



## Afghanistan Technical Assistance Facility (P157035)

SOUTH ASIA | Afghanistan | Governance Global Practice |  
Recipient Executed Activities | Investment Project Financing | FY 2016 | Seq No: 3 | ARCHIVED on 21-Jun-2018 | ISR32253 |

Implementing Agencies: Islamic Republic of Afghanistan, Ministry of Finance

### Key Dates

#### Key Project Dates

Bank Approval Date:28-Jun-2016

Effectiveness Date:18-Jul-2016

Planned Mid Term Review Date:30-Jun-2018

Actual Mid-Term Review Date:--

Original Closing Date:30-Jun-2020

Revised Closing Date:30-Jun-2020

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objective is to strengthen the fiscal management and the budget planning performance of the Government of Afghanistan.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components

Name

Component 1: Supporting the Continuous Improvement of the Performance of the Macro Fiscal Performance Directorate General:(Cost \$3.90 M)

Component 2: Supporting the Continuous Improvement of the Programs Implementation and Coordination General Directorate:(Cost \$1.10 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	--	● Substantial

### Implementation Status and Key Decisions

The Afghanistan Technical Assistance Facility (TAF) was designed to support reform planning in the Ministry of Finance (MoF) as guided by its Fiscal



Performance Improvement Plan (FPIP). The project's development objective is to strengthen the fiscal management and the budget planning performance of the Government of Afghanistan. This is to be achieved through the procurement of the necessary inputs including (but not limited to) skills required to support strengthened processes and substantive pieces of work as pertains to macro fiscal policy management and budget planning.

TAF's design provides for a flexible facility with built-in capacity to be adaptive and agile. Specific outputs to be supported by TAF are exclusively drawn from the FPIP, and identified on a periodic basis by the existing Core Group in MoF which acts as a Steering Committee for the TAF. This arrangement is intended to ensure timeliness of advice, and responsiveness to new or evolving Government priorities. The Directorates of MoF are the primary project beneficiaries, specifically the Macro Fiscal Policy Directorate (MFPD) and Programs Implementation Coordination General Directorate (PICGD) - now renamed as the Policy Department. Through informed and evidence-based macro-economic policy-making and budget planning led by these respective Directorates, the Government of Afghanistan at large stands to benefit from improved decision-making. On the one hand, analysis of fiscal sustainability options, both on tax policy and public spending levels, as well as broader macroeconomic and fiscal analysis, help the Government to improve fiscal sustainability in the medium- to long-term. It is expected that with more comprehensive analytical evidence on fiscal sustainability options, the Government will be able to increase the share of recurrent expenditures that is financed by domestic revenues. On the other hand, putting strategic objectives identified in a National Development Strategy - the Afghanistan National Peace and Development Framework (ANPDF) - into practice requires detailed programming and planning at the sectoral level. Costed sector strategies – planned through the Policy Department's secretariat role to the Development Councils and National Priority Programs (NPPs) - is one effective tool to help implement sectoral objectives that are set in ANPDF.

To date, TAF has made important contributions to both revenue and expenditure management. Critically, the project supported development of a Fiscal Strategy Paper (an annual pre-budget report setting out the macro-fiscal and policy situation), and has guided reforms in pension policy. Through TAF, the establishment and operations of the High Economic Council (HEC) chaired by the President of the Islamic Republic of Afghanistan, has been facilitated. The project has been integral to improving the alignment of strategic plans and medium term budgets - through technical assistance to the finalization of Dari, Pashto and English versions of the ANPDF and direct contributions to the development of costed sector strategies. TAF has provided technical inputs towards the development of National Priority Programs (NPPs) across 11 thematic areas, including the Women's Economic Empowerment NPP that was launched to coincide with International Women's Day.

Despite these considerable contributions, the project – for which this constitutes the final Implementation Status and Results (ISR) Report - is to be cancelled (following completion of closing procedures), with relevant activities rolled-over into the larger all-of-MoF Fiscal Performance Improvement Support Project (FSP). This reflects the Government of Afghanistan's desire to expand, consolidate, and better coordinate external support to MoF, in line with the FPIP, within one single instrument. Consequently, the FSP which recently became fully effective, is to continue and expand upon the high priority macro fiscal policy management and budget planning reforms initiated through TAF, whilst providing holistic support across the FPIP, including consolidating core Public Financial Management (PFM) functions, enhancing revenue administration, and upgrading capacity across MoF's corporate and shared services. Building on the experience of TAF, the FSP is being carried out directly by core MoF functions using country systems, and without the support of a dedicated Project Implementation Unit (PIU).

