



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 08-Nov-2018 | Report No: PIDISDSA25892



BASIC INFORMATION

A. Basic Project Data

Country Afghanistan	Project ID P166978	Project Name Tackling Afghanistan's Government HRM and Institutional Reforms	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 21-Oct-2018	Estimated Board Date 20-Dec-2018	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) Islamic Republic of Afghanistan	Implementing Agency Independent Administrative Reform and Civil Service Commission	

Proposed Development Objective(s)

To strengthen the capacity of selected line ministries and agencies through merit-based recruitment of key positions, improved personnel management, and better HR planning.

Components

- Component 1: Human Resource Capacity Injection
- Component 2: Personnel and Payroll Management
- Component 3: Support to Administrative Reforms

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	75.00
Total Financing	75.00
of which IBRD/IDA	25.00
Financing Gap	0.00

DETAILS

World Bank Group Financing



International Development Association (IDA)	25.00
IDA Grant	25.00

Non-World Bank Group Financing

Trust Funds	50.00
Afghanistan Reconstruction Trust Fund	50.00

Environmental Assessment Category

C-Not Required

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. Development outcomes in Afghanistan have improved substantially since 2001, particularly in expanded access to basic services such as water, sanitation, electricity, education and health.** However, growing insecurity is putting these gains at risk. Between January and June 2018, 1,692 civilians were killed – the most since systematic documentation began in 2009.¹ Internal displacement has also increased substantially: in the first half of 2017 more than 200,000 people were displaced internally due to conflict and more than 296,000 refugees returned from Iran and Pakistan. In the context of this conflict, business and consumer confidence has stagnated. Annual economic growth is projected at 2.6 percent in 2017, increasing slightly from the 2.2 percent recorded in 2016. While this constitutes a moderate improvement compared to 2014 and 2015, economic growth has remained below population growth, resulting in a decline in real per capita output. Growth is expected to edge up to 3.2 percent in 2018, assuming no further deterioration in the security environment. In the medium term, real growth is expected to remain muted, increasing modestly to 3.6 percent by 2020.
- 2. The poverty rate in Afghanistan increased from 36 percent in 2011/12 to 55 percent in 2016/17.** The poverty rate is expected to remain high in the medium-term, due to weak demand for labor and security-related constraints on service delivery. Rural poverty and living conditions are particularly dire. The unemployment rate is estimated at 22.6 percent. Unemployment is particularly severe amongst women, low-skilled and illiterate workers. With an average annual population growth rate of 3 percent and with an estimated 400,000 Afghans entering the labor market each year, much higher economic growth is required

¹ Afghanistan Protection of Civilians in Armed Conflict Midyear report 2018, United Nations Human Rights <https://unama.unmissions.org/protection-of-civilians-reports>.



to improve per capita incomes and to provide quality employment opportunities for the expanding workforce.

3. **Stronger growth will require improvements in security, political stability, and administrative efficiency as well as stable aid flows.** Growth could also be enhanced with the right combination of fiscal and policy reforms, improvement in budget execution, and a reorientation of budget expenditures towards labor-intensive and community-based programs that directly reach the population with the greatest needs and with the highest marginal propensity to consume.

