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Country Update

THE WORLD BANK GROUP IN AFGHANISTAN

“Research farms have improved their efficiency through activities supported by the Afghanistan Agricultural Inputs Project.”

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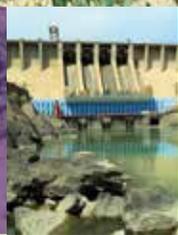


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NEW SUPPORT FOR DISPLACED PEOPLE, MUNICIPAL SERVICES, AND CAPACITY BUILDING

New grants valued at \$325 million will support the following projects:

\$200 MILLION GRANT TO THE ESHTEGHAL ZAIEE – KARMONDENA PROJECT (EZ-KAR), which aims to strengthen job and economic opportunities in cities where there is a high influx of displaced people. It will support actions such as increasing returnees' access to civil documents, providing short-term employment opportunities, improving market enabling infrastructure, and supporting investor-friendly regulatory reforms. The grant comprises \$150 million from IDA and \$50 million from the ARTF.

\$50 MILLION GRANT TO THE CITIES INVESTMENT PROGRAM (CIP), aiming to improve the sustainability and livability of nine provincial capital cities by strengthening municipal capacity, management, and infrastructure. The grant comprises \$25 million from IDA and \$25 million from the ARTF.

\$75 MILLION GRANT TO THE TACKLING AFGHANISTAN'S GOVERNMENT HRM (HUMAN RESOURCE MANAGEMENT) AND INSTITUTIONAL REFORMS (TAGHIR) PROJECT. This project will assist the Government of Afghanistan to deliver on its key policy priorities through merit-based recruitment and administrative reforms in 16 line ministries. The grant comprises \$25 million from IDA and \$50 million from the ARTF.

NEWS



AFGHANISTAN AMONG TOP 10 IMPROVERS WITH RECORD REFORMS TO IMPROVE BUSINESS CLIMATE

Afghanistan carried out a record number of business reforms in the past year, earning the country a spot in this year's top 10 global improvers, according to the World Bank Group's report, *Doing Business 2019: Training for Reform – Afghanistan*, released on October 31, 2018. This year's *Doing Business* report covered 190 economies.

With five reforms in the past year, Afghanistan advanced to 167th place in the global ease of doing business rankings. The latest reforms were in starting a business, getting credit, protecting minority investors, paying taxes, and resolving insolvency.

Starting a business: Starting a business became less costly by reducing the fees for business incorporation. As a result, the cost of starting a business reduced significantly from 82.3 percent of income per capita to only 6.4 percent.

Getting credit: Access to credit was strengthened by enacting a new insolvency law. Secured creditors are now given absolute priority over other claims within insolvency proceedings.

Protecting minority investors: Minority investor protections were strengthened substantially, making Afghanistan one of the economies advancing the most in this area. Afghanistan focused on enhancing the legal framework for businesses.

Paying taxes: Paying taxes was made easier by adopting a new tax administration and law manual with clear rules and guidelines on tax audit and by automating the submission of tax returns.

Resolving insolvency: Resolving insolvency became easier by improving the continuation of the debtor's business during insolvency proceedings, introducing the reorganization procedure, and granting creditors greater participation in the proceedings.

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

WORLD BANK GROUP SUPPORT

World Bank projects and programs

Since April 2002, the World Bank's International Development Association (IDA) has committed over \$4.48 billion for development and emergency reconstruction projects, and six budget support operations in Afghanistan. This support comprises over \$4.04 billion in grants and \$436.4 million in no-interest loans known as "credits". The Bank has 16 active IDA projects in Afghanistan with net commitment value of over \$1.9 billion.

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

The Bank has actively supported key reforms, particularly in the fiscal and public administration spheres, and through its

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

⇒ **For information about completed projects:** www.worldbank.org.af – **Projects & Programs.**

International Finance Corporation

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

The investment program is supported by advisory services, including access to finance, corporate governance enhancement, environmental and social management system, strengthening horticulture export, access to renewable energy, and investment climate reforms, for both

public and private sectors, to strengthen the environment for private sector investment and promote private sector growth.

IFC's current cumulative committed investment portfolio stands at over \$150 million and its advisory services portfolio stands at \$13.9 million. IFC's investment portfolio includes investments in the telecommunication sector, agribusiness, and financial markets. The investment pipeline looks promising and includes investments in the power and education sectors.

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

Multilateral Investment Guarantee Agency

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

Among MIGA's global priorities for FY 2018–2021 are support for Foreign Direct Investment (FDI) with high developmental impact in IDA countries and fragile and conflict affected situations. Afghanistan is a key country for MIGA in terms of delivering on these objectives.

COUNTRY PARTNERSHIP FRAMEWORK, 2017–2020

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

The World Bank Group strategy aims to help Afghanistan:

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

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

Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and the Government of the Islamic Republic of Afghanistan (GoIRA) to improve effectiveness of the reconstruction effort. As of January 20, 2019, 34 donors have contributed over \$11.4 billion, making the ARTF the largest contributor to the Afghan budget—for both operating costs and development programs.

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

salaries, and over \$5.4 billion had been made available, both for closed and active investment projects. As of January 20, 2019, 21 projects are active under the ARTF with net commitment value of \$1.8 billion.

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

Japan Social Development Fund

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

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

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

⇒ **For more information:**

<http://go.worldbank.org/U5OQZVF200> ■

ONGOING OPERATIONS

/ EDUCATION AND TRAINING

Afghanistan Second Skills Development Project (ASDP II)

⇒ IDA GRANT \$55 MILLION

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

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

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

To streamline institutional capacity to deliver on the human capital development agenda, GoRA has established a standalone TVET Authority (TVETA). The mandate for vocational education has been transferred from the Ministry of Education and Deputy Minister for TVET to the TVETA, which has been tasked to oversee the coordination and implementation of TVET policy.

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

Four lead institutes located in Herat, Kabul, and Nangarhar have been competitively selected for targeted support and capacity building to serve as national or regional hubs for teacher training and curriculum development.

To further support technical teacher training, an in-service Technical Teacher Training Institute (TTTI), established in 2013, has trained more than 1,000 technical teachers



Women in rural and semi-rural areas stand to benefit from the Strengthening Women's Economic Empowerment Project, which will support self-help groups to develop and build capacity. Participants will be given training and access to business development services and finance.

to improve their technical competencies and pedagogical skills.

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

A series of memorandum of understanding is also being finalized with other Indian host institutions to provide one-year diploma courses in specific trades to some 200 TVET teachers selected through a competitive process.

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

Strengthening Women's Economic Empowerment Project (SWEEP)

⇒ JSDF GRANT \$2.7 MILLION

SWEEP is a three-year pilot project implemented by the Aga Khan Foundation-Afghanistan in close coordination with the Ministry of Labor, Social Affairs, Martyrs and Disabled. SWEEP was requested by the government to develop tools and methods and provide a platform to share experiences to inform the Women's Economic Empowerment National Priority Program (see page 28).

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

/ FINANCIAL SECTOR

Access to Finance Project

⇒ IDA GRANT \$50 MILLION

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

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

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

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

A follow-up impact survey is being undertaken to provide further insights on the multidimensional impact of the TUP program. Preliminary results will be presented by June 2019.

Component 2: Improving access to financial services for small and medium

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

Implementation of Component 2 started in June 2017, after an implementation partnership agreement was signed between the Ministry of Finance and the Afghanistan

Credit Guarantee Foundation. Component 2 supports the provision of credit guarantees for SMEs.

A project restructuring has been completed to extend the project closing date to June 30 to extend among others, the TUP program to two more provinces (Parwan and Nangarhar) and to engage further on important topics, including access to agriculture finance and digital financial services.



Small businesses, such as this carpet shop, have been able to grow their enterprises as a result of support from the Access to Finance project, which has encouraged innovations to increase access to and usage of financial services from the lower end of the market.