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● High	--	● High
Macroeconomic	● Substantial	--	● Substantial
Sector Strategies and Policies	● Substantial	--	● Substantial
Technical Design of Project or Program	● Substantial	--	● Substantial
Institutional Capacity for Implementation and Sustainability	● Substantial	--	● Substantial
Fiduciary	● Substantial	--	● Moderate



Environment and Social	● Low	--	● Low
Stakeholders	● Substantial	--	● Substantial
Other	--	--	--
Overall	● Substantial	--	● Substantial

## Results

### Project Development Objective Indicators

#### ► Development and implementation of medium term fiscal framework (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	D	A	B
Date	01-Jul-2016	31-Mar-2017	11-Jun-2018	30-Jun-2020

#### Comments

This indicator focuses on more reliable resource envelopes (pre-budget and budget) and fiscal space estimates. Significant improvement has been made wherein the forecast for key macroeconomic indicators is provided for the budget year and the three outer years with summary narrative on assumptions sourced from the Fiscal Strategy Paper (FSP) – the Medium Term Fiscal Framework (MTFF).

#### ► Development and implementation of forward estimates framework (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	D	B	B
Date	01-Jul-2016	31-Mar-2017	11-Jun-2018	30-Jun-2020

#### Comments

This indicator leads to a credible budget that is more responsive to the Government's priorities along with more efficient and effective government spending leading to the creation of fiscal space. Significant improvement has been made wherein forecasts of fiscal indicators – revenue (by type), aggregate expenditures and budget balances for the budget year and 3 outer years along with underlying assumptions in a summary form are included in the budget. While comparative budget data is provided; explanation of the main differences from the previous year's forecast is not included.



► National budget allocation determined by National Development Strategy (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	D	C	C+
Date	01-Jul-2016	31-Mar-2017	11-Jun-2018	30-Jun-2020

**Comments**

This indicator leads to the National Budget being used as a tool to achieve the National Priorities. Improvement has been made wherein costed sector strategies were available for some line ministries mainly Education and Health. However, strategic development plans, articulated in the Afghanistan National Peace and Development Framework (ANPDF), have limited coordination with the Medium Term Fiscal Framework (MTFF).

**Overall Comments**

Consistent with the Performance Management Framework adopted by MoF for the implementation of its Fiscal Performance Improvement Plan (FPIP), TAF results are framed around improved performance (including behaviors and quality) i.e. rather than being focused on outputs, results are focused on performance linked to progress on the aspirational targets and the target grades under the FPIP. The FPIP has allocated aspirational targets for progress through tailored indicators based on international benchmarks including Public Expenditure and Financial Accountability (PEFA), Operational Business Intelligence (OBI), and Transparency International (TI). The sub-set of FPIP indicators selected for TAF have been reassessed during this ISR period within the context of the PEFA update, as reflected in the current update of PDO and Intermediate Result Indicator ratings (actual achievement). While TAF indicators are specifically tailored and thereby do not provide an exact match (to newly-revised PEFA indicators) in terms of framing, their content (dimensions) remains aligned with the scope of the recent PEFA assessment.

**Intermediate Results Indicators**

► Calculate estimates of annual medium term resource envelopes and fiscal space including for discretionary and non-discretionary budgets (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	D	A	B
Date	01-Jul-2016	31-Mar-2017	11-Jun-2018	30-Jun-2020

**Comments**

This indicator helps create a fiscal space through calculation of a realistic resource envelope. The fiscal space will give a full hand to the government to allocate resources according to its priorities. This also leads to continuous improvements in fiscal discipline and in making more informed evidence based decisions. Significant improvement has been made wherein fiscal forecast scenarios based on at least 4 alternative assumptions are included in the Fiscal Strategy Paper (FSP) which is published on the Macro Fiscal Performance Directorate (MFPD) website. The Office of the High Economic Council (HEC) chaired by the President of the Islamic Republic of Afghanistan approves the Fiscal Strategy Paper and the World Bank reviews the forecasts.



► Estimates of costs of existing policy in forward years (forward estimates) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	D	C	B
Date	01-Jul-2016	31-Mar-2017	11-Jun-2018	30-Jun-2020

Comments

This indicator solves the problem of frontloading funds and rolling over unspent funds to future years. Limited improvement has been made with the annual budgets (1395 and 1396) providing estimates of expenditure by broad economic classification for three outer years and the administrative classifications for the budget year only. Weaknesses persist in determining the medium-term ceilings and aligning strategic plans and medium-term budgets and the impact of changes between the forward estimates and actuals.

► Coordination among government and international stakeholders for effective aid delivery to achieve the goals of National Development Strategy (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	D	C	C
Date	01-Jul-2016	31-Mar-2017	11-Jun-2018	30-Jun-2020

Comments

This indicator measures improved aid effectiveness by aligning aid delivery with national priorities to move towards self-reliance. Some improvement has been made particularly in the coordination of PFM reform efforts. Government has emphasized the importance of coordination and alignment behind the Fiscal Performance Improvement Plan (FPIP) agenda, having identified previous weaknesses in coordination as a major impediment to progress with PFM reforms. Donors have broadly aligned their support around the FPIP. World Bank technical assistance projects are now explicitly aligned with the FPIP team-level plans, and designed to respond flexibly to FPIP priorities as expressed by teams and the MoF Performance Management Team (PMT). Donor budget support, including through the Afghanistan Reconstruction Trust Fund (ARTF) Incentive Program, supports policy actions that are included in FPIP medium-term plans, ensuring complementarity between technical assistance and policy-based support.

