given Afghanistan an opportunity to experiment how to build a social registry and generate lessons for future design of larger system.
<p>Objective 3: Delivering cash benefits to the poorest families in targeted pilot districts</p>	
<p>PDO Result indicators (Objective 3)</p>	<p>Outputs</p>
<p>Number of families receiving assistance under the safety net component, in project villages</p> <ul style="list-style-type: none"> total of 27,927 poor families who have children under five years of age benefited from the cash transfer against the project end target of 28,000. the findings of the targeting accuracy indicate that the targeting mechanism used by the project was progressive and most of the beneficiaries were poor households. 	<ul style="list-style-type: none"> the project collaborated/hired a number of organizations including 4 firms as facilitating partners for community mobilizations and facilitation, 1 firm to register targeted safety net beneficiaries, 3 payment service providers to deliver the cash transfer, 1 financial and technical audit firm to conduct review and spot check on payments. The safety net pilot under the original project was unconditional cash transfer to the poorest 10 percent of households living in



- The findings of project impact evaluation indicate the that the households/families who received the project benefits have increased their food consumptions, reduced food insecurity, increased use of education and health services.

rural areas of three districts to smoothen consumption during the lean season of winter. The main aim was to pilot cash transfer safety net operational features and assess its suitability for future nationwide scale-up. Community based targeting (CBT) was used; benefits was transferred manually as one-off (either before or after winter) ranging between US\$40 to US\$200 based on the number of dependents in the household. It was implemented from 2010 to 2013. The review of the project implementation revealed that (a) although the CBT was progressive it suffered from a very high inclusion and exclusion errors;¹⁴ (b) the transfer was relatively large and may attract elite capture; (b) only one-off transfer will not serve a safety net purpose for poor families; (c) manual cash transfer is susceptible to leakages.

- Under the AF the project expanded the pilot to four districts incorporating lessons learned from the first part of the pilot. The revised design of the pilot:
 - Introduced PMT targeting meted, to reach 20% of the poorest families with children under five years of age.
 - Reduced the transfer amount but increased the frequency – one transfer before and one after winter for two years,
 - Introduced e-payment through banks and mobile money operators
 - Incorporated three evaluations – targeting accuracy, process, and project impact evaluations

Intermediate Results Indicators (Objective 3)

Percentage of beneficiaries participating to nutrition and hygiene awareness sessions in the CCT communities

No beneficiary participated

Outputs

The CCT was not implemented because of the lack of the supply side (health and nutrition) services and the corresponding capacity for monitoring and enforcement of conditions.

¹⁴ Targeting evaluation report, MoLSAMD 2012.



Component 3: Project management and capacity building

Capacity building and project management component to strengthen MoLSAMD's capacity for design and management of safety net programs.

- Established a Program Coordination Unit
- Hired 8 staff to support the MoLSAMD to design and implement the safety net project
- Procured 6 vehicles
- Equipped the PCU office with necessary office furniture equipment
- Contracted 11 NGOs as implementing partners of the safety net component – to mobilize the community, register potential beneficiaries and select eligible beneficiaries based on the poverty scorecard/PMT
- Contracted one commercial bank and two mobile money firms to deliver the cash benefit to safety net beneficiaries
- Contracted independent consulting firm to conduct spot check to assess the accuracy of the cash transfer
- Contracted consulting firm to conduct process evaluation
- trained 228 civil servants including pension department and payroll officers from various ministries and agencies
- hired 4 senior consultants as policy advisers for MOLSAMD deputy ministers



ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Oleksiy Sluchynsky	Senior Economist
Qaiser Khan	Lead Human Development Spec.
Sheila Braka MussiimeRobert Palacios	Senior Counsel
Martin Serrano	Counsel
Nagaraju Duthaluri	Sr. Procurement Spec.
Deepal Fernando	Sr. Procurement Spec.
Kenneth O. Okpara	Sr. Financial Spec.
David Freese	Sr. Finance Officer
Thao Le Nguyen	Sr. Finance Officer
Birgit Hansl	Economist
Laura Kiang	Operations Officer
Asha Narayan	Financial Management Analyst
Gertrude Cooper	Program Assistant
Hjalte Sederlof	Consultant
Jorge Luis Alva Luperdi	Consultant
Supervision/ICR	
Endashaw Tadesse Gossa, Zahidullah Hatam	Task Team Leader(s)
Rahimullah Wardak	Procurement Specialist(s)
Ahmed Shah Ahmadzai	Financial Management Specialist
David C. Freese	Team Member
Lucian Bucur Pop	Team Member
Oleksiy A. Sluchynskyy	Team Member
Martin M. Serrano	Team Member
Andras Bodor	Team Member