Afghanistan Financial Sector Rapid Response Project (FSRRP)

⇒ IDA GRANT \$45.7 MILLION

The project is assisting the Da Afghanistan Bank (DAB), the central bank, to develop a set of action plans to improve banking supervision and implement a modern payment system for efficient and transparent payment transactions. Specifically, the project aims to allow DAB to accurately assess the financial situation of 10 commercial banks through audits conducted in accordance with international standards. The audits will lead to the development of action plans to address weaknesses that are identified, with oversight from DAB.

The project also aims to modernize the national payment system with the goal of reducing the use of cash transactions, the main means of making payments in Afghanistan, and transitioning to electronic, card or mobile payments. The project will also provide further support to the Afghanistan Institute of Banking and Finance (AIBF) to allow it to scale up its activities, in order to increase the availability of banking sector skills.

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

AIBF has trained over 7,800 professionals from commercial banks in different training programs, exceeding the set target of 6,000 at project's end.

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

A Movable Collateral Registry and a Public Credit Registry are now fully operational. The Movable Collateral Registry, established in February 2013, and the Public Credit Registry, launched in December 2013, are key building blocks in the infrastructure of the Afghan financial system. Having both systems fully



functional has streamlined SME applications for banking loans and supported banks' lending decisions.

Establishment of the national card and mobile payment switch has been finalized under the Afghanistan Payment System that was officially inaugurated by the DAB governor on April 26, 2016. The contract to develop the Automated Transfer System (ATS) was awarded to the recommended firm on April 15, 2016. ATS will modernize the national payment system for efficient and transparent payment transactions. The new payments infrastructure and its subcomponents will enhance financial intermediation and enable safety and efficiency of the financial system. Activities supporting the national payment systems are ongoing.

A second additional financing (\$20 million) was approved in October 2016. Under

the additional financing, a new core banking system will be in place to enable DAB to better manage the sector's risk and strengthen its oversight.

There is increased focus to invest in DAB staff to enhance the effectiveness of its regulatory capacity. To this effect, DAB's Talent Development Program was launched in February 2018 and will fund tuition for bachelor and master's programs in Kabul for eligible staff (see page 12). Some 700 DAB employees have been given the opportunity to pursue a degree or professional certification, with 220 having completed or enrolled in a bachelor or master's program.

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

The Financial Sector Rapid Response Project assists DAB in its efforts to strengthen its regulatory capacity and to fulfil its role in implementing monetary policy. In particular, the central bank is investing in staff skills and knowledge and supporting more than a quarter of its employees to pursue a university degree or professional certification..

Afghanistan Incentive Program Development Policy Grant (IP-DPG)

⇒ IDA GRANT \$100 MILLION

⇒ ARTF GRANT \$300 MILLION

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

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

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

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

⇒ IDA GRANT \$20 MILLION

⇒ ARTF GRANT \$30 MILLION

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

The project, implemented in July 2018, is

organized around three complementary investment components:

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

Fiscal Performance Improvement Support Project (FSP)

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$75 MILLION

⇒ GOVERNMENT OF AFGHANISTAN \$100 MILLION

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

The project aims to improve domestic revenue mobilization and public expenditure management, and to reinforce a performance-oriented management culture in MoF.

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

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

Key implementation developments secured



“One of the ways to tackle corruption and work at international standards is [by] investing in capacity building to equip all employees with much needed up-to-date skills.”

—Zabihullah Roohi, team leader, DAB internal audit department.

TO AIM HIGHER, Afghanistan's Central Bank bet on upskilling employees

- More than a quarter of employees at Afghanistan's central bank, Da Afghanistan Bank, are pursuing a university degree or professional certification under a project to build the bank's capacity.
- By investing in staff skills and knowledge, the central bank is strengthening its regulatory capacity and its ability to fulfill its role in implementing monetary policy and ensuring transparency and stability in Afghanistan's financial system.
- The Financial Sector Rapid Response Project is assisting the central bank in this effort.

Everyday, Madina Rasouli processes employee salaries and handles pension-related documents at the central bank. The work is neither complex nor difficult for Rasouli after four years working at the Human Resources department at Da Afghanistan Bank (DAB).

Rasouli, however, has not been able to move on in her career or apply for better positions because of her lack of qualification. She has a two-year diploma in management and had been unable to go further at university because she could not afford it. “I was always looking for an opportunity to get my BBA [Bachelor of Business Administration] one day,” says the 27-year-old.

The opportunity came when she was selected by DAB to pursue a BBA course at Kardan Private University under the Financial Sector Rapid Response Project (FSRRP). Rasouli is one of some 700 DAB employees who have been given the opportunity to study for a bachelor's or master's degree at university or pursue professional and technical courses under the DAB Talent Development Program started by FSRRP in February 2018. These employees will pursue professional courses related to their work, such as Certified Internal Audit and Certified Anti Money Laundering Specialist.

Investing in People

DAB, with 2,500 employees in 51 branches across the country, is investing in its staff to develop their skills and improve the organization's performance. The objective is to enable the central bank to play its role effectively in implementing monetary policies and regulations, and in ensuring transparency and stability in Afghanistan's financial system.

“DAB is a technical and professional organization and we need to have professionals working here,” says Basharmal Pesarlai, DAB Human Resources Director. “FSRRP is the only big project focusing on capacity building of DAB employees. We know its value and I am sure



by the end, we will see its positive impact on our daily work.”

By implementing the project, the central bank will also meet an International Monetary Fund benchmark that requires enhancing accounting staff capacity through professional certification, Pesarlai explains.

Asil Gul Totakhil, head of internal audits, agrees that there is a huge need for professional certification at DAB. “There is no one in our internal audit department who holds an internationally recognized professional certificate, like the Certified Internal Audit credential, and that is the harsh reality,” says Totakhil, who is pursuing a course himself and also encouraging his 44 colleagues in the department to do the same.

Zabihullah Roohi, 33, a team leader in the internal audit department, also believes capacity building is an effective approach to achieving long-term goals at DAB. “One of the ways to tackle corruption and work at international standards is investing in capacity building to equip all employees with much needed up-to-date skills,” he says.

to date include:

(i) Budget Processes; Fiscal Policy; and Development Policy: MoF has successfully implemented reforms to the budget process through a revised budget circular and budget submission template. These reforms have introduced strategic screening and improved costing information in budget submissions, as well as including gender tagging to support gender responsive budgeting. Development projects have been reviewed with an objective to create fiscal space by identifying poorly performing/weak-execution projects and flagging them for possible cancellation.

National Priority Programs have been completed and substantial progress made on costed implementation plans. These documents will provide the basis for policy links in future spending decisions. The executive draft of the 1398 Budget has been prepared successfully to reasonable timeframes. The budget documentation has included improved content on fiscal risks and contingent liabilities.

(ii) Tax Administration: The International Monetary Fund estimate of 2018 revenue/GDP ratio is 11.8 percent, exceeding the Year 1 FSP target. Implementation of the Afghanistan Revenue Department value-added tax, communication, and Single Large Taxpayer Office is underway.

(iii) Customs Administration: The Automated Systems for Customs Data (ASYCUDA) roll-out is continuing, with 18 customs offices connected and additional modules being added. The Afghanistan Customs Department has also made changes to the selectivity criteria for the Risk Management System, which has shown positive results as the number of red channel declarations requiring physical inspections have come down significantly. UNCTAD's contract for ASYCUDA implementation has also been extended for the next three years, which also covers a substantial transition. The feasibility study for implementing a National Single Window and establishing a Trade Information Portal is also progressing well and on track to be completed by June 2019.

(iv) Procurement Reform: The National Procurement Authority (NPA) has advanced

its piloting of Electronic Government Procurement, with each of the following modular systems now fully developed and in various stages of implementation, and information provided to the public via the NPA website: (a) Afghanistan Procurement Contract Management System; (b) Afghanistan Procurement Facilitation System; (c) Afghanistan Contract Progress Monitoring System; and (d) Afghanistan Vendor Registration and Classification System, Works.

Open Contracting Partnership and Open Contract Data Standards initiatives have also advanced. To buttress procurement capacity and professionalization, batch central recruitment of 697 procurement positions (to be transitioned into a professional cadre) has been completed. NPA has provided basic training to the recruited staff.

