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# Country Update

THE WORLD BANK GROUP IN AFGHANISTAN

**“The rehabilitation of major roads in Kabul city by KUTEI is breathing a new lease of life into surrounding neighborhoods.”**

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## POLICY ACTIONS TO ADDRESS LEARNING CRISIS

The World Development Report recommends three policy actions to address the crisis:

### 1. ASSESS LEARNING TO MAKE IT A SERIOUS GOAL

Countries need to put in place a range of well-designed student assessments to help teachers guide students, improve system management, and focus society's attention on learning.

### 2. ACT ON EVIDENCE TO MAKE SCHOOLS WORK FOR LEARNERS

Countries can use existing evidence to close the gap and make schools work better by focusing on three key areas: prepared learners; skilled, motivated teachers; and inputs and management focused on teaching and learning.

### 3. ALIGN ACTORS TO MAKE THE WHOLE SYSTEM WORK FOR LEARNING

Countries can escape low-learning traps by acting on three fronts as they implement reforms: deploy information and metrics to make learning politically salient; build coalitions to shift political incentives toward learning for all; and use innovative and adaptive approaches to find out which approaches work best in their context.

## NEWS

### WORLD BANK: AN AGENDA FOR INCLUSIVE GROWTH IN AFGHANISTAN

The World Bank presented options to stimulate growth against the backdrop of difficult security conditions in Afghanistan at the side event of the Senior Officials meeting on October 5, 2017, in Kabul. The presentation called for measures to boost domestic aggregate demand. Key recommendations included improving budget execution, re-allocating public spending toward labor-intensive, community-based programs; increasing spending for basic service delivery; and implementing reforms to promote private investment.

The World Bank also underscored the need to prioritize investments in reali-

zing Afghanistan's long-term growth potential. It noted substantial potential for growth, job creation, poverty reduction, and revenue in areas such as agriculture and agribusiness and extractives. It pointed out that fiscal and economic measures would have limited impacts without larger investment in human capital and continued efforts to enhance state effectiveness. To this end, it will be critical that international partners ensure that Brussels aid commitments will be met and more aid is delivered on budget.

⇒ *The presentation is available at:* <http://wrlb.bq/tplZ3oflvms>

### WORLD DEVELOPMENT REPORT: LEARNING TO REALIZE EDUCATION'S PROMISE

The World Development Report 2018, released on September 27, 2017, has highlighted the learning crisis in low- and middle-income countries, where millions of children, especially from poor families, are not learning in spite of being in school. This does not include children from disadvantaged groups who are most likely to be out of school.

The report argues that without learning, education will fail to deliver on its promise to eliminate extreme poverty and create shared opportunity and prosperity for all.

Calling schooling without learning "a great injustice", the report identifies three main dimensions to the crisis: (i) poor learning outcomes, in which low levels of learning are occurring not only in the poorest countries, but also in some middle-income countries, while inequa-

lities in learning outcomes are high; (ii) immediate causes, in which children arrive in school unprepared to learn, teachers often lack the skills or motivation to teach effectively, inputs fail to reach classrooms or impact learning, and poor management and governance that undermine schooling quality; and (iii) deeper systemic causes, in which technical and political challenges keep low-learning systems trapped in low accountability and high inequality.

The community-based school program in Afghanistan was cited as an example where the building of schools and partnership with the local communities have led to increased enrollment and improved access to school and learning outcomes, especially for girls.

⇒ *The full report is available at:* <http://www.worldbank.org/en/publication/wdr2018>

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*'Rebuilt Arterial Roads'*



## WORLD BANK GROUP SUPPORT

### World Bank projects and programs

Since April 2002, the World Bank's International Development Association (IDA) has committed over \$3.73 billion for development and emergency reconstruction projects, and six budget support operations in Afghanistan. This support comprises over \$3.30 billion in grants and \$436.4 million in no-interest loans known as 'credits'. The Bank has 15 active IDA projects in Afghanistan with net commitment value of over \$1.6 billion.

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

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

budget support operations. It has 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 multi-lateral 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](http://www.worldbank.org.af) – Projects & Programs.

### International Finance Corporation

The International Finance Corporation (IFC), the World Bank Group's private sector development arm, continues to work with its investment and advisory service partners in Afghanistan. IFC's cumulative committed portfolio stood at \$52 million as of end-FY 2017 and its advisory services portfolio stood at \$8.8 million. IFC's Investment portfolio includes investments in the telecommunication sector and financial markets. The investment pipeline looks promising and includes further investments in the financial markets as well as investments in the power sector and agribusiness.

IFC's Advisory Services program has been

supporting the Investment program in access to finance, Small and Medium Enterprises (SMEs) capacity development, job creation, strengthening horticulture export, access to renewable energy, corporate governance structure enhancement, and investment climate reform interventions.

⇒ **For more information: see page 28.**

### Multilateral Investment Guarantee Agency

The Multilateral Investment Guarantee Agency (MIGA) has \$116.5 million of gross exposure for three projects in Afghanistan. MTN is a joint effort with IFC in the country's critical telecommunication sector. The other two projects support dairy and cashmere production.

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

In 2013, MIGA launched its 'Conflict Affected and Fragile Economies Facility' that uses donor partner contributions and guarantees as well as MIGA guarantees to provide an ini-

### COUNTRY PARTNERSHIP FRAMEWORK, 2017–2020

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

The World Bank Group strategy aims to help Afghanistan:

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

tial 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 Government of Afghanistan (GoA) to improve effectiveness of the reconstruction effort. As of July 22, 2017, 34 donors have contributed over \$10 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 \$4.5 billion has been disbursed to the government to help cover recurrent costs, such as civil servants' salaries, and over \$4.6 billion had been made available, both for closed and active investment projects. As of July 22, 2017, 27 projects are active under the ARTF with net commitment value of \$3.3 billion.

⇒ **For more information: see page 30.**

### Japan Social Development Fund

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

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

As of September 2017, JSDF's total commitment had reached \$85 million. A number of JSDF-financed projects have been completed.

⇒ **For more information:**  
<http://go.worldbank.org/U5OQZVF200> ■

## ONGOING OPERATIONS

### / EDUCATION AND TRAINING

## Afghanistan Second Skills Development Project (ASDP II)

⇒ IDA GRANT \$55 MILLION

The project supports the Government of Afghanistan in its strategy to build market relevant vocational and technical skills for economic growth and development. Building on the ongoing Afghanistan Skills Development Project, this program will continue to strengthen the Technical Vocational Education Training (TVET) institutional system, improve performance of TVET schools and institutes, and improve teacher competencies. The project has been restructured, effective July 2017, to reemphasize its focus on the development objective of improving TVET teacher competencies and curriculum in selected priority trades.

**Component 1:** The project has made significant progress in strengthening the TVET institutional framework. In addition to developing an overarching TVET strategy, 100 National Occupational Skills Standards (NOSS) have been benchmarked to an international level with the support of an international certification agency, and corresponding curricula developed for 15 trades. ASDP has laid the groundwork for an assessment and certification system for TVET graduates, and, in partnership with the International Labour Organization, about 30 ‘master’ assessors have been trained in competency assessment methods, and seven assessment centers identified.

**Component 2:** ASDP supports the improved performance of selected TVET schools and institutes, such as the National Institute of Management and Administration (NIMA), where students pursue a two-year business program equivalent to a Bachelor’s degree. NIMA has been accredited by an international body (the Accreditation Council for Business Schools and Programs), recognizing

the high standard of teaching and learning at the institute. The share of female beneficiaries in project-supported institutes increased from 21 to 23 percent, while the share of those enrolled in 2016 was 44 percent as a result of targeted efforts by ASDP.

**Component 3:** The project supports a “challenge fund” scheme to identify and scale up good practices in TVET schools and institutes. To date, over 35 institutes have benefited from two rounds of a Recognition Grant, while an additional eight institutes have been selected for a Development Grant, which supports reforms to improve academic management, school administration, linkages with local industries, and curriculum revision. In addition, over 522 TVET graduates have been supported with scholarships through a voucher program, which facilitates further professional studies for meritorious students who have graduated from TVET institutes.

To support technical teacher training under Component 3, an in-service Technical Teacher Training Institute (TTTI) was established in 2013. To date, 790 technical teachers have received training at the TTTI to improve their technical competencies and pedagogical skills.

**Component 4:** The fourth component finances technical assistance for the skills team, costs of third party monitoring and evaluation, and a public awareness campaign. The project has also established a Project Management Information System, which provides real time updates on all aspects of project implementation (procurement, financial management, human resources, civil work, student enrollment, and graduation).



This well-equipped workshop in the only technical and vocational high school in Panjshir Province has helped attract students from all over the province. “We have good equipment here for practical exercises,” says a 12th grader, “and as we put the theories into practice, we learn and understand much better.” Support from ASDP has enabled the school to provide hands-on experience to its students and improve the quality of education.

### / 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 Targeting the Ultra Poor program, under the Access to Finance project, has given destitute families an opportunity to sustain themselves by providing them with livestock and a monthly stipend. Hundreds of families have seen a significant and sustainable change to their economic situation as a result. "Thanks to the program, my situation has changed completely. The cow is the best blessing in my life," says a beneficiary.

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 2:** Improving access to financial services for 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 sup-

port 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.

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. Under the TUP program, a 100 percent distribution of assets (livestock) to beneficiaries was achieved in four provinces (Balkh, Kunar, Laghman, and Takhar).

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

Component 2 has not yet started as discussions are ongoing between the Ministry of Finance and the Afghanistan Credit Guarantee Foundation for an agreement to be signed.

## Afghanistan Financial Sector Rapid Response Project

⇒ IDA GRANT \$45.7 MILLION

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

The project also aims to modernize the national payment system with the goal of reducing the use of cash transactions, the main means of making payments in Afghanistan, 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.