Mohammad Arif Rasuli	Environmental Safeguards Specialist
Mohammad Arif Rasuli	Social Safeguards Specialist
Mohammad Asif Qurishi	Team Member
Zohra Farooq Nooryar	Team Member
Matthew H. Morton	Team Member
Sardar Ghani Ahmadzai	Team Member

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US\$ (including travel and consultant costs)
Preparation		
FY09	27.030	201,373.45
FY10	18.541	143,261.84
Total	45.57	344,635.29
Supervision/ICR		
FY10	11.438	56,896.99
FY11	25.707	210,233.72
FY12	40.252	276,347.44
FY13	16.495	91,515.68
FY14	73.462	312,987.02
FY15	113.957	324,257.83
FY16	51.035	144,256.00
FY17	25.767	145,710.76
FY18	19.946	135,722.72
Total	378.06	1,697,928.16

**ANNEX 3. PROJECT COST BY COMPONENT**

Components	Amount at Approval (US\$M)	Actual at Project Closing (US\$M)	Percentage of Approval (US\$M)
Pensions	7.30	7.86	108
Safety Nets	8.60	9.12	106
Project Management	4.10	2.63	64
Total	20.00	19,61*	98

Note* US\$414,000 was not unutilized by the project.



ANNEX 4. EFFICIENCY ANALYSIS

1. At Appraisal and AF three types of outcomes were expected from the interventions supported by the project: (i) fiscal savings due to improved administration and delivery of two major pension schemes, PSPP and MDPP; (ii) efficiency gains from strengthened targeting, administration and delivery of cash transfers under Safety Net Pilot (SNP); and (iii) poverty reduction associated with receipt of transfers under safety net pilot (SNP). Hence, same as it was stated at the AF, the traditional tools used for the Economic and Financial Analysis (internal rates of return, cost benefit analysis, and so on) are not suitable for the context of the project. Given this the analysis relies on quantifying the gains associated with outcomes above where possible and only in cases where information is available compares them to relevant costs.
2. Component 1 of the project after the AF set out to improve administration and delivery of two major pension schemes, PSPP and MDPP. More specifically, among other things it financed the creation of MIS for both PSPP and MDPP, transfer of beneficiary records from paper into digital format, biometric verification of the beneficiaries, simplification of the registration, and improved delivery of pensions. The latter included opening of the bank accounts for beneficiaries. The reform also introduced a bi-annual proof of life biometric verification of beneficiaries to account for deaths. These interventions were expected to result in several economic benefits, with fiscal savings due to elimination of the ghost beneficiaries, duplicate entries and other irregularities being the most significant one.
3. As stated in the main body of the ICR, the project has achieved significant results with the rollout of MIS and implementation of other planned changes under PSPP but was delayed in its progress on MDPP. Thus, most of the analysis focuses on the fiscal saving gains for PSPP.
4. Under PSPP introduction of PMIS, which enabled a switch from paper based to digital record keeping, in combination with biometric verification of the beneficiaries has resulted in reduction in the number of the registered beneficiaries from about 123,000 to 73,000. This reduced pension expenses for these beneficiaries by approximately AFN 1.3 billion between 2013 and 2017, which translates into close to US\$19 million (US\$18,648,644).¹⁵ Thus at a first glance an investment of US\$4.5 million¹⁶ resulted in more than US\$18 million in fiscal savings. This means about US\$4 in savings for each dollar invested and translates into close to 300 percent rate of return on investment.
5. However, it is reasonable to assume that some proportion of this reduction is due to the death of beneficiaries in addition to the elimination of the ghost beneficiaries and other irregularities. To be conservative the ICR presents the analysis of returns on investment in the pension reform accounting for this possibility. To estimate the proportion in the reduction of beneficiary numbers that ghost beneficiaries can possibly account for we evaluate what the natural reduction in the number of registered beneficiaries would have been if the initial 123,000 registered beneficiaries corresponded

¹⁵ Using exchange rates of May 2018.

