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IMPLEMENTATION COMPLETION AND RESULTS REPORT
IBRD/IDA GRANT-D0930

IN THE AMOUNT OF US\$250 MILLION

TO THE

Islamic Republic of Afghanistan

FOR THE

Trans-Hindukush Road Connectivity Project
May 9, 2023

Transport Global Practice
South Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective {Sep 21, 2022})

Currency Unit = Afghani (AFG)

AFG 91.88 = US\$1

US\$ = SDR 1

FISCAL YEAR

December 20 – December 21

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ABBREVIATIONS AND ACRONYMS

AADT	Annual Average Daily Traffic
AF	Additional Financing
ANSF	Afghan National Security Forces
B2B	Baghlan-to-Bamiyan
BoQ	Bill of Quantity
CHSMP	Contractor Health and Safety Management Plan
CERC	Contingent Emergency Response Component
CSU	Construction Supervision Unit
DP	Development Partners
EIRR	Economic Internal Rate of Return
ENPV	Economic Net Present Value
EOCC	Economic Opportunity Cost of Capital
ESIA	Environmental and Social Impact Assessment
ESIAP	Environmental and Social Impact Assessment Framework
ESIRT	Environment and Social Incident Response Toolkit
ESMP	Environmental and Social Management Plan
FM	Financial Management
ERRP	Emergency Road Rehabilitation Project
FCV	Fragility, Conflict and Violence
GDP	Gross Domestic Product
GoIRA	Government of the Islamic Republic of Afghanistan
GRM	Grievance Redress Mechanism
HDM	Highway Development and Management
IBRD	International Bank for Reconstruction and Development
IC	Implementation Consultant
ICR	Implementation Completion and Results
IFR	Interim Financial Report (unaudited)
IMSC	Inter-Ministerial Steering Committee
IPF	Investment Project Finance
ISR	Implementation Status and Results Report
LA	Land Acquisition
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoLSA	Ministry of Labor and Social Affairs
MPW	Ministry of Public Works
MTR	Mid-term Review
NEPA	National Environmental Protection Agency
NPA	National Procurement Authority
NPV	Net Present Value
OHS	Occupational Health and Safety
ORAF	Operational Risk Assessment Framework
PAD	Project Appraisal Document
PAP	Project-affected Person
PDO	Project Development Objective

PLM	People with Limited Mobility
PMT	Project Management Team
PP	Procurement Plan
PPP	Public-private Partnership
RAMS	Road Asset Management System
RAP	Resettlement Action Plan
RAR	Resettlement and Rehabilitation
RF	Results Framework
RCA	Root Cause Analysis
RMS	Road Management System
ROW	Right of Way
RUC	Road User Cost
THRCP	Trans-Hindukush Road Connectivity Project
ToC	Theory of Change
TPM	Third-Party Monitoring
UNOPS	United Nations Office for Project Services
VE	Value Engineering
VOC	Vehicle Operating Cost
WB	World Bank
WBG	World Bank Group

TABLE OF CONTENTS

DATA SHEET	1
I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES.....	5
A. CONTEXT AT APPRAISAL	6
B. SIGNIFICANT CHANGES DURING IMPLEMENTATION	10
II. OUTCOME	13
A. RELEVANCE OF PDOs	13
B. ACHIEVEMENT OF PDOs (EFFICACY)	14
C. EFFICIENCY	16
D. JUSTIFICATION OF OVERALL OUTCOME RATING	17
E. OTHER OUTCOMES AND IMPACTS (IF ANY).....	17
III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME.....	19
A. KEY FACTORS DURING PREPARATION	19
B. KEY FACTORS DURING IMPLEMENTATION	19
IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME ..	21
A. QUALITY OF MONITORING AND EVALUATION (M&E)	21
B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE	22
C. BANK PERFORMANCE	25
D. RISK TO DEVELOPMENT OUTCOME	26
V. LESSONS AND RECOMMENDATIONS	26
ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS.....	27
ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION	35
ANNEX 3. PROJECT COST BY COMPONENT	38
ANNEX 4. EFFICIENCY ANALYSIS.....	39
ANNEX 5. SUPPORTING DOCUMENTS (IF ANY)	40



DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Project Name
P145347	Trans-Hindukush Road Connectivity Project
Country	Financing Instrument
Afghanistan	Investment Project Financing
Original EA Category	Revised EA Category
Full Assessment (A)	Full Assessment (A)

Organizations

Borrower	Implementing Agency
Islamic Republic of Afghanistan	Ministry of Public Works, Ministry of Transport

Project Development Objective (PDO)

Original PDO

<p>The project development objective is to improve road transport connectivity across the Hindukush mountain range.</p>



FINANCING

	Original Amount (US\$)	Revised Amount (US\$)	Actual Disbursed (US\$)
World Bank Financing			
IDA-D0930	250,000,000	149,996,370	60,624,160
Total	250,000,000	149,996,370	60,624,160
Non-World Bank Financing			
Borrower/Recipient	20,000,000	20,000,000	0
Total	20,000,000	20,000,000	0
Total Project Cost	270,000,000	169,996,370	60,624,160

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
20-Oct-2015	17-Jan-2016	16-Jun-2019	31-Dec-2022	31-Dec-2022

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US\$M)	Key Revisions
02-Nov-2020	52.74	Change in Results Framework Change in Components and Cost Reallocation between Disbursement Categories Change in Disbursements Arrangements Change in Institutional Arrangements Change in Financial Management Change in Procurement Change in Implementation Schedule Other Change(s)
06-Dec-2020	52.74	

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Highly Unsatisfactory	Moderately Unsatisfactory	Modest



RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US\$M)
01	04-Feb-2016	Satisfactory	Satisfactory	3.26
02	12-Sep-2016	Satisfactory	Satisfactory	13.50
03	26-Jun-2017	Moderately Satisfactory	Moderately Unsatisfactory	15.32
04	16-Jan-2018	Moderately Satisfactory	Moderately Unsatisfactory	15.46
05	15-Jun-2018	Moderately Satisfactory	Moderately Satisfactory	27.38
06	19-Dec-2018	Moderately Satisfactory	Moderately Unsatisfactory	27.38
07	07-Jun-2019	Moderately Satisfactory	Moderately Unsatisfactory	27.38
08	09-Dec-2019	Moderately Satisfactory	Moderately Unsatisfactory	41.88
09	11-Jun-2020	Moderately Satisfactory	Moderately Unsatisfactory	49.33
10	06-Jan-2021	Moderately Satisfactory	Moderately Unsatisfactory	52.74
11	25-Sep-2021	Moderately Unsatisfactory	Moderately Unsatisfactory	60.62
12	12-Apr-2022	Highly Unsatisfactory	Moderately Unsatisfactory	60.62
13	26-Oct-2022	Highly Unsatisfactory	Moderately Unsatisfactory	60.62

SECTORS AND THEMES

Sectors

Major Sector/Sector (%)

Information and Communications Technologies 10

ICT Infrastructure 10

Transportation 90

Public Administration - Transportation 4

Rural and Inter-Urban Roads 86



Themes	
Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)
Private Sector Development	10
Public Private Partnerships	10
Social Development and Protection	100
Fragility, Conflict and Violence	100
Urban and Rural Development	100
Rural Development	100
Rural Infrastructure and service delivery	100

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I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

- 1. The August 2021 takeover of the Afghanistan government by the Taliban was swift and marks the start of yet another phase of the conflict** in Afghanistan that has killed tens of thousands of civilians and combatants in a protracted civil war. Despite the optimism of the early years with economic growth averaging over 9 percent a year during 2003-2012, the gradual withdrawal of international forces and assistance starting in 2011-2012 saw a long-term decline in growth. The years 2017-2021 were marked by economic stagnation and deterioration as the country was hit by a worsening conflict and deepening internal political divisions. The contested Presidential elections in September 2019 were followed by a long hiatus until the announcement of a new government in May 2020. Average annual growth fell to 2.5 percent between 2015-2020, below the rate of population increase over most of that period. In 2020, the COVID-19 pandemic led to a temporary closing of the country's borders, an estimated 2 percent economic contraction, and a sharp increase in poverty to reach an estimated 60-70 percent of the population by the end of the year. Most aid to the country was suspended following the seizure of power in August 2021, triggering an economic crisis, widespread and deepening poverty, and major disruption to basic services.
- 2. Displacement, drought, and corruption were additional challenges.** Displacement intensified during the period, with more than 3.5 million Afghans internally displaced by conflict by the end of 2020 and more than 2 million returning to Afghanistan—mostly from Pakistan and Iran—since 2015. Deterioration of rural livelihoods added to displacement: nearly 400,000 individuals were displaced by drought alone in 2018. Private sector development was heavily constrained by insecurity, political instability, weak institutions, inadequate infrastructure, and widespread corruption. Afghanistan was ranked 173 out of 190 countries in the 2020 Doing Business Survey and 174 out of 180 countries in Transparency International's corruption perception index in 2021. According to UNDP's Human Development Index, Afghanistan ranked 169 out of 187 countries in 2020. Many of the key educational gains of the past had been long under threat as school attendance levels had steadily fallen over several years, with more than half of children between 7-17 years missing from school in 2018, and girls making up over 60 percent of those affected (UNICEF, 2018).
- 3. Afghanistan's fragility,** defined in terms of weak state institutions, poor governance, and dysfunctional societal relations leading to violent conflict between groups, affected almost every aspect of development. The risks for development partners (DP) were high in such an environment. At the same time, development partners had to contend with an increasingly difficult working environment, including managing long periods of remote working, third-party monitoring of projects and frequent restrictions on movement. Following the COVID-19 crisis in 2020, many DPs withdrew their international staff from Kabul and national staff worked from home.
- 4. The World Bank country strategy over the period,** which was closely aligned to the government's Afghanistan National Peace and Development Framework (2017) objectives, was organized around three pillars: (i) building strong and accountable institutions; (ii) supporting inclusive growth; and (iii) expanding and deepening social inclusion (Country Partnership Framework, 2016). Both the Bank's Systematic Country Diagnostic (SCD, 2016) and CPF pointed out the extreme fragility and high risk of operating in Afghanistan. The SCD argued that carefully selecting and tailoring development interventions to the fragile circumstances in the country was imperative. The CPF noted the need for flexibility in project design and



implementation, with the ability to adjust projects quickly as circumstances changed, and selectively downscale some interventions, while putting others on hold until the situation improved.