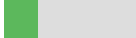


### Overall Comments

Consistent with the Performance Management Framework adopted by MoF for the implementation of its Fiscal Performance Improvement Plan (FPIP), TAF results are framed around improved performance (including behaviors and quality) i.e. rather than being focused on outputs, results are focused on performance linked to progress on the aspirational targets and the target grades under the FPIP. The FPIP has allocated aspirational targets for progress through tailored indicators based on international benchmarks including Public Expenditure and Financial Accountability (PEFA), Operational Business Intelligence (OBI), and Transparency International (TI). The sub-set of FPIP indicators selected for TAF have been reassessed during this ISR period within the context of the PEFA update, as reflected in the current update of PDO and Intermediate Result Indicator ratings (actual achievement). While TAF indicators are specifically tailored and thereby do not provide an exact match (to newly-revised PEFA indicators) in terms of framing, their content (dimensions) remains aligned with the scope of the recent PEFA assessment.

## Data on Financial Performance

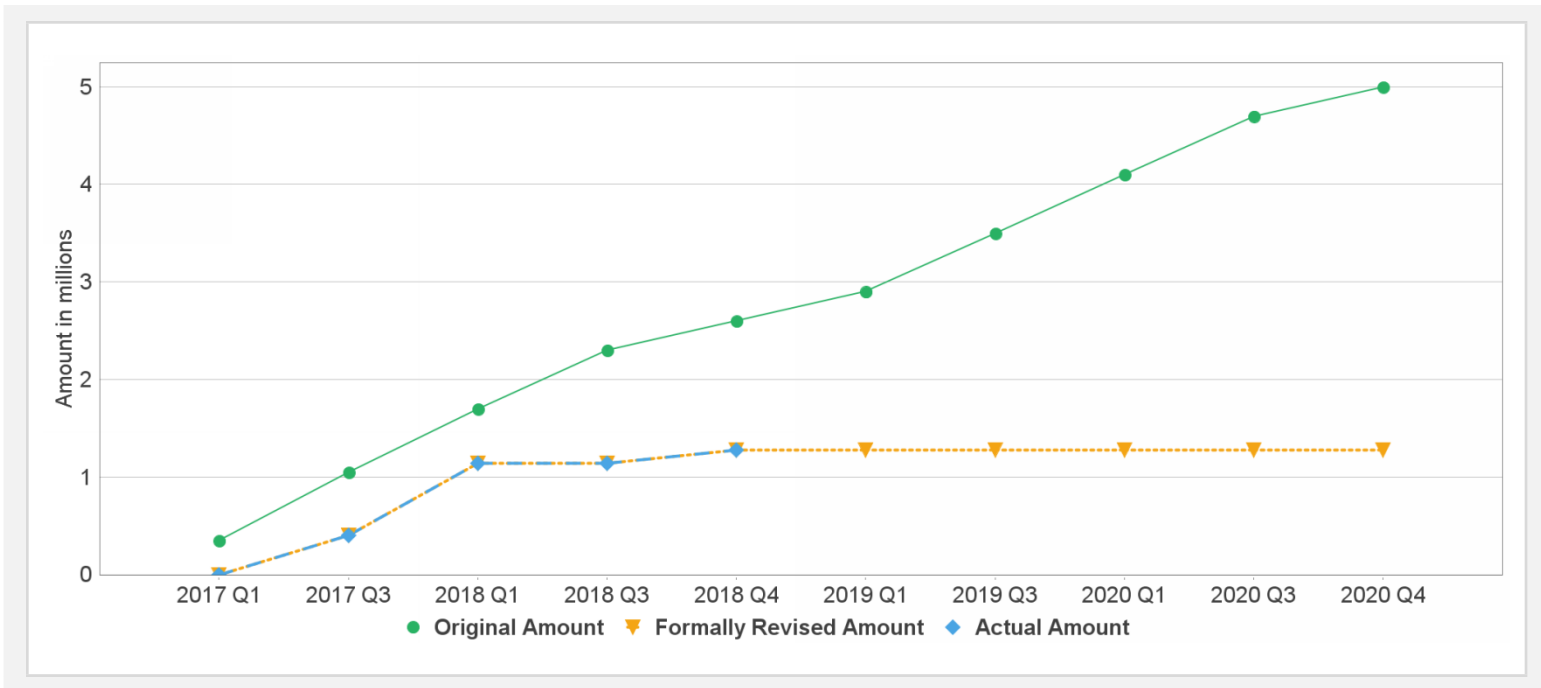
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P157035	TF-A2839	Effective	USD	5.00	5.00	0.00	1.28	3.72	 26%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P157035	TF-A2839	Effective	28-Jun-2016	18-Jul-2016	18-Jul-2016	30-Jun-2020	30-Jun-2020

### Cumulative Disbursements



### Restructuring History

Level 2 Approved on 30-Jun-2017

### Related Project(s)

There are no related projects.