(v) Institutional Capacity and Performance Management: As part of the government's shift to a "Tashkeel [organizational structure] first" agenda, National Technical Assistance (NTA) migration has commenced across all FSP entities. MoF in particular has made considerable progress, rationalizing 53 percent of its NTAs under FSP.

FSP further prioritizes sustainably building up and retaining capacity, particularly of women. This includes newly launched comprehensive programs to identify and groom female talent in MoF and the automatic transfer to civil service positions of women completing ongoing internship programs (that favor inclusion of female applicants) in the NPA. These programs are strengthened by a benchmark of at least 30 percent participation of women across the civil service, including in senior management positions.

For performance management, a scoping report has been completed to guide collaborative leadership skills and strengthen the cohesiveness and effectiveness of leadership teams in the context of FPIP. Implementation of its recommendations has been initiated with Bank support. The MoF Performance Management Team has also developed and launched a publicly accessible web-based Afghanistan Performance Management Information System.



The Fiscal Performance Improvement Support Project provides strategic support at a critical time in which improved public financial management and revenue generation is central to the government's self-sufficiency agenda. It has prioritized building and retaining capacity, particularly of women. This includes newly launched comprehensive programs to identify and train female talent in the Ministry of Finance.

Modernizing Afghan State-Owned Banks Project

⇒ IDA GRANT \$40 MILLION

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

The project has been effective since April 2018. It is supporting the strengthening of the corporate governance framework for state-owned banks, which has recently led to the development of an ownership policy and establishment of an ownership unit.

/ HEALTH

Afghanistan Sehatmandi (Health) Project

⇒ IDA GRANT \$140 MILLION
⇒ ARTF GRANT \$425 MILLION
⇒ GLOBAL FINANCING FACILITY
GRANT \$35 MILLION

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

The project comprises three components:

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

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

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

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

Despite significant improvements in the coverage and quality of health services, as well as a drop in maternal, infant, and under-five mortality, Afghanistan health indicators are still worse than the average for low-income

countries, indicating a need to further decrease barriers for women in accessing services.

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

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



The number of functioning health facilities has increased fourfold since 2002 with support of health projects such as Sehatmandi, which aims to further improve service delivery, strengthen the health system and its performance, and increase demand and community accountability for key health services.

The United Nations Inter-Agency Working Group for Estimation of Maternal Mortality will consider the available data to come up with the best estimate for MMR shortly.

The MMR estimate seems inconsistent with the significant increases in coverage of skilled birth attendance (50.5 percent up from 15.6 percent in 2003), improved quality of care as shown by frequent health facility surveys, improved physical access to services (a fourfold increase in the number of facilities since 2002) shown in the ADHS, as well as progress on other related impact indicators (e.g., under-five mortality rate has declined to 55 per 1,000 live births). Other survey-based estimates also put the MMR significantly lower than 1,290.

HEALTH INDICATORS ON POSITIVE TREND

UNDER-FIVE MORTALITY RATE DROPPED from 257 to 55 per 1,000 live births from 2003 to 2018 .

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

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

BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL AMONG THE LOWEST INCOME QUINTILE INCREASED to 59 percent from 15.6 percent.

PENTA3 IMMUNIZATION COVERAGE MORE THAN DOUBLED (a combination of five vaccines in one covering polio, diphtheria, Pertussis, tetanus, *haemophilus influenzae* type b, and hepatitis B) from 29 percent to 61 percent among children age 12 to 23 months in the lowest income quintile.

CONTRACEPTIVE PREVALENCE RATE INCREASED (using any modern method) to 19.8 percent from 19.5 percent.



/ INFRASTRUCTURE

Afghanistan Digital CASA 1 Project

⇒ IDA GRANT \$51 MILLION

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

Afghanistan Strategic Grain Reserve Project

⇒ IDA GRANT \$20.3 MILLION

⇒ JSDF GRANT \$9.7 MILLION

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

The project will support the establishment of a governmental semi-autonomous corporation to be in charge of managing the grain

The CASA-1000 project is on track to build electricity transmission lines to transmit excess summer hydropower energy from existing power plants in Kyrgyz Republic and Tajikistan to Pakistan and Afghanistan. Afghanistan is expected to receive 300 MW of electricity import.

reserve of the country and coordinate its activities with other governmental agencies and donors.

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

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

⇒ IDA GRANT/CREDIT \$526.5 MILLION, INCLUDING \$316.5 MILLION IDA GRANT TO AFGHANISTAN

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

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

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

Nurek power plant in Tajikistan) to Pakistan and Afghanistan.

At approval, CASA-1000 included the engineering design, construction, and commissioning of high voltage alternating current (HVAC) transmission lines and associated substation in Kyrgyz Republic and Tajikistan; high voltage direct current (HVDC) transmission lines from Tajikistan to Pakistan via Afghanistan; and three new HVDC converter stations in Tajikistan, Pakistan, and Afghanistan. However, in 2016, the four countries restructured the project, in which the converter station in Kabul was dropped.

Of the total project financing, Afghanistan has received \$316.5 million in the form of an IDA grant. The grant will support construction of about 560 km of an overhead HVDC transmission line from Sangtuda converter station in Tajikistan to Nowshera converter station in Pakistan. In addition, Afghanistan has received a \$40 million grant from the ARTF for the CASA Community Support Program (see page 42).

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

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

The contract for preparation of the country-specific Environment and Social Impact Assessment for the HVDC transmission line is

under implementation. DABS is in the process of selecting an international consultant to prepare the Resettlement Action Plan for the line. A contract for Project Owner's Engineer for the HVDC components of the CASA-1000 was awarded in November 2018.

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

Herat Electrification Project

⇒ IDA GRANT \$60 MILLION

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

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

The contracts for construction of the 110kV transmission line, the four 110kV substations and electrification of the four districts have been awarded and work is underway.

The project will also support review of existing standards, procedures, and preparation of a grid code for the Afghan power system consistent with best international practices. The contract for a consultancy service to prepare the grid code is under procurement and the contract is expected to be signed by end of March 2019.

Irrigation Restoration and Development Project (IRDP)

⇒ IDA GRANT \$97.8 MILLION

⇒ ARTF GRANT \$118.4 MILLION

⇒ GOVERNMENT OF AFGHANISTAN \$3.5 MILLION

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

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

Progress had been made in all areas. In the irrigation component, a total of 185 irrigation schemes has been rehabilitated, covering over 203,000 hectares of irrigation command area (compared to the end project target of 215,000 hectares and over 425,000 farmer households).

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

Further, dam safety manuals and minor repair works for two dams, Qargha and Darunta, are in progress. Dam safety guidelines for Afghanistan have been developed and awaiting official approval.

In the hydro-met component, installation of 127 hydrological stations and 56 snow and meteorological stations located in various locations on the five river basins in the country is completed and operations and maintenance



A total of 185 irrigation schemes have been rehabilitated under the Irrigation Restoration and Development Project, covering over 200,000 hectares of irrigation command area. This has led to improved irrigation and better water management in these areas, resulting in higher agricultural yields and household incomes. "Our problems are solved and we are very happy now," says a farmer in Nangarhar province.

nance (O&M) work is ongoing. In addition, 40 cableway stations for flow measurement at selected hydrology stations have been installed and installation of 30 cableways are ongoing. Further, a national O&M team has been established to take care of O&M of all hydrological stations.

Progress to date also include: Panj-Amu River Master Plan Concept Note approved; transboundary policy presented to the cabinet, all comments incorporated, and now under finalization; terms of reference for hydrogeology drilling test wells and geophysical survey for seven cities (Farah, Herat, Jalalabad,

Kabul, Kandahar, Mazar, and Zaranj) completed and recruitment of the implementing company for Kabul city is underway; and hydrogeological maps have been prepared for the Preliminary National Ground Water Potential Map and National Data Availability/Well Depth-Water Level/Water Quality Maps.



“Our activities have enabled farmers to have sufficient water throughout the seasons while saving a great amount of time and money.”