5. **Following the takeover of the government in mid-August 2021**, the World Bank paused its disbursements and suspended its operations in Afghanistan. The sudden cut-off of aid from the international community, combined with the impact of drought in rural areas, led to a dramatic fall in living standards and a humanitarian crisis. In response to the crisis, the World Bank, Afghanistan Reconstruction Trust Fund donors, and international partners found pragmatic ways to provide support for essential basic services to the Afghan people. On November 30, 2021, the World Bank's Board of Executive Directors supported Approach Paper 1.0 for an immediate Transfer Out of \$280 million of uncommitted ARTF funds to World Food Program (WFP) and United Nations Children's Fund (UNICEF) for humanitarian gap financing, following a decision by ARTF donors. On March 1, 2022, responding to requests from the international community, the Board approved Approach Paper 2.0 which aims to protect the vulnerable, help preserve human capital and key economic and social institutions, reduce the need for future humanitarian assistance, and improve gender equality outcomes. This includes financing, analytical work, and coordination/convening opportunities. This support is through Recipient Executed grants, decided by the ARTF, and made off budget and outside of the involvement of the interim Taliban administration (ITA), to United Nations agencies and potentially international and national non-governmental organization (NGOs). Approach 2.0 is designed to respond flexibly, based on experiences of early implementation, and informed by strong coordination among the development partners.

6. **In conjunction with this approach**, existing projects that were suspended in August 2021 were to be phased out and Implementation Completion and Results Reports (ICRs) prepared for the portfolio by end-2022 to ensure timely capture of results under each project as well as lessons-learned from the World Bank's long engagement in the country.

A. CONTEXT AT APPRAISAL

Context

7. **Improving Afghanistan's infrastructure was essential for accelerating economic growth and poverty alleviation.** A functional infrastructure in a landlocked fragile environment is critical to ensure basic service delivery, enhance the quality of life of its population, promote regional trade, and ease the access of growth sectors – such as agriculture and extractive industries – to markets. Agriculture was the backbone of the nation's economy, providing more than 75 percent of employment and contributing 25 percent to the GDP. On the other hand, while the extractives sector accounted for only 4 percent of GDP, it had significant potential considering Afghanistan's "Resource Corridors" with deposits of copper, iron, tin, tungsten, borates, potash, marble, and granite.

8. **Afghanistan suffered from significant transport infrastructure gaps** in terms of connectivity and accessibility. Although more than 90 percent of freight and almost 85 percent of intercity passenger transport were carried by road transport, nearly 80 percent of the Afghanistan's 123,000 km road network did not comprise all-season roads. In part as a result, about 63 percent of the population was more than two kilometers away from an all-season road, resulting in relative isolation of large parts of the country and millions of people. Reliable and resilient road connectivity through Afghanistan could



provide international links to Iran, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan, and was vital to Afghanistan's economy, which was heavily dependent upon imports.

9. **Afghanistan's economy and its national and regional integration depended on reliable road transport connectivity** across the Hindukush Mountain range, which cuts across Afghanistan from the northeast to the southwest. With summit heights between 4,000 and 7,800 meters, and with an east-west extension of about 800 km, the Hindukush Mountain range is a formidable physical barrier between Afghanistan's two most populous and economically vital regions: the Jalalabad - Kabul region to the south of the mountain range and the Baghlan – Mazare Sharif – Kunduz region to the north.

10. **Despite the importance of connectivity across the Hindukush Mountain range to the country's economy, only the Salang Pass provided this connectivity.** The Salang Pass comprises an 87 km road and a 2.8 km long tunnel. It carried approximately 80 percent of goods and most fuel coming into the greater Kabul area from the north. With its highest point at an altitude of 3,400 meters, heavy snowfall, avalanches, and landslides resulted in accidents and road closures, which could last for weeks, threatening food and energy supplies to the greater capital area. The unpaved 152 km Baghlan-to-Bamiyan (B2B) Road provided a much longer, secondary crossing through the Hindukush Mountains. Lack of drainage along the B2B road made it unusable during the several-weeks-long rainy season. The B2B road is less steep and at a lower altitude --2,500 meters at its highest point--which makes it less vulnerable to interruptions by snowfall and avalanches than the Salang Pass.

11. **The 7-meter wide, 2-lane Salang Pass was designed and built by the former Soviet Union** in the early 1960's for an estimated traffic of about 1,000 vehicles per day, far less than the 4,500 to 9,000 vehicles per day average annual daily traffic (AADT) at the time of appraisal. The tunnel component of the pass was seriously damaged in 1982 by the detonation of an explosive-laden truck. The pavement was also rapidly deteriorating, especially in the higher sections that are exposed to extreme winter weather conditions, due to an ever-increasing traffic volume, use of snow chains and steel-spike and studded tires during winter and lack of proper maintenance. In addition, poor ventilation, inadequate lighting, and the absence of communication systems have exacerbated safety and security conditions inside the tunnel.

12. **Over the previous 25 years, several expensive repairs of the Salang Pass were conducted,** but were all short-lived. Continued use of the road by overloaded trucks using snow chains and studded tires during winter resulted in formidable levels of wear. The GoIRA had been reluctant to carry out a full rehabilitation (tunnel and road), which would require a combination of full and partial closure of the pass during at least a one year-long rehabilitation work. A comprehensive rehabilitation solution of the Salang Pass problems was postponed in favor of "quick fixes", which neither lasted long, nor addressed the core problems of the Salang Pass (i.e., structural, drainage, design, and safety).

13. **The GoIRA explored ways to undertake the much-needed rehabilitation and capacity expansion of the Salang Pass.** This included exploring the option of building a second tunnel parallel to the existing one, that would allow the existing tunnel to be closed and rehabilitated. Recognizing that funding for a second tunnel may not materialize for several years, the proper rehabilitation of the existing Salang Pass (road and tunnel) became critical, especially in view of the advanced deterioration



of tunnel and the road, with the latter losing about 30 km of its pavement, especially along sections located at high-altitude.

14. **The THRCP project design responded to the challenges of crossing the Hindukush with phased implementation of the B2B and Salang Pass works** to ensure reliable cross-Hindukush Road connectivity during rehabilitation of Salang Pass infrastructure that required closure of the pass. Implementation was to initially focus on upgrading the B2B Road, so it could serve as an alternative for the Salang Pass. Once the B2B Road had been upgraded (by the end of third year of implementation) and was open for traffic, the project would complete the most urgent rehabilitation and repairs of Salang Pass infrastructure, which would require road and/or tunnel closures for longer periods of time. Prior to rehabilitation of Salang pass infrastructure, the project would support emergency works that arose to ensure the Salang Pass remains open.

15. **The Project was fully consistent with the FY 2017-2020 CPF for Afghanistan.** Of the three pillars underlying the CPF, the Project was aligned directly with pillars (i) building strong and accountable institutions and (ii) supporting inclusive growth, while also contributing to pillar (iii) expanding and deepening social inclusion. Pillar (i) focused on improving the broader abilities of the road authorities to construct, maintain and operate the road network. Pillar (ii) focused on fostering domestic and regional trade by strengthening the transport network. Pillar (iii) focused on promoting social integration by reducing time and cost of travelling, particularly for the poorer citizens of the central, northern, and southern provinces.

Theory of Change (Results Chain)

16. **A Theory of Change (ToC) was developed for the purpose of this ICR report (see Figure 1).** Key assumptions of the ToC include: (i) relevant authorities would provide contractors the needed support, such as permits, access to project sites, and arrangements for the implementation of resettlement and rehabilitation plans; (ii) the GoIRA could carry out public outreach to establish local acceptance of the project, which was not assured given the fragmentation of political power and the ongoing conflict; (iii) an Implementation Consultant (IC) could be recruited and successfully build the Project Implementation Unit's (PIU's) capacity to administer the works and implement World Bank procedures; (iv) security conditions along the B2B Road would enable works to proceed and be suitable for the B2B Road to serve as an alternative to the Salang Pass; (v) an international firm could be mobilized as a Supervision Consultant; and (vi) packaging of the works lots and phased launching of bids would attract the interest of local contractors, thereby helping manage some of the political economy risks of the local context.