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 procurement process for development of the Automated Transfer System (ATS) was completed and the contract 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.

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 will be more focus to invest in DAB staff capacity to enhance the effectiveness of its regulatory capacity.

## Afghanistan: Public-Private Partnership (PPP) Support Program

⇒ PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY  
FACILITY GRANT \$850,000

The World Bank, funded by the Public-Private Infrastructure Advisory Facility (PPIAF), has been providing technical assistance to the Ministry of Finance (MoF) since 2015 to improve the enabling environment for PPPs in Afghanistan.

The first phase of PPIAF support, from September 2015 to December 2016, focused on supporting the MoF to develop an effective PPP program that would promote and sustain the necessary enabling environment to facilitate the identification, development, and implementation of PPP projects that could support the Government of Afghanistan's national infrastructure development strategy.

To support this objective, activities were designed around three distinct areas:

- Diagnostic of current enabling environment, followed by clear recommendations on modifications required to improve the legal/regulatory/institutional framework to support/facilitate PPPs;
- Pipeline prioritization and feasibility work to identify priority pilot projects and undertake two pre-feasibility studies on the identified projects; and
- Capacity building and training workshops to build understanding and support for the government's new PPP program.

Following the first phase, a second phase began in July 2017, with the objective to further support the government to develop the legal and institutional framework for PPPs in Afghanistan.

To support this objective, activities have been designed around two distinct areas:

- Institutional strengthening through the preparation of a PPP Country Readiness Diagnostic, a business plan for the Central Partnerships Authority (CPA), and PPP Guidelines; and

- Refinement of the PPP pipeline in line with the government's national development and planning priorities.

To date, CPA has been established as the central PPP champion within the MoF and the PPP law has been enhanced.

### / HEALTH

## System Enhancement for Health Action in Transition (SEHAT) Program

⇒ IDA GRANT \$100 MILLION

⇒ ARTF GRANT \$517 MILLION

⇒ GOVERNMENT OF AFGHANISTAN  
\$30 MILLION

⇒ MULTI DONOR FUND FOR HEALTH RESULTS  
INNOVATION \$7 MILLION

The program aims to expand the scope, quality, and coverage of health services provided to the population, particularly for the poor, and to enhance the Ministry of Public Health's (MoPH) stewardship functions. The project supports the provision of basic health and essential hospital services in both rural and urban areas. It also strengthens the national health system and MoPH's capacity at central and provincial levels.

The project includes the following three components:

**Component 1:** Sustaining and improving the basic package of health services and essential package of hospital services; and supporting the implementation of these services through performance-based partnership agreements between MoPH and nongovernmental organizations, which will deliver health services as defined in these packages.

**Component 2:** Building the stewardship capacity of MoPH and system development by supporting the following thematic areas: strengthening subnational government; strengthening the healthcare financing directorate; developing regulatory systems and capacities for ensuring quality

## HEALTH INDICATORS ON POSITIVE TREND

**UNDER-FIVE AND INFANT  
MORTALITY RATE DROPPED**  
to 55 and 45 per 1,000 live births  
from 257 and 165, respectively.

**NUMBER OF FUNCTIONING  
HEALTH FACILITIES INCREASED**  
to more than 2,400 in 2016 from  
496 in 2002, while at the same  
time the proportion of facilities  
with female staff increased.

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

**PENTA3 IMMUNIZATION  
COVERAGE MORE THAN  
DOUBLED** (a combination of five  
vaccines in one covering polio,  
diphtheria, Pertussis, tetanus,  
*haemophilus influenzae type b*,  
and hepatitis B), from 29 percent  
to 69 percent among children  
aged 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.



Some health centers in Kandahar Province are seeing an increase in female patients as a result of community campaigns to raise public awareness and increase trust in health care services. The campaigns are part of the efforts of the SEHAT Program, which include recruiting women health professionals to meet the needs of female patients and help address maternal and infant mortality.

pharmaceuticals; working with the private sector; enhancing capacity for improved hospital performance; strengthening human resources for health; governance and social accountability; strengthening the Health Information System and use of information technology; strengthening health promotion and behavioral change; mainstreaming gender into Afghanistan's health system; developing capacity for procurement delivery; and improving fiduciary systems.

**Component 3:** Strengthening program management by supporting and financing costs associated with system development and stewardship functions of MoPH, including incremental operating costs at central and provincial levels and technical assistance.

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 2011) show significant declines in maternal and child mortality.

Despite significant improvements in the coverage and quality of health services, as well as a drop in maternal, infant, and under-five mortality, Afghanistan health indicators are still worse than the average for low-income countries, indicating a need to further decrease barriers for women in accessing services.

Afghanistan also has one of the highest levels of child malnutrition in the world. About 41 percent of children under five suffer from chronic malnutrition, and both women and children suffer from high levels of vitamin and mineral deficiencies.

The Maternal Mortality Ratio (MMR) has fallen significantly from 1,600 per 100,000 live births in 2002. The Afghanistan Demographic Health Survey (ADHS) 2015 undertaken by the Central Statistics Organization, with funding support from USAID, indicated a MMR estimate of 1,290 per 100,000 live births. The ADHS, however, notes that the MMR estimate seems to be an overestimate. The United Nations Maternal Mortality Inter-Agency Estimation Working Group will consider the available data to come up with the best estimate for MMR.

The current estimate seems inconsistent with the significant increases in coverage of skilled birth attendance (currently 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), and progress on other related impact indicators (e.g., under-five mortality rate has declined to 55 per 1,000 live births) in the ADHS. Other survey-based estimates also put the MMR significantly lower than 1,290.



More than 2,000 Afghans, including over 400 women, have been trained under the Afghanistan ICT Sector Development Project. The project is supporting the local IT industry by expanding the pool of skilled and qualified IT professionals.

nectivity and enable more users to access high quality mobile and Internet services. It also helps mainstream the use of mobile applications to improve public service delivery and program management in strategic government sectors. The project helps develop the local IT industry by expanding the pool of skilled and qualified IT professionals, and supporting the incubation of ICT companies in Afghanistan.

Major milestones under the project include progress in constructing optical fiber cable with about 1,000 km completed. The deployment of the fiber optical backbone network in the North-East section was completed and handed over to Afghan Telecom (Aftel).

Work on the central route to Yakawlang Kunar, Kapisa, Ghulam Khan Office, and Bamiyan–Mazar-e-Sharif routes has been completed and final handing over to Aftel is in progress.

A total of 2,300 Afghans (over 400 women) has been trained under the IT skills development program. Job fairs for 1,500 successful trainees have been held.

The m-Government service delivery platform (Mobile Platform) was soft launched on Afghan Telecom's network. Select m-Government application and services are expected to be launched by the Ministry of Communications and Information Technology (MoCIT) through all GSM/3G operators for selected ministries by October 2017 after the signing of MoUs between the mobile network operators and the ministries. The platform allows any citizen with a mobile phone to access a set of public services.

Two rounds of the Innovation Support Program awarded 15 local innovators for their ideas on how mobile technologies could help address challenges in various sectors, including agriculture, education, and health.

The ICT business incubator complex has been constructed in the ICT Institute area of MoCIT and 20 start-up business entities have undergone training programs in the complex to date. Under the Capacity Building Program of MoCIT, 400 ministry staff members have been trained so far.

## / INFRASTRUCTURE

### Afghanistan Information and Communication Technologies (ICT) Sector Development Project

⇨ IDA GRANT \$50 MILLION

The project builds on the success of earlier projects and catalyzes the next phase of ICT development in the country. It supports ICT development in the country. It supports policy and regulatory reforms and strategic infrastructure investment to expand con-



“With support from the MoCIT project, I am now creating jobs in my own company. This is a big achievement for me and my country.”

—Ahmad Shah, founder of an IT start-up, Kabul city

## TO IMPROVE AFGHANISTAN'S FUTURE Youth Gain Information and Communication Skills

- Young men and women interested in information and communication technology (ICT) are being identified and trained to meet the coming needs of the ICT sector in Afghanistan.
- The training is part of the plan under the Afghanistan ICT Sector Development Project to encourage start-ups, innovation, and use of technology.
- The project supports the overall development of the ICT sector in Afghanistan.

Ten young men are engrossed in their screens, hard at work at MSoft Technologies, a newly established Afghan Information and Communication Technology (ICT) company in Kabul city. They are developing different programs and software for a range of domestic and international clients.

In a corner sits Ahmad Shah Mohammadi, 29, one of the men responsible for setting up MSoft Technologies. “When I graduated from university in 2014, I and three of my classmates had an idea to establish our own company, but at that time it was just a dream for us,” says Ahmad Shah. “I now run my own company.”

MSoft Technologies is one of 22 companies that have received support from the Afghanistan ICT Sector Development Project under the Ministry of Communication, Information and Technology (MoCIT). The project trains young Afghans on all aspects of ICT business management. The target beneficiary pool is Afghan youth who want to deepen their knowledge of ICT and who are interested in setting up IT companies.

“We received training on business planning, management systems, administration, and marketing, enabling us to run our own private IT company,” says Ahmad Shah. His company joins a market that is developing, with a whole range of IT start-ups coming up in Kabul.

Ahmad Shah's company provides a range of services to over 300 national and international organizations across Afghanistan from different sectors, including government, education, health, corporations, nongovernmental organizations, and banks. “We have developed different programs and software, like financial management systems, archives data management, human resource system, invitation and visa processing system, to name a few. We also work on website and branding graphics,” he says.

Ahmad Shah started his company with a small team of four men. With training and business management support from the ICT project, they were able to expand and hire more people. “If I think about my past, I was



searching for a job and struggling in 2014. With support from the MoCIT project, I am now creating jobs in my own company. This is a big achievement for me and my country,” Ahmad Shah says.