Sectoral and Institutional Context

4. **The size of the Afghan civil service has almost doubled since 2002, putting a substantial burden on the national budget.** Despite this growth, few civil servants have adequate educational qualifications, especially at the sub-national level. Political vulnerabilities of public sector recruitment processes, particularly for senior (Grades 1 and 2) appointments, contribute to this situation. These vulnerabilities have a particularly adverse effect on the recruitment of women to the civil service. Although lower availability² of candidates is a factor, there is strong anecdotal evidence of qualified women being excluded from heavily male-dominated processes due to discrimination. This reflects in headcount data³ in which women account for approximately 22.6 percent of the civil service, and just 7.3 percent of senior positions.
5. **The establishment control system (*Tashkeelat*) is also a constraint on the efficient allocation of human resources, inhibiting prioritization of resources to policy objectives.** The *Tashkeel* is largely the result of historical staffing patterns. Instead of restructuring the *Tashkeel* to meet evolving needs, the tendency has been to add more positions without eliminating unneeded ones, as political economy considerations make such reforms more challenging. As a result, the supply of staff is often not well aligned with the demand for the delivery of services, particularly in provinces. Compounding this problem is the continued use of fragmented and mostly manual payroll verification systems. It can be difficult to assess the actual grade and step of active civil servants⁴ and to validate their identities. This increases vulnerability to misuse of public funds and adds to concerns regarding 'ghost' employees⁵ (especially teachers) or inaccurate payments. Lack of a functional Human Resource Management Information System (HRMIS) also obstructs efforts to automate payroll in the Afghanistan Financial Management Information System (AFMIS).
6. **The Pay and Grading (P&G) scales introduced in 2008 brought form and structure to the civil service, but also constrained career growth in technical and professional areas.** As the system is differentiated only by grade and not based on technical skill, it has restricted the career progression of technical staff and, correspondingly, pay progression. Meanwhile, the real base pay of civil servants has significantly declined

² According to the Afghanistan Living Conditions Survey (ALCS) of 2016-17, 4.8 percent of women aged 18-22 are enrolled in tertiary education, as compared to 14.9 percent of males.

³ National Statistics and Information Authority (NSIA) Statistical Yearbook, 1396 (2017)

⁴ For example, there are significant divergences in the distribution of Ministry of Education (MoE) employees by grade between the IARCSC's *Tashkeel* registry and the MoE's payroll data with the IARCSC record showing 83,064 MoE employees at Grade 6 compared to 114,813 in the MoE payroll data.

⁵ When the Afghanistan Reconstruction Trust Fund (ARTF) Supervisory Agent conducted physical verification of government employees over 25 provinces, about a quarter of the employees were absent from work on the day of the verification visits. Of these nearly a third turned out to be individuals who no longer worked for the government (deceased, retired, resigned, terminated). Payroll data also included many employees transferred to other posts.



since 2008 given that the P&G salary scale is set in nominal terms and has never been adjusted.⁶

7. **Donor technical assistance has been integral to the stabilization of state capacity but is becoming increasingly difficult to sustain, whilst also creating many perverse incentives.** In the context of weak public sector capacity, many donor-funded programs have hired non-civil service staff (known as a “parallel civil service”) to address short-term capacity gaps and support urgent development objectives. Approximately 20,141 National Technical Assistance (NTA) contracted staff and advisors are employed by government through on-budget donor financing and from its’ own development budget. An additional 8,000 advisors are estimated to be employed off-budget.⁷ NTA has often been used to directly administer core government functions rather than building long-term state capacity, limiting ownership and accountability of policy reform. With NTA salaries generally between 8-10 times higher than comparable grades in the core civil service⁸, this form of assistance has contributed to luring talented professionals away from civil service positions. Meanwhile, the drawdown of external aid⁹ places the sustainability of these NTA positions at increasing risk.
8. **To address these challenges, the World Bank has been providing financing for salaries at NTA rates through the Capacity Building for Results (CBR) Facility (P123845) since 2012.** CBR finances the hiring of key vacant or filled civil service positions requiring upgrade in responsibilities and/or performance. CBR appointees are permanent civil servants rather than ‘parallel’ capacity but are paid salaries on the higher NTA pay scale. To date, 1,053 appointees (of which 7.2 percent are women) have been recruited under CBR. This approach has been used to build accountability and policy ownership by government. However, CBR has encountered significant implementation challenges in the recruitment and placement process, while external financing of these positions has also created a sustainability challenge. The experience of CBR and its framing within the broader sectoral and institutional context is discussed throughout this document and has closely informed the design of the Tackling Afghanistan Government’s HRM and Institutional Reforms (TAGHIR) Project.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To strengthen the capacity of selected line ministries and agencies through merit-based recruitment of key positions, improved personnel management, and better HR planning.

Key Results

9. **The Project Development Objective (PDO) Level Indicators for TAGHIR are as follows:**
 - Civil servants appointed in priority LMAs following approved strategic staffing plan for targeted capacity ‘surge’.

⁶ For example, a nominal salary of AFN 12,000 in 2008 had an equivalent real value of AFN 8,426 in 2017 when using CPI to adjust for purchasing power.