Project Development Objectives (PDOs)

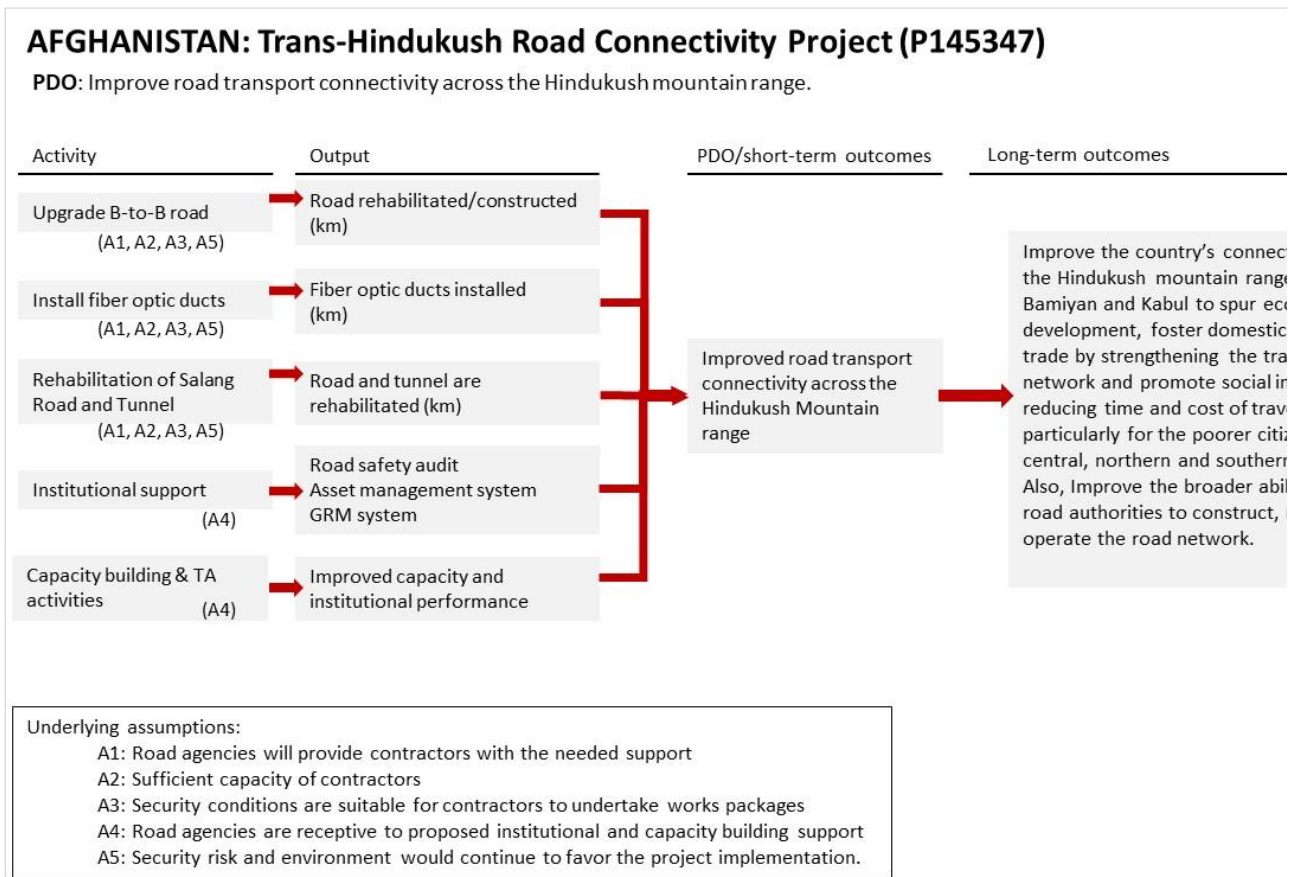
17. The PDO, as stated in the Financing Agreement and in the PAD is "improve road transport connectivity across the Hindukush Mountain range".



Key Expected Outcomes and Outcome Indicators

- 18. Achievement of the PDO was to be monitored through the following indicators and outcomes:
 - (i) “Average travel time for trucks on the Baghlan to Bamiyan road”, measured from the project starting point at Dushi to the conclusion at Shibar. The baseline travel time was 24 hours, and the outcome target was five hours.
 - (ii) “Average number of days per year when crossing of Hindukush Mountain range is not possible”. The baseline was 20 days, and the outcome target was no more than seven days of closure.
 - (iii) “Direct project Beneficiaries” of the B2B and Salang Pass works. The baseline is zero while the outcome target is 8,700,000, representing the population that depends on cross-Hindukush connectivity for shipment of goods and benefits from lower market prices and/or market access.

Figure 1 - Theory of Change





Components

19. **The total project cost was initially estimated to be US\$255 million, with US\$250 million to be funded by IDA and US\$5 million by the GoIRA.**¹ The Project comprised the following components:

- **Component 1: Road construction and rehabilitation (US\$240 million)**
 - a. Upgrading the B2B Road to a paved all-weather road, including cable ducts and a fiber optic cable, and the rehabilitation of key Salang Pass infrastructure (road and tunnel). As the cost of the numerous Salang Pass infrastructure improvements was estimated to exceed available resources, the project would implement the most urgent activities based on a risk analysis undertaken during implementation.
 - b. Consulting services, including for the supervision of civil works, engineering designs, and regular technical audits by an independent international auditor.
 - c. Goods, which will include a small number of equipment items which the Ministry of Public Works (MoPW) may need to keep the two roads open during project period, at a combined estimated cost of US\$15 million.

- **Component 2: Institutional support and project management (US\$10 million)**
 - a. Road Safety audit of the existing design of the two roads.
 - b. Definition and implementation of asset management arrangements for the two Trans-Hindukush roads.
 - c. Community engagement, including the design and execution of MPW's information and communications campaign for building public and stakeholder support for the project.
 - d. Training, capacity building and technical support to MPW's staff in all areas of project implementation, including institutional development, procurement and contract administration, financial management, disbursement, safeguards management, technical design management, and the application of good governance.
 - e. Project management support, including the establishment of a Project Management Team (PMT).

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION

Revised PDOs and Outcome Targets

20. **The project's PDO remained unchanged.** Following emergence of a the global COVID-19 pandemic, the GoIRA requested the cancellation of US\$100 million from THRCP to fund a COVID-19 response package. The cancellation required restructuring and resulted in the elimination of the rehabilitation of the Salang Pass works from Component 1. The project outcome targets were revised in project restructuring dated August 10, 2020, which included the following changes, reflecting the revised project scope and implementation delays:

- (i) The target number of direct beneficiaries was reduced to the population living along the B2B Road (i.e., to exclude direct beneficiaries of the Salang works).

¹ Although Annex 2 "Detailed Project Description" of the PAD outlined additional civil works needs on the Salang Pass, the THRCP PAD included funding for only a portion of these needs, which were deemed the most urgent.



- (ii) The timeline for achieving the PDO indicators related to travel time and reliable trans-Hindukush Road access was extended to the project closing date of December 31, 2022.

Revised PDO Indicators

- 21. The August 2020 restructuring revised the PDO targets as noted above.

Revised Components

- 22. **The changes to the financing included** the US\$100 million cancellation and increased Counterpart Financing Contribution from US\$5 million to US\$20 million. The restructuring included the following changes to the project components:
 - a. Component 1: (i) the removal of the Salang Pass (road and tunnel) works (but retention of the ongoing Salang infrastructure design and Environmental and Social Impact Assessment (ESIA) consultancies); (ii) scaling back the B2B road investment by adopting less costly designs; and (iii) reducing Component 1 costs from US\$240 million to US\$140 million.
 - b. Component 2: Increasing the funding for this component from US\$8 million to US\$26.48 million, primarily on account of the higher cost of the IC contract and because the construction supervision costs, which were initially to fall under a consulting firm contract under Component 1, were shifted to the Construction Services Unit (CSU) and funded from Incremental Operating Costs under Component 2.
 - c. Component 3: Contingent Emergency Response Component (CERC) was added to the project. As the Salang Pass was critical to the PDO, a new zero-cost CERC component was added to finance emergency restoration of road connectivity along the Salang Pass in the event of an eligible crisis or emergency restructuring.

Other Changes

- 23. **The outbreak of the global COVID-19 pandemic and a US\$170 million financing gap identified during the June 2019 Mid-term Review (MTR) triggered project restructuring in August 2020.** The restructuring included the following additional changes: (i) scaling back the role of the IC; (ii) increasing the financing for Component 2: Institutional Support and Project Management; (iii) reducing the scope of the B2B road works to reflect the design optimization initiated following the MTR; (iv) changes to the project's procurement strategy for B2B works, which aimed to increase participation of local contractors; (v) the addition of a gender indicator to reflect the project's ongoing engagement of women in formal employment in villages; and (vi) allocations among disbursement categories, delivery timelines, component costs, and economic analysis. The restructuring included changes to implementation arrangements to better suit the project context and risks, particularly for procurement and works supervision and to simplify the B2B road works design. Restructuring also clarified the definitions of the two PDO indicators, which did not amount to changes in the outcome targets.

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

- 24. **The primary reasons for the restructuring were** (i) to establish a technically and economically viable project following cancellation of \$100 million of THRCP Grant resources to support the COVID-19



response financing and (ii) to ensure an appropriate emergency response strategy for the Salang Pass within the reduced project resources. Restructuring was also required to address operational and technical aspects of the project design that, although anticipated at Appraisal, proved infeasible. These included: (i) rearranging the implementation arrangements with a focus on addressing cost overruns and implementation shortcomings (including unclear roles and responsibilities of the various governmental entities, and challenges in procurement, works supervision and project administration); (ii) adapting the project procurement approach to better attract local contractors; and (iii) incorporating changes to the B2B road design initiated after MTR to identify cost savings through value engineering (VE).