### Training Pays Off

Since 2013, the project has trained more than 2,000 women and men. Mehri Najeem is one such student who did a four-month long database training. “It was a good opportunity for women like me as we received training related to our fields. The curriculum was quite different and the training approach was very efficient,” she says. “The training was good and helped me find a job, which I would not have been able to otherwise.”

The project has literally handheld Afghan youth who want to be a part of the ICT industry, and those who received support from the project are now helping to meet the demands of the industry in Afghanistan. Although the ICT industry is new in Afghanistan and need traction, it may soon emerge to be a key source of economic growth.

## 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 emergency situations and improve the efficiency of grain storage management.

The project will upgrade two existing storage facilities, build four new large facilities, and establish the required institutional infrastructure to manage the reserve. It is estimated that by end of this five-year project, the overall storage capacity for wheat will reach 200,000 metric tons, sufficient for the consumption of 2 million Afghans for six months.

In addition to the World Bank support, \$11.45 million is expected to be provided by the Japan Policy and Human Resources Development Fund.

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

⇒ IDA GRANT/CREDIT \$526.5 MILLION

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

The total project cost is estimated at \$1.17 billion and several other development partners are providing financing for CASA-1000, including the Afghanistan Reconstruction



The Afghanistan Strategic Grain Reserve Project will help Afghan households meet their needs during emergencies. It is expected that the overall storage capacity for wheat will reach 200,000 metric tons, sufficient for the consumption of 2 million Afghans for six months by end of this five-year project.

and Development Bank (ARDB), the Islamic Development Bank (IDB), European Bank for Reconstruction and Development (EBRD), United States Government, United Kingdom Department for International Development (DfID), and United States Agency for International Development (USAID).

CASA-1000 will build more than 1,200 kilometers (km) of electricity transmission lines for associated sub-stations to transmit excess summer hydropower energy from existing power generation stations in Tajikistan and the Kyrgyz Republic to Pakistan and Afghanistan. The project finances the engi-

neering design, construction, and commissioning of transmission lines and two new converter stations. The power generation stations that provide the energy to be traded over CASA-1000, including Toktogul in Kyrgyz Republic and Nurek in Tajikistan, are already in place.

Of the total project financing, **Afghanistan will receive \$316.5 million in the form of an IDA grant.** The grant will support construction of about 560 km of overhead transmission line to connect the electricity network via the northern and eastern provinces of Afghanistan.

Afghanistan is expected to connect more households and businesses to the power grid by importing 300 MW of electricity through CASA-1000. Da Afghanistan Breshna Sherkat (DABS), Afghanistan's electricity company, and the Ministry of Energy and Water will implement Afghanistan's portion of this project, including a Security Management Plan for both the construction and operation phase.



The rehabilitation of irrigation canals undertaken by IRDP is resulting in significant increases in agricultural output and encouraging villagers to invest in the new infrastructure. The project is supporting the rehabilitation of irrigation systems serving some 300,000 hectares of land across the country.

## Herat Electrification Project

⇒ IDA GRANT \$60 MILLION

The project aims to support DABS to provide electricity to some 230,800 households, 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 and four 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.

## Irrigation Restoration and Development Project (IRDP)

⇒ IDA GRANT \$97.8 MILLION

⇒ ARTF GRANT \$118.4 MILLION

⇒ GOVERNMENT FUNDS \$3.5 MILLION

The project builds upon and scales up activities supported under the completed World Bank-financed Emergency Irrigation Rehabilitation Project, closed in December 2012.

After project restructuring and additional

financing effective from July 2016, IRDP envisages support to rehabilitate irrigation systems serving some 217,000 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 162 irrigation schemes has been rehabilitated, covering over 165,000 hectares of irrigation command area (compared to the end project target of 215,000 hectares and over 267,000 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 detailed social and environmental study will be carried out.

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 ongoing. In addition, 40 cableway stations for flow measurement at selected hydrology stations have been installed.

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

⇒ IDA GRANT \$21.5 MILLION

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

In parallel, the additional grant also will help finance the costs associated with scaling up the necessary activities for preparing the next phase of the project. These activities include continued rollout of automation to the remaining border crossings and inland

clearance depots (ICDs); continued refurbishment, rehabilitation, or new construction of selected customs infrastructure; provision of technical assistance and capacity building in key areas essential to introducing modern approaches to customs administration; improved mechanisms for cooperation with customs administrations of neighboring countries; and further improvement of systems for monitoring customs performance through the use of an automated executive dashboard and alerts mechanism.

The additional grant also supports preliminary work for the design of a Trade Information Portal (TIP) and National Single Window (NSW) system, and the development of a national training curriculum and preparation of relevant training materials.

The ASYCUDA World Declaration Processing System (DPS) is now operational in 13 customs sites. The ASYCUDA World International Transit module is operational in seven main corridors, ASYCUDA Risk-management module in 10 ICDs, ASYCUDA Valuation Control in seven ICDs, and the Entry-Exit control module operational in four customs sites.

Customs-to-Customs Cooperation Agreements between Tajikistan and Afghanistan, and Iran and Afghanistan have been signed. Real time data exchange between Afghan and Tajik Customs was set up, tested, and went live in Tajikistan in February 2016. ACD has also started negotiations with the United Arab Emirates and Turkish Customs to sign similar cooperation agreements.

Infrastructure development was completed successfully, with 10 large and 21 smaller civil works-related contracts completed, including a new Customs House at Khost, and improvements to Kabul, Jalalabad, Kandahar and Nimroz Customs Houses.

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

The implementation plan for setting up an

enforcement wing is under review. The transfer and deployment of officers in the enforcement department has already started and the teams have undergone short-term capacity building courses at the Afghan National Customs Academy. Special training for Customs Police is ongoing at the Academy.

## / 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 September 2017, construction of 600 km of secondary gravel roads, 235 km of secondary asphalt roads, and 1,300 km of tertiary roads has been completed. In addition, 1,400 linear meters of secondary bridges and 1,600 linear meters of tertiary bridges have been built. In the meantime, routine maintenance of 1,300 secondary roads and period maintenance of 500 km of secondary roads were undertaken. Routine maintenance of 1,500 km of tertiary road and period maintenance of 3,570 km of tertiary road were also completed. Rollout of the first nationwide inventory and condition survey of rural roads has been completed.

### Afghanistan Rural Enterprise Development Project (AREDP)

⇒ IDA GRANT \$28.4 MILLION

⇒ ARTF GRANT \$6.2 MILLION

AREDP aims to enhance economic mobilization and activities by organizing the rural poor into Savings Groups (SGs), Village Savings & Loan Associations (VSLAs) and Enterprise Groups. The project provides technical support to these groups so as to build a financial discipline through savings and internal lending practices, and technical support to enterprises.

To date, the program has established close to 5,190 Savings Groups with a membership of some 60,700 rural poor (54 percent women) in 694 villages. The SGs have saved over \$4.2 million and members have accessed more than 41,900 internal loans (64 percent by female members) for productive and emergency purposes with a repayment rate of 95 percent.

To generate economies of scale, 505 Village Savings & Loan Associations have also been established as federations of the SGs, and are maintaining accurate and up-to-date records of accounts with good governance structure in place. On average each VSLA has \$5,780 as loan-able capital, which is further boosted with a seed grant injection. This improves access to finance for group members who would like to increase productivity or engage in entrepreneurial activities but cannot access such funds from commercial banks or microfinance institutions.

AREDP also works toward strengthening market linkages and value chains for rural enterprises by providing technical support to 1,336 Enterprise Groups (63 percent female) and 657 (15 percent female) small and medium enterprises that have been selected for their potential as key drivers of rural employment and income generation.

Six Provincial Situation Analysis (PSA) have been completed and 10 PSAs are underway. Support was given to 98 *Kochies* (nomads) and 136 disabled people to enhance their

enterprise development skills and productivity. AREDP uses Community Development Councils as an entry point into communities and is currently working in 24 districts of five provinces: Parwan, Bamyan, Nangarhar, Balkh, and Herat.

### Citizens' Charter Afghanistan Project (CCAP)

⇒ IDA GRANT \$100 MILLION

⇒ ARTF GRANT \$400 MILLION

⇒ GOVERNMENT OF AFGHANISTAN  
\$128 MILLION

CCAP is the successor to the highly successful National Solidarity Programme (NSP),



This bridge in a remote mountainous valley of Panjshir Province has transformed the lives of inhabitants, shortening commuting time to essential services and allowing cars, instead of pack animals, to transport people and goods to and from the valley. The bridge, built under ARAP, enables hundreds of families to access healthcare, markets, and schools throughout the year.

## EXPECTED CCAP RESULTS

Results expected under the first phase of the CCAP include :

- 8.5 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.

which introduced a community-driven development approach toward rural infrastructure and service delivery and reached about 35,000 communities over the past 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 objective of CCAP is to improve the delivery of core infrastructure and social services to participating communities through strengthened Community Development Councils. These services are part of a minimum service standards package that the government is committed to delivering to the citizens of Afghanistan. CCAP aims to contribute to the government's long-term



“CDCs brought women out of their homes and provided them with an opportunity to take part in the development of their villages.”

–Abdul Qayum Yousufzai, Provincial Director, Ministry of Rural Rehabilitation and Development, Kandahar Province

## NATIONAL SOLIDARITY PROGRAMME transformed scores of lives in Kandahar Province

By Engineer Abdul Qayum Yousufzai

Not so long ago, 15 years to be exact, I remember when people in the districts of Kandahar used animals to transport their agricultural harvest to the provincial center. There were a few, if any, motorable roads, and we had a limited number of health centers and schools in the province. Most of the infrastructure laid in ruins. But worst of all, the economic condition of the average Afghan was quite bad with little or no access to income, opportunities, and facilities.