—Zahirullah, social worker, IRDP

IRRIGATION REHABILITATION REDUCES *water-related conflicts in rural Afghanistan*

- Fewer water-related conflicts and an increase in harvest and income are the tangible results of the rehabilitation of an irrigation scheme serving three villages in Nangarhar province.
- The upgrades, carried out under the Irrigation Restoration and Development Project, benefit thousands of villagers through more efficient water management and usage.
- The project also has been instrumental in helping farmers combat the effects of drought.

The farmland is lush with crops in expectation of a good harvest. Farmer Ilband, 73, is grateful that a good water supply has allowed him to grow a variety of crops on his seven *jeribs* (1.3 hectares) of farmland in Samarkhil village. He is equally pleased that by reducing water loss, irrigation has improved and conflict among farmers over access to water resources has been reduced.

“There are no more arguments,” he says. “Everyone has enough water to irrigate their land.” Conflict over irrigation water was a daily occurrence among the farmers in Samarkhil village before the village irrigation scheme was rehabilitated. Previously, each farmer had to argue with others to convince them of their irrigation needs. It was worse during the summer seasons, when water supply was lower. “Every single day, I had to argue with other farmers over water division,” says Ilband.

The tensions were predictable. Water is a vital resource in the area, as most people earn their living from agriculture or supplement their income by growing peaches, apricots, and citrus fruits. The irrigation scheme was rehabilitated by the Ministry of Energy and Water in 2015–2016 under the Irrigation Restoration and Development Project (IRDP) at a budget of about 13.5 million afghanis (about \$192,500).

The rehabilitation project included building protection walls, footbridges, and lining for the canal that reaches some 330 hectares of farmland in Samarkhil and the nearby villages of Araban and Saracha Alikhil, which altogether are home to more than 11,000 people.

Since the repairs, water loss has decreased dramatically, improving farmers’ access to water resources throughout the year. Before the improvements, Ilband could cultivate his land only twice a year at most, and in some years when water in the canal was especially low, he could not farm at all. But now, Ilband has been able to cultivate a variety of different crops, enjoying good harvests through the seasons.



Increase in Agricultural Productivity

In the eastern region of Afghanistan, IRDP covers Laghman, Kunar, Nangarhar, and Nuristan provinces, where it has rehabilitated over 20 irrigation schemes. “Our activities have enabled farmers to have sufficient water throughout the seasons while saving a great amount of time and money,” says Zahirullah, 43, an IRDP social worker, who liaise between the project and community. Moreover, many villagers have been given the opportunity to supplement their income by working on the reconstruction of the canals.

Although Nangarhar province is not different from other provinces in being affected by drought, IRDP’s rehabilitation of existing irrigation schemes has increased canal efficiency by minimizing water loss and optimizing water use for irrigation. As a result, production and productivity have increased in the project areas, enhancing livelihoods. IRDP has been instrumental in increasing the adequacy and reliability of irrigation water to help farmers combat the effects of drought.

/ RURAL DEVELOPMENT

Afghanistan Rural Access Project (ARAP)

⇒ IDA GRANT \$125 MILLION

⇒ ARTF GRANT \$312 MILLION

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

As of January 31, 2019, construction of 650 km of secondary gravel roads, 260 km of secondary asphalt roads, and 2,360 km of tertiary roads has been completed. In addition, 1,480 linear meters of secondary bridges and 1,840 linear meters of tertiary bridges have been built.

Routine maintenance of 1,300 secondary roads and periodic maintenance of 1,600 km of secondary roads have been undertaken as well as routine and periodic maintenance of 3,500 km of tertiary roads.

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

Afghanistan Rural Enterprise Development Project (AREDP)

⇒ IDA GRANT \$28.4 MILLION

⇒ ARTF GRANT \$15.9 MILLION

⇒ CLOSED ON JUNE 30, 2018

AREDP aimed to enhance economic mobilization and activities by organizing the rural poor into Savings Groups (SGs), Village Savings & Loan Associations (VSLAs), and Enterprise Groups (EGs). The project provided technical support to these groups so as to

build a financial discipline through savings and internal lending practices, and technical support to enterprises.

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

To generate economies of scale, 524 VSLAs were established as federations of the SGs and maintained accurate and up-to-date records of accounts with good governance structure in place. On average each VSLA had \$4,335 as loanable capital, which was boosted with a seed grant injection. This improved access to finance for group members who wanted to increase productivity or engage in entrepreneurial activities but could not access such funds from commercial banks or microfinance institutions.

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

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

In preparation of the Women's Economic Empowerment project in 76 districts in all 34 provinces, AREDP reviewed and developed its policies and plans to place women at the center. These included implementation strategies, a partnership model with facilitating partners in close collaboration with the Citizens' Charter, Business Development Service Provisions/Resource Persons strategies, a formal financial linkages model, revised structure for Pan-Afghanistan Intervention, Community Institution Development strat-



egy, analyses of selected 6–8 value chains (women orientated), and technical and marketing support plans.

Importantly, AREDP selected the probable districts and provinces for the Women's Economic Empowerment Rural Development Project (see page 28) based on eight parameters, such as poverty rate, involvement of the ultra-poor, Citizens' Charter presence, access to finance, National Horticulture and Livelihood Project, and security and access. This made its intervention strategy much more inclusive with likely convergence of ongoing poverty reduction programs of different stakeholders.

The Afghanistan Rural Enterprise Development Project set up over 5,000 Savings Groups, which were federated into Village Savings and Loan Associations that improved access to finance for many who could not access funding from commercial banks or microfinance institutions. As a result of these activities, thousands of villagers, like this grocer, were able to start small businesses. "We are so happy about this program. Without it, I would never have had a small business," says a small business owner.

Citizens' Charter Afghanistan Project (Citizens' Charter)

⇒ IDA GRANT \$227.7 MILLION

⇒ ARTF GRANT \$444.3 MILLION

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

⇒ GOVERNMENT OF AFGHANISTAN \$128 MILLION

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

The project will support the first phase of the Government of Afghanistan's 10-year Citizens' Charter National Program and will target one third of the country.

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

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

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

(1a) Rural Areas Service Standards Grants. The Ministry of Rural Rehabilitation and Development (MRRD) has overall responsibility for the implementation of the grants. This subcomponent supports delivery of minimum service standards on rural infrastructure. Allocations per community will be

needs-based and based upon an initial gap and needs assessment against the minimum service standards. The investments include water supply and a choice between basic road access, electricity, or small-scale irrigation.

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

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

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

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

Component 4 (new under Additional Financing): Project Implementation and



Desired change in development is taking place in thousands of communities through the activities of strengthened Community Development Councils under the Citizens' Charter Afghanistan Project. "In the areas that we have covered, people feel closer to the local government and know that they also share responsibility in development," says the chairperson of a Community Development Council.

EXPECTED CITIZENS' CHARTER RESULTS

Results expected under the first phase include :

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

Management. This component supports the management and oversight of the project at the national, provincial, and district levels in rural areas and the municipal management units in the four regional hub cities. This includes areas such as policy and operational planning; capacity building; management information systems; grievance redress mechanisms; human resource management; communications; donor and field coordination; financial management and procurement functions; and safeguards oversight.

Component 5 (new under Additional Financing): Social Inclusion and Maintenance and Construction Cash Grants (MCCGs). This component will provide emergency short-term employment opportunities through

labor-intensive public works, as well as support for collective action activities beyond public works that are aimed to foster greater social inclusion and protect the ultra-poor/vulnerable in communities.

There are two subcomponents:

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

(ii) MCCGs are to serve as quick-disbursing emergency grants for work/labor-intensive public works schemes that are targeted at vulnerable households within the communities and managed through a community-driven development approach. The cash for works will include repairs, rehabilitation, cleaning, expansion, or construction. Cash for services will target ultra-vulnerable households that cannot participate in public works.

Implementation progress to date includes:

In rural areas: Over 8,487 community profiles (CPs) completed; more than 8,150 new CDCs elected; over 6,911 Community Development Plans (CDPs) completed; and more than 5,700 sub-project proposals prepared.

In urban areas: Implementation has been rolled out in over 666 communities. A total of 633 CPs completed; 633 CDCs elected; 592 CDPs completed; and 509 sub-project proposals approved.