25. In line with the originally planned phasing of works, upgrading the B2B road was initiated while Salang Pass engineering studies were being undertaken. Bids for the B2B works suggested that the final costs of B2B upgrading may exceed original estimates, and the project initiated a VE review of the B2B at MTR. The ongoing engineering designs for Salang infrastructure indicated major cost escalation was likely². Following the cancellation, project funding was insufficient to deliver even the revised B2B design, which was further modified to reduce costs. The restructuring was therefore required to scale back the B2B road design and overall project outcomes.

Table 1 - Original and revised allocations of project funds (US\$ millions)

	At appraisal	After restructuring
Sources of project funds		
IDA Grant*	250.000	150.000
Counterpart funding	5.000	20.000
Total financing	255.000	170.000
Component 1		
B2B Road	170.000	133.350
Salang Pass ³	55.000	00.000
Consultancies and equipment	15.00	6.675
Component 1 - Subtotal	244.000	140.025
Component 2		
Road Safety Audit of Design of civil works	2.000	0.700
Definition & implementation of asset management arrangements	0.800	0.300
Community engagement	1.200	0.380
Training, capacity building and institutional development	0.000	0.100
Project management support ⁴	4.000	25.000
Component 2 - Subtotal	8.000	26.480
Contingency	2.000	3.495
Social & Environmental Safeguards (Resettlement Compensation)	5.000	
Total (Component 1 + Component 2 + Contingency)	255.000	170.000

* Accounts for the cancellation of US\$ 100 mil.

² The cost escalation included (i) approximately US\$ 61 mil. cost escalation for Salang tunnel rehabilitation, budgeted at US\$ 9 mil. at appraisal, (ii) US\$ 15 and US\$ 27 mil. for the rehabilitation of the snow galleries and avalanche early warning system, and finally (iii) rehabilitation of the road component of the Salang Pass was deemed to require an additional US\$ 80 mil.

³ The restructured project costs for Salang fund engineering designs and the ESIA.

⁴ The Project management support and capacity building costs of the original project were to focus on building capacity of the Implementing Agency so that it could assume full responsibility for implementation. The restructured project costs include the cost of works supervision for B2B, which was undertaken through the Implementing Agency with project funding rather than a consultancy.



26. **On the operations side**, the project design over-estimated private sector firms' willingness to operate in Afghanistan: recruitment of an IC to support the PMT and build its capacity proved cost prohibitive, and recruitment of independent construction supervision consultant was therefore deemed infeasible. UNOPS was retained as the IC, CSU was established in parallel to the PMT, to carry out works supervision. The project design also over-estimated the PIU's capacity to assume full responsibility for implementation following limited training: the PMT made progress achieving its capacity targets under Project Covenants, but still struggled to conduct procurement efficiently in coordination with the National Procurement Authority (NPA) and relied on the UNOPS for complex engineering, technical, and contract management matters throughout.

27. **Finally, on the technical side**, restructuring was required to adapt the procurement strategy considering the extremely poor performance of foreign contractors awarded works contracts under THRC. Although the project design was to package works to attract local contractors, few Afghan contractors could meet the bid prequalification criteria of the four contracts awarded prior to restructuring under THRC. The international contractors awarded the project road works had inadequate presence on work sites and appeared to rely heavily on local counterparts who proved unable to organize works efficiently. Restructuring aimed to address this by revising procurement requirements to increase participation of Afghan firms who were believed to be better able to appreciate, and respond to, political economy and conflict risks⁵.

28. **The restructuring changes had a significant impact on the project Theory of Change.** The project design continued to focus on laying the groundwork for sustainable improvement of both trans-Hindukush routes through upgrading the B2B Road and preparing engineering designs and environmental studies for the Salang Pass infrastructure works. Removal of all Salang Pass works meant that the project would be limited to the previously mentioned outcome, plus establishing operating and maintenance arrangements for the B2B Road. While the reliability would be improved, the project's impact would be significantly less than anticipated because critical Salang Pass repairs could not be financed. One aspect of the Theory of Change remained unchanged; namely, the B2B Road upgrading was still undertaken to lay the groundwork for establishing a much more reliable trans-Hindukush Road connectivity by improving Salang infrastructure under a subsequent project.

II. OUTCOME

A. RELEVANCE OF PDOs

Rating: Substantial

Assessment of Relevance of PDOs and Rating

29. **The project objective was well aligned** with the current development needs of Afghanistan and the objectives of the unity government and World Bank Group Afghanistan Country Partnership Framework FY17-FY20 (CPF). Trans-Hindukush Road connectivity is vital to Afghanistan's economy and to social welfare. **Component 1 "Road construction and rehabilitation"** is aligned with the goals of

⁵ Package 4 works contract was split up into two sub-packages \$20.0 million and \$18.53 million respectively



promoting trade and connectivity which were supported by the unity government and the CPF.⁶ The CPF specifically identified the objective of secure trans-Hindukush Road connectivity under *Objective 2.2 Improved domestic and regional integration*. **Component 2 “Institutional support and project management”** is aligned with the CPF *Objective 1.2 Improved performance of key government ministries and municipalities*, which specifically highlighted improved delivery of road services.

30. **The restructured project’s relevance to this objective may have been affected by the change in government** because, had the project successfully upgraded the B2B Road, it is unclear whether the current interim Taliban administrator would be able to access the financing necessary to rehabilitate critical Salang Pass infrastructure in accordance with the theory of change. This may be considered a minor shortcoming in the project’s relevance because the revised B2B Road design adopted via the restructuring was economically viable as a stand-alone project and could serve as a bypass in the event of Salang Pass closures.

31. **Additional benefits of securing a reliable road connection across the Hindukush Mountain range include** (i) Safety and Security, where the provision of a paved road will provide all-year access, expected to increase area security and provide new opportunities for local populations and for businesses, such as agriculture and mining, (ii) Food security, where Afghan food producers will take better advantage of domestic markets and where lower freight costs would change the economics of intra-regional trade and allow agricultural producers to reach distant markets, and (iii) Extractive industries, where the two roads provide access to “Afghanistan Resource Corridor” hailed to retain an estimated one trillion dollars of the country’s mineral wealth (e.g., iron ore, limestone, tin, tungsten, borates, potash, marble, and granite).

32. **The project relevance is deemed Substantial.** While the PDO is consistent with the country’s development and economic needs as well as the World Bank country and sectoral priorities, extensive infrastructure projects are currently not being given great priority in the face of urgent humanitarian needs and lack of funds. Nevertheless, and in a broader sense, the project’s objectives were aligned with the country’s developmental and economic needs in the longer term.

B. ACHIEVEMENT OF PDOs (EFFICACY)

Rating: Negligible

Assessment of Achievement of Each Objective/Outcome

33. **The changes during the project’s lifetime trigger a double split rating.** The first split rating is triggered by the restructuring that revised the PDO and key outcome targets. It narrowed the project’s scope and lowered the level of ambition concerning the Salang Pass and the B2B work packages. The second split rating is triggered by the collapse of the government.

34. **The ICR therefore systematically evaluates the project’s achievements for three periods.** Period 1 is the project before restructuring. Period 2 is the project after restructuring and before August

⁶ Unity government objectives supported by THRCF include: (i) job-creation by unlocking the potential of agriculture, services, and natural resources sectors as the project is providing critical land connectivity between the country’s north and south provinces; (ii) improve the endemic low capacity of human capital and its overall administrative and technical skills; and (iii) strengthen the road sector institutional set up and governance.



15, 2021. Period 3 is the project after August 15. The ICR compares the project’s achievements in Period 1 and Period 2 with the planned progress by August 15. Planned progress is measured by the intermediate targets which the project would have achieved, had it been on the path to a fully satisfactory PDO. The intermediate targets are derived from the Results Framework. The ICR compares the project’s achievements for Period 3 with the planned progress by closure.

Period 1 – Before Restructuring

35. While the overall outcome was not achieved, intermediate indicators were partially achieved (Table 2). The Project comprised a single objective: improve transport connectivity across the Hindukush Mountain range. After four years of implementation, physical progress of the six B2B works contracts was limited. The civil work contracts faced varying degrees of delays caused by slow MPW-led procurement processes, weak contract management, daunting security challenges that made it difficult to mobilize consultants and contractors, limited contractor performance, and finally, the outbreak of the COVID-19 pandemic. Segment 1 works contract was awarded in October of 2017 and closed in December 2020 with physical progress at only 37.6 percent. Similarly, Segment 6 works contract was awarded in October of 2017 with a closing date of March 2021, but physical progress stood at only 22 percent as of April 2021, and the contract was eventually terminated.

Table 2 - Outcome and intermediate indicators for Period 1

Outcome Component	Unit	Baseline at appraisal	Target Indicator	Achieved before restructuring (August 10, 2020) ⁷
PDO Indicator:				
Road construction and rehabilitation				
Average travel time on B2B road	Hours	24	5	24
Average number of days per year when road crossing of Hindukush Mountain range is not possible	Days	20	7	20
Direct project beneficiaries (Female beneficiaries)	Number Percentage	0 0%	1,642,000 50%	946,3524 50%
Intermediate Indicators:				
Road construction and rehabilitation				
Earthwork completion rate for B2B road	Percentage	0	100	25
Outreach to adult female members of PAP households	Percentage	0	85	85
Intermediate Indicators:				
Institutional support & project management				
Road Safety Audit of Design of civil works	Yes/No	No	Yes	Yes
Consultations w/ civil society & project-affected persons, w/ at least 30% women	Number	0	18	20

⁷ Implementation Support Mission, July 20-24, 2020



Period 2 – After restructuring and before August 15, 2021

36. **The overall outcome was still not achieved, and only minor improvements to the intermediate indicators were achieved.** The final ISR reported that 40 percent of earthworks were completed and only two percent of the pavement works were completed. With only slight progress under these two indicators, the remaining intermediate indicators remained unachieved. Reports from the client indicated that there was an estimated US\$49.8 million in the procurement pipeline awaiting Bank’s no-objection-letter (NOL).

