

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: PAD3801

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

AND A RESTRUCTURING

IN THE AMOUNT OF (SDR 24.8) MILLION
(US\$35 MILLION EQUIVALENT)

AND

A GRANT

FROM THE AFGHANISTAN RECONSTRUCTION TRUST FUND

IN THE AMOUNT OF US\$158 MILLION

TO THE

ISLAMIC REPUBLIC OF AFGHANISTAN

FOR THE

SECOND ADDITIONAL FINANCING OF THE CITIZENS' CHARTER AFGHANISTAN
PROJECT

NOVEMBER 17, 2020

Social Development
South Asia Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

(Exchange Rate Effective October 31, 2020)

Currency Unit = AFN

AFN 76.83 = US\$1

US\$ 1.41 = SDR 1

FISCAL YEAR

January 1 - December 31

Regional Vice President: Hartwig Schafer

Country Director: Henry G. R. Kerali

Regional Director: John Roome

Practice Manager: Kevin Tomlinson

Task Team Leader(s): Susan Wong

ABBREVIATIONS AND ACRONYMS

ACReMAP	Anti-Corruption and Results Monitoring Action Program
AF	Additional Financing
AFMIS	Afghanistan Financial Management Information System
AFN	Afghani (Currency of Afghanistan)
AGE	Anti-Government Element
ARTF	Afghanistan Reconstruction Trust Fund
CCAP	Citizens' Charter Afghanistan Project
CCNPP	Citizens' Charter National Priority Program
CDC	Community Development Council
CDD	Community Driven Development
CDP	Community Development Plan
CERC	Contingent Emergency Response Component
COVID-19	Corona Virus Disease of 2019
DAB	Da Afghanistan Bank
DA	Designated Account
DRM	Disaster Risk Management
EIRR	Economic Internal Rate of Return
ENETAWF	Early Warning, Finance, and Action Project
EQRA	Education Quality Reform in Afghanistan
ESS	Environmental and Social Safeguards
EU	European Union
EUR	Euro
EZ-Kar	Eshteghal Zaiee-Karmondena Project
FHH	Female-Headed Household
FM	Financial Management
FMM	Financial Management Manual
FP	Facilitating Partner
GA	Gozar Assembly
GoIRA	Government of the Islamic Republic of Afghanistan
GRS	Grievance Redress Service
HH	Household
HRAIS	High-risk area implementation strategy
IDA	International Development Association
IDLG	Independent Directorate of Local Governance
IDP	Internally Displaced Person
IDPs/Rs	Internally Displaced Persons/Returnees
IPC	Integrated Food Security Phase Classification
ISR	Implementation Status Report
IUFR	Interim Unaudited Financial Report

JP	Joint Project
KBG	Kuchi Block Grant
KCDC	Kuchi Community Development Council
KCDP	Kuchi Community Development Plan
MCCG	Maintenance and Construction Cash Grant
MIS	Management Information System
MoF	Ministry of Finance
MoPH	Ministry of Public Health
MRRD	Ministry of Rural Rehabilitation and Development
MSS	Minimum Service Standard
MTR	Midterm Review
M&E	Monitoring and Evaluation
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NSP	National Solidarity Program
PDO	Project Development Objective
PIU	Project Implementation Unit
PLA	Participatory Learning and Action
PMU	Provincial Management Unit
PP	Project Paper
RASS	Rural Areas Service Standards
REACH	COVID-19 Relief Effort for Afghan Communities and Households Project
SAO	Supreme Audit Office
SDR	Special Drawing Rights
SHG	Self-Help Groups
SIG	Social Inclusion Grant
SO	Social Organizer
SOE	Statement of Expenditure
SORT	Systematic Operations Risk-Rating Tool
SP	Subproject
STEP	Systematic Tracking of Exchanges in Procurement
TOR	Terms of Reference
TPMA	Third Party Monitoring Agent
UABG	Urban Area Block Grant
VGD	Vulnerable Group Development
WB	World Bank
YSC	Youth Sub-Committee

Afghanistan
SECOND ADDITIONAL FINANCING FOR CITIZENS' CHARTER AFGHANISTAN PROJECT

TABLE OF CONTENTS

I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING.....	7
II. DESCRIPTION OF ADDITIONAL FINANCING	13
III. KEY RISKS.....	22
IV. APPRAISAL SUMMARY.....	24
V. WORLD BANK GRIEVANCE REDRESS	27
VI. SUMMARY TABLE OF CHANGES	28
VII. DETAILED CHANGE(S)	28
VIII. RESULTS FRAMEWORK AND MONITORING	33
Annex 1: COVID-19 Relief Efforts in 12,000+ Rural and 850 Urban Communities through SIG.....	54
Annex 2: Kuchi Block Grants	57
Annex 3: Peace Pilots.....	59
Annex 4: Maintenance and Construction Cash Grants in response to the COVID-19 pandemic.....	61
Annex 5: Summary of Findings from CCAP Evaluations and Studies to date.....	64
Annex 6: Enhanced Accountability and Fiduciary Framework.....	67



BASIC INFORMATION – PARENT (Citizens' Charter Afghanistan Project - P160567)

Country	Product Line	Team Leader(s)		
Afghanistan	IBRD/IDA	Susan Wong		
Project ID	Financing Instrument	Resp CC	Req CC	Practice Area (Lead)
P160567	Investment Project Financing	SSAS2 (10138)	SACKB (7033)	Social Sustainability & Inclusion

Implementing Agency: Ministry of Rural Rehabilitation and Development, Independent Directorate of Local Governance

Is this a regionally tagged project?	
No	

Bank/IFC Collaboration
No

Approval Date	Closing Date	Expected Guarantee Expiration Date	Original Environmental Assessment Category	Current EA Category
27-Oct-2016	31-Oct-2021		Partial Assessment (B)	Partial Assessment (B)

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on, Enhanced Implementation Support (HEIS)



Development Objective(s)

The Project Development Objective for the Citizens' Charter Afghanistan Project is to improve the delivery of core infrastructure, emergency support, and social services to participating communities through strengthened Community Development Councils (CDCs).

Ratings (from Parent ISR)

	Implementation					Latest ISR
	29-Nov-2017	28-May-2018	08-Dec-2018	07-Jun-2019	25-Nov-2019	07-Jun-2020
Progress towards achievement of PDO	S	S	S	S	S	S
Overall Implementation Progress (IP)	S	S	S	MS	MS	MS
Overall Safeguards Rating	S	MS	MS	MU	MS	MS
Overall Risk	H	H	H	H	H	S
Financial Management	S	MS	MS	MU	MS	MS
Project Management	S	S	MS	MS	MS	MS
Procurement	MS	MS	MS	MS	MU	MS
Monitoring and Evaluation	S	S	S	S	S	S

BASIC INFORMATION – ADDITIONAL FINANCING (Second Additional Financing for Citizens' Charter Afghanistan Project - P173213)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
------------	--------------	---------------------------	-------------------------------------



P173213	Second Additional Financing for Citizens' Charter Afghanistan Project	Cost Overrun/Financing Gap, Restructuring, Scale Up	No
Financing instrument	Product line	Approval Date	
Investment Project Financing	IBRD/IDA	11-Dec-2020	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
31-Dec-2022	No		
Is this a regionally tagged project?			
No			

Financing & Implementation Modalities

<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on, Enhanced Implementation Support (HEIS)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD				%
IDA	227.70	140.85	89.95	61 %
Grants	444.30	319.93	124.37	72 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Second Additional Financing for Citizens' Charter Afghanistan Project - P173213)



FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	717.23	193.00	910.23
Total Financing	717.23	193.00	910.23
of which IBRD/IDA	232.93	35.00	267.93
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Development Association (IDA)	35.00
IDA Grant	35.00

Non-World Bank Group Financing

Trust Funds	158.00
Afghanistan Reconstruction Trust Fund	158.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Afghanistan	0.00	35.00	0.00	35.00
National PBA	0.00	35.00	0.00	35.00
Total	0.00	35.00	0.00	35.00

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[] Yes [] No

Does the project require any other Policy waiver(s)?

[] Yes [] No

INSTITUTIONAL DATA

Practice Area (Lead)

Social Sustainability & Inclusion

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Susan Wong	Team Leader (ADM Responsible)	Social Development/CDD	SESF2
Rahimullah Wardak	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	ESARU
Ahmed Shah Ahmadzai	Financial Management Specialist (ADM Responsible)	Financial Management	ESAG2
Syed Waseem Abbas Kazmi	Financial Management Specialist	Sr. Financial Management Specialist	ESAG2
Obaidullah Hidayat	Environmental Specialist (ADM Responsible)	Environmental Specialist	SSAEN
Qais Agah	Social Specialist (ADM Responsible)	Social Specialist	SSAS2
Abdul Hai Sofizada	Team Member	Senior Education Specialist	HSAED
Abdul Hamid Quraishi	Team Member	Energy Specialist	ISAE1
Abdul Wali Ibrahim	Team Member	Operations Officer	SSAU1
Amanullah Alamzai	Team Member	Agricultural Specialist	SSAA1
Anna Kalashyan	Team Member	Social Development	SSAS2
Dolly Elizabeth Teju	Team Member		SSAS2



Farishta Ali	Team Member	Team Assistant	SACKB
Ghulam Dastagir Sayed	Team Member	Senior Health Specialist	HAEH2
Habibullah Ahmadzai	Team Member	Health Specialist	HSAHN
Janamejay Singh	Team Member	Social Development/CDD	SEAS2
Janardhanan Ramanujam	Team Member	Disbursement Specialsit	WFACS
Kosuke Anan	Team Member	Social Development/CDD	SSAS2
Luiza A. Nora	Team Member	Social Development/CDD	SSAS2
Matiullah Noori	Team Member	Education Specialist	HSAED
Mir Ahmad Ahmad	Team Member	Water Resources Specialist	SSAW1
Mohammad Ajmal Askerzoy	Team Member	Transport Specialist	ISAT1
Muhammad Abbass Rahimi	Procurement Team		ESARU
Najla Sabri	Team Member	Social Development Specialist	SSAS2
Ria Nuri Dharmawan	Counsel	Country Lawyer	LEGAS
Zabiullah Ahrary	Team Member	Operations Analyst	SACKB
Zhuo Yu	Team Member	Disbursement Specialist	WFACS
Extended Team			
Name	Title	Organization	Location



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Country Context

1. COVID-19 is imposing a large social and economic burden on Afghanistan. As of October 28, 2020, the Ministry of Public Health reported 41,032 confirmed cases in the country, with cases reported in all 34 provinces. While the number of confirmed cases and deaths is relatively low compared to nearby countries, Afghanistan is extremely vulnerable to rapid spread of the virus due to limited access to information, high percentage of poor and vulnerable households who subsist on daily earnings, constrained access to water and sanitation, weaknesses in basic health systems, and ongoing violent conflict. This year's influx of hundreds of thousands of people crossing back into Afghanistan from Iran has further exacerbated the situation. Economic impacts are already severe and expected to worsen. The pandemic and related containment measures led to: (i) massive disruptions to productive economic activity and consumption; (ii) disruptions to imports, including of vital household items, leading to rapid inflation; (iii) reduced exports due to disruptions at border points; (iv) negative impacts on remittances; and (v) increased fiscal pressures, with government revenues expected to decline by at least 30 percent below budgeted levels.