⁷ There has been no systematic tracking of such data due also to the difficulty to monitor off budget NTA.

⁸ According to AFMIS data, on-budget NTA (equal to just 5 percent of the entire non-uniform civil service) cost (US\$212 million) more than a quarter of the annual cost of the core civil service (US\$800 million) in 2017 and roughly comparable to the total base salaries for teachers (US\$256 million).

⁹ External aid has declined following the gradual military withdrawal of international forces, and it is expected to fall even further in the coming years, to about 25 percent of GDP by 2018. Afghanistan Systematic Country Diagnostic (SCD), World Bank, 2015.



- Civil servants in priority LMAs transitioned from project to core government budget financing.
 - Civil servants in priority LMAs transitioned from project to core government budget financing as permanent professional cadres.
- Priority LMAs that meet minimum benchmark targets related to reduction in number of NTAs.
- HRMIS/Payroll rolled-out in at least 5 LMAs.

D. Project Description

10. TAGHIR includes the following three mutually reinforcing components:

- (a) **Component 1: Human Resource Capacity Injection (US\$54 million).** This component will provide financing for a capacity 'surge' to support the government in the delivery of its key policy priorities. The component will support a total of up to 1,500 new (TAGHIR) and 'legacy' (CBR) civil servant positions *at any one time*. These positions will be concentrated within 16 priority LMAs that have been pre-determined by the Independent Administrative Reform and Civil Service Commission (IARCSC) and endorsed by the High Council for Administrative Reforms based on their direct contribution to key higher-level government objectives. In addition to these 16 priority LMAs, 10 percent (150 positions) of the overall recruitment ceiling will be reserved to meet (small) emerging and ad hoc needs across government. Project financing of all appointments is restricted to a maximum period of two years, with the recruitment of new positions to be completed by no later than June 30, 2020. To ensure the strategic relevance of positions to higher-level government objectives, priority LMAs are required to develop strategic staffing plans for targeted capacity 'surge'. These plans would identify targeted 'pockets of effectiveness' and correspondingly list positions (including 'legacy') to be prioritized by the project. Developed staffing plans require vetting by the IARCSC Board of Commissioners, Bank prior review, and final approval of the High Council for Administrative Reforms ahead of initiation of new recruitment and renewal of conforming 'legacy' positions (for a second year) within each priority LMA. To strengthen the drive towards sustainability of Bank intervention support ahead of project exit, a financing strategy and partnership has been agreed with government for all positions to be supported by TAGHIR, in line with fiscal space considerations. This is synced with the establishment of new professional cadres¹⁰ which are intended to absorb 'high caliber' capacity within the core civil service and on core government budget going forward. The TAGHIR approach to human resource capacity injection has been socialized through clear upfront communications by IARCSC to all the stakeholders, including the Cabinet ministers, as well as those civil servants who would be affected by the transition from CBR to TAGHIR, including those whose 'legacy' positions would no longer be tied to salary top-ups with Bank financing. Current Bank financing of 'legacy' appointees' salary top-ups is linked to CBR issued contracts that expire at project close (December 31, 2018) and that do not include extension clauses.
- (b) **Component 2: Personnel and Payroll Management (US\$15 million).** This component will strengthen establishment control and personnel management and contribute to more reliable payroll management. The key activity for which financing will be provided is building a functional HRMIS, grounded in business process review. The HRMIS will be integrated with biometric civil servant enrollment, payroll, AFMIS, and e-Payment Systems. This integration will provide substantial improvements in the control of positions,

¹⁰ In March 2018, GoIRA amended the Civil Servants Law (2008) to allow for a blending of the position-based civil service model with a career-based system. This will allow for the recruitment in batches (at entry) of professional staff (cadres) in common service or functional sectors with specific rates of pay would. In addition to external entrants, current NTAs and civil servants including CBR and TAGHIR appointees, will be eligible for entry into relevant cadre groups.



personnel numbers, and budgeted costs, while monitoring and limiting LMA-level discretion for allowances and overtime. Organizational structures would be linked to the functions of LMAs and would clearly identify the level of each position and job responsibilities. Through accurate gender-disaggregated headcount data, it will also help to facilitate better monitoring of gender targets to address staffing imbalances.