Period 3 – After project was suspended on August 15, 2021

37. **No progress was made after the project was suspended.** The collapse of the government in August 2021 in the wake of a Taliban offensive led to a complete halt of project activities. Consequently, the overall outcome of the project was not achieved.

Justification of Overall Efficacy Rating

38. Based on the above discussion, efficacy for the three periods can be summarized as following; Period 1: Modest, Period 2: Negligible, Period 3: Negligible.

C. EFFICIENCY

Rating: Negligible

Assessment of Efficiency and Rating

39. **The most significant intended benefit of the project** is the reduction in the number of days the two roads are likely to be closed due to winter weather conditions, which comprise: (i) reduction in inventory holding costs for road cargo; and (ii) reduction in the loss of revenue from passenger fares. The average market value of cargo carried by trucks across the Hindukush was estimated at US\$2,308.2 per ton,⁸ and the value of such cargo in transit was taken as 60 percent of the market price (US\$1,385 per ton).⁹ The cost to the economy due to road closure was calculated as the additional cost of holding the inventory, amounting to the sum of the cost of capital and the inventory handling cost, taken together as 17 percent of the value of the cargo for the holding time period differential. Similarly, with respect to passengers, the cost of road closures was taken as the loss in passenger fare revenue for the number of days that the roads are closed annually.

40. **Using the above information**, an economic analysis was conducted at appraisal, which indicated that the B2B road as a stand-alone project would be economically viable even with the low volume of traffic. The Salang Pass rehabilitation was highly viable, given the high traffic volumes and the impact of reducing road closures on inventory holding costs. Since the Salang Pass repair cannot be done without upgrading the B2B road, both roads were considered and evaluated as one project. The overall combined ERR for the project was projected to be 44.5 percent at a 12 percent discount rate. Sensitivity analysis, which was conducted by varying both capital costs and overall benefits, indicated that the ERR was robust.

⁸ Based on the weighted average of the market prices of the imports and exports in Afghanistan

⁹ To allow for value addition, packaging, overheads, etc., at the end of the supply chain



41. An ex-post economic analysis could not be undertaken as the construction and upgrading work for the B2B Road was not completed and data collection was not possible considering the change in government. As the key PDO indicators (reduction in the number of days where the two roads are closed due to winter weather conditions and reduction in truck travel time along the B2B Road) could not be achieved, the project’s efficiency is considered Negligible.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

42. With PDO relevance as “Substantial”, efficacy was subject to a double split rating, with Period 1 rated Modest, Period 2 rated Negligible, and Period 3 rated Negligible., and efficiency at “Negligible”, the project’s overall outcome rating is **Highly Unsatisfactory**.¹⁰ The resulting overall ratings are weighted by percentage disbursed by period, as summarized in Table 3.

Table 3 - Deriving the overall outcome rating

	Weight	Relevance	Efficacy	Efficiency	Rating	Weighted Rating
Period 1	0.33	Substantial	Modest	Negligible	U = 2	0.66
Period 2	0.08	Substantial	Negligible	Negligible	HU = 1	0.08
Period 3	0.59	Substantial	Negligible	Negligible	HU = 1	0.59
Overall	Highly Unsatisfactory (0.66+.08+.59 = 1.33)					

E. OTHER OUTCOMES AND IMPACTS (IF ANY)

Gender

43. The project made progress on gender inclusion, including the development of a gender inclusion manual, and undertaking consultation meetings with women, especially those whose families’ properties would be affected by the construction of the B2B Road, to share project information. Women living along the B2B Road were in general agreement with the usefulness of the B2B project and were eager to participate in project-organized social meetings.¹¹ In addition, these women requested that the project include gender-segregated infrastructure such as rest areas, washrooms, and water access points.¹²

44. The Project offered job opportunities for women in local communities; women’s participation in site clearance work ranged between two and eight percent. These women are mostly Project Affected Persons (PAP) working in the vicinity of their households.¹³ To encourage women to participate in job opportunities, it was recommended that they meet with projects such as the National Solidarity Program (NSP) and NSP Facilitating Partners (FP) that worked on women’s inclusion in conservative areas to learn from their experience and to find alternative practical options for the economic participation of women.

Institutional Strengthening

45. Improving the institutional capacity of the roads authorities was not a PDO outcome. However, having a strong road authority capable of sustaining the improved transport connectivity was a crucial

¹⁰ Implementation Completion and Results (ICR) Report for Investment Project Financing (IPF) Operations, Dec. 2021

¹¹ Implementation Support Mission, August 22-25, 2016 (pgs. 10 and 11)

¹² Implementation Support Mission, July 20-24, 2020 (pg. 13)

¹³ Implementation Support Mission, August 16-24, 2017 (pg. 12)



intermediate outcome. This was to be measured by four indicators: (i) Road Safety Audit of the design of civil works; (ii) Mechanism for O&M of the B2B Road and the Salang Pass; (iii) Consultations with civil society & project-affected persons, with at least 30 percent women; and (iv) Compliance with performance indicators for MPW project implementation capacity. While both the road safety audit of the design work and consultations with civil society and project affected persons were conducted, the operation and maintenance mechanism and the performance indicators for MPW capacity building for implementation were not achieved.

46. **The objective of Component 2** was to build the capacity of MPW staffers as the project implementation agency. Institutional strengthening would initially take place with the help of the IC firm. In view of the lengthy procurement process to bring the IC onboard, UNOPS was selected to play this role for two years; however, the UNOPS contract had to be extended a few times and the Project's efforts at capacity building did not have much impact.

47. **However, project design proved to be overly ambitious.** As the objective of Component 2 was to build the capacity of MPW staffers as the project implementation agency, institutional strengthening would initially take place with the help of the IC firm. In view of the lengthy procurement process to bring the IC onboard, UNOPS was selected to play this role for two years. However, the UNOPS contract had to be extended a few times and the Project's efforts at capacity building did not have much impact.

48. **Finally, delays in procuring the services of an IC firm had multiple repercussions,** including (i) the need to extend UNOPS contract a few times to ensure that MPW staffers are supported during project implementation in the absence of an IC firm,¹⁴ (ii) with some of these extension requests made very close to UNOPS's contract end date, UNOPS suffered frequent demobilization then remobilization, creating less than optimal conditions for UNOPS to train MPW staffers, not to mention negatively impacting overall project implementation (e.g. slowed procurement processes, delayed decision making, undecided clearance procedures, etc.).¹⁵

Mobilizing Private Sector Financing

49. The project adopted an innovative approach for Right of Way (RoW) clearance through a local community contract to dismantle structures within the project's RoW. This approach resulted in the creation of employment opportunities for affected families, both male and female (e.g., about 13.6 percent of the labor for site clearance works in Segment 1 were female).¹⁶ This approach was also helpful in gaining local support for the project, as communities along the B2B Road noted that the project would enhance their connectivity.

Poverty Reduction and Shared Prosperity

50. None

Other Unintended Outcomes and Impacts

51. None

¹⁴ Implementation Support Mission, June 16-20, 2019 (pg. 8)

¹⁵ Implementation Support Mission, June 16-20, 2019 (pg. 9)

¹⁶ Implementation Support Mission, June 12-14, 2018 (pg. 16)



III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

52. **Project Design.** The Project adopted a phased implementation plan aimed at minimizing the impact of the rehabilitation of the Salang Pass, including its potential closure for almost a year. The Plan envisioned that the B2B Road would be rehabilitated first to make it a viable alternative for the Salang Pass while the latter was being rehabilitated. While this phased approach appeared reasonable during preparation, it faced several challenges during implementation. The proposed approach also meant that for the original target values for the PDO indicators to be achieved, both phases would need to be completed.

53. **Impact of the security conditions along the B2B Road.** Between 2016 and 2020 (i.e., from project commencement to its interruption), the average number of terrorist attacks in Afghanistan was almost 1,500 incidents per year,¹⁷ and the average numbers of civilians killed and injured were about 1,500 and 3,000, respectively.¹⁸ As a result, the B2B component of the project had extreme difficulties in attracting an IC. It also had difficulties in engaging competent contractors – either international or local – to work on the B2B Road contracts.