¹⁶ The amount is based on the assumption that the full amount of US \$4.5 million committed under this subcomponent at the time of the AF was used. The assumption is needed, as the total amount spent on the Component 1 is US \$6.6 million as opposed to the US \$7.5 million committed under the AF without a breakdown by the sub-component. Given that the PSPP work was fully implemented while MDPP reforms were only partial the ICR team made an assumption that the full committed amount was spent under PSPP, and the remaining US \$2.1 million out of US \$6.6 million went to the implementation of work under MDPP.



to unique eligible and alive pensioners.¹⁷ Using the age and gender breakdown presented in the baseline survey of the survey of the PSPP beneficiaries¹⁸ in 2012 (see table 4.1) in combination with the probability of death table obtained from World Health Organization (WHO) we simulate the natural attrition of PSPP beneficiaries between 2013 and 2017 (see tables 4.2 and 4.3). The resulting number of beneficiaries is around 89,000, which means if the only reason for people to be eliminated from the list was their death, then from 123,000 registered we could be expecting to observe around 89,000 beneficiaries left by 2017. This is about 16,000 more beneficiaries than recorded. Hence, from the total reduction of about 50,000 beneficiaries from the list, we estimate about 31 percent to be not accounted by natural death. Prorating total fiscal gains, we can estimate that improvement of record keeping has resulted in savings of about US\$5.8 million through elimination of ghost beneficiaries and other irregularities. This translates into about US\$1.3 saved for each dollar of investment and corresponds to the ROI of about 30 percent.

6. Nonetheless, the proportion of savings that could be explained through elimination of ghost beneficiaries and other irregularities is likely to be larger as some of the assumptions used might be too stringent. For example, survivors of the PSPP beneficiaries are eligible to receive the pension and therefore are likely to be still registered as beneficiaries, which will mean that the number above underestimates how many beneficiaries could be still registered if death was the only cause of beneficiary number reduction. Additionally, given that the pension scheme is geared towards civil servants it is possible that their mortality rates are lower than the average observed in the country. It is also challenging to disentangle gains from transferring away from weak record keeping that doesn't allow for weeding out of the ghost beneficiaries, duplicate entries, and so on. from gains from better ability to verify the existence of the beneficiaries, which also allows to properly account for deaths. Thus, the number presented above should be viewed as a lower bound in terms of gains.
7. Lastly regardless of the method of calculation the gains from the PSPP reform are not trivial given that the numbers presented account only for the one-off gain observed due to biometric verification of the beneficiaries in combination with the switch from the paper to the digital methods. If one was to calculate the net present value of gains due to this system in comparison with continuing with the paper based system for several years as a counterfactual the overall gains would be even larger.
8. The MDPP program, on the other hand, due to extenuating circumstances was delayed in rolling out of the MIS and the improved registration policies. However, by the time of writing of this ICR the MIS was functional with enrollment and verification under way and with money allocated by the Government of Afghanistan and the World Bank towards the completion of the process. Currently more than 2,000 MDPP beneficiaries were registered in the new MIS and verified. Assuming the conservative estimate of about 10 percent of ghost beneficiaries that was used for the economic analysis for AF this undertaking can still result in the savings of about US\$4.9 million per year.¹⁹ If the percentage of ghost and other irregular beneficiaries to be eliminated is as high as it was with PSPP then savings can be as high as US\$6.4 million just due to this part. While this fiscal saving cannot be directly attributed to the project, it can be perceived as a positive change leveraged by the project

¹⁷ Natural reduction in this case refers to elimination of beneficiaries due to deaths.

¹⁸ Ministry of Labor, Social Affairs, Martyrs, and Disabled (MoLSAMD). "Survey of Pension Beneficiaries." 2017. Islamic Republic of Afghanistan.

¹⁹ Based on the expenditure for MDPP being AFN 3.5 billion in 2013, assuming 10 percent reduction due to exclusion of ghost beneficiaries and using May 2018 AFN to US\$ exchange rates.



funds and should be accounted for.