2. Due to the impacts of COVID-19, GDP is expected to contract by between 5.5 percent and 7.4 percent in 2020. Afghanistan's economy was fragile even before the COVID-19 crisis; growth averaged only around three percent since 2012. The economy contracted sharply over the first half of 2020, due to the impacts of the COVID-19 crisis: reduced incomes, disruption to services and retail activities, and lower remittances (declined by around 40 percent from 2019 levels). Investment also sharply declined given the negative impacts of COVID-19 on already-weak confidence. The COVID-19 crisis also drove a significant spike in food prices over the first half of 2020 (more than 20 percent). The trade deficit remains extremely large, over 30 percent of GDP, financed mostly by grant inflows. Economic recovery is expected to take several years, with new investment constrained by political uncertainties, continued insecurity, and uncertainty around international support. With declining grants and lower revenues, fiscal space is expected to remain highly constrained over the medium-term. Available fiscal resources should be used to protect vulnerable households and maintain delivery of basic services including healthcare. Recovery could be supported by rapid action to improve the business regulatory environment, including through measures to expand access to credit.

3. Afghanistan faces several additional challenges and uncertainties over 2020. Despite the signing of a peace agreement between the United States and the Taliban in February, active conflict between Taliban and government forces continues, and there is no clear path to a sustained and comprehensive peace. The historic Intra-Afghan peace talks launched in September remain stalemated. Current civilian aid pledges expire in December 2020 and future levels of grant support are not known at least until the 2020 International Conference on Afghanistan takes place in late November. Yet grants equal to around 43 percent of GDP continue to finance more than 75 percent of total public spending, and around half of budget expenditures. Grants may decline rapidly over coming years in the context of the global COVID-19 crisis. While a power-sharing agreement was reached between the two major factions after the 2019 presidential elections, its implementation remains underway, leading to changes in senior staff across key ministries and posing risks of further administrative disruption.



4. **The poverty rate in Afghanistan has increased markedly** from 38 percent in 2012 to 55 percent in 2017, when the last household survey was carried out. The vast majority of Afghan population was poor and vulnerable before the arrival of the COVID-19 crisis. The official poverty rate at 55 percent understates the extent of poverty and vulnerability as illustrated by the fact that 93 percent of the population lived on less than US\$ 2 a day before the crisis. While new data is not available, **poverty is expected to have a spike from 55 percent in 2017 to 72 percent in 2020**. Poverty co-exists with exposure to many shocks that disproportionately affect the poor. Shocks that are inherent in a conflict affected country (e.g. forced displacement, disrupted access to markets and basic services, price volatility of consumption staples) are added to the high prevalence of food insecurity due to the unique geography of Afghanistan (e.g. droughts, floods, avalanches and infestation of agricultural production). Three in four poor households are affected by at least one shock and 80 percent of them cannot recover from their shocks within one year; many may turn to harmful coping strategies such as the sale of productive assets and taking children out of school for income generation. Per capita incomes will likely decline substantially over the coming years as the economy contracts in 2020, leading to a likely substantial deterioration in living standards.

5. **Afghanistan has a Human Capital Index of 0.4**. This suggests that children born in Afghanistan today will be on average 60 percent less productive than they would be if they could enjoy complete education and full health. This is lower than the average for South Asia region but higher than the average for Low income countries. In addition to increasing the intrinsic benefits and values of optimal health and education of its people, Afghanistan could more than double its GDP by improving its health and education outcomes. In contrast, an income and nutritional shock to the population may significantly worsen human capital prospects for the future.

World Bank Group Support to COVID-19 Response in Afghanistan

6. **Total additional fiscal financing needs arising from the COVID-19 crisis are expected to reach US\$870 million, reflecting both declining revenues and increasing expenditure needs**. Afghanistan is at 'high' risk of debt distress under the World Bank / IMF Debt sustainability framework. Therefore, financing needs can only be met through a combination of: i) additional grant support; ii) new concessional borrowing, including a US\$220 million disbursement from the IMF Rapid Credit Facility; and iii) drawdown of cash reserves. Under the World Bank Sustainable Debt Financing Policy, Government has agreed on a program of Performance and Policy Actions (PPAs) to strengthen debt management, improve fiscal sustainability, and prevent the accumulation of non-concessional external debt. Afghanistan is participating in the G20 Debt Service Suspension Initiative under which approximately US\$3.7 million of debt service payments to official bilateral creditors due during 2020 will be deferred.

7. **Recognizing the need for urgent actions, the Government has identified key priorities in a framework document spanning short-term response and medium-term recovery** for: i) expanding the scope and scale of basic healthcare and hospital reform; ii) expanding community driven development and reforming humanitarian programs; iii) enhancing use of technology for distance learning; iv) accelerating access to electricity and internet; v) assisting returning refugees and migrant workers; vi)



balancing social and spatial development; vii) assisting provincial, municipal, district, civic organizations, and the private sector; and viii) expanding links with neighboring countries.

8. **The World Bank is providing support to operationalize the Government's response strategy in close coordination with other development partners and humanitarian agencies while building a stronger nexus between the humanitarian and development support.** Overall, the WBG would provide over US\$1.4 billion in new and recommitted funds for COVID-19 programs, including \$100 million from the Second Additional Financing for Citizens' Charter Afghanistan Project. The World Bank response is aligned with the three interlinked phases – Relief, Restructuring, and Resilient Recovery – to sequence and extend the most critical support at the right time. The IFC's US\$8 billion and MIGA's US\$6.5 billion global fast-track facilities to help investors and lenders tackle COVID-19 provide additional opportunities for Afghanistan, in addition to leveraging concessional financing from the IDA Private Sector Window.

9. **In the early Relief phase, a US\$100.4 million IDA grant for the Afghanistan COVID-19 Emergency Response and Health System Preparedness Project was approved in April 2020 as an immediate response to the health crisis and to strengthen public health preparedness.** A COVID-19 Response Development Policy Grant of US\$200 million (US\$100 million IDA and US\$100 million from the Afghanistan Reconstruction Trust Fund – ARTF) was approved in June 2020 to support policy actions linked to the government's relief and recovery measures to respond to the health, social, and economic crisis, and to address critical constraints to longer-term inclusive development while providing immediate liquidity to help recover from the economic shocks.

10. **The World Bank has worked closely with the Government and the ARTF donors to consolidate and reprogram the portfolio resources and to adjust the FY21 pipeline.** The US\$335 million IDA and ARTF released from the portfolio projects are reallocated to the Restructuring phase through the Relief Effort for Afghan Communities and Households (REACH), and a proposed Second Additional Financing to the Citizen's Charter Afghanistan Project (CCAP) to ensure a nationwide distribution of relief packages. The Emergency Agriculture and Food Supply (EATS) Project approved on August 4, 2020 lays the foundation for food security and strengthens agribusiness by supporting smallholder farmers and MSMEs involved in the food supply chain. A proposed Afghanistan Water, Sanitation and Hygiene (AWASH) Project will focus on a sustainable COVID-19 response in the three largest Afghan cities (Kabul, Kandahar and Herat) that have been particularly hard-hit by the pandemic. It will support emergency relief and restructure the urban water supply and sanitation sector to enable a resilient recovery.

11. **Impacts of these operations will be enhanced by the proposed longer-term Early Warning, Finance and Action (ENETAFW) project designed for the Resilient Recovery phase.** It will establish an adaptive safety net linked to a drought early warning system and an overall community resilience mechanism. Finally, the SAFI project approved on September 28, 2020 will support the private sector to build a resilient economy by providing access to finance for MSMEs and strengthening the institutional capacity for financial stability.

12. Additional details on how the proposed project will support the most urgent needs of Afghanistan in response to COVID-19 can be found in paragraphs 20, 25, and 29.



B. Project Context

13. **Project background and objectives.** The Citizens' Charter Afghanistan Project (CCAP), funded by grants in the amount of US\$500 million (US\$100 equivalent from the International Development Association (IDA) and US\$400 million from the Afghanistan Reconstruction Trust Fund (ARTF)) and counterpart financing in the amount of US\$128 million was approved by the World Bank's Board on October 27, 2016, signed on December 6, 2016, and declared effective on January 23, 2017. An additional financing (AF) comprising SDR 93.2 million (US\$127.7 million equivalent) from the IDA and US\$44.3 million from the ARTF was approved by the World Bank's Board on June 13, 2017, signed on July 12, 2017, and became effective on October 10, 2017. The Project Development Objective (PDO) for CCAP is to improve the delivery of core infrastructure, emergency support, and social services to participating communities through strengthened Community Development Councils (CDCs). These services are part of a minimum service standards package that the Government is committed to delivering to the citizens of Afghanistan. CCAP supports the first phase implementation of the Afghanistan government's broader Citizens' Charter National Priority Program (CCNPP) that was officially launched in late 2016. It is the successor project to the highly successful National Solidarity Program (NSP), which introduced a community-driven development (CDD) approach towards rural infrastructure and service delivery and reached approximately 35,000 communities from 2003 through 2016.

14. **Project Status and results to date.** The progress towards the development objective is currently rated Satisfactory (S). The Mid-Term Review (MTR) conducted in February 2020 confirmed the validity of project objectives and the September 2020 Implementation Support Mission (ISM) reaffirmed that CCAP is on track to achieve almost all targets in the Projects Results Framework. At the time of the most recent ISM, the program has financed 12,422 subprojects and reached more than 13,000 communities across Afghanistan, with almost 50 percent participation of women and covering over 13.5 million beneficiaries. Innovative and inclusive approaches are proving to be effective in engaging communities, empowering the poor and women, and increasing confidence in public institutions. Afghans surveyed by The Asia Foundation say that CDCs are legitimate representatives of their communities. Compared to 2016, confidence in CDCs has gone up by 7 percentage points, from 53 percent in 2016 to 60 percent in 2019. More specifically, in terms of institution building and social mobilization, on the rural side, 12,170 communities were mobilized with 12,130 CDCs completing elections, 2,402 Cluster CDCs registering, and 11,944 CDCs completing Community Development Plans (CDPs) as of October 2020. In addition, on the urban side, 850 communities were mobilized, all completed CDC elections and CDPs, and 175 Gozar Assemblies were registered. In terms of subproject (SPs) implementation, on the rural side, 11,4780 SPs are under way and 4,833 SPs had been completed as of October 2020, providing clean water, electricity, irrigation facilities, roads and other services to millions of poor Afghans along with much needed employment opportunities and cash-for-work. There are also over 107 SPs being implemented under the Kuchi Sub-program Support with a total of US\$ 1.4 million grants awarded. On the urban side, 944 SPs are ongoing, supporting the upgrading of roads and drainage, water supply, sanitation and power supply. 737 urban SPs had been completed at CDC level and 372 at GA level as of October 2020. Overall, social mobilization, subproject implementation and completion has significantly slowed down in the context of the COVID-19 crisis and lockdown.



15. **Progress of the 1st AF.** Progress of activities under the Emergency AF for the Regional Displacement Response, which includes the Maintenance and Construction Cash Grant (MCCG) and Social Inclusion Grants (SIG) to the “ultra-vulnerable” has also been solid. MCCGs have been rolled out in 2,148 out of 2,396 targeted communities totaling disbursements over US\$36.3 million. A total of 1,880 MCCG SPs have been designed, of which 885 subprojects are completed. Eight million labor days were generated for 200,000 workers with an average of each worker receiving 40 days of work. The ongoing and completed projects have created jobs for 18,350 internally displaced persons (IDPs) and 8,633 returnees. Meanwhile, a total of US\$2.1 million in SIG matching grants has been disbursed. As of October 2020, 10,763 Grain Banks have been established mobilizing over US\$4.6 million in food and non-food donations and reaching 82,554 vulnerable households including women-headed households and persons with disabilities. On the urban side, 177 SPs were completed in Herat, 137 SPs in Mazar, 265 SPs in Kandahar and 115 SPs in Jalalabad as of October 2020.