B. KEY FACTORS DURING IMPLEMENTATION

Factors Subject to the Control of the Government or Implementing Agency

54. **Implicit Sub-contracting to local contractors.** Procurement of civil works proved challenging, as qualified international firms had limited appetite to work in Afghanistan due to the security and geopolitical risks. The international contractor who was awarded the contracts for Segments 1 and 6 appeared to have sub-contracted the entirety of each contract.¹⁹ Details of these informal sub-contracting arrangements were not disclosed to the GoIRA; however, international contractors' representatives and/or technical teams were not mobilized to the sites, and local firms working at the sites appeared to lack the technical capacity and the financial resources needed to plan and undertake the works. These arrangements resulted in poor quality of work, extensive delays, and arrears in payments to laborers, suppliers, and sub-contractors.²⁰

55. **UNOPS as the IC.** As indicated above (see paragraph 47), the Project relied on UNOPS to undertake the role of the IC until one is hired. With difficulties - and a growing uncertainty - in hiring the IC, UNOPS was requested to step in and extend its contract. Those requests were made very close to UNOPS's contract closing date, resulting in difficulties for UNOPS to maintain a sustained staffing level.²¹

¹⁷ <https://www.statista.com/statistics/250566/number-of-terrorist-attacks-in-afghanistan/>

¹⁸ <https://unama.unmissions.org/civilian-casualties-set-hit-unprecedented-highs-2021-unless-urgent-action-stem-violence-%E2%80%93-un-report>

¹⁹ Proposed Restructuring of the Trans-Hindukush Road Connectivity Project, August 10, 2020, Report No.: RES38847

²⁰ Implementation Support Mission, April 05-21, 2021 (pg. 4)

²¹ Implementation Support Mission, April 16-20, 2019 (pg. 8)



These unpreventable staffing gaps limited UNOPS' ability to deliver the needed capacity building and knowledge sharing on procurement, M&E, safeguards, financial management, and disbursements.²²

56. **Fragmentation during Implementation.** The project was managed and implemented by GoIRA through MPW, which had a PMT to undertake day-to-day office activities, while site supervision was the responsibility of the CSU. Both the PMT and CSU were supported by UNOPS. There appeared to be no clear delineation between the roles and responsibilities of MPW, PMT, CSU, and IC, which led to uncertainties and delays in decision making on procurement, disbursement, financial management, M&E roles, etc.²³ Adjustments were made during the project restructuring, which included transferring procurement responsibility from the PMT to the National Procurement Authority (NPA).²⁴

57. **High-level monitoring and coordination.** The project design envisaged an Inter-Ministerial Steering Committee (IMSC) to oversee project implementation, ensure coordination between different stakeholders, and facilitate issues such as security and land acquisition.²⁵ However, the IMSC did not meet regularly, with its last meeting was in December 2017. The head of the committee changed multiple times and there is little evidence that coordination efforts, especially in procurement and resettlement, have yielded the desired results. In the absence of IMCS, the PMT team was in direct contact with the NPA, the Afghanistan Land Authority (ARAZI), the MoF, the National Environmental Protection Agency, community representatives, and other relevant entities on project implementation issues. However, the results of these efforts were mixed.

Factors Subject to the Control of the WB

58. **Procurement Strategy.** Emphasizing the need for qualified contractors with the technical and financial resources required to undertake the work packages, the procurement strategy recommended the use of international competitive bidding, while still allowing local firms to participate. However, given development on the ground, including the recognition that the engagement of local contractors for the B2B work was essential to managing political economy risks, the WB supported the suggestion to restrict project works to Afghan contractors. This decision reflected three assumptions: (i) Afghan contractors were capable of doing the work; (ii) their presence at project sites – as opposed to international contractors – would not be a cause for community opposition; and (iii) local firms would be best able to manage political economy risks. The extensive delays in awarding four of the six sub-lots to international contractors, the termination of at least one awarded contract, and the implicit sub-contracting by international contractors to local contractors justified the decision to restrict project works to Afghan contractors.

59. **Cost Estimates for Salang Pass Rehabilitation.** The appraisal estimates of US\$55 million for the repair and rehabilitation of the Salang Pass (road and tunnel) proved to be a significant underestimate.²⁶ Detailed structural assessment of the Salang Pass was yet to be conducted, and the PAD indicated that a cost escalation of 50 to 100 percent could be expected following detailed inspection. However, the cost estimate based on assessments during implementation was about US\$170 mil., i.e., over 300 percent of

²² Implementation Support Mission, April 06-11, 2018 (pg. 4)

²³ Implementation Support Mission, Jan. 28-Feb. 1, 2019 (pg. 1)

²⁴ Implementation Support Mission, July 20-24, 2020 (pg. 3)

²⁵ Implementation Support Mission, June 16-20, 2019 (pg. 6)

²⁶ Project Appraisal Document (PAD), Trans-Hindukush Road Connectivity Project, September 23, 2015



the appraisal estimate. In retrospect, the Project may have been served better if the sequencing of design and construction was phased out to two projects; one project to prepare the designs and minimal maintenance, followed by a second project for implementation.

Factors outside the Control of the WB and/or Implementing Agency

60. **Geopolitical Landscape.** During implementation, the landscape in Afghanistan was not conducive to carrying out large civil works in rural areas where the control of the central government was limited. Politically influential individuals continued to have disproportionate influence in the project areas, which likely influenced project administration by the central government. Delays in approving contractors' requests for time extensions, under-reporting of contractor performance issues by CSU staff, and difficulties in ascertaining the nature of the security risks affecting contractors indicated that the Project was not insulated from the governance risks endemic to the country. As the conflict in Afghanistan continued, the proliferation of arms and limited government control outside major cities contributed to the emergence of new security risks.

61. **Cancellation of Project Funds.** The cancellation of US\$100 million in financing for the Project to support the country's response to the COVID-19 pandemic negatively impacted B2B scheduling. The original detailed B2B Road engineering design was subject to a value engineering (VE) review at MTR. The cancellation of US\$100 million meant that further VE changes were required. For work packages that had already been released, the cumulative changes resulted in delays at the site until designs could be revised. It also resulted in added costs to accommodate change orders and contractors' claims for changes to quantities and site delays. For work packages that were yet to be released, this meant delays in putting them out to bid until the designs were finalized, bid documents adjusted, and bills of quantities revised.

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

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

M&E Design

62. **The design of the M&E framework was satisfactory.** It included clear and robust indicators, including the average travel time for trucks to travel the B2B Road as well as the average number of days for which the Salang Pass would be closed. These indicators were Specific, Measurable, Attributable, Relevant, and Time-bound (SMART), although more effort was needed to define proper measurement methods during implementation. Similarly, the indicator for direct beneficiaries included the citizenry of at least 11 provinces that that would benefit directly from the improved B2B Road and the Salang Pass. Finally, there were measurable indicators for institutional improvement and support, including the development of staff capacities to implement projects, as well as on roads safety audits, maintenance, and operation.

M&E Implementation

63. **MPW was responsible for the monitoring of results of the Project.** To collect the necessary data, MPW used its staff located in the provincial offices of the three provinces where the project roads are located. These staffers are not always able to carry out adequate monitoring because of the difficult



security situation. Nevertheless, and despite these difficulties, MPW staffers drafted regular monitoring reports for the World Bank as well as other government agencies such as the Ministry of Finance.

64. **Intermediate indicators were crucial for ongoing M&E.** These included percentages of earthwork and pavement work completed during the project. While the selected intermediate indicators can be considered SMART, they had the disadvantage of being reliant on the bills of quantities (BoQs) of materials calculated during project preparation. Changes as the project progressed (e.g., changes in design specifications, alignments, and construction methods) had a knock-on effect on the BoQs and, consequently, affected the target values of the intermediate indicators. For example, the VE exercise²⁷ affected the governing design standards and specifications,²⁸ resulting in changes to the BoQs and consequently requiring changes to the original values of the intermediate indicators; however, these were not reflected in the RF.

M&E Utilization

65. **M&E data on performance and results progress were adequately recorded.** However, the continuous change in project design in response to the VE exercises – and the corresponding changes to the BoQs – reduced the accuracy of efforts to track progress. Furthermore, with the turbulent security situation and safety concerns, the quality and spectrum of the data collected were not either accurate or wide enough to allow for a good evaluation of the gathered data and the corresponding project impacts. Irrespective of its quality and/or spectrum, collected M&E data was consistent in reflecting the stagnation of work packages and the very limited implementation progress, which led to the termination of at least one work package.

Justification of Overall Rating of Quality of M&E

66. As indicated earlier, the design of the M&E framework is SMART. M&E results were attentively tracked – with some difficulty – and were essentially used to inform and steer the project. Unfortunately, M&E was faced by numerous security challenges that results in a limitations in M&E capacities. Accordingly, the quality of M&E is rated **Modest**.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

67. **The project triggered** Bank safeguard Operational Policies on Environmental Assessment (OP 4.01), Physical Cultural Resources (OP 4.11), and Involuntary Resettlement (OP 4.12), and was classified as environmental Category A. The Environmental and Social Safeguards Management Unit under the PMT was responsible for implementing the safeguard instruments in compliance with the Afghanistan Environmental Law and Regulations, the land acquisition process undertaken by the Afghanistan Land Acquisition law (LAL), land management law (LML) and regulation on land acquisition for linear projects of the Deputy Ministry of Land Affairs or Arazi,²⁹ the National Environmental Protection Agency (NEPA),³⁰ and the World Bank's Safeguard Polices.

²⁷ Implementation Support Mission, February 10-15, 2020 (pg. 2)

²⁸ Implementation Support Mission, July 20-24, 2020 (pg. 4)

²⁹ Implementation Support Mission, July 22-25, 2016 (pg. 6)

³⁰ Implementation Support Mission, April 16-24, 2017 (pg. 11)



68. The repair and rehabilitation work for the Salang tunnel would only have minimal adverse impacts; mostly associated with noise, air pollution and traffic disruption and minor land acquisition impacts where the proposed road was expected to involve road widening at specific locations. However, significant environmental impacts were expected for the B2B road work, given the mountainous terrain through which it passes, and the extent of cut-and-fill construction works required. Management of erosion is critical, as slopes would be disturbed and/or exposed following the removal of vegetation cover, excavation and blasting works as part of the cutting and filling process. The project adopted a framework approach and prepared an ESMF. Subsequently, ESIA were conducted and were followed by the preparation of site-specific ESMPs for the B2B segments. A separate ESIA was conducted for the Salang Pass; however, the study remained incomplete. The environmental impacts of the B2B Road activities were generally well managed during the project implementation, except for a few minor to moderate issues regarding the dumping of construction debris (which was effectively dealt with). No specific issues or incidents related to occupational health and safety were recorded during the project life. However, the construction works involved road widening, which resulted in significant land acquisition impacts.