Things have changed since 2003. While many development projects have been implemented in Kandahar Province, the National Solidarity Programme (NSP) was one of the most popular and high impact. Running from 2003 to 2016, NSP was implemented in 16 out of 17 districts and set up 1,952 Community Development Councils (CDCs), which implemented over 3,300 projects.

In Kandahar, communities are very conservative, and, overall, the province is highly traditional. When the program was launched, people in Kandahar were not interested in establishing CDCs through holding elections at the village level.

In 2005, as an engineer with UN-HABITAT working as a Facilitating Partner with NSP, I traveled to many districts in Kandahar, one of which was Arghandab. In my interactions with locals there, I realized they were not ready to accept women as equal decision-makers.

To address this, NSP conducted social awareness trainings and encouraged people to join the program for overall development and infrastructure management. These trainings encouraged some villages to establish CDCs and they realized that working with women eased the implementation of projects in their villages. This encouraged a behavior shift in neighboring villages as well.

Village by village and district by district, NSP became one of the most popular programs in the province. Most importantly, NSP accessed the very remote villages in Kandahar, where residents did not even have Tazkiras (national ID cards), and linked them with government departments.

One of the biggest achievements of this program has been increasing women's participation in the overall economy. CDCs brought women out of their homes and provided them with an opportunity to take part in the development of their villages.



I have been working as a Provincial Director with the MRRD for four years now. When NSP was active, I had more than 400 visitors per day in the office, including women. They were all CDC members from different parts of Kandahar and they were eager to implement more projects in their villages. Most of the CDCs had active female members and the men listened to them.

Now when I compare Arghandab district in 2003 to 2016, I can really see the improvements and development. In 2003, Arghandab had hardly any roads, culverts, schools, or bridges. Villages were not connected to markets and some villages were insecure. There were no women participating in the decision-making process. But now, we have women members in CDCs and there is not a single village in Arghandab left untouched by NSP development activities.

At the initiation of the Government of Afghanistan, the recently launched Citizens' Charter Afghanistan Project will build on the work of NSP to improve the delivery of core infrastructure and social services to participating communities through strengthened development councils.

⇒ This is an abridged version of a blog, which can be accessed at: <https://blogs.worldbank.org/endpovertyin-southasia/national-solidarity-programme-transformed-scores-lives-kandahar-province>

goals of reducing poverty and deepening the relationship between citizens and the state.

In October 2016, the World Bank approved a \$100 million IDA grant for the project. In view of the impending returnee/internally displaced persons (IDPs) crisis that Afghanistan is facing, CCAP has received additional financing to help provide short-term employment assistance to displaced people and host communities. CCAP has already developed operational guidelines to respond to the returnee/IDP crisis and has set aside a \$10 million contingency for this purpose. It has also been designed to expand its geographical scope rapidly.

CCAP implementation is progressing systematically, with key staffing for both implementing agencies completed and recruitment of all but one Facilitating Partner (FP) finalized.

Social mobilization has begun in 1,051 rural communities, with 243 communities having completed community profiles, 132 having finished CDC elections, and 61 having finalized Community Development Plans (CDPs). FPs in urban areas have established 18 CDCs (four each in Herat, Jalalabad, and Kandahar, and six in Mazar-e-Sharif).

Provincial orientations have been conducted in all 34 provinces for provincial and select district governors, municipalities, line ministry directorates, Ministry of Rural Rehabilitation and Development (MRRD), Independent Directorate of Local Governance (IDLG) provincial directorates, Provincial Management Unit (PMU) representatives, and interested representatives from civil society and the media. The CCAP management information system is also functional.

## CCAP Emergency Regional Displacement Response Additional Financing

⇒ IDA GRANT \$127.7 MILLION

⇒ ARTF GRANT \$44.3 MILLION

Afghanistan, and with it the South Asia region, is witnessing a massive displacement and potential humanitarian crisis. Over the

CCAP will build on the progress made in rural development and work with strengthened Community Development Councils to improve delivery of core infrastructure and social services to participating communities.



course of 2016 and first quarter of 2017, an estimated 775,000 undocumented and registered refugees returned to Afghanistan from Pakistan and Iran. In addition, Afghanistan has 1.2 million individuals at different stages of displacement and an additional 400,000 new internally displaced persons (IDPs) in 2016.

According to UNCHR, there are still 1.5 million registered Afghan refugees living in Pakistan, and authorities there have asked for all Afghan refugees in Pakistan to return to Afghanistan by December 2017. The UN is therefore projecting that almost 500,000–700,000 additional Afghans will return from Pakistan over the course of 2017.

In view of this regional displacement crisis, the Government of Afghanistan requested

support for an emergency operation in March 2017 to help provide emergency income support to these returning refugees. The government's goal is to grant returnees and IDPs decent and humane treatment in line with their constitutional rights as citizens of Afghanistan that will enable them to become productive and well-integrated members of their community.

Through the social and economic incentives under the CCAP Additional Financing, an estimated 1.5 million direct and indirect beneficiaries will be supported, of whom an estimated 660,000 are IDPs/returnees located in the 14 highest IDP/returnee concentration districts in rural/peri-urban areas as well as the cities of Jalalabad and Kandahar that are under the coverage of the project.

### THE ADDITIONAL FINANCING WILL:

- (I) EXPAND THE GEOGRAPHIC COVERAGE of CCAP to additional areas of high returnee and displaced population density;
- (II) ADD NEW ACTIVITIES, including a component around “social inclusion grants (SIG) and maintenance and construction cash grants (MCCG)” to help finance labor-intensive public works and collective action activities for both displaced households and host communities; and
- (III) CONTRIBUTE THROUGH ENHANCED RETURNEE DATA COLLECTION and registration support to the regional coordination mechanism supported through the tripartite arrangement between the Government of Afghanistan, the Government of Pakistan, and UNHCR. The project development objective remains the same as for the parent CCAP.

## Trans-Hindukush Road Connectivity Project

⇒ IDA GRANT \$250 MILLION

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

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

Preliminary activities under the project have started. Land acquisition, engineering design review, procurement, and office set up are underway. To date, the land acquisition for two segments of B2B has been completed and the process is ongoing for the remaining four segments.

The design review of three segments has been completed and the work on the remaining segments are underway. The procurement for segment 1 of B2B is completed and segment 2 is under process. The client is planning to award the contract for the two road segments by start of the construction season after winter and mobilize the contractor within the year.

/ SOCIAL SAFETY NET

## Afghanistan Safety Nets and Pensions Support Project

⇒ IDA GRANT \$20 MILLION

The objectives of the project are to: (i) improve the administration of the public pension

schemes; and (ii) develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery, to deliver cash benefits to the poorest families in targeted pilot districts.

Key elements of a reformed and modernized Public Sector Pension System are in place, including a revised institutional and human resources structure of the Pension Department, a comprehensive new Management Information System (MIS), a set of business processes, fiscal forecasting models for revenues and expenditures, and a new chart of accounts of the pension system.

About 118,000 pensioners have been registered in the new Pension MIS and are paid through bank accounts. A biometric identification and verification system was launched recently at the Central Pension Department in Kabul and some 57,000 pensioners have been biometrically certified. The MIS has been rolled out to the provincial pension departments of Balkh and Nangarhar.

The overall objectives of the safety net component are to develop systems for targeting beneficiaries and benefit delivery, and to deliver cash benefits to poor families with children under the age of 5 in five pilot districts (Khas Kunar, Nurgal, Dawlatyar, Yakawlang, and Chamkani) during the high food insecurity seasons (winter/spring).

The project has developed operational procedures in line with international best practices: a targeting mechanism based on Proxy Means Testing (PMT) to identify and select poor households based on objective and transparent criteria; a social registry including the socio-economic characteristics of families; technology-based payments; and a randomized impact evaluation.

In the new phase, a new targeting methodology was successfully implemented, which computerized registration of poor households in five districts and paid benefits through mobile money operators and commercial banks.

Around 12,000 selected poor families (68,000 individuals) benefited from the cash

benefits. The pilot project will deliver two more rounds of benefits to these families until December 2017

## / URBAN DEVELOPMENT

### Afghanistan New Market Development Project

⇒ IDA GRANT \$22 MILLION

The project aims to pilot a business development program in the four urban centers of Kabul, Mazar-e-Sharif, Jalalabad, and Herat, which are the major hubs of economic activity. It helps enterprises gain market knowledge, improve product quality, boost productive capacity, acquire new technologies, and develop and implement business plans to increase their presence in both domestic and export markets.

The project specifically aims to support some 375 small and medium enterprises and 30 business associations through a cost-sharing facility to access business development services. The project is expected to create around 1,500 jobs in the short term with much higher job growth over the longer term. The project is implemented by the Ministry of Commerce and Industry.

The Facility for New Market Development (FNMD), created under the project, was officially launched on March 12, 2013. It has received 1,050 applications across the four cities of Kabul, Mazar-e-Sharif, Jalalabad, and Herat. Assistance has been provided to 372 firms (against a revised target of 375) and 53 business associations (against a revised target of 30).

Geographically, almost 40 percent of the agreements were signed with small and medium enterprises in Kabul, 21 percent in Herat, 20 percent in Mazar-e-Sharif, and 18 percent in Jalalabad. Sales in the supported enterprises have increased by an average of 24 percent (against a target of 20 percent



Small businesses, such as this pharmaceutical enterprise, in Herat Province are seeing growth and market expansion as a result of support from the Afghanistan New Market Development Project. The project has worked with over 80 companies in the province in areas involving capacity building, procurement, adherence to international standards, and enterprise launches.

provincial capital cities (PCCs). These cities are Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif.