Overall, 90 percent of CDC membership in areas previously covered by the NSP comprise new members (i.e., those who had never previously served on CDCs) and close to half (47 percent overall and 48 percent office bearers) are women. This is evidence that the new election system and norms on CDC governance are having a strong impact.

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

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$75 MILLION

WEE-RDP is a follow-on project to the Afghanistan Rural Enterprise Development Project (AREDP) that aims to increase social and economic empowerment of poor rural women in selected communities.

WEE-RDP will engage in 76 districts and 5,000 villages in all 34 provinces across Afghanistan and will work in close collaboration with the Citizens’ Charter, Ministry of Rural Rehabilitation and Development projects, the National Horticulture and Livestock Project, the Access to Finance Project, and microfinance institutions. The project has begun mobilization through new Community Development Councils in the five provinces previously covered under AREDP.

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

The project has three components:

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

Component 2: Access to Finance. It comprises (a) providing seed grants to eligible SHGs and VSLAs to establish long-term revolving funds; and (b) facilitating access to



Women in rural areas will benefit from the Women’s Economic Empowerment Rural Development Project, which will work to increase their social and economic empowerment. The project will work in 76 districts and 5,000 villages across Afghanistan.

financial services for rural women through partnerships with microfinance institutions and commercial banks to promote financial inclusion of women groups; developing relevant financial products and services with commercial banks and microfinance institutions; eliminating institutional constraints on women’s access to formal financial services; exploring feasibility of piloting a system, enabled by information technology, for delivery of financial products; and financial capacity building.

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

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

The 441 SHGs for women, formed under AREDP, are receiving their initial training. The program is also continuing business development support in the areas previously covered by AREDP.

Trans-Hindukush Road Connectivity Project

⇒ IDA GRANT \$250 MILLION

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

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

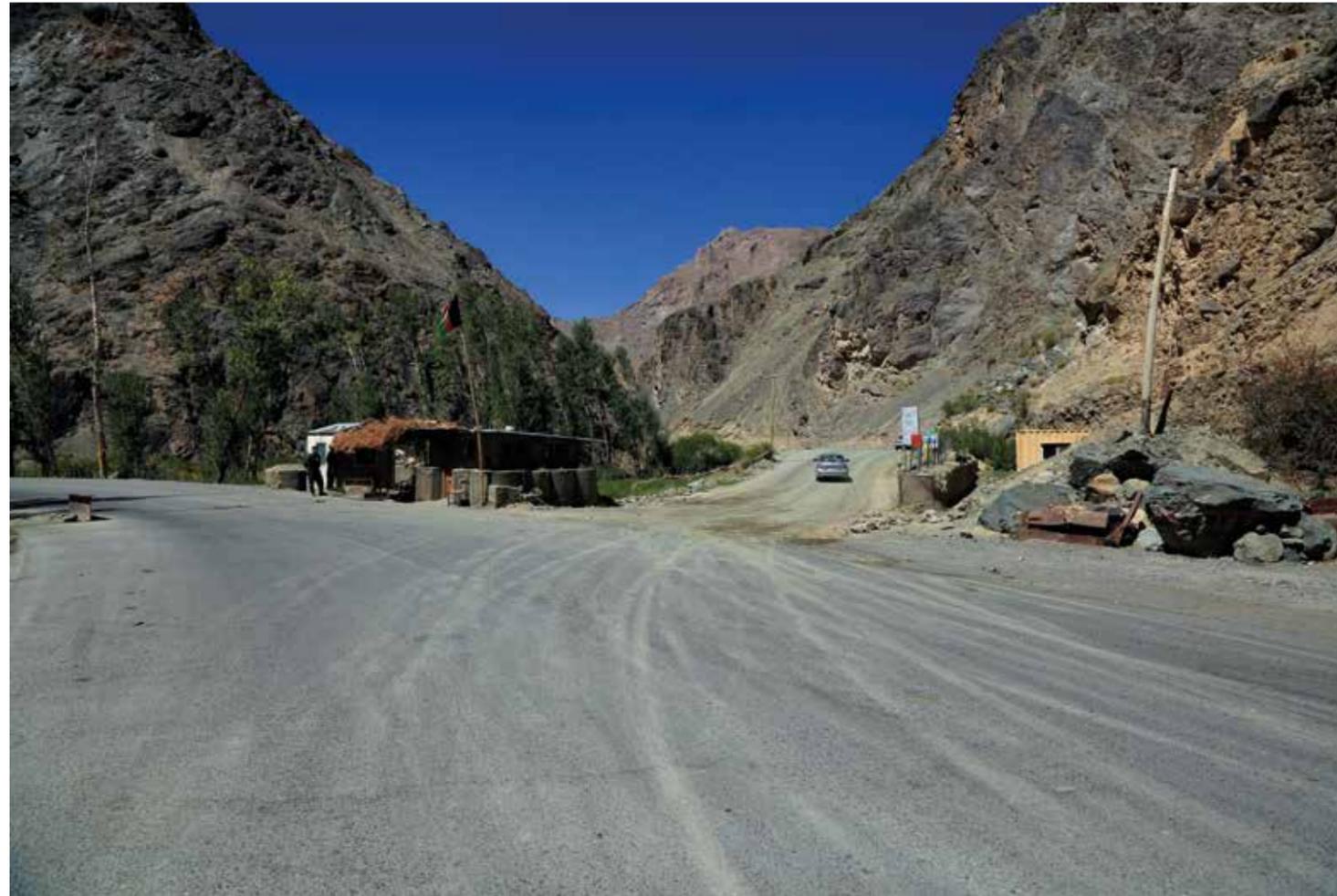
Two out of the six segments along the B2B road are under construction, namely segments 1 and 6. The design and procurement process of segments 2, 3, and 5 are well advanced. The procurement for Segment 4 is pending clearance of the Environmental and Social Management Plan by the World Bank. The Construction Supervision Unit of the Ministry of Public Works is supervising

the implementation of the segments under construction.

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

The grievance redress mechanism is operational at various levels. Work has been suspended in the areas of segment 6 where 61 people affected by the project have yet to be compensated. Meanwhile, the project has received cabinet approval for the resettlement payments for those affected.

Mid-term review of the project is scheduled for June 2019.



Remote communities along a section of the route under construction in the Hindukush mountains are already experiencing the benefits of the Trans-Hindukush Road Connectivity Project, with quicker access to major roads taking them to jobs, health care and markets. "People from villages along the road are very happy about the plans of this project. It will undoubtedly improve transportation services in the region and ease travel," says a local imam in Bamiyan province.

/ SERVICE DELIVERY

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

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$50 MILLION

TAGHIR is a new project that replaces the Capacity Building for Results Facility and will assist the Government of Afghanistan to deliver on its key policy priorities through merit-based recruitment and administrative reforms in 16 line ministries.

The project will support up to a total of 1,500 new civil service positions to enable the ministries to meet objectives and deliver on their priorities. The Independent Administrative and Civil Service Reform Commission will lead the project implementation.

Eshteghal Zaiee – Karmondena Project (EZ-Kar)

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$50 MILLION

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

/ URBAN DEVELOPMENT

Cities Investment Program (CIP)

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$25 MILLION

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

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

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

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

Urban Development Support Project

⇒ IDA GRANT \$20 MILLION

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

The project consists of the following components:

Component 1: Urban Information: Building an Urban Management Information System.

Technical assistance to create a database and web architecture for key statistics, maps, and geographic information system data to facilitate better urban planning and results monitoring.

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

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

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



Five provincial capital cities will receive support from the Urban Development Support Project to strengthen city planning, management, and service delivery capacity. The project will also work to improve urban policymaking capacity at the national level.

INTERNATIONAL FINANCE CORPORATION

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

Investment Portfolio

IFC provides a mix of investments services in Afghanistan, with a focus on financial inclusion, telecommunications, agribusiness, and infrastructure. IFC's current cumulative committed portfolio stands at over \$150 million, including investment in Roshan Telecom, First Microfinance Bank, Afghanistan International Bank, and Afghan Processing Plant (Rikweda).