- (c) **Component 3: Support to Administrative Reforms (US\$6 million).** This component is intended as a flexible technical assistance (TA) facility for IARCSC. The component will avail discrete, specialized and primarily international consultant led technical assistance activities in support of key administrative reforms on a just-in-time basis. Technical assistance activities are foreseen around functional reviews, establishment control and personnel management, pay structure and policy, cadres' development, and strategic management of national and international TA. These will be planned in complement to and reinforcing of an ongoing World Bank Advisory Services and Analytics (ASA) program – the Public Administration Reform ASA (PASA, P164594). In addition, the component will finance the services of an independent Third-Party Monitor (TPM) to verify the application on TAGHIR appointments of correct procedures and selection criteria within government systems.

E. Implementation

Institutional and Implementation Arrangements

- 11. Policy level oversight of TAGHIR will be institutionalized within the High Council for Administrative Reforms** under the Chairmanship of the President of the Government of the Islamic Republic of Afghanistan (GoIRA). The High Council, comprised of the IARCSC Chairman, Minister of Finance and relevant Cabinet ministers, provides oversight of public administration reforms more broadly, including those to be supported by TAGHIR.
- 12. The project will be implemented by IARCSC — without the use of a Project Implementation Unit (PIU).** The IARCSC Board of Commissioners, headed by the IARCSC Chairman and currently comprised of 9 Commissioners, will steer the project. Technical interventions will be carried out by the relevant IARCSC General Directorates in coordination with LMAs (where relevant). Per the Amended Civil Servants Law (2018), the Civil Service Appointments Board (CSAB) and Civil Service Complaints Board (CSCB) will respectively handle appointments and complaints related to Grades 1 and 2 appointments (Component 1), working closely with hiring LMAs. CSAB and CSCB will oversee direct LMA recruitment and any associated complaints related to Grade 3 positions. Independent verification of project-financed appointments will be carried out through a TPM (to be availed through Component 3). The HRMIS Department of the Civil Service Management Directorate (CSMD) will lead HRMIS/Payroll efforts (Component 2), in coordination with the Ministry of Communication and Information Technology (MoCIT) and other key stakeholders. CSMD will also coordinate technical assistance support for key administrative reforms (Component 3). Administration and fiduciary management of TAGHIR will be carried out by the relevant departments of the IARCSC's General Secretariat — Administrative Reform Secretariat (ARS).



F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project will facilitate activities related to Human Resource Management (HRM) and institutional reforms. These will be targeted in the headquarters (Kabul) and provincial offices of the Independent Administrative Reform and Civil Service Commission (IARCSC) and other key line ministries and independent agencies. Project activities will not involve physical infrastructure or civil works.

G. Environmental and Social Safeguards Specialists on the Team

Shankar Narayanan, Social Specialist
Mohammad Arif Rasuli, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	Given the nature of proposed project scope, no environmental and social safeguards impacts are foreseen.
Performance Standards for Private Sector Activities OP/BP 4.03	No	N/A
Natural Habitats OP/BP 4.04	No	Given the scope and overall objective of the program this policy is not triggered.
Forests OP/BP 4.36	No	Given the scope and overall objective of the program this policy is not triggered.
Pest Management OP 4.09	No	Given the scope and overall objective of the program this policy is not triggered.
Physical Cultural Resources OP/BP 4.11	No	Given the scope and overall objective of the program this policy is not triggered.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous people in the project area as defined by OP/BP 4.10.
Involuntary Resettlement OP/BP 4.12	No	The project is not expected to have any land/asset impact as no civil works will be undertaken under this project. The project work consists of activities related to HRM and institutional reforms. Therefore, OP/BP 4.12 is not triggered.
Safety of Dams OP/BP 4.37	No	N/A
Projects on International Waterways OP/BP 7.50	No	N/A