69. **The project continued to call on contractors to fulfill their contractual obligations**, including the mobilization of international E&A safeguard staff, improve the functioning of the Grievance Mechanism (GM),³¹ development and implementation of the Resettlement Action Plans (RAPs) to include all Project Affected Persons (PAP)s,³² strengthening of pre- and post-blasting mitigation measures and ensuring proper disposal of rock and soil cuttings.^{33, 34} This was exacerbated by the low capacity and the understaffing of the relevant Government agencies, including the PMT, the CSU and the IC, to implement the ESMPs, RAPs, and CHSMPs.

70. **Untimely land clearance and acquisition** has had a negative impact on the project implementation timeline. The process for land clearance was drawn out and took much longer than anticipated due to the lack of ownership and weak coordination between the Ministry of Urban Development and Land Affairs, Arazi, and the office of the local governor. This was exacerbated by the census survey of the affected people being incomplete, as people may have been absent due to the prevailing security situation.³⁵ With no concrete roadmap to rectify, this matter remained of concern for the affected stakeholders and their families.

71. **Significant arrears in payments to laborers, suppliers, and subcontractors were reported** under the project's works contracts. The PMT prepared a "Labor Compliance Assessment", which revealed key gaps, including³⁶: (i) late or non-payment of wages; (ii) lack of facilities for workers; (iii) lack of written contracts between the workers and contractors and heavy reliance on verbal agreements; (iv) contract documents that lacked effective remedies for breaches; and (v) weak oversight and enforcement of contractual requirements by the client. The PMT's action plan for resolving the non-payment issue included seeking assistance from the Ministry of Labor and Social Affairs (MoLSA). The PMT confirmed that the contractor had partially paid outstanding payments to workers and other parties.³⁷ A path for paying the subject arrears is yet to be explored and/or identified.

³¹ Implementation Support Mission, April 12-14, 2018 (pg. 5)

³² Implementation Support Mission, Oct. 06-11, 2018 (pg. 4)

³³ Implementation Support Mission, July 20-24, 2020 (pg. 3)

³⁴ Implementation Support Mission, June 16-20, 2019 (pg. 8)

³⁵ Implementation Support Mission, June 16-20, 2019 (pg. 20)

³⁶ Implementation Support Mission, April 5-21, 2021 (pg. 6)

³⁷ Implementation Support Mission, February 10-15, 2020 (pg. 20)



72. **The satisfactory resolution of the Interim Taliban Administration’s (ITA) outstanding payments issues (listed below) is pending and needs to be addressed.**³⁸ All these obligations are incumbent on the ITA and the Bank will continue to make the case, through technical level interactions, that these need to be resolved.

- (i) The PMT-conducted labor compliance assessment study revealed non-compliance in the area of labor management, such as non-payment of wages, lack of facilities for casual laborers, lack of functional GRMs for workers, lack of effective non-compliance remedies in contract documents to be applied where there is a breach and/or weak oversight by the relevant ministry to enforce labor compliance.
- (ii) There are 27 registered – and unresolved – grievances against contractors and sub-contractors for non-payment and/or late payment of wages, which are yet to be fully addressed, including six complaints on non-payment of wages that were submitted to the GRS.
- (iii) There are unfulfilled resettlement obligations under OP 4.12. Compensation payments for Segment 3 are still pending due to land price disputes. The RAP for Segment 4A was pending WB review/clearance, and the payments for the approved RAP compensation for Segment 4B were pending.
- (iv) There is approx. US\$14.25 million that are payable to contractors for under-construction work packages halted on August 15, 2021

Fiduciary

73. **Financial Management (FM).** FM risk was rated Substantial throughout the life of the project with a *Moderately Satisfactory* rating. Some of the weaknesses included: cash-based fixed asset purchases, for which payments were not in compliance with the Ministry of Finance (MoF) policies; untimely preparation of disbursement forecasts; delayed submission of quarterly interim unaudited financial reports (IUFR)s and plans for operational advances; and delayed maintenance of the fixed assets register and the submission of physical verification reports.^{39,40} The practice of getting annual budget approvals in tranches continued despite WB recommendations against it. Delays in the approval of budgetary tranche requests affected the budgeting process, resulted in delayed payments, and negatively impacted accountability and fiscal discipline. This practice is in breach of the financing agreement for the Project.⁴¹ To overcome these weaknesses in FM capacities, a financial management manual and training modules for all IDA/ARTF funded projects was developed by MoF and training was delivered in first half of November 2018.⁴²

74. **Procurement.** Procurement functions were moderately unsatisfactory. In addition to the procurement challenges of international vs. local contractors (see paragraph 57), an area of concern, which was brought to the attention of the client with promises to resolve, has been the delay in procuring long-lead items, such as guardrails for road safety measures, which had impacts on the project schedule.

³⁸ Discussions concerning the issue of outstanding payments to consultants and contractors – both within the World Bank as well as between the Bank and other development partners who were working in Afghanistan – are still ongoing. From an operations perspective, the Bank cannot make those payments since Afghanistan is in arrears to IDA.

³⁹ Implementation Support Mission, April 12-14, 2018 (pg. 4)

⁴⁰ Implementation Support Mission, July 20-24, 2020 (pg. 14)

⁴¹ Implementation Support Mission, Jan. 28-Feb. 1, 2019 (pg. 4)

⁴² Implementation Support Mission, Oct. 06-11, 2018 (pg. 14)



C. BANK PERFORMANCE

Quality at Entry

75. **The appraisal team had a clear understanding of the sector** and a robust justification of the project's rationale. While there was a reasonable assessment of some risks to the achievement of the PDO, the Bank underestimated the difficulty in procuring capable contractors and consultancies, as well as the challenges posed by the governance context. The Bank also overestimated the government's ability to deliver such a complex transport projects, given its limited capacity, weak governance, and outdated policies. The assumption that training and support offered by the Bank, as well implementation support to be delivered by the IC to the GoIRA delivery team, would bring their capacities to the required level proved unjustified, as the GoIRA continued to exhibit weak capabilities across all fronts (i.e., technical, procurement, financial management, environmental, and social).

76. **The Bank did identify security and political upheaval risks but adopted a reactive approach to mitigate those.** The Bank flagged that it was uncertain how contractors and consultants would have been able to price the constantly evolving security risks that would most probably affect construction work and consultant services in the project area, especially since they may not be able to obtain security related risk insurance in the market. The Bank also flagged that security risks would remain despite the mitigating measure in the form of the strategic packaging of civil works contracts in smaller lots, to help overcome local tribal, community and security issues, especially for the Baghlan to Bamiyan sub-project which crosses Taliban-controlled areas.⁴³

Quality of Supervision

77. **The Bank supervised the Project though 12 well-staffed supervision missions.** When security conditions allowed, the World Bank teams made field visits to obtain firsthand information and provided advice on roadworks and associated issues. As security conditions fluctuated, the Bank relied on Third-Party Monitoring (TPM), contracted under the Afghanistan Reconstruction Trust Fund (ARTF), to carry out site visits and report on contract management and social and environmental safeguard compliance. The first field visit by the TPM agent was in August 2019.⁴⁴ The Bank's Aide Memoires accurately described project progress, areas where the project was performing well, and parts where the project was lagging, including reasons, responsibilities for the sluggish performance, and action plans needed to rectify those problem areas. They also highlighted the sector's inherent complexities in the Afghanistan context, i.e., poor interagency coordination, aggressive subcontracting, and dubious joint ventures. However, the Bank's efforts at diligent supervision did not have much impact given the quality at entry issues and the deteriorating country conditions, which ultimately led to the change in government.

Justification of Overall Rating of Bank Performance

78. **Based on the above discussion, the Bank's overall performance is assessed as Moderately Unsatisfactory.**

⁴³ Project Appraisal Document (PAD), Trans-Hindukush Road Connectivity Project, September 23, 2015

⁴⁴ Implementation Support Mission, June 16-20, 2019 (pg. 4)



D. RISK TO DEVELOPMENT OUTCOME

79. **The risk to development outcomes is high.** Project activities were only partially completed and the PDO has not been achieved. Construction work at project closure is limited to partially constructed culverts and other concrete works, incomplete lengths of masonry retaining walls, and partly placed pavement layers of both compacted and uncompacted subbase and base material. These works have been abandoned by the contractors and their sub-contractors and it is highly unlikely that they would withstand either the operational conditions (e.g., traffic) or environmental conditions (e.g., freeze/thaw cycles, flash floods, and landslides).

V. LESSONS AND RECOMMENDATIONS

80. **In FCV contexts, complex infrastructure projects involving both design and construction are likely to be more successfully implemented through either a Series of Projects or a Multi-phase Approach.** The challenges faced in FCV conditions are much higher when design and construction are packaged under a single project. In a series or phased approach, the first phase would have enough time to understand the geopolitical landscape, calibrate implementation according to political economies, and clear foreseen implementation bottlenecks. In the THRCP, it was not possible to determine the costs and logistical needs accurately prior to the detailed design, leading to re-engineering and delays in initiating works (apart from additional changes related to the unforeseeable occurrence of Covid-19).

81. **Rebuilding institutions in FCV countries requires a long-term Bank engagement in the sector.** Implementation capacities for initial engagements need to be arranged with a vision towards a long-term institutional framework that would evolve under a series of Bank engagements. While the project made considerable efforts in strengthening the contract administration, supervisory roles, and technical capacities of the MPW, the combination of political upheavals, security and personnel safety risks, and the impact of a lengthy armed conflict on the institution and its members have proven to outweigh Bank's efforts.