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

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

/ ONGOING ADVISORY PROJECTS

Access to Finance

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

IFC has helped DAB establish the leasing law and the regulatory framework for leasing. IFC also assisted DAB with the establishment of a leasing licensing and supervision

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

Strengthening Afghanistan Horticulture Exports

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

Afghanistan Raisins Supply Chain Development

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

Corporate Governance (CG)

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

IFC is working with banks to help them



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

Lighting Afghanistan (LA)

LA is an integral part of IFC's "Lighting Global" program. It is a market transformation program aimed at increasing access to clean, affordable off-grid energy in rural Afghanistan through the private sector, by accelerating the development of a sustainable commercial market for high quality solar products. The program works with international and local firms to remove market entry barriers, pro-

vide market intelligence, foster B2B linkages, and raise consumer awareness on modern energy options.

Scaling Solar

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

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



The International Finance Corporation works to strengthen Afghanistan's horticultural exports by helping farmers become more efficient and supporting the extension of market opportunities, both nationally and internationally.

Investment Climate

The program is designed to tackle business and investment climate challenges of the country. The overarching goal of the program is to support improvements in the business environment and help the government facilitate investment and trade. It aims at improving the quality of business regulations, strengthening mechanisms for trade facilitation and export promotion, and enhancing mechanisms for investment attraction and retention to reduce private sector's cost of compliance (cost savings) in Afghanistan.

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

ducive to private sector growth through the investment climate program's sub-projects: (i) Business Licensing Reform project: phase II, and (ii) Business Enabling Environment Project. Another sub-project, the Agribusiness Export Competitiveness project, is in the pipeline.

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

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

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

Afghanistan Business Enabling Environment Project

The Business Enabling Environment project is designed to catalyze doing business reforms in Afghanistan.

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

The project objectives are to (i) streamline the legal and regulatory framework for doing business reforms; (ii) strengthen interagency coordination mechanisms on investment climate reforms and establish effective public-private dialogue mechanisms; and (iii) implement a Systematic Investor Response Mechanism (SIRM) to increase investment retention.

The project has two components:

Component 1: Improve business enabling environment and support institutional capacity building. It has three subcomponents:
1.1. Assist the Government of Afghanistan in developing and implementing business environment reforms in a selected number of areas measured by the Doing Business project.

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

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

Component 2: Investment Retention and Promotion

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

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

AFGHANISTAN RECONSTRUCTION TRUST FUND

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

Management

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

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

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

How the ARTF works

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

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

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

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

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

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

Donor Contributions

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

AFGHANISTAN RECONSTRUCTION TRUST FUND

The objectives of the ARTF are to:

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

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



The Recurrent Cost Window (RCW)

GRANT \$5.057 BILLION

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

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

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

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

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

/ ONGOING PROJECTS

Afghanistan Agricultural Inputs Project (AAIP)

GRANT \$67.25 MILLION

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

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

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

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

Component A: The project has assisted the Agricultural Research Institute of Afghanistan to develop wheat varieties for submission to the National Seed Board. Seven varieties have now been officially released against the accumulative target of five, while yield and agronomic trials at 11 locations are underway to assess regional adaptation and to optimize planting date,

fertilizer response, seed rate, and irrigation interval. Furthermore, civil works contracts for refurbishing seven research and seed production farms have been completed.

Component B: The work on the Nationwide Pest and Disease Survey is progressing. To date, 54,000 seed samples have been collected against the target of 140,000. In addition, 830 more people from among government staff, agrochemical traders, and farmers have received training in five provinces, while 20 pesticide and quarantine department employees undertook overseas study tours.

The project has continued to support the development of the regulatory framework for the control of pesticides, fertilizers, plant protection, and quarantine. This will ensure quality agrochemicals are available to farmers as well as enable Afghanistan to meet its commitments as a new member of the World Trade Organization.

The civil works contracts for nine border quarantine stations and laboratory complex have been completed, while work for the two remaining stations (Torkham and Melak) is in progress.

Component C: A pilot voucher system for wheat seed distribution for 6,000 farmers in four districts was successfully implemented, resulting in an expansion of the initiative in 2018, with AAIP technical support. The second phase, funded by MAIL, covers 21,000 farmers in seven provinces.

Afghanistan On-Farm Water Management Project

GRANT \$70 MILLION

This pilot project is designed to support on-farm water management investments in five regions (central, eastern, southwest, north-east, northern) covering a total of 10,000 hectares (Phase Zero) (59,000 hectares end



target in 2019). OFWMP works to improve agricultural productivity in project areas by enhancing the efficiency of water use.

Over 500 km of irrigation canals (186 km planned) serving around 58,000 hectares (ha) of land have been rehabilitated and 614 irrigation associations (500 planned) established. Land-leveling activities have also started commercially, with over 700 ha of land laser-leveled in three provinces. The Farmer Call Center is fully functional, providing technical advice to nearly 13,000 farmers and herders to date.

Research farms have improved their efficiency through capacity building and infrastructural upgrades supported by the Afghanistan Agricultural Inputs Project. Research work on crops, such as potatoes and wheat, is vital as over 60 percent of the nation's workforce is employed in agriculture and research is the backbone of improving agriculture. "Without research, we cannot introduce good seeds to farmers and we want the farmers to have good products," says a grain research director at one of the farms.

Capacity Building for Results Facility Project for Afghanistan

GRANT \$150 MILLION
CLOSED ON DECEMBER 31, 2018

Capacity Building for Results was a key ARTF investment that supported government in developing its human resources, organizational structures, and functions over the medium term to improve service delivery to the population.

CBR promoted accountability in line ministries by introducing results-based reform and service improvement programs. It was also a key tool for the government to reduce reliance on external technical assistance and parallel structures.

The grant helped finance the costs associated with (i) technical assistance for preparation and implementation of capacity building programs; (ii) recruitment of some 1,500 managerial, common function, and professional staff for key positions in selected line ministries; (iii) a management internship program; (iv) training of civil servants; and (v) project management, monitoring, and evaluation.

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

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

Under the project, 929 CBR positions were contracted, 70 of whom were to women (7 percent of contracted positions), while another 348 recruitments were at various stages of quality review and approval. CBR also assisted in salary harmonization for donor-funded consultants embedded in or working in support of government.

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

GRANT \$40 MILLION

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

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

It is estimated that there will be more than 580 communities in the seven provinces selected. During a mission in September 2018, it was agreed that work will begin soon in communities along the parts of the route that have been confirmed and MRRD will hire social mobilizers within 2-3 months to start the social processes to form CDCs in the selected communities.

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

DABS Planning and Capacity Support Project

GRANT \$6 MILLION

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

This project has two components:

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



More women were given opportunities to work in government ministries under the Capacity Building for Results Facility Project, which supported the government in developing its human resources, organizational structures, and functions to improve service delivery to the population.

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

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

The project provided internship opportunity for new women engineering graduates to

work in DABS. Twelve female engineers were hired as interns in DABS and assigned to different departments.

Hiring of a training consultancy firm is its final stage with contract award expected in March 2019. Design of the training center is also complete and the bidding process for construction of the training center is in advance stage, with work expected to start in the second quarter of 2019. Procurement of equipment for the training center is delayed due to an unsuccessful bidding process. However, DABS is currently carrying out a market assessment to identify potential suppliers.



“ On these newly paved streets there is much less dust and no mud or puddles of water. I feel like I am walking in a whole new city! **”**

—Freshta, resident, Qala-e-Fathullah neighborhood, Kabul city

KABUL RESIDENTS ENJOY *better mobility and access to services after road upgrades*

- For years, thousands of residents in two Kabul city neighborhoods struggled to travel on poorly maintained streets overflowing with litter.
- Neighborhood life has changed since Kabul Municipality upgraded the road infrastructure and drainage under the Kabul Municipality Development Program.
- The improvements are a product of the program’s objective to increase access to municipal services in selected residential areas of Kabul city.

Seventy-year-old Nematullah Sadat makes his way down a recently paved street in Qala-e-Fathullah neighborhood in Kabul city’s District 10. He is heading home after a short trip to buy fresh bread. It’s an enjoyable stroll today, but Nematullah says this was not always the case. In the past, street conditions sometimes kept him from reaching the main road—even though it is just 500 meters away.