9. Calculations above are likely to underestimate full economic gains from the project in respect to pensions as they do not consider a few other positive effects for both the Government and the beneficiaries. To list a few first the calculations above do not reflect:
 - Savings due to the improved administration of both pension schemes in terms of reduction in administrative costs. These could not be recorded due to data constraints.
 - Reduction in the opportunity cost of pension collection for beneficiaries. The introduction of banking accounts for the beneficiaries where the money can stay until collected by beneficiaries allows the beneficiaries to collect pensions whenever it is convenient for them thus reducing the opportunity costs of pension collection.
 - Improvements in the security of both beneficiaries and government officials. Introduction of banking accounts also means that the beneficiaries do not have to stand in line in a crowded place. The government officials delivering pension checks do not have to be there any long too. This reduces security concerns around pension collection.
 - Improved efficiency of budgeting. Combination of digital record keeping, proof of life verification exercised and biometric beneficiary verification allows not only for more streamlined reconciliation of pension payments, but also creates a platform for improved ability of the Ministry to forecast and assess the budgetary needs for pensions.
10. Component 2 of the project focused on the improvement of administration and delivery of poverty targeted cash transfers under Safety Net Pilot. One of its main achievements on the administrative side has been a significant improvement in targeting. Targeting Evaluation from 2017 states that improvements to the targeting mechanism resulted in 66 percent of participating households being among 40 percent of the country's poorest and 45 percent coming from the country's bottom income quintile. This number is not only good by international standards (see figure 4.1), but also is a significant improvement compared to only 25 percent of beneficiaries coming from the poorest quintile in 2011²⁰.
11. There was a significant improvement in terms of inclusion and exclusion errors also. For example, exclusion errors decreased from 80 to 28 percent. Inclusion errors were reduced from 85 percent in 2011 to 18 percent in 2017, which represents a very significant reduction. This could be also explained by the difference in the program design as in 2011 the program targeted only the poorest 10 percent of the population. If it was targeting the poorest 20 percent (as it does currently), then inclusion error would be reduced to 75 percent. However, even taking the design differences into account reduction of inclusion error from 75 percent to 18 percent represents significant achievement in terms of efficiency gains.
12. To illustrate this in monetary terms we look at the last payment under Safety Net Pilot in November 2017, which amounted to around 47 million AFN (approximately US\$659,000 and went to 10,375

²⁰ Ministry of Labor, Social Affairs, Martyrs, and Disabled (MoLSAMD), the World Bank and AusAid. "Pilot Program to Support Poor Families: Targeting Evaluation Report." 2012. Washington, DC.



beneficiary families.²¹ To simplify we assume that each beneficiary family received the same amount of money. Under this scenario with the inclusion error of 75 percent about US\$495,000 would have gone to the families that should not be eligible for the program, while with 18 percent inclusion error this amount is around US\$120,000. Thus, the improvement in targeting can be associated with US\$375,000 in leakage reduction.

13. Additionally, Component 2 has contributed to improvements in food security as per the preliminary analysis from the project's impact evaluation. At end line fewer household reported having no food in the household or children going to bed hungry. Additionally, the cash transfer intervention was found to: (i) have positive effects on the increased consumption of durable goods, (ii) reduced utilization of some of the negative coping mechanisms;²² and (iii) encouraged human capital development, through increased school attendance and lower child labor among male children. Additionally, at end line, the program was found to have improved individuals' sense of social cohesion, which lead to increase in beneficiaries' confidence in various institutions. While many of these impacts are hard to quantify and use for the cost benefit analysis, they are most definitely positive and long lasting. For example, reduced food insecurity can be seen as both a proxy for poverty reduction and for hopefully better human development outcomes for children in the beneficiary households, similarly to the increased school attendance.
14. The project used the allocated funds well. By the end of the disbursement (May 31, 2018) the project had accounted for all funds except the US\$414,000 which is unused and remained in the special account. The spending on the overall project PIU at US \$2.1 million accounted for only about 15% of overall project cost. This can be seen quite positively given the complexity of the environment in which the project was implemented and the fact that Component 2 was a pilot with implementation of pilots usually taking up more administrative resources.
15. The main shortcoming, in terms of efficiency, was that it took longer than originally planned to complete the project. Project implementation was slow and required two extensions of closing date for cumulative of 18 months. While these delays are not unusual across similar World Bank Projects in general and across projects implemented in FCV, they did prevent some of the outputs from being fully materialized. For example, the AF was approved in April 2013, but enrollment of beneficiaries of the safety net component was completed toward the end of 2015 and the first round of transfer was made in 2016. Thus, the total number of transfers under project financing was lower than planned. Similarly, the implementation of the pension component was also delayed and some activities under the MDPP were not completed. The latter, however, was partially mitigated by the strong commitment from Government to complete the implementation of the MDPP reform.
16. Overall, the projects efficiency was Modest considering its size and the challenging circumstances surrounding its implementation but also taking into account some of the shortcomings such as project implementation delays that did not allow for all of the outputs to be realized fully. In terms of project's achievements just for a US\$4.5 million investment the project has created significant fiscal savings (almost fourfold) in the PSPP that will be even bigger going forward. Similarly, a US\$2.1 million

²¹ Given continuous improvements in targeting and record keeping we use the last payment as the one that is representative of the most up to do improvement in the program. The example, is merely illustrative due to the difference in size, geographical reach and targeting of the programs.