82. **Bank procurement approaches need to be adapted to the FCV context.** The Bank's approach to the procurement of Project works did not take into account the challenges of delivering works in the Afghanistan context. This resulted in larger packages and pre-qualification requirements that precluded most Afghan firms from bidding. The awarded contracts proved unviable as the international firms were unable to operate effectively in the environment and the project was unable to verify the qualifications of the Afghan sub-contractors. In such an environment, cost-plus contracts may be an option. Under such contracts, the client could assume some of the risks, but could provide a degree of flexibility to the contractor with regular examination of the expenses.



ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Improve road transport connectivity across the Hindukush mountain range

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Average travel time for trucks on Baghlan to Bamiyan road (Dushi to Shibar)	Hours	24.00 18-May-2015	5.00 17-Jan-2017	5.00 10-Aug-2020	24.00 07-Sep-2021
Comments (achievements against targets):					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Average number of days per year when road crossing of Hindukush mountain range is not possible	Days	20.00 30-Jun-2015	20.00 17-Jan-2017	14.00 10-Aug-2020	20.00 07-Sep-2021
Comments (achievements against targets):					



Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Direct project beneficiaries	Number	0.00	870,000.00	1,462,000.00	0.00
		18-May-2015	17-Jan-2017	10-Aug-2020	07-Sep-2021
Female beneficiaries	Percentage	0.00	50.00	50.00	0.00
Comments (achievements against targets):					

A.2 Intermediate Results Indicators

Component: Road construction and rehabilitation

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Earthworks completion rate on B2B road	Percentage	0.00	100.00	100.00	40.00
		18-May-2015	17-Jan-2017	17-Aug-2020	07-Sep-2021
Comments (achievements against targets):					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised	Actual Achieved at
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				Target	Completion
Pavement Completion Rate on B2B road	Percentage	0.00	100.00	100.00	2.00
		18-May-2015	10-Jan-2017	17-Aug-2020	07-Sep-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Fiber Optic Cable installed along B2B road	Kilometers	0.00	152.00	152.00	0.00
		28-Jul-2015	10-Jan-2017	17-Aug-2020	07-Sep-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Roads constructed, non-rural	Kilometers	0.00	152.00	152.00	0.00
		25-Jun-2015	10-Jan-2017	17-Aug-2020	07-Sep-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised	Actual Achieved at
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				Target	Completion
Culturally appropriate rest facilities at appropriate locations	Yes/No	No 01-Jun-2015	Yes 10-Jan-2017	Yes 17-Aug-2020	No 07-Sep-2021
Comments (achievements against targets):					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Outreach to adult female members of PAP households	Percentage	0.00 01-Jun-2015	85.00 10-Jan-2017	85.00 17-Aug-2020	75.00 07-Sep-2021
Comments (achievements against targets):					

Component: Institutional support and project management

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Mechanism for Management, Maintenance and Operation of both the B2B road and the Salang Pass established and functioning	Yes/No	No 30-Jun-2015	Yes 10-Jan-2017	Yes 17-Aug-2020	No 07-Sep-2021



Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Road Safety Audit of Engineering Design done and recommendations implemented during civil works	Yes/No	No 15-Jun-2015	Yes 10-Jan-2017	Yes 17-Aug-2020	Yes 07-Sep-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Consultations with civil society and project-affected persons, with at least 30% of consultations focused on women	Number	0.00 28-Jul-2015	18.00 10-Jan-2017	18.00 17-Aug-2020	20.00 07-Sep-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
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Grievances Redress System operational with registry of complaints and recording of response times	Yes/No	No 15-Jun-2015	Yes 10-Jan-2017	Yes 17-Aug-2020	Yes 07-Sep-2021
Comments (achievements against targets):					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Capacity Building: Compliance with Performance indicators for MPW project implementation capacity	Number	0.00 28-Jul-2015	7.00 10-Jan-2017	7.00 10-Aug-2020	0.00 07-Sep-2021
Comments (achievements against targets):					



B. KEY OUTPUTS BY COMPONENT

Objective/Outcome 1: Road construction and rehabilitation	
Outcome Indicators	<ol style="list-style-type: none"> 1. Average travel time for trucks on Baghlan to Bamiyan road (Dushi to Shibar) (Hours) 2. Average number of days per year when road crossing of Hindukush Mountain range is not possible (Days) 3. Direct project beneficiaries (Number) of which Female beneficiaries are a percentage
Intermediate Results Indicators	<ol style="list-style-type: none"> 1. Earthwork completion rate on B2B road (Percentage) 2. Pavement Completion Rate on B2B road (Percentage) 3. Fiber Optic Cables installed along B2B road (Kilometers) 4. Roads constructed, non-rural (Kilometers) 5. Roads rehabilitated, non-rural (Kilometers) 6. Salang tunnel repair works completed, including tunnel safety aspects (Yes/No)
Key Outputs by Component (linked to the achievement of the Objective/Outcome 1)	<ol style="list-style-type: none"> 1. Improved road transport connectivity across the Hindukush Mountain range
Objective/Outcome 2: Institutional support & project management	
Outcome Indicators	<ol style="list-style-type: none"> 1. Mechanism for management, maintenance, and operation of both the B2B road and the Salang Pass established and functioning (Yes/No) 2. Grievances Redress System operational with registry of complaints and recording of response times (Yes/No)
Intermediate Results Indicators	<ol style="list-style-type: none"> 1. Road safety audit of engineering design done, and recommendations implemented during civil works (Yes/No)



	<ol style="list-style-type: none">2. Consultations with civil society and project-affected persons, with at least 30% of consultations focused on women (Number)3. Capacity Building - Compliance with Performance indicators for MPW project implementation capacity (Number)
Key Outputs by Component (linked to the achievement of the Objective/Outcome 2)	<ol style="list-style-type: none">1. Improve the roads authority's greater capability to construct, maintain, and operate the road network



ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Andreas Wilhelm Schliessler, Luquan Tian	Task Team Leader(s)
Anand Kumar Srivastava	Procurement Specialist(s)
Asha Narayan	Financial Management Specialist
Mohammad Omar Joya	Team Member
Mohammad Ajmal Askerzoy	Team Member
Andrew R. Jones	Team Member
Obaidullah Hidayat	Social Specialist
Mohammad Yasin Noori	Social Specialist
Abdul Hameed Khalili	Team Member
Said Dahdah	Peer Reviewer
Claudia Nassif	Team Member
Abdullah Noorzad	Team Member
Asif Ali	Team Member
James Orehmie Monday	Social Specialist
Asta Olesen	Social Specialist
Juan Carlos Alvarez	Counsel
Ibrahim Khalil Zaki Dajani	Peer Reviewer
Chau-Ching Shen	Team Member
Binyam Reja	Peer Reviewer



Comfort Onyeje Olatunji	Team Member
Christopher R. Bennett	Peer Reviewer
Supervision/ICR	
Kulwinder Singh Rao	Task Team Leader(s)
Aimal Sherzad, Rahimullah Wardak, Muhammad Abbass Rahimi	Procurement Specialist(s)
Syed Waseem Abbas Kazmi	Financial Management Specialist
Zakia Bakhtari	Team Member
Sofia Guerrero Gamez	Team Member
Hei Chiu	Team Member
Ahmed Shah Ahmadzai	Team Member
Janardhanan Ramanujam	Team Member
Mohammad Ajmal Askerzoy	Team Member
Andrew R. Jones	Team Member
Obaidullah Hidayat	Environmental Specialist
Mohammad Yasin Noori	Social Specialist
Abdul Hameed Khalili	Team Member
Ria Nuri Dharmawan	Team Member
Damon C. Luciano	Team Member
Payal Malik Madan	Procurement Team

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US\$ (including travel and consultant costs)
Preparation		
FY14	11.750	61,487.12
FY15	33.541	188,351.79
FY16	23.609	127,802.85



FY17	.200	558.70
FY18	1.755	11,357.66
Total	70.86	389,558.12
Supervision/ICR		
FY14	.350	- 375.45
FY16	28.080	170,279.35
FY17	38.497	169,727.56
FY18	48.576	292,756.38
FY19	41.746	210,949.95
FY20	62.330	369,156.90
FY21	67.085	383,125.69
FY22	79.700	295,569.45
FY23	5.150	45,667.98
Total	371.51	1,936,857.81



ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US\$M)	Amount at Restructuring (US\$M)	Actual at Project Closing (US\$M)	Disbursement as percentage of Restructuring (%)
Road construction and rehabilitation	225.00	120.00	40.60	33.83
Institutional support and project management	25.00	30.00	20.02	66.73
Contingent Emergency Response Component	0	100	0	0
Total	250.00	150.00	60.62	40.41



ANNEX 4. EFFICIENCY ANALYSIS

As indicated in the Main Text section on Efficiency, an economic analysis at completion has not been carried out.



ANNEX 5. SUPPORTING DOCUMENTS (IF ANY)

Supporting documents available in the project files are:

- Project Appraisal Document
- Legal Agreement
- Restructuring Paper
- Project Aide Memoires and Management Letters
- Project Implementation Status and Results reports

Other World Bank Group documents:

- World Bank Afghanistan Country Partnership Framework (CPF) (2017 – 2022)
- World Bank Afghanistan Performance and Learning Review (PLR) of the CPF (2019)

Government of the Islamic Republic of Afghanistan documents:

- Afghanistan National Peace and Development Framework (ANPDF) (2017 - 2021)