Projects in Disputed Areas OP/BP 7.60

No

N/A

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

None of the World Bank's safeguard policies are triggered. Transition of project-supported appointees – all of whom are permanent civil servants – will not entail loss of employment but graduation to direct government financing of their positions. Reappointment through the project of positions held by incumbents will only be considered in the event of underperformance and/or need for significant upgrade in Job Description, in line with the Civil Servants Law (No. 951 of 2008; Amended in March 2018). Incumbents are unrestricted in re-applying within the meritocratic process overseen by the IARCSC Civil Service Appointments Board (CSAB) and verified by Third-Party Monitor (TPM) and periodic ex-post Bank review; with recourse for formal appeal to the IARCSC Civil Service Complaints Board (CSCB) in the case of dispute. In the event of non-selection of incumbent, separation provisions will apply, as stipulated in the Civil Servants Law and Labor Law (No. 35 of 2007). Consequently, limited potential negative social impacts are expected; for which requisite mitigation through internal government regulations, processes, and structures preside and supersede. The project therefore has a safeguards risk rating of "Category C".

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project will facilitate activities related to Human Resource Management (HRM) and institutional reforms, and therefore does not include any physical works that could have potential and/or long terms environmental or social impacts.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Project alternatives have not been considered. However, as an additional pre-emptive mitigation, the TAGHIR approach to human resource capacity injection has been socialized across government through clear upfront communications by IARCSC. The new approach, including the list of priority line ministries and independent agencies (LMAs) and criteria used to determine them, was endorsed by the President of the GoIRA. Presidential approval of the TAGHIR approach was followed by circulation of an official memorandum to all LMAs and a presentation of TAGHIR to Cabinet by the IARCSC Chairman. Timely upfront communications were also made by IARCSC to those civil servants who would be affected by the transition from CBR to TAGHIR, especially those whose 'legacy' positions would no longer be tied to salary top-ups with Bank financing. Current Bank financing of 'legacy' appointees' salary top-ups is linked to CBR issued contracts that expire at project close (December 31, 2018) and that do not include extension clauses.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

IARCSC has engaged with the World Bank over many years in the implementation of predecessor capacity injection programs and projects. The current proposed project will not support physical infrastructure and civil works and therefore not trigger environmental safeguard policies. Moreover, limited potential negative social impacts are expected, and for which requisite mitigation and management through internal government regulations, processes, and structures preside and supersede.



The project will support IARCSC's capacity on and systems for functional Grievance Redress Mechanisms (GRM). While IARCSC adopted a project-specific GRM for CBR this will not be maintained for TAGHIR. Instead project complaints' handling will be mainstreamed ('de-projectized') within IARCSC's existing GRMs, but with separate reporting for better monitoring and efficiency purposes. IARCSC currently maintains four GRMs related to: (a) civil servant recruitment complaints; (b) corruption (and fiduciary) complaints; (c) legal complaints; and (d) sexual harassment complaints. These will be utilized for the purposes of TAGHIR as will weekly public hearings, wherein the IARCSC Chairman and Commissioners directly receive complaints. In relation to recruitment complaints, handled by the IARCSC CSCB, CBR and external partner support has helped to improve processes and procedures over the last year. Recruitment compliance under TAGHIR is planned to be further supported through a TPM responsible for verifying the application of correct procedures and selection criteria within government systems. IARCSC-at-large – through a legally binding procedure – is further responsible for addressing grievances of all civil servants that cannot be dealt with at LMA level or through the IARCSC's CSCB. Overall, IARCSC's grievance redress performance has substantially improved over the last year, with IARCSC now handling over 8,000 complaints each year. IARCSC publishes an Annual Achievements' Report which documents complaints received and handled, as well as the current status of IARCSC-supported activities. This annual report includes updates on CBR and will do the same for TAGHIR. In terms of other citizen engagement measures, IARCSC reaches out the general public through social media, and through forums with civil society, media, and religious leaders. These measures will be utilized for the purposes of TAGHIR.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key project stakeholder is IARCSC. The Bank has consulted with IARCSC around the functionality of its existing GRM system and other citizen engagement measures, especially those related to appointments and appointment complaints.

B. Disclosure Requirements

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

NA



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

NA

Have costs related to safeguard policy measures been included in the project cost?

NA

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

NA

CONTACT POINT

World Bank

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APPROVAL

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