16. **Performance.** The overall rating for implementation progress is Moderately Satisfactory (MS) in view of some challenges faced with delays in the implementation of subprojects, shortage of counterpart funding, staffing issues in the Ministry of Rural Rehabilitation and Development (MRRD), and insecurity restricting access to certain communities.

17. **The rationale for the proposed AF is fourfold:** (a) to fill a financing gap created from a shortage of counterpart funds; (b) to finance an urban expansion/scale-up in ten cities; (c) to finance the additional US\$100 million required for COVID-19 relief efforts; and (d) to undertake a restructuring of the project to introduce a number of changes that have been discussed since the 1st AF. The official requests for the AF were received on December 11, 2019 (for urban expansion) and December 16, 2019 (for the counterpart funding shortfall). The details of each of these four areas are summarized below.

18. **Financing gap due to inability to provide counterpart funding.** The original CCAP project included a provision of US\$128 million in counterpart funding to be provided by the Government of the Islamic Republic of Afghanistan (GoIRA). Through this contribution, the RASS grants for approximately 4,000 CDCs that were targeted as part of Phase-1 of the CCNPP were meant to be financed. The estimate of US\$128 million in counterpart financing had been made by the Ministry of Finance (MoF) based on fiscal space and revenue estimates made at the time of project design in 2016. During the first year of CCAP implementation, the GoIRA had requested that the project ‘frontload’ the use of IDA and ARTF resources so that it could delay provision of its counterpart financing to later in the project when those grants would be needed. As discussed with the MoF team over a series of meetings this year and as outlined in the Government request letter, it is now clear that the initial revenue and growth projections and estimates of fiscal space available to the GoIRA made at the time of CCAP design have not materialized. This combined with a further reduction in GoIRA revenues due to the COVID-19 pandemic, declining security situation, and competing priorities around the medium-term growth program, have meant that the GoIRA cannot provide the full US\$128 million in counterpart funding that was originally promised. The GoIRA have therefore requested that at least a third of this, viz., US\$43 million, be provided through an AF from the ARTF. They will manage the balance contribution (US\$40 million, including the US\$11 million already allocated by MoF) through allocations over the next two fiscal year budget cycles combined with a potential withdrawal from those CDCs where social mobilization has not



yet begun on account of insecurity/conflict. Those CDCs would subsequently be shifted to Phase-2 of the CCNPP roll-out and once the security situation improves.

19. **Urban expansion to scale-up project in ten cities.** As noted earlier, CCAP covers the first of three phases for nationwide roll out of the CCNPP. Each phase of the CCNPP was to cover one-third of the urban and rural communities in the country. Due to budget limitations, as well as the fact that the Independent Directorate for Local Governance (IDLG), which is implementing the urban arm of CCAP, was new to World Bank (WB) operations, CCAP only covered 850 urban communities in four major regional hubs which is 12.5 percent of the estimated urban CDC coverage in the country. While the population coverage across these four major cities (Herat, Kandahar, Mazar-i-Sharif, and Jalalabad) is high in terms of a national footprint, it meant that CCAP was only operating in urban centers for four out of the 34 provinces. The subsequently approved Eshteghal Zaiee-Karmondena (EZ-Kar) Project Component Two (also implemented by the IDLG-CCAP PIU) covered an additional 1,160 urban communities, which expanded the overall urban CDC coverage to 2,010 communities or 23.5 percent. The Government has therefore requested for an additional coverage of nine to 14 new cities and expansion in Mazar-i-Sharif. This would help bring the total CCAP coverage closer to the one-third urban coverage as expected of the first phase. Moreover, the urban expansion would now be towards smaller (tier 3) cities in some of the most developmentally challenged/remote provinces where the need for CCAP infrastructure investments in basic service delivery is very high. The prospects of these cities requiring additional support in the event of a potential peace settlement is also high which makes such an expansion timely. The proposed urban expansion has already been approved by the CCNPP Steering Committee and the European Union has provided a preferential pledge of EUR17 million towards the ARTF to help finance this effort.

20. **COVID-19 Emergency Relief.** The COVID-19 and related containment measures, including border closures and lockdown of major cities, are imposing a large social and economic burden on communities and households throughout Afghanistan due to: (a) massive disruptions to productive economic activity and consumption; (b) disruptions to imports, including of vital household items, leading to rapid inflation; (c) reduced exports due to disruptions at border points; and (d) negative impacts on remittances. The situation has critically affected the vast majority of the Afghan population who were already poor and vulnerable before the arrival of the COVID-19 crisis, especially food insecure communities in remote and isolated areas with limited coping mechanisms. To speedily relieve the shock experienced by them, GoIRA has requested to leverage CCAP's CDD platform, specifically the Social Inclusion Grants (SIG)/Grain Banks program that has established almost 10,000 "grain banks" across the country to mobilize relief efforts. As time was critical, the fourth tranche (US\$100 million) of ARTF financing for CCAP was repurposed to increase the coverage of the SIG program to all communities in the CCAP's geographic coverage areas to enable the communities to distribute COVID-19 emergency relief packages to about 90 percent of households. The proposed AF will replenish this US\$100 million temporarily diverted from the ARTF financing allocated for other originally planned project activities.

21. **In addition to the risks caused by the COVID-19 pandemic, Afghanistan is highly vulnerable to weather-related shocks and natural disasters,** and the country's vulnerability is exacerbated by the impacts of climate change. The widespread poverty makes the population especially vulnerable to



climate change-related extreme weather events such as droughts, floods and heat waves. Between 1960 and 2008, the average annual temperature increased by 0.6 degrees Celsius and is expected to increase by 1°C to 2.8°C by 2060 relative to current conditions. Increasing temperatures are causing changes in snowmelt, leading to recurrent and more droughts, intense spring floods and summer water shortages. Both dry season and wet season rainfall are expected to increase, which will have a significant impact on the country's public health, drinking water security, ecosystems and biodiversity. With 85 percent of the population reliant on agriculture for their livelihoods, droughts also pose a serious threat to livelihoods, income, and poverty reduction efforts. Afghanistan experienced five major droughts between 1980 and 2009 affecting about 6.5 million people since 2000 and causing US\$280 million in economic damages to agriculture each year. In 2018, drought-induced displacement, mainly to urban areas, reached a record level of around 300,000 individuals. Furthermore, climate change is interacting with population growth to put additional pressure on key resources such as groundwater, as well as urban infrastructures. Given the consistently high rankings on the Global Climate Risk Index, interventions under the proposed AF that provide relief packages, infrastructural support, and services enable Afghanistan to adapt to and mitigate climate change risks and thus, improve the resilience of local communities and livelihoods. Climate stressors such as higher temperatures, increased precipitation, or flooding will be considered in the design and construction of all infrastructure components of the AF. The initial CCAP and 1st AF leveraged on provincial and district-level risk profile data and mappings provided by the national multi-hazard risk to inform the project's resilient infrastructure designs, as well as capacity building for engineers and officers of MRRD and IDLG, and establishment of systems (e.g., incorporation of resilience aspects into the operational manual) to increase preparedness and mainstream long-term resilience and reduce the project's risks.

22. **Restructuring to introduce new activities and adjust budget and implementation modalities.** The fourth key reason for the proposed AF is to restructure the original CCAP design to introduce new activities – in particular, a new subcomponent to support nomadic “Kuchi” populations – as well as codify several changes in the implementation, project management and monitoring and evaluation (M&E) arrangements of the project. The original request for restructuring from the GoIRA was received on July 11, 2018 but had been kept on hold given the pending staffing capacity concerns as well as other operational concerns that had been challenging the project over the past 24 months.

II. DESCRIPTION OF ADDITIONAL FINANCING

23. **This Project Paper (PP) seeks the approval of the Executive Directors for a proposed IDA grant in the amount of SDR 24.8 million (US\$35 million equivalent) as part of the second additional financing to the Afghanistan Citizens' Charter Afghanistan Project (CCAP, P160567).** This second additional financing, in a total amount of US\$193 million, includes the proposed IDA grant of US\$35 million equivalent and a grant from the Afghanistan Reconstruction Trust Fund (ARTF) in the amount of US\$158 million. The Project closing date is being extended to December 31, 2022 and the project is being restructured as follows:

- (a) Expansion of the geographic coverage of Urban Areas Block Grants in ten cities;
- (b) Scaling up of Social Inclusion Grant (SIG) initiatives in response to the COVID-19 crisis;

- (c) Addition of a new Kuchi Block Grants sub-component under Component 1 (Service Standards Grants);
- (d) Inclusion of a “peace pilot” which would: (i) replace target areas for Rural Areas Service Standard Grants from insecure areas to areas where security has been regained recently from Anti-Government Elements (AGEs); and (ii) expand the target areas of Urban Areas Block Grants (UABG) in Nangahar province (Jalalabad city);
- (e) Postponement of RASS grants in insecure areas to the future phase of the program;
- (f) Adjustments to the Maintenance and Construction Cash Grants (MCCG) initiative in response to the COVID-19 situation;
- (g) Extension of the project closing date by 14 months from October 31, 2021 to December 31, 2022;
- (h) Reallocation of budgets across components and expenditure categories;
- (i) Updates to the Results Framework to reflect changes in the scope, overall targets, scale of project activities and new project end date; and
- (j) Documentation of other adjustments and modifications made to the project design through revisions to the Operations Manual which include: (i) introduction of community mobilization activities related to youth inclusion, community based nutrition, and weather-related disaster risk management (DRM) mainstreaming; (ii) inclusion of schools and check-dam construction to the menu of Rural Area Service Standards Grants; (iii) revisions to the menu of Urban Areas Block Grants; (iv) introduction of new procedures for joint projects; (v) changes to the amount and scale of Social Inclusion Grants under Component 5; and (vi) specification of downstream financing management (FM) reporting and CDC expenditures.