The project consists of the following components:

**Component 1:** Urban Information: Building an Urban Management Information System. Technical assistance to create a database and web architecture for key statistics, maps, and geographic information system (GIS) data to facilitate better urban planning and results monitoring.

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

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

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

over pre-grant levels) across the four cities.

The target of creating 1,500 jobs has been met with 1,516 jobs created, of which the target of 5 percent for women has been surpassed at 30.6 percent. Finally, the “product or market diversification” target of 20 has been exceeded with 21 new or improved products introduced and 44 new international markets in 12 countries reached.

### Urban Development Support Project

⇒ IDA GRANT \$20 MILLION

The project will support the Ministry of Urban Development and Housing (MUDH) to create an enabling policy framework and enhance urban policy-making capacity in relevant agencies at the national level, as well as strengthen city planning, management, and service delivery capacity in five selected

## INTERNATIONAL FINANCE CORPORATION

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

### Investment portfolio

IFC provides a mix of investments and advisory services in Afghanistan, with a focus on financial inclusion, services, telecommunications, agribusiness, and infrastructure. IFC's cumulative committed portfolio stood at \$52 million as of end-FY17 and its advisory services portfolio stood at \$8.8 million.

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

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

### 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 with establishing the regulatory framework for leasing and is now working to establish a supervisory function within DAB to license and supervise leasing companies to facilitate the development of a leasing sector.

### Strengthening Horticulture Exports

IFC is working to develop Afghanistan's horticulture exports by helping agriculturists enhance efficiency and supporting the extension of market opportunities, both nationally and internationally. The Strengthening Horticulture Exports 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.

### Lighting Afghanistan

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

The program's objective is to increase access to modern solar lighting products

and services for 250,000 Afghans living in off-grid areas. The impact will be achieved through accelerating the development of a sustainable commercial market for quality verified lighting products. The program works with the private sector to remove market entry barriers, provide market intelligence, foster business to business linkages, and raise consumer awareness on modern lighting options.

### Investment Climate

IFC has concluded the Afghanistan Construction Permits Reform project and Subnational Doing Business Survey. It is currently working to support the Ministry of Commerce and Industries (MoCI) in promoting an investment climate that is conducive to private sector growth through its Licensing Reform Phase II project.

The Licensing Reform Phase II project is building on the reforms achieved in Phase I—the establishment of a one-stop shop for business registration and licensing at MoCI—with the overall goal to further streamline processes for increased efficiency and sustainability at the one-stop shop, including business license renewal, and to roll-out the business registration and licensing reforms to the provinces.

The pipeline under the investment climate program includes studying legal barriers for women's entrepreneurship, trade facilitation and export promotion, and indicator-based reform advisory.



### 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.

## AFGHANISTAN RECONSTRUCTION TRUST FUND

*The Afghanistan Reconstruction Trust Fund (ARTF) was established in 2002 to provide a coordinated financing mechanism for GoA's budget and national investment projects. Since its inception, 34 donors have contributed over \$10 billion to the ARTF, making it the largest single source of on-budget financing for Afghanistan's development.*

### Management

The ARTF has a three-tier governance framework (Steering Committee, Management Committee and Administrator), and three working groups. This sound framework has enabled the ARTF to adapt to changing circumstances and development priorities with consistency and consensus. The World Bank is the administrator of the trust fund. The Management Committee consists of the World Bank, Islamic Development Bank, Asian Development Bank, United Nations Development Programme, Ministry of Finance, and United Nations Assistance Mission in Afghanistan as an observer. The Management Committee meets regularly in Kabul to review ARTF finances and approve funding proposals. The ARTF Strategy Group, consisting of donors and MoF, meets monthly to review the implementation of the ARTF program and to discuss strategic issues.

### How the ARTF works

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

ARTF allocations are made through two "windows": the Recurrent Cost Window and the Investment Window. The Recurrent Cost Window reimburses the government for a

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

### Donor contributions

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

### The Recurrent Cost Window (RCW)

GRANT \$4.635 BILLION

The objective of the Recurrent Cost Support and Incentive Program 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. In 2009, the Incentive Program was added to support government reforms through a series of annual incentive payments aligned with completion of key reforms.

To date, the ARTF has disbursed \$4.6 billion through the government's non-security operating budget. Domestic revenues continue to be insufficient to cover the costs of government. The ARTF RCW has therefore ensured the basic functioning of government

## 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.



including the delivery of services such as healthcare and education. Given that around 60 percent of the non-uniformed Afghan civil service is accounted for by teachers, the Ministry of Education has in general received about 40 percent of total ARTF resources. The Ministries of Public Health, Foreign Affairs, Labor, Social Affairs, and Higher Education have also been major recipients.

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

### The Investment Window

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

As of July 22, 2017, there are 27 projects active under the ARTF with a total commitment value of \$3.3 billion, of which \$2.5 billion has been disbursed and the net undisbursed amount is \$790 million.

⇒ Full details of investment activities are provided in the ARTF Reports: [www.artf.af](http://www.artf.af)

## / ONGOING PROJECTS

## Afghanistan Agricultural Inputs Project (AAIP)

GRANT \$67.25 MILLION

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

Firstly, the project will 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 will develop 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 will design and pilot test a demand-led action plan to improve and develop market-based input delivery systems for seeds and agro-chemicals. The sustainability of these interventions will be supported by capacity building programs involving civil servants, farmers, and traders.

The project is making progress toward achieving its development objective in a number of areas. The project has trained over 410 staff from the Agricultural Research Institute of Afghanistan (ARIA) and Independent Seed Enterprise (ISE). In addition, 36 MSc students have successfully completed their studies in India and returned to Afghanistan.

Another notable achievement is that five new varieties of wheat have been submitted for release, meeting the total target. Further, the project showed good progress on the execution of 14 infrastructure contracts for quarantine stations, laboratories, and research farms, several of which are now close

to completion. The groundwork for the national pest and diseases survey has started, one of the key activities under the project.

The project has made good progress in conducting the nationwide pest survey and risk analysis. To this end, surveyors in 313 districts have undergone training and started the practical work of the survey.

Parliament and the office of the president have finally approved the Agricultural Pesticides Act and Plant Protection and Quarantine Law. The final draft of the Chemical and Natural Fertilizers Law has been sent to the Ministry of Justice for inclusion in the legislative agenda.



Farmers planting seedlings in one of 10 regional research farms supported by AAIP. The project aims to increase adoption of improved crop production technologies in the agricultural sector, which employs 60 percent of the country's workforce.

## Afghanistan Justice Service Delivery Project (JSDP)

GRANT \$25 MILLION

The objective of the Justice Service Delivery Project is to increase access to and use of legal services. The project helps the Supreme Court (SC), the Attorney General's Office (AGO) and the Ministry of Justice (MoJ) to pursue fundamental reforms that will have longer term impact on the judicial services.

With JSDP support, the Supreme Court and the Attorney General's Office have completed their human resources needs assessment and drafted Human Resources Management Strategies that will help improve staff competency and quality in the two entities. Both institutions are also conducting capacity needs assessments with JSDP support that will lead to a multi-year capacity building plan for the SC and AGO.

The level of legal aid provision has increased with the project facilitating 65 legal aid providers across the country, each expected to handle 10 cases a month. Legal Aid Offices were established in the four pilot provinces (Bamyan, Herat, Kabul, and Logar) targeted by the project. The project is also funding the development of a longer term Legal Aid Regulatory Framework and Roadmap for Afghanistan.

Complementary to this, libraries have been established by the project in each pilot province, and a legal information center is close to completion with the necessary IT equipment installed and staff recruitment underway. The project has also supported training for 125 judges, with training of a further 40 judges scheduled.

The project has completed a limited amount of renovation and construction to create an appropriate working environment for justice institutions. These include courts and prosecutor's offices in the four pilot provinces, and a Ministry of Justice (MOJ) Sub-office in the Dehsabz District of Kabul. Construction of new MOJ headquarters and renovation of its old one (within the same compound) are ongoing, while the procure-

ment process for an urban court in Kandahar and in Parwan has concluded and construction will start shortly.

## Afghanistan On-Farm Water Management Project

GRANT \$70 MILLION

This pilot project is designed to support on-farm water management investments in five regions (Central, Eastern, Southwest, Northeast, Northern) covering a total of 10,000 hectares. The project improves agricultural productivity in project areas by enhancing the efficiency of water use.

Land productivity of wheat and other crops has increased by 15 percent. Water productivity of wheat and other crops increased 10 percent, and the irrigated area increased by 10 percent. Physical rehabilitation of irrigation schemes exceeded its target with good quality and within the project budget allocation and timeline: 130 irrigation schemes (mostly informal) have been rehabilitated, covering a total of 29,000 hectares of irrigation command area. Rehabilitation of 95 irrigation schemes is ongoing, covering 22,000 hectares of land.

The establishment of 175 Irrigation Associations (IAs) has been completed. The IAs are based on the traditional *Mirab* system and have taken up the responsibilities for operation and maintenance.

## Capacity Building for Results Facility Project for Afghanistan

GRANT \$150 MILLION

Capacity Building for Results (CBR) is a key ARTF investment that supports government in developing its internal human capacity, organizational structures, and functions over the medium term to improve service delivery to the population. CBR promotes accountability in line ministries by introducing results-based reform and services improvement programs. CBR is also one of the key

tools for the government to reduce reliance on external technical assistance and parallel structures.