“When my family first moved here four years ago, the condition of the street was awful,” he says. “Because of flooding, mud, and litter, the road was impassable some of the time and unpleasant to pass all the time. The smell was unbearable. It was very inconvenient to get anywhere, especially for the children to get to school.”

Now, Nematullah is able to come and go as he pleases. Kabul Municipality paved the neighborhood street in 2017 through the Kabul Municipal Development Program (KMDP). Altogether the municipality has paved 38 streets, totaling over 9 km of roadway, in the Qalae-Fathullah and Taimani neighborhoods, benefiting over 5,000 people.

Zalmay Latifi, 51, chairperson of the Qala-e-Fathullah Community Development Council, agrees that this and other streets in the neighborhood were in such a poor state that they were not passable for most people. “Children and women had an especially difficult time getting around,” he says, “but as you can see now, this street is immaculate after Kabul Municipality paved it.”

Homemaker Freshta, 40, who lives in Qala-e-Fathullah, says, “On these new streets, there is much less dust and no mud or puddles of water. I feel like I am walking in a whole new city!”

Student Kazem Latifi, 13, a seventh grader at Azmoon High School, says he’s happy to go to school: “I like going to school because now it takes just 15 minutes instead of 25 minutes and the extra 10 minutes I can spend with my friends.”



Better Access to Municipal Services

The upgrade was completed in November 2017 after eight months of work, which included building sidewalks and drainage. The neighborhood improvements are a product of KMDP’s objectives to increase access to basic municipal services in selected residential areas of Kabul city, support better service delivery by Kabul Municipality, and enable early response in case of an eligible emergency.

Qala-e-Fathullah residents volunteered their own resources to the neighborhood as part of the initiative, building small footbridges over the drainage, installing lamps by doorways, and planting trees. They gather twice a month to clean and do small repairs on the newly paved road themselves, supplementing municipal services. They are so pleased with the road that they feel it is a small price to pay in exchange for the benefit of good streets, says Zalmay Latifi.

Higher Education Development Project

GRANT \$55 MILLION

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

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

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

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

Enrollment in key priority disciplines (those that contribute to economic and social development) has increased substantially from 64,200 at the project baseline to about 81,900 to date. The special focus on increasing female enrollment has also paid substantial dividends with female enrollment increasing from 11,400 to about 16,900 by December 2018.

MoHE has developed a policy and by-law for the practice of e-learning. This will support gradual introduction of blended learning, incorporating e-learning into the university curriculum, as well as recognition of blended learning toward program credits. In the pilot phase, a select number of online courses have been uploaded on AfghanEx and supplement courses taught at public

universities. AfghanEx has been developed based on the EdEx platform for online teaching and learning.

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



The reconstruction of this main road in Kabul city, which was in poor condition, will ease traffic flow and access, especially for residents and businesses in the area. The reconstruction, which will include proper drainage and streetlighting, is carried out by the Kabul Urban Transport Efficiency Improvement Project. "Reconstruction of this road will be the greatest gift for the people living and working in this area," says a grateful resident.

learning; and (iv) grants to support individual and group research projects at universities.

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

Kabul Municipal Development Program (KMDP)

GRANT \$110 MILLION

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

KMDP is expected to deliver welfare and human development benefits to over 700,000 people through services provided in some 2,400 hectares of private land. The project also supported development of a plan to improve the municipality's financial management and planning capacity to deliver improved services. The implementation of the plan is underway, which will enhance Kabul Municipality's institutional capacity.

To date \$69,003 million has been disbursed. Over 1.36 million people (about 73 percent women and children) have benefited from the construction of about 486 kilometers of neighborhood roads, 590 kilometers of community drains, and 36 kilometers trunk roads.

Temporary employment of some 2.6 million people has been generated through the execution of contracts with labor intensive work at an investment of \$223/person per month. Durable infrastructure will generate secondary employment in the years ahead.

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

Kabul Urban Transport Efficiency Improvement Project (KUTEI)

GRANT \$90.5 MILLION

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

Investments in key road infrastructure will improve connectivity and make Kabul more inclusive, while technical and knowledge support will gradually transform Kabul Municipality into a modern planning and implementing agency by adopting best international practice. Kabul Municipality will be responsible for project implementation, including procurement and financial management.

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

Project implementation is progressing well and all planned civil works contracts have been awarded. To date, nine civil works contracts, totaling 30 kilometers of roadway, have been completed and the roads opened to traffic. Implementation of newly awarded road contracts will start in the first quarter of 2019.

Naghlu Hydropower Rehabilitation Project (NHRP)

GRANT \$83 MILLION

NHRP aims to improve dam safety and sustainability of hydropower and to increase the supply of electricity at the Naghlu

Hydropower Plant (NHPP). NHPP is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity.

The project came into effect in January 2016. In November 2018, NHPP started operating at full capacity (100 MW) after the rehabilitation of turbine units 1 and 3. The terms of reference for NHPP staff training and for supply of spare parts for five years of operations and maintenance of the power plant will be finalized in April and the package advertised in the second quarter of 2019.

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

A bathymetric survey of the Naghlu dam reservoir will be performed by DABS personnel with support from the Ministry of Energy and Water/Food and Agriculture Organization team. The ultrasonic equipment for the survey will be procured by the ministry.

Terms of reference for hiring a consultancy firm to carry out a dam safety and hydro-mechanical audit have been finalized and the tenders will be advertised in mid-2019. The contract for the associated procurement of a consultancy firm for conducting the Environmental and Social Impact Assessment (ESIA) of Naghlu dam is expected to be signed in April 2019. As the ESIA audit results for proper management of sediment will be available only later, the team is analyzing other possible approaches to manage the sediment and start procurement of sediment assessment and removal, including unexploded ordnance.

NHRP also has a benefit-sharing program for the local population, which includes electrification of villages in surrounding districts. Construction of the Sorobi 20 MW substation is near completion and is expected to be in commission in March 2019, supplying power to Sorobi and Tagab districts. With the com-



The Naghlu Hydropower Plant has started operating at full capacity after two turbine units were restored under the Naghlu Hydropower Rehabilitation Project. A number of surrounding villages will receive electricity from a new substation under a benefit-sharing program of the project.

pletion of the Sorobi substation, a number of villages in Sorobi district will receive electricity, while villages in Tagab district have been surveyed and the distribution system is at design stage.

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

Following a formal request from MoF, the

RESULTS EXPECTED UNDER THE NHRP

- Revived 50 MW of previously nonoperational capacity of Naghlu Hydropower Plant by rehabilitating Unit 1 and overhauling Unit 3.
- Improved routine operation and maintenance of the power plant for five years.
- Enhanced staff capacity to operate and maintain the power plant.
- Residents living near NHPP connected to electricity and local residents benefit from vocational training.
- Enhanced security and safety measures of the NHPP.
- Renovate and revive full capacity of Darunta Hydropower Plant.

Some 240,000 rural women have received training on harvesting and post-harvest practices for horticultural crops under the National Horticulture and Livestock Project. They have also been provided a large number of essential tools for proper harvesting of their products.



project was restructured to include the rehabilitation and renovation of the Darunta Hydropower Plant. Three units will be renewed and an administrative building and warehouse will be constructed inside the power plant. The bidding document of this activity has been completed and social and environmental impact documents have been prepared and cleared by the World Bank. The tender for design, supply, installation, and commissioning of Darunta power plant is expected to be advertised in April 2019.

National Horticulture and Livestock Project (NHLP)

GRANT \$190 MILLION

AFGHAN FARMERS' CONTRIBUTION
\$28.2 MILLION

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

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

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

The project now covers 291 districts in all 34 provinces, and, so far, have reached over 700,000 farmers/beneficiaries, including around 240,000 women.

To date, NHLP has financed the establishment of almost 26,500 hectares (ha) of new pistachio and fruit orchards in 32 provinces. In addition, over 26,000 ha of existing orchards have been rehabilitated and some 132,000 kitchen gardening schemes established.