²² This includes coping mechanisms such as skipping meals or reducing food consumption to cope with shocks.



investment in MDPP while not fully materialized during the project time lead to the Government's full commitment in implementation of the reform, which will likely result in fiscal savings between US\$4.9 million and US\$6.5 million. Improved targeting, enrollment, and delivery mechanism of Safety Net Pilot lead not only to reduction of food insecurity among beneficiaries, but also to significant gains in the efficiency of the Safety Net Pilot administration and delivery through reduction of leakages and exclusion errors. The program design 2013 onwards also has shown impressive ability to learn from various targeting and process studies conducted earlier in the project resulting in a much-improved design of the cash transfer pilot. The pilot had expanded the targeting band from 10% to 20% bottom percent, improved the targeting approach overall and utilized local NGOs for delivery and enrollment to mitigate risks of limited local government capacity and fragility.

Table 4.1. Age and Gender Distribution of PSPP Recipients in 2012

Age Groups	% of total Pensioners
<50	49
51–55	13
56–60	13
61–65	9
66–70	8
71–75	5
76+	4
Male	90
Female	10

Source: MoLSAMD. "Survey of Pension Beneficiaries." 2017. Islamic Republic of Afghanistan.

Table 4.2. Probability of Death by Age Group

	2013		2014		2015		2016	
Age Group	Male	Female	Male	Female	Male	Female	Male	Female
45–49 years	0.039	0.032	0.038	0.032	0.038	0.031	0.04	0.032
50–54 years	0.057	0.045	0.056	0.044	0.055	0.044	0.056	0.044
55–59 years	0.084	0.064	0.083	0.063	0.082	0.062	0.083	0.062
60–64 years	0.125	0.096	0.124	0.095	0.122	0.094	0.122	0.094
65–69 years	0.189	0.151	0.188	0.149	0.187	0.148	0.187	0.147
70–74 years	0.278	0.236	0.277	0.234	0.275	0.232	0.275	0.231
75–79 years	0.401	0.356	0.4	0.355	0.398	0.353	0.397	0.352
80–84 years	0.554	0.513	0.553	0.512	0.551	0.51	0.55	0.509
85+ years	1	1	1	1	1	1	1	1

Source: Global Health Observatory Data (GHO) Repository. World Health Organization (WHO). Indicator: Probability of dying between ages x and x+n. Accessed on May 23, 2018 at: <http://apps.who.int/gho/data/?theme=main&vid=60000>.

Table 4.3. Estimated Number of Surviving Beneficiaries of PSPP (based on the number of beneficiaries

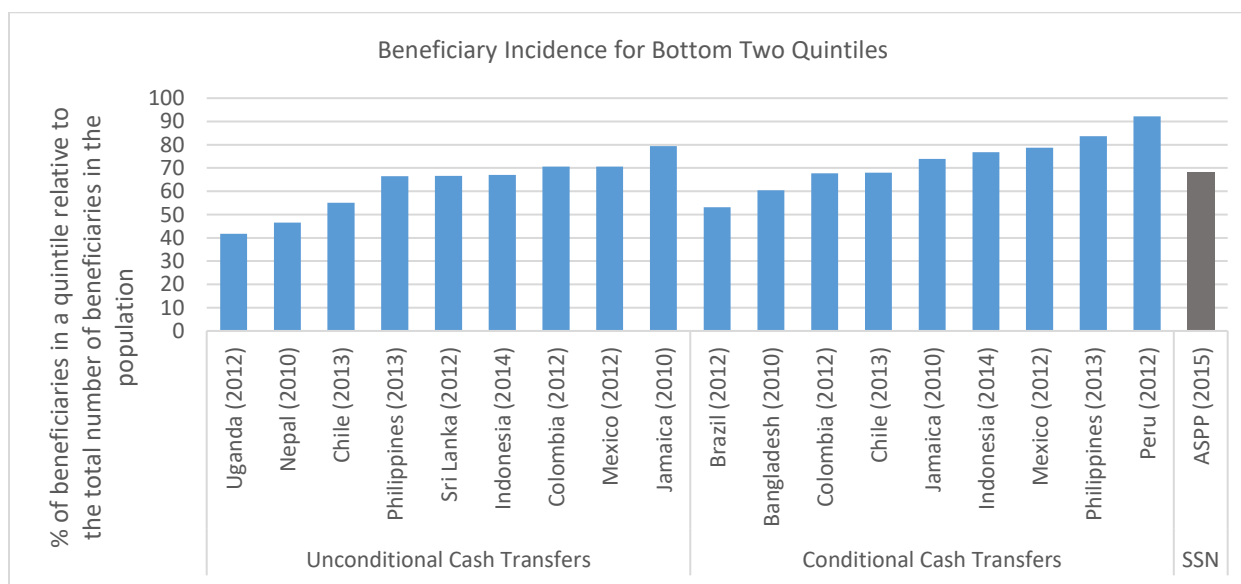


registered in 2013 and WHO mortality table).