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

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

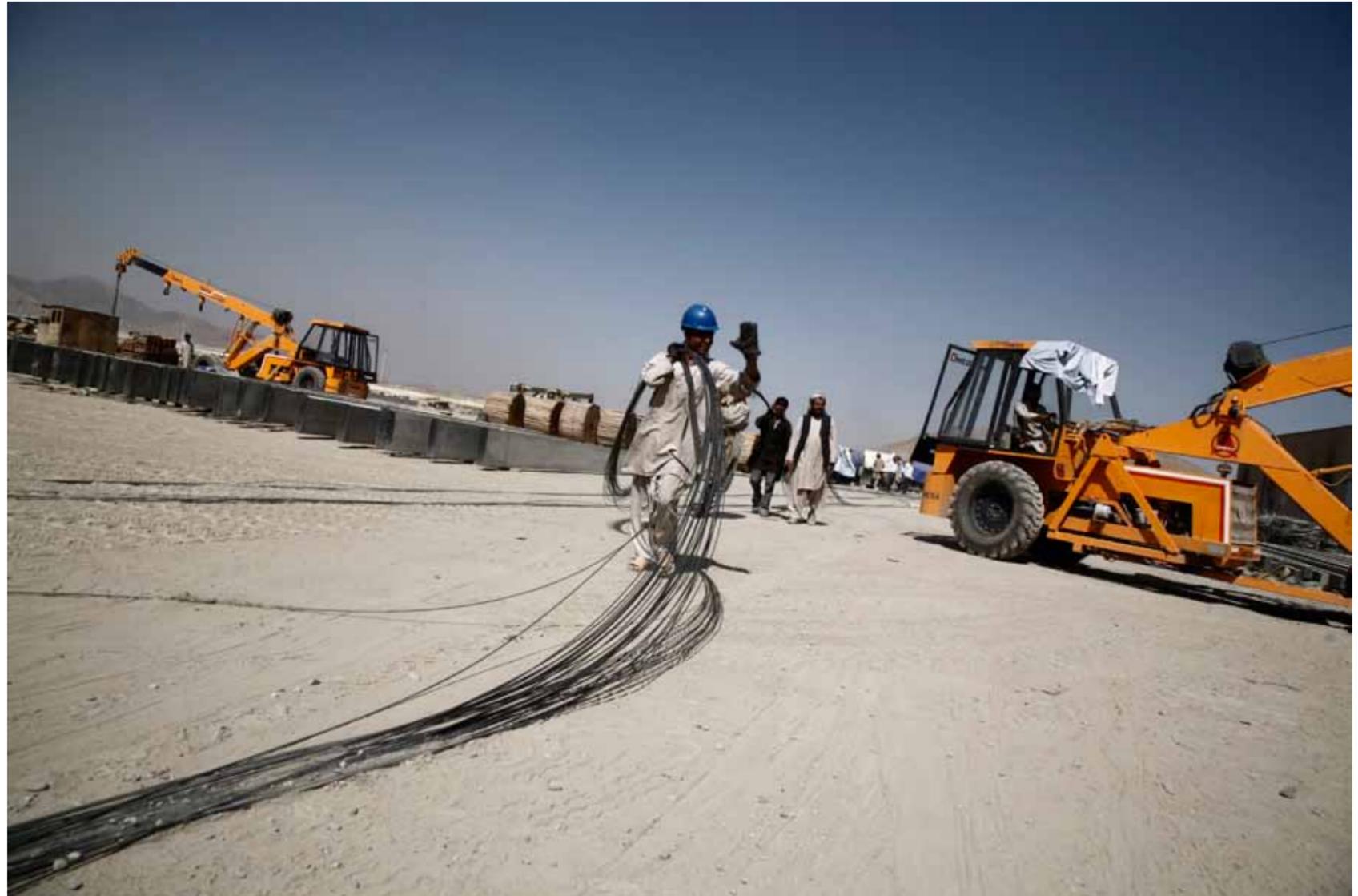
Category 1 ministries/agencies receive full CBR reform support whereas Category 2 ministries receive foundational (“CBR-readiness”) inputs designed to upgrade them to Category 1. Ministries/agencies in both categories must develop a comprehensive reform plan (to be implemented with existing donor and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

Of the selected CBR positions, 700 have been contracted to date, 54 of whom are women (6 percent of selected positions), with the remainder 800 contracts at various stages of quality review and approval. CBR is also assisting salary harmonization for donor-funded consultants embedded in or working in support of government.

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

GRANT \$40 MILLION

The project aims to provide access to electricity and/or other social and economic infrastructure services to communities in the project area in order to strengthen community support for the CASA-1000 transmission line. The project consists of four components.



Access to electricity is expected to improve for communities in the CASA project area under the community support program. The program will provide grants directly to communities to fund economic infrastructure sub-projects, especially those in the power sector.

The first component, community grants for sub-projects will provide grants directly to communities to fund economic infrastructure sub-projects. Preference will be given to power sector sub-projects. The second component, community mobilization aims to engage communities to increase the shared prosperity associated with the CASA-1000 transmission line, which will pass through villages, by facilitating community participation in sub-project planning, implementation, and operations and maintenance.

The third component is project implementation support. It comprises a sub-component, third party monitoring (TPM). The fourth component, communications and out-

reach will finance a strong communications campaign and information-sharing activities directed to relevant stakeholders within the provinces with a special emphasis on outreach to communities in the project areas.

Work under CASA-CSP will begin once the CASA-1000 project is operational. Once implementation begins, CSP is expected to benefit communities that live along a two-kilometer ‘Corridor of Influence’ (COI) on either side of the CASA-1000 transmission line. It is expected that there will be approximately 700 communities spread over 23 districts in six provinces, with a total of over 152,000 families along the corridor of influence. Given the terrain along the COI, as well as the unique

nature of community mobilization in high-risk areas, there will be some flexibility to work with more communities outside of the COI.

CASA-CSP is currently undergoing a level two restructure to (i) extend the closing date; and (ii) restructure the implementation and fiduciary arrangement to continue to be effective after the closing of the NSP in March 2017.

## DABS Planning and Capacity Support Project

GRANT \$6 MILLION

The Da Afghanistan Breshna Sherkat Planning and Capacity Support Project aims to improve DABS capacity in distribution investment planning, implementation, and operation and maintenance.

This project has two components:

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

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

Annual operations and maintenance (O&M) plans for six major load centers have been implemented using new procedures based on good international practice adjusted for local conditions. Project-supported training and use of a new training center have resulted in improved skills for 90 percent of DABS planning and O&M staff.

## Higher Education Development Project

GRANT \$50 MILLION

The Higher Education Development Project (HEDP) aims to increase access to higher

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

Under component one, project funds will be 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 will support the reforms initiated through the National Higher Education Strategic Plan II, and will focus on outcomes and results rather than inputs.

The project started in September 2015 and MoHE is on course to meet the second round of the DLIs, which include awarding 200 scholarships to university academics, of which one third is allocated to women candidates; training of 300 faculty members practicing outcome-based education and student-centered learning; and awarding an additional 30 individual and group research projects to faculty members from public and private universities.

Four Internal Quality Assurance Units (IQAU) have been established with managers selected from among the respective university faculties. Five universities are in the process of establishing IQAUs. An external peer review of eight universities (four each public and private) has been completed following the revised Accreditation Framework. The external peer review of 10 more universities will start shortly.

Seven ICT centers with modern facilities are being established, which will serve as the hub for using modern technology to improve teaching and learning, including the e-learning model.



Thousands of Kabul city residents are enjoying a better quality of life as a result of upgrades in infrastructure and other municipal facilities undertaken by KMDP. The outcomes are visible in targeted areas where cleaner, more orderly localities are improving residents' access to services and local businesses. "Now the condition of the roads is very good and this has had a positive impact on business," says a local shopkeeper.

## Kabul Municipal Development Program (KMDP)

GRANT \$110 MILLION

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

The project is expected to deliver welfare



## HIGHER EDUCATION DEVELOPMENT PROJECT FOSTERS *culture of research in Afghanistan*

- Interest in academic research is being revived in Afghanistan as a result of a government project that aims to increase access to higher education and improve its quality and relevance.
- The Higher Education Development Project has seen a 30 percent increase in applications for its research grant scheme to further academic research in universities and expects the increase to continue.
- The project comes at a time when Afghanistan is in need of indigenous research and innovation to help drive the country's growth agenda forward.

Seated at wooden desks lining the walls, a group of scholars are hard at work, burrowing through mounds of books and printed articles, taking notes, and highlighting references. Ahmad Omid Afzali, an assistant professor, and his colleagues are at work in the Natural Science Studies department at the Academy of Science of Afghanistan.

Until recently, Afzali was a lecturer at the Faculty of Engineering in Paytakht Private University in Kabul. He was given the opportunity to do research when he was awarded a research grant under the Higher Education Development Project (HEDP) for his study evaluating the groundwater quantity and quality in the Kabul basin. "My research paper was published in an international journal," he says, "I really like research and want to study more and discover new things."

Research has been neglected in Afghanistan due to several years of war and unrest. "Unfortunately, decades of war have negatively impacted the culture of academic research," says Hamidullah Sokout, an assistant professor at the Faculty of Computer and Informatics, Kabul Polytechnic University. There were no resources or support for conducting studies in spite of interest in research on specific topics, he says.

Sokout was another grantee of the HEDP research awards in 2016 and published his paper internationally. Sokout and Afzali represent a growing tribe of researchers who want to focus on cutting-edge studies that will impact their disciplines as well as communities. They believe that academic research is an important indicator of a country's development. "The key factor for most developed countries is academic research and it will help us too in Afghanistan," says Afzali.

### Improve Research Culture

Designed to support the Ministry of Higher Education's second National Higher Education Strategic Plan, 2015–



2020, HEDP speaks directly to the needs of Afghanistan at this point in its development—the need for indigenous research and innovation to drive the country's growth agenda forward. "We have enough educated people in Afghanistan and by conducting research we, too, can take part in the development of our country," Afzali says.