Proposed Key Changes to Components

Component	Subcomponent	Change
Component 1: Block Grants	1a RASS Grants	US\$10 million towards Rural Peace Pilot
	1b UABGs	US\$37 million towards Urban Expansion US\$8.3 million towards Urban Peace Pilot
	1c Kuchi Block Grants (NEW)	US\$18 million towards Kuchi Block Grants
Component 2: Institution Building	2a Rural	US\$2 million towards Kuchi Block Grants facilitation
	2b Urban	US\$4.3 million towards Urban Expansion facilitation US\$0.5 million towards Peace Pilot facilitation
Component 3: Evaluation and Studies	3a Rural	
	3b Urban	
Component 4: Project Implementation & Management	4a Rural	
	4b Urban	US\$3.7 million towards Urban Expansion management US\$1 million towards Urban COVID-19 management
Component 5: Social Inclusion & MCCG	5a MCCG	Adjustments to MCCG for COVID-19 response
	5b SIG	US\$99 million towards Rural COVID-19 relief US\$22 million towards Urban COVID-19 relief



24. **Expansion of Urban Area Block Grants (UABG) in 10 cities.** The Urban Area Block Grants (worth US\$70,000 each) will be extended to approximately 335 additional urban communities in Mazar-i-Sharif and nine other cities¹ that have not been covered by CCAP. These communities will also form approximately 67 Gozar Assemblies, each of which will receive a Gozar Assembly Grant worth US\$200,000². The permissible menu of climate resilient SPs includes: provision of potable water, lighting/electricity, street construction or upgrading and drainage, park/recreation area/playground, solid waste management, boundary walls for schools and health clinics, construction of toilets, and construction of community halls. The revised Operations Manual will emphasize the need to prioritize SPs that focus on climate resilient road networks and connectivity; use higher design standards for lines and pylons to withstand climate-related hazards; efficient use and savings of water resources; development of climate-smart design/rehabilitation of sewerage; construct new or rehabilitate existing irrigation infrastructure to enhance resilience to climate change impacts and other climate smart solutions. The same existing processes and arrangements for implementing UABGs will be applied to these communities. The approximate cost (US\$45 million) of this expansion will be financed through the AF from the ARTF.

25. **COVID-19 emergency relief efforts through SIG.** In order to provide urgent relief support to the households affected by the COVID-19 pandemic and reduce damage arising from food insecurity, the SIG initiative³, which has been rolled out in over 10,000 rural communities to provide food and other essential goods to poor households, is scaled up in all urban and rural CCAP coverage areas (~12,000 rural and peri-urban CDCs and 850 urban CDCs). Under this initiative, each CDC will receive a relief grant based on the number of eligible households. The CDC, in turn, distributes the relief package worth AFN4,000 (equivalent to ~US\$52) to its constituent eligible households in kind⁴ (based on a standard relief package that will include essential food staples and hygiene products). Based on the underlying principle of near-universal coverage, approximately top 10 percent of affluent households will be excluded from the coverage using pre-determined standard exclusion criteria. Also, as female-headed

¹ These nine cities are: Lashkar Gah, Ghazni, Farah, Sheberghan, Charikar, Faizabad, Gardez, Pul-i-Alam, and Zaranj. These cities were selected because they have not been covered by CCAP or EZ-Kar. Mazar-i-Sharif was also included since it is the only one of the four major regional cities where EZ-Kar is not covering the areas not reached by CCAP. The security situation is fluid in the country and some of the target cities and districts currently proposed for urban expansion (and the peace pilot) may not be accessible at the time of implementation roll-out. The project will be applying the High-Risk Area Implementation Strategy (HRAIS) to closely monitor the situation on the ground and implement activities with realistic processes and precautionary measures in these areas (including temporarily suspending activities where implementation is not realistic).

² As with the existing UABGs, Gozars will be required to allocate at least 10 percent of their grants for women's subprojects. While these grants mainly financed women's livelihoods subprojects in the past, more focus will be placed on infrastructure that would benefit women in the future. These may include, among others, parks, boundary walls for girls' schools, and community halls (to facilitate women's participation in community gatherings). These projects will be decided through consultation with female community members and based on their needs.

³ Grain Banks and Social Inclusion Grants (SIGs) are an initiative designed to mitigate the food shortages of the poorest households in CCAP communities. In areas with high numbers of IDPs and Returnees, the program provided US\$1,000 matching grants to serve as an incentive for stocking the grain banks and to provide a small subsidy to them.

⁴ Depending on the experience of the REACH project implementation and if strong needs arise, a cash relief option may possibly be considered for the second tranche, subject to the concurrence of the ARTF donors.



households (FHHs) are more vulnerable to economic shocks, ensuring that all FHHs receive benefits under this project will be prioritized⁵ and the FHHs will be tracked in the results framework. The criteria and packages will be aligned to those of the COVID-19 Relief Efforts for Afghan Communities and Households (REACH) project, which will be covering the areas currently not covered by CCAP. As with the REACH project, while the package will be distributed once in rural and peri-urban areas, it will be distributed twice (totaling AFN8,000 or ~US\$104) in urban areas. Implementation of this activity will generally follow the SIG procedures of the Operations Manual with some additional procedures specific to COVID-19 response provided in a new annex to the Operations Manual, which has been updated. US\$100 million (US\$77 million for rural and peri-urban areas including 19 provincial capital cities and US\$23 million for urban areas) from additional financing will be allocated for this activity. In addition, US\$22 million will be re-allocated for the COVID-19 response in rural and peri-urban areas from the savings made in: (a) 215 communities that have already met the Rural Service Standards (US\$6.8 million) and (b) other capacity building, staffing, and operational costs (US\$15.2 million). Details of the emergency relief efforts through SIG is summarized in Annex 1.

26. **Kuchi Subcomponent.** A new subcomponent (Component 1c - Kuchi Block Grants) will be added to the project. US\$18 million will be reallocated to this subcomponent (from other components) to provide approximately 900 Kuchi communities (*Elbands*) with block grants worth maximum US\$20,000. The Kuchi nomadic encampments or *Elbands* will receive assistance from the project's social organizers to form locally-elected KCDCs, with a minimum of 40 percent women membership overall and at least one woman officer bearer (25 percent). Fifty percent of eligible women voters in the community must vote for the elections to be accepted. A KCDC must consist of a minimum of 15 households. Subsequently, the project will support the KCDCs to plan and implement subprojects with the block grants through participatory, inclusive CDD processes. As with other CDCs of the project, Participatory Learning and Action (PLA) tools will be used to prepare the Kuchi Community Development Plans (KCDPs). Based on these plans, each KCDC will select and implement one or more subprojects from a pre-established positive climate resilient menu of subprojects in the fields of water supply, power (renewable energy), roads, irrigation, agricultural facility, among others, funded by the Kuchi Block Grant. Unlike other block grants of the project, the facilitation support to KCDCs will be provided by the project's Provincial Management Units (PMUs) instead of by FPs. This is because the PMUs have already been extensively involved in consultations with Kuchi communities, know the ground reality very well, and can roll out the mobilization activities swiftly, compared to FPs who need to be procured and trained. Timely implementation is critical, given the limited time of the project and the seasonal nature of the Kuchi communities. The details of the implementing arrangements for the subcomponent, including the positive climate resilient menu and community mobilization processes, are further elaborated in a separate Kuchi Operations Manual (already prepared) that supplements the main CCAP Operations Manual. Key design features of the Kuchi subcomponent are summarized in Annex 2.

27. **Expansion for peace and reconciliation.** As part of ongoing discussions with several ARTF donors on the potential for CCAP to be used as a post-peace settlement development response, the proposed

⁵ Beneficiary households will be identified from the full list of households found in community profiles that will be updated for the COVID-19 response. All female-headed households will be included as beneficiary households.



restructuring will also redirect resources to areas recently freed from AGEs and brought under Government control. The focus in the immediate term will be on the three provinces of Nangahar, Kunar, and Laghman and would involve around 300 rural CDCs across 10 districts, assuming peace and security will be attained. Additionally, 75 new CDCs and 15 Gozars would be added in the city of Jalalabad where peace has been regained recently. The expansion will allow the project to experiment with four new peace promotion activities, aimed at empowering communities to design and lead local peace-building initiatives that de-escalate violence and build trust. Activities include: (i) local conflict analyses to identify key drivers of conflict, local power dynamics and key stakeholders; (ii) local level peace dialogues to build trust, community understanding and discuss pathways towards peace and reconciliation. These inclusive dialogues would bring together community members, elders, CDCs and other key stakeholders including women to discuss common goals for a peaceful future; (iii) separate peace grants identified by the community to finance collective action and social cohesion-building activities such as improved access to health and education services, youth and vocational training, cultural and sports activities, and tree planting; and (iv) conflict and dispute resolution training and “do-no-harm processes. These initiatives will be closely monitored and evaluated for subsequent scale-up in the future phase of CCAP. These new activities will complement the regular RASS grants and MCCG/SIG activities in rural areas and UABG activities in urban areas. The pilot will also test alternative implementation modalities (e.g., increasing the community-level support role of IDLG on the urban side, and end-to-end social mobilization by MRRD on the rural side). This is aimed at building the IAs’ in-house institutional capacity to implement these activities as they prepare for a wider rollout following the anticipated conclusion of peace processes. Implementation by the IAs are expected to also allow for more timely and flexible adjustments as they pilot new activities in a fluid environment. This peace pilot would also heavily rely on the High-Risk Area Implementation Strategy that had been approved for CCAP in 2020. A summary of pilot activities is found in Annex 3.

28. **Postponement of RASS grants in insecure areas to the future phase of the program.** There are currently approximately 1,100 communities in rural areas in which subproject implementation has not begun due to insecurity. It is unlikely that these communities could go through their entire mobilization and complete subprojects by the time CCAP closes; therefore, the implementation of RASS grants in these communities will be postponed until after the CCAP implementation period (to the 2nd phase of CCNPP or potential CCAP2).⁶ This will reduce the Component 1a allocation by approximately US\$40 million.

29. **Adjustments to the MCCG.** Due to the social distancing restrictions necessitated by the COVID-19 crisis, the MCCG activities could not be carried out as initially planned, while the need for MCCG work persists in communities. Therefore, the menu of public works to be undertaken through MCCG will be modified to include those that: (a) can adhere to social distancing restrictions; (b) do not require supply and materials of which availability is affected by the COVID-19 crisis; and (c) accommodate the higher labor-to-supply cost ratio demanded by communities. MCCG will also allow communities to hire laborers

⁶ Note that since the original PDO and results framework for CCAP had always factored the likelihood of insecurity affecting at least 20 percent of the targeted areas, the targets were set accordingly and would still be met even if the overall Phase-1 coverage is reduced by this amount.



from as much as 60 percent of households (rather than 35 percent as per the original design). Conservation work such as terracing and tree planting will also be included. MCCG implementation during the COVID-19 crisis will be planned for 1,550 communities in 15 districts of seven provinces, providing 20 to 40 days of employment for each of approximately 87,000 households at the daily rate of AFN350 (~US\$4.50). For the MCCG work, communities will be required to allocate a minimum of 80 percent of the MCCG amounts for labor costs (vis-à-vis 60 percent required under the original design). The total cost of US\$9.9 million estimated for these communities will be financed by reallocations from insecure areas and mobilizing exchange rate savings within the original MCCG budget. Details of the adjustments to the MCCG implementation for COVID-19 response is found in Annex 4.

30. **Extension of the project closing date.** In order to secure sufficient time to complete the new urban expansion and peace pilot activities, while also taking into account the implementation delay caused by the COVID-19 pandemic, the project closing date will be extended by 14 months from October 31, 2021 to December 31, 2022 (extending the total duration of the project implementation period to six years and two months).