The project has supported construction of about 1,300 small water harvesting structures, improving farmers' resilience to weather change by allowing harvest and storage of water during the rainy season and gradual release in the growing period based on crop needs. This has been implemented in partnership with Community Development Councils.

To strengthen market supply, a large number of the targeted farmers, both male and female, have been trained on harvesting

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

Farmers are encouraged to work together through the establishment of Producers Marketing Organizations (PMOs) with 50 PMOs set up so far, having a membership of 300–400 farmers per group. This structure helps farmers with outsourced inputs and access to markets.

Over 1,500 raisin drying houses have been constructed on a cost-sharing basis to reduce post-harvest losses of grapes and improve the quality of raisins produced.

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

Under the National Brucellosis Control Program in 360 districts, more than 2.2 million young female calves and over 11.5 million young female sheep and goats have been vaccinated. To ensure sustainability, the project is gradually handing over this activity to the General Directorate of Animal Health under the Ministry of Agriculture, Irrigation and Livestock (MAIL).

To date, the project has supported 172,970 livestock farmers (104,242 women and 68,722 men), clustering them into producers' groups, including poultry producer groups, to benefit from animal production and health services. It has also extended its activities to new geographical areas under sanitary mandate activities and is supporting MAIL's relevant directorate to implement them.

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



“Our aim is to help communities with their livelihood and encourage many women and men to be self-sufficient, and in the long run fturn this into businesses.”

– Zia-ul-Haq Fazli, NHLP provincial officer, Jalalabad

LIVESTOCK AND FISH FARMING BRING *self-sufficiency to rural Afghans*

- Thousands of people in rural communities in Nangarhar province are being given the opportunity to become self-sufficient farmers and business owners.
- The National Horticulture and Livestock Project enables poor families to make a living through support for poultry and fish farming.
- Fish farming has allowed beneficiaries to turn their small pieces of non-arable land into a source of income.

As late afternoon unfolds, Parwin is counting her chickens in the courtyard of her house in Sangar Sarai village, Kama district. The small courtyard is surrounded by multiple rooms with broken windows covered by plastic.

The 50-year-old widow had received the chickens only recently and is feeding them enthusiastically. “I am so happy that I now have more than 30 chickens, a room to keep them in, plenty of food and medicine to keep them fed and healthy, and I can sell their eggs to help my family financially,” she says. Parwin, who lost her husband and two of her sons in a blast two years ago, had been concerned about supporting her family. “But now I am able to make some money and help feed my family,” she says with a smile of hope.

Kama district, where Parwin lives with her three surviving children, lies some 39 km east of Jalalabad city, the provincial capital of eastern Nangarhar province. Parwin is one of hundreds of people in the district to benefit from the National Horticulture and Livestock Project (NHLP), operating under the Ministry of Agriculture, Irrigation and Livestock.

So far, the project has distributed poultry to 250 beneficiaries and helped set up 16 fish farms in Kama district, according to Zia-ul-Haq Fazli, the NHLP provincial officer in Jalalabad. Each poultry beneficiary receives 27 chickens and 3 roosters, while each fishery beneficiary receives 1,000 fish.

“Almost all of our poultry farm beneficiaries are widows, the disabled, and poor families,” says Zia-ul-Haq. “Our aim through this project is to help communities with their livelihood and encourage as many women and men as we can to be self-sufficient, and in the long run, turn this into businesses.”

Fish Farming Brings Good Income

In Nangarhar province, NHLP supports over 25,000 beneficiaries, about 45 percent of whom work primarily in livestock and the remainder in horticulture.



In addition to creating the poultry farms, the NHLP Animal Production and Fishery sub-component has built 16 fish husbandry pools in Kama district. Beneficiaries contributed 10 percent of the expenses, 52,600 afghanis (\$750), for building the pools.

Each pool contains three kinds of fish, with as many as 1,000 fish in each, says Zia-ul-Haq. “Each beneficiary is given two pools, which can help them make a profit of 567,214 afghanis (\$8,000) per year,” he points out. “This is a significant amount of money made from a small piece of land. It can serve as a very good alternative to opium production.”

Beneficiary Mohammad Haroon, 35, a father of three, says, “Before construction of the fish farms, the land was totally dry and we were not able to do any farming here. Now that we have the fish husbandry pools, we are not only happy about the prospects of making money, but also we are no longer dependent on imported fish from Pakistan.”



The Women's Economic Empowerment National Priority Program will help boost Afghan women's access to economic resources that will improve their self-reliance and status in society.

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

GRANT \$5 MILLION

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

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

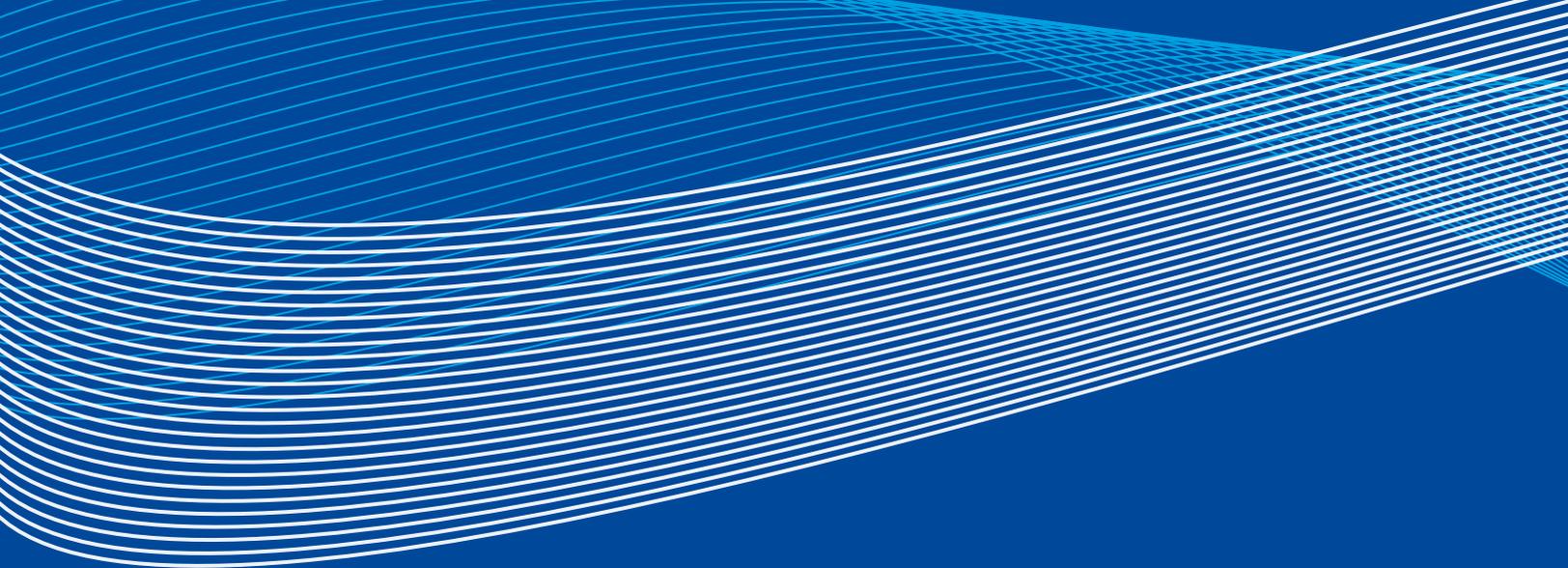
(vi) access to creative economy markets.

The three-year Project Preparation Grant (PPG) has three components: (i) coordination and program management; (ii) provide technical assistance and capacity building for line ministries carrying out WEE activities and conduct relevant analytic work; and (iii) establish and operate an innovation fund to support women's economic activities.

Despite the slow progress of implementation of the PPG, several important steps have been taken to define and set up the overall institutional and coordination arrangements for the WEE-NPP. The PCO's working lines and coordination mechanisms within MoLSAMD leadership, Technical Working Group for operational coordination, Steering Committee (SC) for management-level coordination, and Human Development Council for high-level coordination have been established and their roles and responsibilities defined and agreed upon by the relevant parties.

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

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



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