Age Groups	Males 2013	Males 2014	Males 2015	Males 2016	Males 2017	Females 2013	Females 2014	Females 2015	Females 2016	Females 2017
<50	54,167	52,055	50,076	48,174	46,247	6,019	5,826	5,640	5,465	5,290
51–55	14,289	13,475	12,720	12,021	11,348	1,588	1,516	1,450	1,386	1,325
56–60	14,733	13,495	12,375	11,360	10,417	1,637	1,532	1,436	1,347	1,263
61–65	9,859	8,626	7,557	6,635	5,825	1,095	990	896	812	736
66–70	8,529	6,917	5,617	4,567	3,713	948	805	685	583	498
71–75	5,206	3,759	2,718	1,970	1,428	578	442	339	260	200
76+	3,877	2,322	1,393	839	506	431	277	179	116	75
Total					79,483.68					9,386

Source: ICR team calculations based on the number of beneficiaries in 2013, beneficiary characteristics from the Survey of Pension Beneficiaries, and WHO mortality data table.

Figure 4.1. International Evidence on Beneficiary Incidence for Bottom Two Quintiles



Source: Matthew Morton, Smita Das, Paula Lorena Gonzalez Martinez, Shubha Chakravarty, Lucian Bucur Pop, and Anubhav Agarwal. *“Targeting Social Safety Nets in Afghanistan, Pilot Evaluation Assessment.”* 2017. The figure is based on authors calculations used data from World Bank’s ASPIRE (Atlas of Social Protection Indicators of Resilience and Equity).



ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

We thank the World Bank team for sharing the draft implementation completion and results report (ICR). The ICR report has reflected all the achievements of the project. Our team have reviewed the report and incorporated comments for the Bank team's considerations. We have also provided additional data on the number of families benefited under Safety net component of the Project.



ANNEX 6. AFGHANISTAN CASH TRANSFER PILOT IMPACT EVALUATION: PRELIMINARY ANALYSIS

Background

1. This note reports emerging findings from an impact evaluation of the Afghanistan Social Protection Program (ASPP), an unconditional cash transfer pilot implemented by the Government of the Islamic Republic of Afghanistan's Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD), and financed and supported by the World Bank. The institutional objective of this safety net pilot was to develop scalable systems for delivering social protection to the poor and vulnerable. In terms of citizen outcomes, the pilot aimed to smooth food consumption, increase food security, and reduce reliance on harmful coping mechanisms through seasonal shocks and hardship among the poorest families in select districts in Afghanistan.

Methodology

2. The impact evaluation involved a cluster-randomized controlled trial (C-RCT), meaning that we randomly assigned communities at the CDC level either to participate right away in the ASPP or receive the cash transfers at a later date, giving us a period to assess the impacts of the cash transfers with the benefit of rigorous control group. The impact evaluation was conducted in three districts: Chamkani (Paktya), Khas Kunar (Khunarha), and Dawlat Yar (Ghor). The initial sample included 2393 eligible households in 133 CDCs (64 treatment CDCs and 69 control CDCs). The endline survey included 2221 households: 1083 in the treatment group and 1138 in the control group.
3. The baseline survey was conducted during March - May 2016, the midline was conducted during December 2016 – January 2017 (after the second transfer), and the endline was conducted during May – June 2017 (after the third transfer). There was only a 7% loss to follow-up by endline. Most of those lost to attrition were due to households not being able to be found or to migration.

Impact Evaluation + Cash Transfer Timeline	
3/6/2016-5/11/2016	Baseline data collection
Transferred April 28-June 12, 2016; Withdrawals May 30-July11	1st payment (according to MIS)
Transferred Nov 5-12, 2016; Withdrawals Nov3 - Dec17	2nd payment (according to MIS)
12/18/2016- 1/28/2017	Midline data collection
Transferred April 11-18,2017; Withdrawals April 15-May 25	3rd payment (according to MIS)
5/1/2017-6/1/2017	Endline data collection (note: Ramadan started May 26th; overlapped with fieldwork by a few days)

Analysis

4. In this note, we present two primary types of analysis:
 - Intention-to-treat (ITT): The effect of the intervention on all households in the treatment



communities that were determined to be eligible compared to households in the control communities that were determined to be eligible.