HEDP announced 30 research grants—20 for individual and 10 for group research studies—in the first year of implementation. The research grants, ranging from \$2,000 to \$8,000, are awarded in March each year.

The grants are already bringing about a change in attitude toward doing research in the country. Mohammad Basir Bakhtyari, a professor at the Faculty of Education in Bamiyan University attests to having found renewed motivation for his research work. "Ever since HEDP started its work, professors like me have become more interested in research," he says. "If the project continues, I think universities will regain their place in the production of knowledge and research."

“Before the HEDP awards, research was not a priority, but this initiative has brought about a positive change, and, in the long term, it will definitely improve research culture.”

—Hamidullah Sokout, assistant professor, Kabul Polytechnic University

and human development benefits to over 700,000 people through services provided in some 1,800 hectares of private land. There will be project support to develop a plan for improving the municipality's financial management and planning capacity to deliver improved services. The plan will enhance Kabul Municipality's legitimacy when implemented.

To date, \$50.9 million has been disbursed. Over 1 million people (about 73 percent women and children) have benefited from the construction of about 247 kilometers of neighborhood roads, 332 kilometers of community drains, and 20.5 kilometers trunk roads.

Temporary employment of some 1.9 million people has been generated through the execution of contracts with labor intensive work at an investment of \$514/person per month. Durable infrastructure will generate secondary employment in the years ahead.

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

## Kabul Urban Transport Efficiency Improvement Project (KUTEI)

GRANT \$90.5 MILLION

The project aims to improve road conditions and traffic flows on selected corridors of Kabul city. The project will focus on improvement of road infrastructure and provision of technical assistance to Kabul Municipality in specific areas.

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

Progress toward the achievement of the

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

To date, implementation of infrastructure contracts for six roads, totaling 19.3 km, has been completed and the roads opened to traffic. The contract for Lot-7 has been awarded and the implementation progress stands at 10 percent. The procurement of the final

lot is in the last stages and the package has been submitted to the National Procurement Authority (NPA) for its final review and approval. The procurement process for the rehabilitation of Wazir Abad canal has started and the contract is expected to be awarded by December 2017.

Under Component B, the consultancy for area accessibility and street function optimization of Kabul city is in the final stages of the procurement review. The procurement for the consultancy contract for the design and review of 40 km of new roads has started and the contract is expected to be awarded by December 2017.



The rehabilitation of major roads and their environs in Kabul city is breathing a new lease of life into surrounding neighborhoods. The work is being carried out by Kabul Municipality under KUTEI. The project aims to improve road conditions and traffic flow in selected corridors of Kabul city.



**“ The road is modern and systematic, the culverts, green spaces, footpaths, are all designed in a well-planned manner, and street lighting at night makes the area safe, bright, and beautiful.”**

—Abdul Bashir, shopkeeper, Kart-e- Naw neighborhood, Kabul city

## REBUILT ARTERIAL ROADS *revive local businesses and ease transportation woes*

- The rehabilitation of major roads and their environs in Kabul city, resulting in modern, clean, and attractive spaces, is breathing a new lease of life into surrounding neighborhoods.
- The rehabilitation is being carried out by Kabul Municipality under the Kabul Urban Transport Efficiency Improvement project.
- The project aims to improve road conditions and traffic flow in selected corridors of Kabul city.

**W**ide roads with cars driving by, sidewalks filled with chatty pedestrians, and streetlights that twinkle in the evening haze add to the liveliness of Kart-e-Naw neighborhood. Shopkeeper Abdul Bashir, 37, glances out the window as he deals with a stream of customers. The locality's new face has been very good for business and he has not had a chance to touch his cup of chai (tea).

Bashir is one of many shop owners in Kart-e-Naw neighborhood in District 8 in Kabul, the capital city. The reconstruction of the main road outside his shop has ensured that he no longer has to deal with dust and mud, and this has improved the footfall in his large superstore. “After the road was reconstructed, my sales increased by 30 percent,” he says. “Now I open early and close late due to the constant stream of customers.”

The rehabilitation of the locality was carried out under the Kabul Urban Transport Efficiency Improvement (KUTEI) project. “I was born and grew up here and I have never seen the kind of work that KUTEI has done,” says a grateful Bashir. “The road is modern and systematic, the culverts, green spaces, footpaths, are all designed in a well-planned manner, and street lighting at night makes the area safe, bright and beautiful.”

Kart-e-Naw road is one of the main roads of Kabul city connecting two major parts, the east and the city center. It links four Kabul Municipality districts, improving transit for thousands of commuters. To date, KUTEI has completed the rehabilitation projects of six main roads in the city.

Kabul Municipality, through KUTEI, completed Kart-e-Naw road reconstruction project in 2017, which included two main roads and service roads totaling 4.9 kilometers, a large bus station, sidewalks, drainage system, and streetlights



### Positive Impact on Commuters and Residents

A satisfied commuter is Abdul Samad, a taxi driver, who finds the quality of his working life greatly improved. “During the eight years of driving my taxi, I haven't come across a road so smooth and bump free,” he says. “Before we had many problems—it was constantly jammed, the road was uneven, and there was a lot of mud. It used to take me one hour to come from downtown to Kart-e-Naw, but today I came within five minutes. I spend less on fuel and I save time. Of course, I am very satisfied.”

Having spent his childhood playing in the dusty and unpaved roads of the locality, the modernization makes it exactly the kind of place Abdul Bashir wants his children to grow up in. This one road has revived business, eased movement, and made the locality a much better place to live in.

Women with no source of income are being given a lifeline to support themselves and their families through a kitchen gardening scheme implemented by NHLP in Panjshir Province. "I sell my produce to locals and at the nearest market, and then I spend my earnings on my family's needs," says a beneficiary. The project is providing training and tools to over 500 women in the province.



## National Horticulture and Livestock Project (NHLP)

GRANT \$190 MILLION

GOVERNMENT OF AFGHANISTAN \$28.2 MILLION

NHLP aims to promote the adoption of improved production practices and technologies by target farmers, with gradual rollout of farmer-centric agricultural services systems and investment support. Service delivery centered on farmers promotes increased participation of beneficiaries in defining the type of services required and in the delivery itself. The project also promotes improved ratio of overall costs reaching beneficiaries as direct investments. The aim is, thus, to promote sustainability, effectiveness, and efficiency.

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. Based on the high demand for NHLP services, the project received additional financing to allow expansion of its work programs to 250 districts in 31 provinces, with a national coverage plan.

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

In the same period, the project has supported construction of 1,037 small water harvesting structures, improving farmers' resilience to weather change by allowing harvest and storage of water during the rainy season and gradual release in the growing period based on crop needs. This has been implemented in partnership with Community Development Councils.

To strengthen marketing, targeted farmers, both male and female, have been trained on harvesting and post-harvest handling issues.

## Naghlu Hydropower Rehabilitation Project (NHRP)

GRANT \$83 MILLION

The NHRP development objective is to improve dam safety and sustainability of hydropower and to increase the supply of electricity at the Naghlu Hydropower Plant (NHPP). The NHPP is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity.

The project took effect on January 24, 2016, after the signing of the Grant Agreement. The main contract for the rehabilitation of

the plant was signed on December 27, 2015, and came into effect on August 24, 2016.

Key specialists from the Environment and Social Advisory Panel (ESAP) and the Project Technical Advisory Panel (PTAP), to enhance quality of work and services, are on board and have conducted two site visits.

Progress to date includes rehabilitation of three warehouses inside Naghlu power plant. A social survey of villages in Tagab and Surobi districts, close to Naghlu Dam, has been conducted, in which vocational trainings and electrification of 22 villages were identified. A vocational training manual has been prepared and electrical equipment for Surobi district villages has been supplied.

### RESULTS EXPECTED UNDER THE NHRP

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

They have also been provided with a large number of essential tools (e.g., pruning shears, ladders, bags) for proper harvesting of their products.

A total of 997 raisin drying houses has been constructed on a cost-sharing basis to reduce post-harvest losses of grapes and improve the quality of raisins produced.

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

Under the National Brucellosis Control Program in 360 districts, more than 2.2 million young female calves and over 11.5 million young female sheep and goats have been vaccinated.

To date, the project has supported 122,800 farmers (78,968 women and 43,872 men), forging them into 5,768 producer 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.

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

GRANT \$15 MILLION

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



A pilot micro-grants scheme under NATEJA is targeting youth with low education in rural and semi-urban areas to support aspiring entrepreneurs. Women make up around 30 percent of the 2,500 selected micro-entrepreneurs based in Kabul, Nangarhar, and Balkh Provinces.

**Component 1:** The objective is to train 40,000 Afghans by providing incentives to training providers and creating an opportunity for competition and improved quality of training. Currently, 192 non-formal private and non-governmental training providers have been identified and will compete for incentives based on the number of certified graduates and the number of students employed after completing the training.

The rationale for this intervention is that incentives directly linked to labor market outcomes are likely to encourage training providers to actively prepare students for the certification exam and help graduates seek employment. It is also based on the premise that labor market outcomes cannot improve unless the quality of non-formal training improves.

**Component 2:** NATEJA will provide capacity development assistance including increased staffing, staff training, and a range of Technical Assistance (TA) to support: (i) financial management; (ii) procurement; (iii) entrepreneurship development; (iv) employment services; and (v) labor market information collection, analysis and utilization. The monitoring and evaluation (M&E) capacity of the National Skills Development Program will be enhanced so that reliable and suitably disaggregated project performance data can be collected and analyzed.