31. **Budget reallocations.** Besides the allocation of additional financing of US\$193 million sought under this project paper, approximately US\$51 million will be re-allocated among project components and subcomponents. The AF of US\$193 million will be allocated for: (a) RASS grants (US\$48 million to partially fill counterpart deficits), (b) UABG (US\$45 million for urban expansion), and (c) SIG (US\$100 million for COVID-19 response, of which US\$77 million will be managed by MRRD and US\$23 million, including US\$1 million operational cost, by IDLG). In terms of reallocations, on the rural side, approximately US\$20 million in savings available from project management, studies/M&E, and institutional development components will be allocated for the new Kuchi activities (US\$18 million for grants and US\$2 million for operational costs). In order to allocate sufficient resources for the COVID-19 emergency relief, US\$22 million will be re-allocated to Component 5 (Social Inclusion and MCCG) from cost savings made from: (a) 215 communities that have met Rural Service Standards and do not require RASS grants (US\$6.8 million); and (b) other savings made in institution building, operations, and staffing costs in Components 2 and 4 (US\$15.2 million). On the urban side, approximately US\$9 million in savings identified in the urban area block grants (UABGs) due to exchange rate gains (since the UABG had been specified in AFN) will be used for peace pilots (US\$8.5 million) and associated additional costs of Facilitating Partners under Component 2 (US\$0.5 million). In addition, US\$40 million (in GoIRA counterpart financing) will be reduced in light of the postponement of the RASS grants in some insecure areas until the future phase of CCNPP. In total, the amount of GoIRA counterpart financing will be reduced from the original US\$128 million to US\$40 million⁷ (US\$48 million substituted by IDA and US\$40 million cancelled). The changes to component budgets are summarized in the table below.

⁷ Of this amount, MoF has already allocated US\$11 million for the project.

Component	Subcomponent	Current		2nd Additional Financing		Other Restructuring		Proposed New Allocations (Current + 2nd AF + restructuring)	
Component 1: Block Grants	1a RASS Grants	\$ 420,050,000		\$ 48,000,000		\$ (86,000,000)		\$ 382,050,000	
	1b UABGs	\$ 93,500,000		\$ 37,000,000		\$ (500,000)		\$ 130,000,000	
	1c Kuchi Block Grants (NEW)	\$ -	\$ 513,550,000	\$ -	\$ 85,000,000	\$ 18,000,000	\$ (68,500,000)	\$ 18,000,000	\$ 530,050,000
Component 2: Institution Building	2a Rural	\$ 127,870,000		\$ -		\$ (4,000,000)		\$ 123,870,000	
	2b Urban	\$ 13,742,964	\$ 141,612,964	\$ 4,300,000	\$ 4,300,000	\$ 500,000	\$ (3,500,000)	\$ 18,542,964	\$ 142,412,964
Component 3: Evaluation and Studies	3a Rural	\$ 5,400,000		\$ -		\$ (3,000,000)		\$ 2,400,000	
	3b Urban	\$ -	\$ 5,400,000	\$ -	\$ -	\$ -	\$ (3,000,000)	\$ -	\$ 2,400,000
Component 4: Project Implementation & Management	4a Rural	\$ 75,680,000		\$ -		\$ (31,140,280)		\$ 44,539,720	
	4b Urban	\$ 16,527,816	\$ 92,207,816	\$ 4,700,000	\$ 4,700,000	\$ -	\$ (31,140,280)	\$ 21,227,816	\$ 65,767,536
Component 5: Social Inclusion & MCCG	5a MCCG	\$ 43,600,000		\$ -		\$ -		\$ 43,600,000	
	5b SIG	\$ 5,000,000	\$ 48,600,000	\$ 99,000,000	\$ 99,000,000	\$ 22,000,000	\$ 22,000,000	\$ 126,000,000	\$ 169,600,000
Total		\$ 801,370,780	\$ 801,370,780	\$ 193,000,000	\$ 193,000,000	\$ (84,140,280)	\$ (84,140,280)	\$ 910,230,500	\$ 910,230,500
SDR/USD Gain		\$ 3,859,720	\$ 3,859,720	\$ -	\$ -	\$ (3,859,720)	\$ (3,859,720)	\$ -	\$ -
Total with SDR/USD Gain		\$ 805,230,500	\$ 805,230,500	\$ 193,000,000	\$ 193,000,000	\$ (88,000,000)	\$ (88,000,000)	\$ 910,230,500	\$ 910,230,500

32. **Results Framework.** The proposed changes to the target values and indicators of the results framework are summarized below. The revised Results Framework is found in Section VII: Detailed Changes.

New indicators have been added to the results framework to reflect new activities supported under this AF:

- Number of Kuchi communities benefitting from subgrants and services.
- Number of persons (male/female) involved in the peace pilots.
- Number of households receiving in-kind or cash support in rural and urban areas as part of COVID-19 emergency relief.
- Number of female-headed households receiving in-kind or cash support in rural and urban areas as part of COVID-19 emergency relief.

In addition, the results framework for the Project is being revised to:

- Adjust the rural targets for those rural communities being shifted to CCAP Phase II due to increased insecurity and COVID-19 crisis delays.
- Adjust the urban targets due to the addition of ten cities with approximately 330 urban communities.
- Decrease targets for achievement of all MSS in rural communities. Due to increased insecurity, COVID-19 impacts on education and health, and overly ambitious MSS targets, these values have been lowered.
- Change to new end-of-project completion date.

33. **Community mobilization activities.** CCAP provides an inclusive, resilient and sustainable community platform to address the multi-dimensional needs of the poor in Afghanistan. This community platform, building upon democratically elected CDCs, can be used to introduce complementary community mobilization activities related to youth, nutrition, and DRM. Analytical work recently



conducted by the WB in Afghanistan identified a potential entry point to improve the social and economic inclusion of Afghan youth through CCAP. It indicates that with additional support, the CCAP Youth Sub-Committees (YSCs) have the potential to play a greater role in facilitating youth economic and social inclusion at the community-level. A pilot intervention is carried out (with a parallel trust fund financing) to test the ability of YSCs to act as a service-delivery platform to implement projects in their communities for other youth. On the nutrition front, the community-based nutrition pilot, which is financed through a parallel WB trust fund for South Asia Food and Nutrition Security has been rolled out in collaboration with the Ministry of Public Health (MoPH). Under this initiative, training is provided to approximately 1,200 CDC and self-help group (SHG) members in two districts on issues of basic nutrition. These initiatives can be used to strengthen the linkages with community scorecard and health sub-committee and *shura* work and build linkages with the WB's health project, *Sehatmandi*. With reference to DRM, ESS committees within the CDC have been given responsibilities for DRM issues, and a Community-Based DRM pilot has been undertaken in CDCs through a parallel trust fund. The pilot helps to identify natural hazard impacts occurring at the community level and see how these should influence CCAP interventions. Lessons will be shared with the new WB project, Early Warning, Finance and Action Project (ENETAWF) – also implemented by MRRD - that will establish an adaptive safety net linked to a drought early warning system and an overall community resilience mechanism.

34. **Revisions to the menu of RASS grant subprojects.** Considering the high demand for schools and check dams in rural communities, and given their high relevance to the RASS, construction of schools and check dams are added to the menu of RASS grant subprojects. The construction of schools will only be permitted in districts not covered by the Education Quality Reform in Afghanistan (EQRA) Project, and a common modality will be applied by MRRD for managing school construction under both CCAP and EQRA.

35. **Revisions to the menu of UABG subprojects.** Based on the demand and considering the utility of community centers for enhancing social cohesion in urban areas, construction of community centers is added to the menu of eligible UABG subprojects.

36. **Introduction of joint projects (JPs).** In order to create economies of scale, better integration of communities, and greater impact on the delivery of core services, the Operations Manual was revised to allow and encourage rural communities to have joint projects on a voluntary basis, when there is technical/economic justification and feasibility, and the projects are relevant to the MSS. The rationale for joint projects should be based on economies of scale with a per CDC ceiling of US\$30,000 and an overall ceiling of US\$300,000 for any individual joint project. A CDC taking part in a JP will be allowed only one subproject unless the cost share of a JP is under US\$10,000. Any civil works for JPs costing over US\$200,000, which has to be managed as a single package (i.e., not technically feasible to break into smaller CDC level segments) will be added to the procurement plan for procurement at the PIU level instead of through community procurement. CDCs will also be required to form joint committees for community participatory monitoring, finance, and safeguards to facilitate smooth management of JPs.

37. **Changes to the amount and scale of SIGs under Component 5.** Given the high demand, the size of the matching grant amount will be halved from US\$2,000 to US\$1,000 in order to double the geographic coverage to approximately 4,000 communities, mostly in drought-affected areas.



38. **Specification of downstream FM reporting and CDC accounting.** In order to better manage fiduciary risks, the WB's disbursement modality for the whole project portfolio in Afghanistan was shifted from the previous Interim Unaudited Financial Report based disbursement to a new Statement of Expenditures (SOE) based disbursement. Subsequently, for the WB to disburse project financing, IDLG and MRRD are required to document the actual expenditure against the advances provided to the CDCs. The ARTF Third-Party Monitoring Agent (TPMA) reviews all expenditure supporting documents, and if any documents are not available, the expenditure will not be considered eligible for financing.

39. **The project restructuring will not trigger additional safeguards policies and no escalation of the safeguard rating is anticipated.** The OP/BP 4.01 will remain triggered and the Environmental Category-B status will be retained for the proposed stage. The parent project has adopted a framework approach and Environmental and Social Management Framework (ESMF) is in place. The existing ESMF, which spells out the policy, guidelines, and procedures to prevent, minimize, and mitigate any likelihood of the negative impacts will remain applicable. Since there will be no change in the scope and nature of the parent project, provisions to mitigate the risks related to COVID-19 was added as a new annex to the existing ESMF and disclosed before the project appraisal. COVID-19 related risk mitigation measures as outlined in the recently approved COVID-19 REACH project will be similarly applied under the AF. In addition, no resettlement, major land acquisition, and/or asset loss is expected; however, the experience from the parent project indicates that the project is expected to acquire land through land donation (on a willing buyer willing seller basis) or through community compensation to facilitate new or rehabilitation of small-scale infrastructure work. Therefore, the project Resettlement Policy Framework which outlines the guidelines and procedures for land acquisition will be applied to this additional financing. It is anticipated that the civil works under entire Component 1, which mostly comprises community driven subprojects (both individual and joint subprojects including activities under the Kuchi Block Grant), will have some adverse environmental impacts such as changes to localized drainage/access patterns, removal of surface soil, felling of trees/vegetation in the land, excavation activities and concerns related to handling Occupational Health and Safety risks. It is expected that, overall, the foreseeable negative impacts are reversible, limited in scope, and are manageable. Meanwhile, both implementing agencies, MRRD and IDLG, will thoroughly screen and investigate selected subprojects to avoid any Environmental Category-A activities. The IAs have also established dedicated environment and social units which have prepared numerous safeguards tools and conducted many rounds of training sessions at central and field levels.

40. **Similarly, the gender-related approaches and interventions under the additional financing will be maintained.** For the expansion to 10 cities and for the COVID-19 relief efforts, the same gender related approaches and the existing gender interventions specified under CCAP and REACH (both are gender tagged) will be applied respectively. These activities will contribute to closing the gap in women's participation and voice in community decision-making by engaging them in the development and implementation of community development plans through CDCs. According to a study conducted by the Asia Foundation in 2013, Afghan women face strict social and cultural norms restricting their participation in public life and community decision-making. Only 57 percent of Afghan men believe that women should be allowed to work outside of home, and even this level of endorsement comes with caveats as to the types and places of work that are considered acceptable for women. The 2013/2014



Afghanistan Living Conditions Survey (ALCS) found that three-quarters of women do not leave their dwellings without the company of another person and about half leave the house four times or less per month while 12 percent of women indicate they do not leave the house in an entire month. Furthermore, female decision-making on spending money is quite restricted. Research (Care International 2020) indicates women's roles in community-based leadership, such as serving as a CDC member, or local professional positions, such as being a teacher or health worker, have the potential to help them negotiate for more influence in public life and access greater opportunities in the future. Similarly, under COVID-19 relief efforts, the project will proactively target female-headed households, ensuring universal coverage for an estimated 120,000 households as they are at greater risk for increased poverty and nutrition/food insecurity than male-headed households, particularly during the disease outbreak. According to the ALCS (2016-17), people in female-headed households experience moderate to severe hunger more than twice as often as those in male-headed households (24.4 and 10.0 percent, respectively). For new activities such as the Kuchi grants and the peace pilot, please see relevant annexes on gender approaches.