- Treatment-on-treated (TOT): The effect of the intervention on all households that were enrolled in the program (according to the MIS) and reported receiving at least one cash transfer payment (according to the impact evaluation surveys) in the treatment communities compared to households that were considered eligible in the control communities. The analysis includes clustered fixed-effects at the CDC level and controls for baseline values to maximize statistical efficiency.
5. Analysis shows good between-group balance at baseline; there were no statistically significant differences in tested variables between treatment and control groups. This suggests that the random assignment was successful in creating two very similar comparison groups. However, there were several statistically significant differences between those in the treatment group who reported receiving cash transfers and the rest of the sample, suggesting higher risk of bias in the TOT results. For example, those who reported actually receiving cash transfers were more likely to be Pashtun, less likely to be Tajik or Hazara, tended to have larger household sizes, and were more likely to have dwellings with concrete walls.

Emerging findings

Consumption

6. No effects were found for per capita food consumption, irrespective of midline or endline analysis or the analytical approach used. We looked at both quantity of food consumed and food consumption through actual purchase and found no significant differences in either respect. Food consumption was a primary outcome. In other cash transfer evaluations, cash was largely used toward food.
7. There was a highly significant TOT effect ($p < .01$) on increasing non-food expenditures at midline, but not at endline. Midline effects were mainly due to increased expenditures in communications, hygiene, miscellaneous goods, and, to a lesser extent, housing utilities. At endline, there was only a significant TOT effect on increased payment of taxes in the consumption module.



Food security

8. There were no significant effects on food security measures at midline, but positive TOT effects did emerge at endline. There was a significant reduction ($p < .05$) in the number of households reporting ever not having any food in the household in the last 30 days due to insufficient resources. Similarly, there was a significant reduction ($p < .05$) in the number of households reporting any adult male, any male child, and any female child ever going to bed hungry in the last 30 days due to insufficient resources. There was no such effect for adult females. This may be due to women ensuring food security first among others in the household before themselves – or due to men taking care of themselves first – given that the highest rates of going without food were reported among women, including at endline.
9. Cash transfers were associated with increased consumption of certain types of food among children. The effects were varied, only found in the TOT analysis, and somewhat inconsistent between midline and endline, but there were some positive signs for improving children's dietary diversity. At midline, intervention households receiving transfers reported a significant increase in the number of days over the last week that children ate animal-based proteins ($p < .01$). This effect disappeared at endline, but a positive effect ($p < .05$) emerged for plant-based proteins (lentils, beans, soy, etc.). There were also near significant effects ($p < .10$) on increasing child consumption of green leafy vegetables at endline.

Shocks and coping

10. Overall, there were few effects on household reporting being adversely affected by certain types of shocks during the last year, but there were some notable exceptions. At endline, there was a reduction of households at endline (TOT) reporting exposure to shocks related to insecurity ($p < .05$) and direct theft or violence ($p < .05$) among households receiving transfers, and there was a near significant reduction ($p < .10$) on households reporting that they were affected by high increases in food prices. Additionally, at midline only, there were significant TOT reductions in the number of households being adversely affected by landslides and avalanches, late damaging frosts, and 3 or more shocks. These midline results could speak to the seasonal importance of having received cash transfer going into the winter months.
11. There were relatively few significant effects on reported coping strategies overall. However, at endline, there was a significant positive TOT effect on the number households that indicated they had recovered from shocks they experienced during the past year. At midline, there was a significant TOT effect on fewer households reporting reducing the amount of food intake in order to cope with shocks as well as lower use of renting out or mortgaging land, and higher use of selling house, land, or reproductive livestock, as a coping strategy. By endline, the only effect that remained was on higher use of selling house, land, or reproductive livestock as a coping strategy ($p < .01$), and this effect was found with both ITT and TOT analyses.

Assets

12. Overall, there were few effects on asset ownership, and these generally changed between midline and endline surveys. At midline, there was an increased ownership of chickens and decreased ownership of goats (TOT). Fewer households receiving cash also reported owning a tractor. At endline, the only statistically significant TOT effect was on increased ownership of gilim rugs.