Under this component, NATEJA has partnered with the Italian Development Cooperation Office (IDCO) to conduct an impact evaluation of the business grant program that has been implemented in six provinces (Balkh, Bamiyan, Farah, Herat, Kabul, and Nangarhar) to establish the causal impacts of project interventions and how to scale up successful interventions. The baseline survey data collection is underway and will be followed by midline and endline surveys to measure the respective impacts of the business grant program on job creation, earnings, and skills acquired.

**Component 3:** The focus is on building the skills of illiterate and unskilled young



Afghans from villages engaged with the Afghanistan Rural Enterprise Development Project (AREDP), and offering business grants to new and existing entrepreneurs.

A total of 70 training providers have passed a rigorous selection review and are due to sign MoUs with the Ministry of Labor, Social Affairs, Martyrs and Disabled. Further, 673 vocational trainers received Training of Trainers training on NOSS utilization, learning materials development, and training delivery.

To date, 57,459 trainees have been selected, of whom 35,031 are men and 22,428 women (39 percent). In addition, 2,482 youth have received an entrepreneurship grant. Field visits have reported that more than 95 percent of the targeted grantees have started their new

Student enrollment, especially among girls, has increased in this school in Khost city after the construction of a new school building. The building, which provides a safer and better learning environment, was built by an EQUIP grant. The school is one of 365 schools in the province supported by the program.

businesses after receiving the grants. The same percentage of grantees with existing businesses has made further investments in their businesses. A number of the targeted grantees had made an additional investment to complement the grant funding through NATEJA. The majority of visited grantees indicated that their business had improved as a result of receiving the grant.

Labor Market Information Analysis database development is underway and four web-based applications for Employment Service Centers have been completed (job seekers' registration database, employers' registration database, job seekers training and capacity building database, and job placement database).

## Second Education Quality Improvement Program (EQUIP II)

GRANT \$408 MILLION

EQUIP's objective is to increase equitable access to quality basic education, especially for girls. Program interventions are primarily targeted toward general education, teacher training, and education management. The program is fully aligned with the Afghanistan National Education Strategic Plan and supports the institutional development of the Ministry of Education's program staff. EQUIP was originally supported by the International Development Association, the World Bank Group's fund for the poorest countries.

To date, EQUIP II has supported the construction of 1,137 schools and six teacher training colleges (TTCs). According to the Education Management Information System, a total of 5.3 million boys and 3.4 million girls account for the total enrollment in Grades 1 to 12, against the end targets for December 2017 of 5.2 million boys and 3.8 million girls. These numbers include permanently absent students who remain in school registration for three years based on prevailing regulations.

Under both phases of EQUIP, social mobilization activities have been conducted in 14,932 communities, resulting in the estab-

lishment of an equal number of school *shuras* (community-based consultative bodies). Under EQUIP II, 16,588 schools have received Quality Enhancement Grants for purchase of school supplies, laboratory equipment, and other purposes.

In addition, 154,811 teachers have been trained under the In-Service Teacher Training (INSET) courses 1-5, of whom 35 percent are women. At the same time, 21,277 school principals and administrators have been trained in School Management Training (SMTs 1-6), about 20 percent of whom are women. Moreover, 11,436 women have received scholarships and graduated from TTCs.

The development of an online education atlas of schools in Afghanistan is underway. The atlas will present key education statistics and indicators on online maps, which can be used at national, subnational, and school level. Moreover, the MoE plans to install a solar panel system at 13 Provincial Education Directorate, which will improve connectivity between the provinces and Kabul.

## Second Public Financial Management Reform Project

GRANT \$114.13 MILLION

The project objective is to further strengthen the efficiency and effectiveness of Afghanistan's procurement, treasury, and audit systems.

Project components include:

**Procurement Reform:** To provide technical assistance to the National Procurement Authority to assess the legal and institutional frameworks, handle procurement under the recipient's budget, develop an action plan for procurement, prepare an e-procurement assessment and build human capacity of procurement staff, improve the quality of trainings of procurement officers, and build capacity in line ministries.

The project will strengthen the institutional development of NPA by providing support in its establishment, structures, systems, processes and procedures, and implementation strategy.

**Financial Management Reform:** To provide technical assistance to the Treasury Department to ensure high quality financial management, focusing on integrating its operation system with government systems and the application of the Afghanistan Financial Management Information System (AFMIS); introduce improved management reporting and expand access of AFMIS budgetary units in the provincial offices of the Ministry of Finance; assist staff in the preparation, monitoring and implementation of individual training plans, as well as annual performance appraisals; prepare training modules on MoF processes under the certified accounting technician courses provided by the Association of Chartered Certified Accountants (UK); establish a national steering committee for developing and regulating the accounting and auditing profession and the training of professional accountants; and conduct a public financial management assessment of seven line ministries.

**Audit Reform and Performance:** Internal Audit—to develop internal audit capacity through a variety of means, including training and provision of IT infrastructure.

External Audit—to provide assistance to the Supreme Audit Office (SAO) to develop its knowledge, expertise, and practices in using the services and results of other auditors and experts in line with International Auditing Standards, in particular for project audits; support consultant services to train staff and lead high quality independent review of all operations under the budget of nine line ministries over the project period; and finance training of members of the Public Accounts Committee.

**Reform Management:** To support MoF by establishing a structure and job descriptions, providing training for staff in the monitoring and evaluation department, and revising MoF's existing monitoring and evaluation manual; improve the operations of the Human Resource Management Department to enable it to carry out its functions efficiently; assist in the overall project imple-

mentation and provide for future requests for assistance on the design and delivery of public financial management technical assistance across government; and provide broad-based training for staff of MoF and line ministries.

**Revenue Mobilization:** To support the Afghanistan Revenue Department to carry out its mandate, including support for the maintenance of the computerized tax system (Standard Integrated Government Tax Administration System, SIGTAS), implementation of tax-related initiatives such as risk-based compliance, implementation of the new value added tax (VAT), and the design and implementation of its new organizational structure.

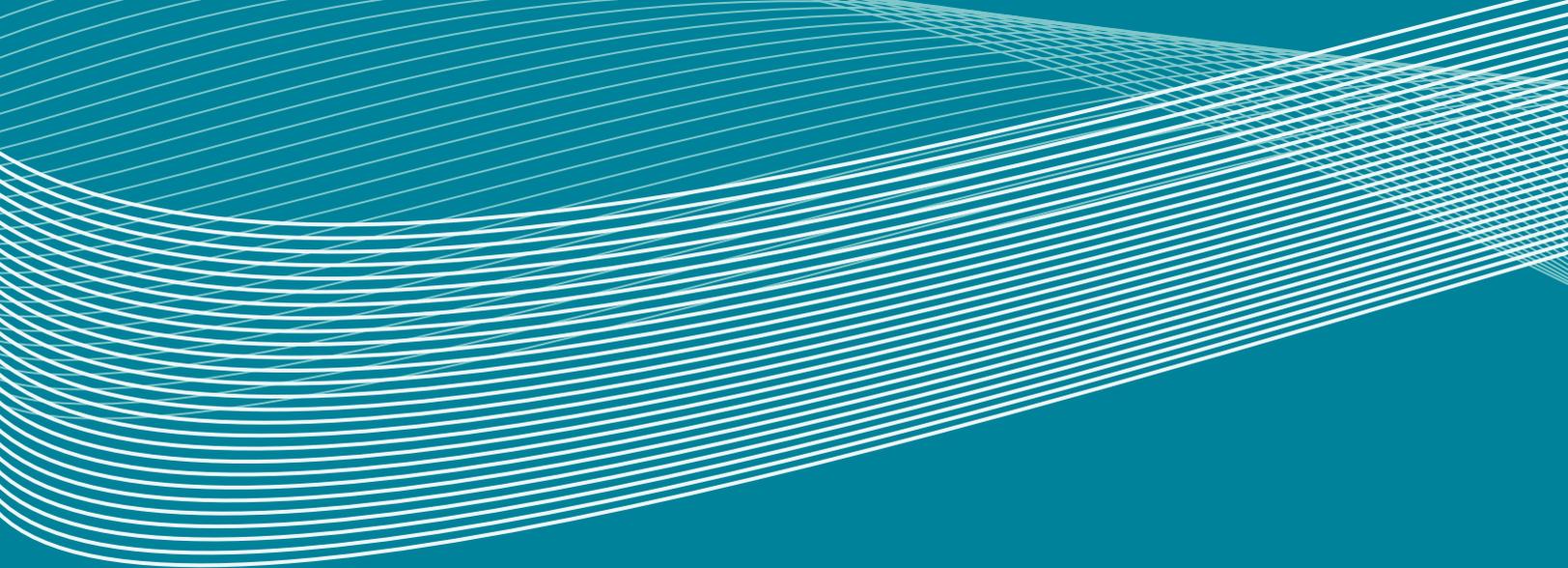
Outcomes of the progress made include: (i) disbursed approximately \$75.40 million from total commitment (77 percent); audit of nine large ministries by SAO, representing more than 75 percent of government expenditure as per international audit standards; (ii) roll-out of AFMIS upgrade (to web-based version); (iii) coverage of internal audit improving; and (iv) National Procurement Committee (NPC) decisions reported immediately after session takes place and uploaded to the NPA website.

The legal framework underpinning public financial management in Afghanistan has been established. The government now prepares and passes a comprehensive budget in an orderly and transparent manner.

Project support to Afghanistan's centralized procurement oversight has been mobilized and the National Procurement Authority, as the successor to the Procurement Policy Unit, continues to assist with the reorganization, development, and assessment of procurement units in the line ministries.

External audit is now engaged in performance audit and is committed to developing a mechanism for citizens' participation in the audit.

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



## THE WORLD BANK GROUP IN AFGHANISTAN

**Abdul Raouf Zia**

PHONE +93 701 133 328

infoafghanistan@worldbank.org

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

**[www.worldbank.org.af](http://www.worldbank.org.af)**

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