41. **The modifications proposed under this project paper will not change the Project Development Objective (PDO) of the original project.** The original economic and financial analysis conducted during the preparation of the project remains valid.

III. KEY RISKS

42. **The overall risk rating of the project will be revised to High (H).** Most of risk ratings have been kept the same as the parent project, except the fiduciary risk rating was elevated to High (from Substantial) and the stakeholder risk rating was elevated to Substantial (from Moderate). The size and scale of the nationwide emergency relief effort envisaged through the combined CCAP and REACH projects is unprecedented. This gets further complicated with the uncertainty and specific dangers related to the COVID-19 outbreak and its associated health risks. The project will adhere to the WB interim Guidelines for COVID-19 and WHO guidelines in order to minimize and mitigate the risks associated with COVID-19, especially to address the potential spread of the virus amongst project workers.

43. **The key additional risk factors** particular to the AF as compared to the current CCAP and the corresponding measures to mitigate these risks include the following:

- **Political and Governance Risk is High (H):** Afghanistan's overall political and governance situation remains fragile and unstable. Active conflict continues despite a recent peace agreement with the Taliban, and while a power sharing agreement has been reached between the two major parties that contested the 2019 presidential election, its implementation carries the risk of further instability. Senior staff turnover at the Implementing Agencies as well as changes in policy directions also complicate project execution. CCAP aims to mitigate these risks through regular, high-level dialogue with the relevant Government agencies and elevating challenges quickly to senior leadership for discussion and problem resolution. Frequent communications and follow-up with MoF, MRRD and IDLG senior staff are critical to the success of the program. Furthermore, to mitigate risks surrounding



the volatile conflict situation, the Project has developed a High Risk Area Implementation Strategy based upon MRRD's 17 years of experience working in insecure rural areas across the country.

- **Macroeconomic Risk is Substantial (S):** Afghanistan's macroeconomic outlook is subject to substantial risks given the low economic growth, the uncertain and limited nature of domestic and external fiscal resources, and likely continued high levels of security expenditures. More severe and protracted economic impacts of the global COVID-19 crisis will have serious implications for growth, revenues, and – potentially – international grant support. As CCAP is a flagship national priority program of the Government's and the Project includes critical expenditures that form part of Afghanistan's ongoing COVID-19 response, it is expected that these will be prioritized even if macroeconomic downside risks materialize. Nevertheless, close and continuous dialogue with the Ministry of Finance and international donors will be needed to ensure continued prioritization of the Project.
- **Technical Design of Project remains Substantial (S).** The pressure on food supply chains, increasing prices, and availability of goods across the country is a key market risk for in-kind distribution of emergency relief packages. The possible delay in activity implementation resulting in the benefit delivery being too late vis-à-vis the needs on the ground (e.g., timing of the lockdown and/or virus spread) is an additional risk. The risk is mitigated by keeping the program objective simple and narrow. The design risk is mitigated by keeping aspects of the design as standardized as possible (e.g., same benefit package, pre-set prices on food and soap, minimum frequency of delivery, simple targeting, community-led implementation) to compensate for the complexity in the implementation arrangements. The project will coordinate with ongoing Government efforts to maintain adequate food supplies.
- **Fiduciary risk is High (H).** Afghanistan's portfolio as a whole is characterized with high fiduciary risks with a number of allegations of fraud and corruption constantly reaching the WB and numerous cases of procedural non-compliance frequently detected. Allegations have been made against one of the IAs, although these have not been substantiated. The project adopts the enhanced fiduciary framework that the WB has introduced for the entire Afghanistan portfolio under the Anti-Corruption and Results Monitoring Action Program (ACReMAP). This includes the use of SOE-based disbursement combined with ex-ante sample-based review of expenditure documents. The WB-contracted TPMA will be deployed for both physical performance monitoring and fiduciary oversight. The TPMA, among others, will review the contracts outsourced to contractors by the CDCs to ensure that the agreed procurement manual is followed and that the correct firm is selected for award of contracts. The emergency nature of the relief packages, however, elevates the risk despite the mitigation measures being proposed. Details of the identified risks and specific mitigation steps proposed are described in Annex 6.
- **The stakeholder risk is Substantial (S).** Given the ongoing conflict and the underlying social tension and exclusion, the perceived fairness of the emergency relief effort is of high importance. The design mitigates this risk by adopting a near-universal approach to beneficiary identification, excluding only those who are deemed well-off by objective criteria. Nonetheless, the actual application of the "targeting by exclusion" could still generate discontent. The perception of capture could further fuel such a negative stakeholder perception. Strong communications campaigns prior to the start of the benefit delivery to clarify the eligibility criteria and other project details, combined with robust

ongoing implementation monitoring and a grievance redress mechanism will form of the core of the strategy to mitigate the stakeholder risk.

- **Other risks:** An additional risk of this project concerns the possibility of relief distribution efforts contributing to the spread of the Coronavirus. This risk will be mitigated through careful training, protocols on social distancing, and provision of PPE to all distribution personnel. Some residual risk remains, as does the possibility of delays in roll-out due to key staff falling ill. These risks are clubbed under the category of “Other” risk and the residual risk is rated as Moderate (M).

Risks

Risk Categories	Rating
1. Political and Governance	H
2. Macroeconomic	S
3. Sector strategies and policies	S
4. Technical design of project	S
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	H
7. Environmental and social	S
8. Stakeholders	S
9. Other	M
Overall	H

IV. APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

44. **The original economic analysis conducted for RASS, UABG, MCCG, and SIG subprojects remain valid.** According to the economic returns of a random sample of completed development subprojects funded under CCAP during calendar years 2018 and 2019 conducted by the ARTF third party monitor (TPM), overall CCAP subprojects are found to be economically viable, with few exceptions.⁸ Average economic internal rates of return (EIRRs) by subproject type were found to be positive, astoundingly so in some cases, particularly when compared to the standard discount rate of 6 percent. These subprojects were found to provide substantial benefits to users when time savings were considered relative to subproject costs. Rural tertiary roads have the lowest average EIRR at 19 percent, but still well above the 6 percent comparative social discount rate. The highest EIRR is with rural small-scale irrigation projects (239 percent). Cost comparisons were also performed against subprojects of similar types in the same district, where data was available. Project component unit costs are found to vary across districts but are often lower when compared to subprojects of the same type and location funded by non-ARTF sources.

⁸ Subprojects covered six types: rural bore wells, rural small-scale irrigation, urban potable water network extensions, urban and rural road rehabilitation, rural solar mini grids, and urban power network extensions. Data was collected by TPMA engineers through direct observation of project utilization and surveys of project beneficiaries in November 2019.



45. **Emergency relief transfers under the SIG modality will provide support to around 1.7 million households (of which 1.6 million rural and 0.1 million urban) and reinforce collective resilience to food insecurity.** The benefits include a higher proportion of households that maintain social distancing, access food, remain healthy, stay solvent, and retain their assets during the peak pandemic and shutdown phases. Public sector financing to achieve these benefits is deemed justified during the current economic crisis. Another 3.7 million households will receive equivalent support through REACH in parallel. The WB's involvement offers material value-added to the proposed emergency relief grants activity. Accurately quantifying the economic impacts of COVID-19 and of these emergency relief packages is challenging given the extent, complexity, and uncertainty of the crisis looking forward. Hence a qualitative assessment is applied.

46. **The COVID-19 crisis in Afghanistan is exacerbating human suffering in the form of loss of life, deterioration of health, and economic stress.** The Food and Security Cluster estimates that at least 12 million people will fall into Integrated Food Security Phase Classification (IPC) 3 (Crisis) and 4 (Emergency) from June to November 2020.⁹ Analysis reveals that a common strategy in poor Afghan households to cope with negative shocks is to reduce the quantity and quality of food intake, which has several potential long-term impacts, especially for children. There are also increasing signs of economic suffering through loss of jobs, livelihoods, and other income sources since the start of COVID-19: the Ministry of Economy has forecast that unemployment could increase by 40 percent and poverty by 70 percent; the Ministry of Labor and Social Affairs has stated that most employees working for small businesses have lost their jobs; the National Union of Afghanistan Workers and Employees have claimed that approximately two million workers and employees have lost their jobs; and officials from the Afghanistan Chamber of Commerce and Investment have estimated that operations of small and medium businesses are down by 80 percent due to restrictions imposed to prevent COVID-19 spread. These affected businesses may be forced to reduce their hours of work, lay off workers, remain closed to conserve working capital, and even sell assets, with enduring negative impacts on earning capacity, livelihoods, and human capital accumulation. WB microsimulations estimate that a combination of reduced purchasing power and increased food prices could increase overall poverty between seven percent and 17 percentage points, equivalent to between two and six million people falling into poverty as a consequence of the crisis. Moreover, impacts are expected to be felt along the entire income distribution, with consumption levels falling for all, but especially for the urban poor. In summary, by the time the crisis ends, many households may have permanently and irreversibly lost health, savings, assets, and livelihoods.

47. **There is strong social and economic rationale for emergency relief transfers to households, since Afghanistan lacks formal safety net systems.** Conventional public works are not advisable during the social distancing phase. Social distancing efforts will also not work without immediate relief to vulnerable households that would otherwise be forced to continue their attempts to earn a living. Failure of social distancing could potentially result in direct loss of human capital through increased deaths and sickness and consequent breakdown of the health system. There could also be substantial indirect costs to the economy on account of the need for longer and/or repeated lockdowns. Given these scenarios,

⁹ IPC is an innovative multi-partner initiative for improving food security and nutrition analysis and decision-making by determining the severity and magnitude of acute and chronic food insecurity. See ipcinfo.org.



emergency transfers are deemed a viable “immediate relief” measure to encourage social distancing and to partly meet the immediate basic needs of poor and vulnerable households.

B. Fiduciary

48. **Financial Management (FM): The project FM risk has been reassessed and will remain as “High”.** MRRD and IDLG have shown significant progress in data sufficiency of the sub-grants’ expenditure in the last six months since April 2020. Both IAs collected and uploaded approximately 50 percent of CDCs expenditures in the management information system (MIS). The remaining documentation will be uploaded by December 31, 2020. Over the past six months, MRRD has also hired an international Financial Management Advisor as well as 34 finance associates to assist with the subgrant expenditure reporting. There remain however several areas for improvement moving forward. The IAs’ internal audit departments have limited capacity to perform the internal audit of the project on regular basis. The MIS adopted by the project should incorporate management flags to report more systematically upon delays in subproject progress and disbursements. The IAs should also improve their fixed assets and cash management procedures. An enhanced fiduciary framework incorporating additional specific internal controls has been agreed upon as part of the additional financing to manage the high risk.