Children's education and labor

13. Cash transfers were associated with increased school attendance among younger boys (ages 6-13) who were enrolled in school. This effect was statistically significant at both midline and endline. No such effects were found for boys' enrollment, nor for girls' attendance. There were only near significant ($p < .10$) effects on reducing the number of girls out of school at endline.
14. Among older girls enrolled in school (ages 14-17), cash transfers were associated with lower school attendance at endline. The result was statistically significant ($p < .01$) and raises a point of concern for further investigation.
15. We observed statistically significant TOT reductions in male children's labor ($p < .05$) and near significant effects on female children's labor ($p < .10$) at endline (not at midline). For boys, the effects appear to be driven largely by reductions in regular employment with payment made to parents. For girls, the near significant effects are driven largely by reductions in assisting the household with agricultural or livestock work. Notably, at midline, there were significant reductions in boys' unpaid family work and agricultural/livestock work, but these effects disappeared by endline. The larger effects on boys' child labor could help explain why we also observed larger effects on boys' school attendance. The cash transfers appeared to have reduced some of the need for boy children's labor and thus created more opportunity for them to attend school.

Adult labor

16. There were no observed effects on men's labor force participation or employment, but, at both midline and endline, there were statistically significant ($p < .05$) TOT effects on increased number of hours worked by women in the last 30 days. There were, however, no effects on women's earnings, which suggests that women's increased labor may have been in unpaid work. This warrants further analysis.

Gender attitudes

17. At endline, we found near significant TOT increases ($p = .05$) in men's overall attitudes toward gender equality, which were largely driven by significant ($p < .05$) effects on views about women working outside the home and men helping with domestic responsibilities. No such effects were found at the midline, nor for women at the endline, possibly because they already held more equitable attitudes to begin with.



Mental health

18. At midline, there were some positive TOT effects on mental health for both men and women, but these disappeared by endline. At midline only, there was a statistically significant reduction in the number of men whose reported symptoms exceeded the score cut-off for high depression, and there was a significant reduction in the number of women who exceeded the score cut-off for depression (including moderate). Perhaps fade-out effects are related to beneficiaries' knowledge at endline that they have no further cash transfers coming. It is possible that the knowledge and comfort of assistance to come are more important for boosting mental health than assistance already received. The seasonality of the follow-up surveys might also be important. While the endline covered early summer months, the midline took place during winter months when the cash transfers might have had a more protective effect against seasonal upticks in depression.

Social cohesion

19. At endline, there were wide-ranging positive effects (both ITT and TOT) on beneficiaries' confidence in various institutions. With the exception of confidence in national and provincial governments, these effects only started to emerge by the endline. At endline, cash recipients in the intervention group reported significantly higher levels of confidence in every institution we asked about compared to enrolled households in control communities: national, provincial, and district government; MoLSAMD; provincial councils; CDCs; and banks. Likewise, the effects were significant for the overall index of institutional confidence.
20. In a country in which so many of the rural poor lack any type of formal assistance and positive interface with public and financial institutions, participation in this program may have yielded an overall increased sense of trust in institutions. These findings are consistent with increased trust in government found in a recent C-RCT of conditional cash transfers in Tanzania. However, it is also possible that, rather than improving the treatment group's confidence, the effects could be picking up a relative decrease in confidence among control group households as a result of not receiving transfers during the trial period. We will investigate this possibility with further analysis.

Further analysis

21. The above results reflect emerging findings based on preliminary analysis of the data. Further analysis will be done to better understand the effects of the cash transfer pilot, including some new questions that emerged from the preliminary analysis. Examples of further analysis to be done include the following, and we welcome other ideas:
- Additional analysis to examine the extent to which observed TOT effects might be due to between-group differences, given that those who actually received cash had several statistically significant differences, on average, with those who did not.
 - Examining whether there is a household-level correlation between reduced male child labor and increased male child school attendance.
 - Examining correlations between gender attitudes and other outcomes, such as social cohesion, mental health, women's work, and shocks.
 - Examining the type(s) of employment/work that drove women's increased hours working.
 - Examining specific effects on protein food consumption given the finding of increased child dietary diversity in terms of animal- and plant-based proteins.
 - Examining gender differences in perceptions of expenditure and sources of income.
 - Analysis of effects on financial inclusion and loans; so far, we have not conducted analyses with



this module.

- Analysis of effects on women's mobility and decision-making; so far, we have not conducted analyses with this module.
- Examining predictors or mediators of higher mental health (e.g., shocks v. income, food shortage, family structure).
- Examining predictors or mediators of social cohesion (e.g., mental health). Also examining whether effects on social cohesion might have been driven by losses among the control group rather than by gains among the treatment group.
- More exploration into agriculture: spending on seeds, fertilizer, etc.
- Examining reasons for leaving school.
- Examining the reliability of shocks data and the extent to which shocks are idiosyncratic or common.
- Analysis of how beneficiaries reported using their cash transfer payments.