49. Under CCAP, both IAs will carry-out COVID-19 response activities with US\$122 million allocation. The immediate priority of the government is to protect and support poor households. One of the planned relief measures is to distribute food to the households through CCAP delivery mechanism. CCAP has estimated a food package costing AFN4,000 per household that will be provided to nearly 1.7 million households. CCAP will disburse the grant to the registered CDCs in their existing bank accounts to procure and distribute the food package to the community households. Please refer to Annex 6 for details.

50. **Procurement: The Procurement risk is also assessed ‘High’.** Procurement for the project will be carried out in accordance with the WB’s Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017 and August 2018). The project will be subject to the WB’s Anti-Corruption Guidelines, dated October 15, 2016, revised in January 2011, and as of July 1, 2016. The project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions. Since the primary focus of the emergency relief efforts is to provide economic relief to poor households, the bulk of the procurement will happen at community and city levels. The major planned procurement is a food basket worth US\$50 including commodities like grains, lentils, cooking oil, sugar and basic hygiene products like soap, standardized at provincial levels, keeping in mind the varied dietary habits of local communities and specificities of the items to be included in the package. Given the low value but large volumes of these procurements at geographically diverse locations across the country, the client has agreed to develop a standard food basket concept with details of quality, quantity and range of prices for items to be included with flexibilities built in for adjusting different items within each category. The procurement of this food packages will be carried out by CDCs. Considering the average number of households in a rural CDC is around 150, the contract value for community procurement by a CDC will be about US\$7,500. Similarly, in urban areas, the coverage by a CDC will be about 225 households, thus the contract value will be about US\$11,250. Procurement for COVID-19 relief efforts will be conducted by the CDCs who will follow the



procurement manual developed under REACH. For other regular procurement activities, the CDCs will follow the current agreed procurement manual which will be amended as needs arise. The procurement manual will be part of the Operations Manual.

V. WORLD BANK GRIEVANCE REDRESS

51. **Communities and individuals who believe that they are adversely affected by a WB supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the WB's attention, and WB Management has been given an opportunity to respond. For information on how to submit complaints to the WB's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the WB Inspection Panel, please visit www.inspectionpanel.org

**VI. SUMMARY TABLE OF CHANGES**

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Legal Covenants	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Safeguard Policies Triggered		✓
EA category		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓

VII. DETAILED CHANGE(S)**COMPONENTS**

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
1. Service Standards Grants	385.55	Revised	1. Block Grants	530.05
2. Institution Building	141.65	Revised	2. Institution Building	142.41
3. M&E, Knowledge Learning	5.40	Revised	3. Evaluation and Studies	2.40



4. Project Implementation and Management	90.80	Revised	4. Project Implementation and Management	65.77
MCCG and Social Inclusion Grants	48.60	Revised	5. Social Inclusion & MCCG	169.60
TOTAL	672.00			910.23

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D1390	Effective	31-Oct-2020	31-Oct-2021	31-Dec-2022	30-Apr-2023
IDA-D2130	Effective	31-Oct-2021	31-Oct-2021	31-Dec-2022	30-Apr-2023
TF-A3827	Effective	31-Oct-2020	31-Oct-2021	31-Dec-2022	30-Apr-2023

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed

TF-A3827-001 | Currency: USD

iLap Category Sequence No: 1	Current Expenditure Category: Gds, Wks,Ncs,CS,Trng OC Pt 234 MRRD			
101,000,000.00	54,380,306.26	106,881,405.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: Rural are srvc stds grants			
122,300,000.00	45,608,150.36	180,881,375.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: Gds,Wks,Ncs,CS,Trng,OC Pt234 IDLG			
21,370,000.00	19,406,140.44	25,688,660.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: Urban Area Block Grant			
59,500,000.00	32,205,212.94	64,695,415.00	100.00	100.00



iLap Category Sequence No: 5		Current Expenditure Category: MCCG and SIG		
140,130,000.00	23,328,683.81	66,153,145.00	100.00	100.00
Total	444,300,000.00	174,928,493.81	444,300,000.00	

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2017	45,913,515.00	45,913,515.00
2018	119,225,074.60	165,138,589.60
2019	101,034,163.44	266,172,753.04
2020	151,958,787.11	418,131,540.15
2021	154,491,572.16	572,623,112.31
2022	200,000,000.00	772,623,112.31
2023	92,376,887.69	865,000,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● High	● High
Macroeconomic	● Substantial	● Substantial
Sector Strategies and Policies	● Substantial	● Substantial
Technical Design of Project or Program	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Substantial	● High
Environment and Social	● Substantial	● Substantial
Stakeholders	● Substantial	● Substantial
Other	● High	● Moderate
Overall	● Substantial	● High

**LEGAL COVENANTS – Citizens' Charter Afghanistan Project (P160567)**

Loan/Credit/TF	Description	Status	Action
IDA-D1390	The Recipient shall carry out the Project in accordance with the Operations Manual, the Safeguard Instruments, the Financial Management Manual and the Procurement Plan.	Complied with	No Change
IDA-D1390	The Recipient shall make the proceeds of the financing available as Rural Area Service Standards Grants to Community Development Councils (including clusters of CDCs) under Rural Area Service Standards Grant Agreements to be entered into by representatives of the CDC and MRRD, and as Urban Area Block Grants to Community Development Councils or Gozar Assemblies under Urban Area Block Grant Agreements to be entered into by representatives of the CDC or the GA (as the case may be) and IDLG, all under terms and conditions which shall have been approved by the Association.	Complied with	No Change
IDA-D1390	The Recipient shall provide counterpart funds for the financing of the Project in an amount which shall not be less than \$128,000,000 in the aggregate to be disbursed for the Project no later than the Closing Date.	Not complied with	No Change
IDA-D1390	Effectiveness Condition: The Operations Manual has been submitted to, and found to be satisfactory by, the Association.	Complied with	No Change
IDA-D1390	The Recipient, through the IAs, shall prepare and furnish to the Association for approval, by not later than December 1 of each year, beginning in December 1, 2020, during Project implementation, an IOC and staffing plans for the Project, covering the IOCs and staffing plans proposed for the subsequent year of Project implementation.	Not yet due	New
IDA-D1390	The Recipient shall ensure that	Not yet due	New



Implementing Agencies comply with the approved Incremental Operating Costs and staffing plans.

LEGAL COVENANTS – Second Additional Financing for Citizens' Charter Afghanistan Project (P173213)

Sections and Description

The Recipient, through the IAs, shall prepare and furnish to the Association for approval, by not later than December 1 of each year, beginning in December 1, 2020, during Project implementation, an IOC and staffing plans for the Project, covering the IOCs and staffing plans proposed for the subsequent year of Project implementation.

The Recipient shall ensure that Implementing Agencies comply with the approved Incremental Operating Costs and staffing plans.

Conditions

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework COUNTRY: Afghanistan

Second Additional Financing for Citizens' Charter Afghanistan Project

Project Development Objective(s)

The Project Development Objective for the Citizens' Charter Afghanistan Project is to improve the delivery of core infrastructure, emergency support, and social services to participating communities through strengthened Community Development Councils (CDCs).

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improve delivery of core infrastructure, emergency support, & social services to participating CDCs							
Direct project beneficiaries (Number)		0.00	1,383,500.00	3,567,000.00	7,650,000.00	8,445,000.00	10,000,000.00
Action: This indicator has been Revised	Rationale: Change enddate						
Female beneficiaries (Percentage)		0.00	35.00	35.00	35.00	40.00	49.00
Action: This indicator has been Revised							
Number of CDCs in rural and urban areas able to plan and manage their own		0.00	2,100.00	4,200.00	8,400.00		10,050.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
development projects (Number)							
Action: This indicator has been Revised	Rationale: Lowered the target number of rural communities with subprojects from 11,000 original target to 9,000 rural communities due to increasing conflict and accessibility concerns as well as implementation delays due to COVID crisis in 2020. Some rural communities will be moved into CCAP Phase 2. For urban, increased from 750 urban communities to add 300+ urban communities in 10 cities supported through 2nd AF. New cumulative total = 1,050 Total for 2nd AF = 9,000 rural communities + 1,050 urban communities = 10,050 communities						
Rural CDCs able to plan and manage their own development projects (Number)		0.00					9,000.00
Action: This indicator has been Revised	Rationale: Lowered the target number of rural communities with subprojects due to increasing conflict and accessibility concerns as well as implementation delays due to COVID crisis. Some communities will be moved into CCAP Phase 2.						
Urban CDCs able to plan and manage their own development projects (Number)		0.00					1,050.00
Action: This indicator has been Revised	Rationale: Addition of approximately 335 urban communities in 10 cities funded through CCAP 2nd AF.						
Number of communities meeting all minimum service standards (Number)		0.00	0.00	1,000.00	2,000.00		3,500.00
Action: This indicator has been Revised	Rationale: Lowered the target number for rural communities and MSS due to increasing conflict and accessibility concerns as well as implementation delays due to COVID. Some communities will be moved into CCAP Phase 2.						

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Rural communities meeting all minimum service standards (Number)		0.00					3,000.00
Action: This indicator has been Revised							
Urban communities meeting all minimum service standards (Number)		0.00					500.00
Action: This indicator has been Revised							
Number of targeted high IDP/returnee communities provided with emergency support (Number)		0.00					2,200.00
Action: This indicator has been Revised							
Number of rural targeted high IDP/returnee communities provided with emergency support (Number)		0.00					2,000.00
Action: This indicator has been Revised							
Number of urban targeted high IDP/returnee communities provided with emergency support (Number)		0.00					200.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<i>Action: This indicator has been Revised</i>		<i>Rationale: Changed project enddate</i>					

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
1. Service Standards Grants							
Rural areas - Number/Type of rural subprojects completed (for water points, roads, irrigation, electricity) (Number)		0.00	7,000.00				9,000.00
<i>Action: This indicator has been Revised</i>		<i>Rationale: Lowered the target number of rural subprojects due to increasing conflict and accessibility concerns as well as implementation delays due to COVID. Some communities will be moved into CCAP Phase 2.</i>					
Urban areas - Number/type of urban subprojects completed (drainage, streets, street lighting, parks) (Number)		0.00	600.00				900.00
<i>Action: This indicator has been Revised</i>							
Rural areas - Number of people (male/female) benefitting from each type of subproject (access to water, roads, irrigation and		0.00					Based on actual beneficiary counts by sector

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
electricity) (Text)							
Action: This indicator has been Revised							
Urban areas - Number of urban residents (male/female) benefitting from each type of subproject (drainage, streets, street lighting, parks) (Text)		0.00					Based on actual beneficiary counts by sector.
Action: This indicator has been Revised							
% of sampled community respondents (male/female) satisfied with subproject/grant investments (Percentage)		0.00		60.00	60.00		60.00
Action: This indicator has been Revised <i>Rationale: Change project enddate</i>							
Number of kuchi communities benefitting from subgrants/services (Number)		0.00	600.00				800.00
Action: This indicator is New <i>Rationale: New indicator added for kuchi subcomponent financed through 2nd AF.</i>							
Number of community members involved in peace pilots (Text)		0.00					TBD
Action: This indicator is New <i>Rationale: New indicator as part of peace pilots. Includes community members (male/female) involved in peace dialogues as well as direct beneficiaries of peace subgrants</i>							

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Number of women involved in peace pilots (Text)		0.00					TBD
Action: This indicator is New	Rationale: New indicator to measure participation in peace pilots, both peace dialogues as well as peace subgrants.						
2. Institution Building							
% of CDCs initiating activities to benefit marginalized and vulnerable groups such as women, IDPs/returnees (in addition to service standards) (Percentage)		0.00					35.00
Action: This indicator has been Revised	Rationale: Change project enddate						
% of sampled community respondents (male/female) satisfied with CDC's performance in their mandated roles (Percentage)		0.00					60.00
Action: This indicator has been Revised	Rationale: Change project enddate						
% of CDC members in rural areas who are women (Percentage)		0.00	40.00				40.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Revised	Rationale: Increased the target to min. 40% based upon last few years of field experience.						
% of CDC members in urban areas who are women (Percentage)	0.00	45.00					45.00
Action: This indicator has been Revised	Rationale: Increase % from 40% to 45% to take into account field experience over the past 4 years.						
% of sampled CDCs/communities whose CDPs include at least one women's priority activity (Percentage)	0.00	60.00					60.00
Action: This indicator has been Revised							
Number of districts/cities where Citizens' Charter coordination meetings are held between government authorities and CDC clusters/Gozaars (Number)	0.00		64.00	84.00	100.00		128.00
Action: This indicator has been Revised							
Number of rural districts where Citizens' Charter coordination meetings are held between government authorities and CDC clusters/Gozaars (Number)	0.00						124.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Marked for Deletion	Rationale: Change project enddate						
Number of cities where Citizens' Charter coordination meetings are held between government authorities and CDC clusters/Gozars (Number)		0.00					4.00
Action: This indicator has been Marked for Deletion							
Number of government provincial and municipalities whose abilities are strengthened in engineering, project management, FM & procurement (Text)		N/A		38.00		38.00	38.00
Action: This indicator has been Revised							
Number of provinces whose abilities are strengthened in engineering, project management, FM and procurement (Text)		N/A					34.00
Action: This indicator has been Marked for Deletion							
Number of municipalities whose abilities are strengthened in engineering, project management, FM and		N/A					4.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
procurement (Text)							
Action: This indicator has been Marked for Deletion							
3. M&E, Knowledge Learning							
Number of evaluations and studies completed (Number)		0.00	2.00	2.00	2.00	6.00	6.00
Action: This indicator has been Revised							
% of rural CDC cross-visits that include women CDC members (Percentage)		0.00	40.00				40.00
Action: This indicator has been Revised Rationale: Increased target from 20% to 40% based upon field experience over past 3 years.							
% of urban CDC cross-visits that include women CDC members (Percentage)		0.00	70.00				70.00
Action: This indicator has been Revised Rationale: Increased target from 50% to 70% based upon field experience over the past 3 years.							
4. Project Implementation and Management							
% of grievances received which are resolved (Percentage)		0.00	70.00	70.00			70.00
Action: This indicator has been Revised							

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Number of rural and urban CDCs reporting semi-annually on service standard targets (Number)		0.00	2,100.00	4,200.00	8,400.00	10,500.00	9,600.00
Action: This indicator has been Marked for Deletion							
MCCG and Social Inclusion Grants							
Number of vulnerable households receiving MCCG support (Number)		0.00	80,000.00				115,000.00
Action: This indicator has been Revised							
Number of vulnerable IDP/R households receiving MCCG Support (Text)		0.00					Monitored for progress.
Number of communities in rural areas receiving MCCG grants within 6 months after AF effectiveness/COVID-19 outbreak (Number)		0.00					700.00
Action: This indicator has been Revised							
Number of vulnerable households benefitting from social inclusion grant (Number)		0.00	15,000.00				20,000.00
Action: This indicator has been Revised							
Number of vulnerable IDP/R households benefitting from social inclusion grant (Text)		0.00					Monitored

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Number of vulnerable disabled households benefitting from social inclusion grant (Text)		0.00					Monitored
Number of vulnerable female-headed households benefitting from social inclusion grant (Number)		0.00	8,500.00				9,000.00
Action: This indicator has been Revised	Rationale: Change project enddate. Lowered target given increased rural insecurity.						
Households receiving in-kind or cash support in rural and urban areas as part of COVID emergency relief (Number)		0.00	1,000,000.00				1,300,000.00
Action: This indicator is New	Rationale: New indicator added as part of 2nd AF for COVID emergency relief efforts. Covers both rural and urban households						
Number of female headed households (Number)		0.00	80,000.00				100,000.00
Action: This indicator is New							

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Direct project beneficiaries	This indicator is defined as	Semi-	Project MIS		MRRD and IDLG

	the entire population of communities in CCAP coverage areas as they benefit from community development plans and public services as a result of subprojects.	annually			
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	Quarterly	Project MIS		
Number of CDCs in rural and urban areas able to plan and manage their own development projects	This indicator is measured based upon communities planning CDPs as well as implementing subprojects. Capabilities of CDCs will also be measured through Institutional Maturity Indices.	Regularly updated on website and in MIS on real-time basis.	Project MIS CDC Maturity Index CDC Evaluation third party monitoring		MRRD and IDLG Third party monitors
Rural CDCs able to plan and manage their own development projects	11,799 CDP Plan with 9,825 SP Financed in 6,375 CDCs as of May 15, 2020.		Project MIS	Reporting through Project MIS	
Urban CDCs able to plan and manage their own development projects	750 original target number of urban communities plus the addition of 335 urban communities in 10 cities included in 2nd AF. Due to increased security concerns, we include a conservative target of 300				

	additional urban communities. Total equals 1,050 communities as a target.				
Number of communities meeting all minimum service standards	Total number of communities meeting all minimum service standards in rural and urban areas.	Semi-annually	Project MIS Improved service delivery evaluation Third party monitoring		MRRD and IDLG ARTF
Rural communities meeting all minimum service standards	Original target in rural areas (which were based in part on ALCS estimates) proved to be overly ambitious. The combination of increasing conflict, accessibility and COVID have led to challenges in meeting rural targets.				
Urban communities meeting all minimum service standards	For urban areas, this indicator reflects communities that meet both the health and education MSS. The cumulative figures are from Dec-2019, the fourth round is suspended due to COVID-19 Quarantine.				

Number of targeted high IDP/returnee communities provided with emergency support	Captures the geographic targeting for the emergency additional financing to high IDP and returnee hosting communities.	MRRD and IDLG Third party monitors	Project MIS and TPM reports		Semi-annually
Number of rural targeted high IDP/returnee communities provided with emergency support	These are the number of rural communities with estimated large percentages of IDPs/returnees who have received MCCG		Project MIS reports		Semi-annually
Number of urban targeted high IDP/returnee communities provided with emergency support	As urban CCAP does not have MCCG and SIG, the Government has interpreted this as the number of communities that have received UAB grant and have over 5% of their total population comprised of IDPs and/or returnees.		Project MIS reports		Semi-annually

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Rural areas - Number/Type of rural subprojects completed (for water points, roads, irrigation, electricity)		Semi-annually	Project MIS		MRRD

<p>Urban areas - Number/type of urban subprojects completed (drainage, streets, street lighting, parks)</p>	<p>The Project cannot determine subproject targets ex-ante as communities decide on types of projects they need and prioritize based upon service standards. Investments will be determined based upon a needs assessment of the first year.</p> <p>The target has been updated to include the additional 300+ urban communities in ten additional cities supported through the CCAP 2nd AF. So 600 original target + additional 300 = 900 subprojects.</p>	<p>Semi-annually</p>	<p>Project MIS</p>		<p>IDLG</p>
<p>Rural areas - Number of people (male/female) benefitting from each type of subproject (access to water, roads, irrigation and electricity)</p>	<p>Cannot determine ex-ante as communities decide on types of projects they need and prioritize. Project will be tracking number of persons benefitting directly from each type of service</p>	<p>Semi-annually</p>	<p>Project MIS</p>		<p>MRRD</p>
<p>Urban areas - Number of urban residents (male/female) benefitting from each type of subproject (drainage, streets, street lighting, parks)</p>	<p>Cannot determine beneficiary target numbers ex-ante as communities decide on types of projects</p>	<p>Semi-annually</p>	<p>Project MIS</p>		<p>IDLG</p>

	they need and prioritize. Project will be tracking number of persons benefitting directly from each type of service.				
% of sampled community respondents (male/female) satisfied with subproject/grant investments		Annually	Project MIS, evaluations, third party monitoring		MRRD and IDLG
Number of kuchi communities benefitting from subgrants/services	Target is 800 out of potential 900 Kuchi communities. Due to insecurity factors, we've estimated conservatively.				
Number of community members involved in peace pilots	This indicator includes those community members (male/female) who are involved in peace dialogues as well as those who directly benefit from peace subgrants.				
Number of women involved in peace pilots					
% of CDCs initiating activities to benefit marginalized and vulnerable groups such as women, IDPs/returnees (in addition to service standards)	This indicator is meant to capture activities done by CDCs to reach vulnerable groups beyond what is financed under the CCAP. This could include work done with own funding or through alternate funding	Annually	Project MIS		MRRD and IDLG

	sources. It is meant to be a proxy measure for the growth of CDCs as inclusive institutions of participatory governance.				
% of sampled community respondents (male/female) satisfied with CDC's performance in their mandated roles		Annually for monitoring , mid-term and final for external evaluation	Based upon social audits, random sample		MRRD and IDLG, third party monitors, external evaluato
% of CDC members in rural areas who are women		Reported once elections are held and confirmed at mid-term and final	Project MIS, third party monitoring, mid-term and final evaluation, gender study		MRRD and IDLG, third party monitors, external evaluators
% of CDC members in urban areas who are women		Reported once elections are held and confirmed at mid-term and	Project MIS, third party monitoring, mid-term and final evaluation, gender study		MRRD and IDLG, third party monitors, external evaluator

		final			
% of sampled CDCs/communities whose CDPs include at least one women's priority activity			Project MIS, gender study		MRRD and IDLG
Number of districts/cities where Citizens' Charter coordination meetings are held between government authorities and CDC clusters/Gozars	Meeting frequency may fluctuate throughout the life of project. Meetings are aimed to ensure coordination across the various ministries involved with CCAP	Semi-annual	Semi-annual progress reports		Citizens' Charter Working Group, provincial and district governors
Number of rural districts where Citizens' Charter coordination meetings are held between government authorities and CDC clusters/Gozars					
Number of cities where Citizens' Charter coordination meetings are held between government authorities and CDC clusters/Gozars					
Number of government provincial and municipalities whose abilities are strengthened in engineering, project management, FM & procurement	Rural = 34 provinces, Urban = 4 cities. Total 34 provinces and cities	Quarterly	Quarterly progress reports		MRRD and IDLG
Number of provinces whose abilities are strengthened in engineering, project management, FM and procurement					
Number of municipalities whose abilities are strengthened in engineering, project management, FM					

and procurement					
Number of evaluations and studies completed	See list of studies and evaluations in Annex 2 of the Project Appraisal Document of the parent CCAP (P160567).	Reported in quarterly reports. It is anticipated that there will be studies throughout the project life.	Quarterly project reports		Citizens' Charter working group
% of rural CDC cross-visits that include women CDC members		Annual reports	Annual project progress reports		MRRD and IDLG
% of urban CDC cross-visits that include women CDC members		Annual reports	Annual project progress reports		MRRD and IDLG
% of grievances received which are resolved		Quarterly	MIS		MRRD and IDLG
Number of rural and urban CDCs reporting semi-annually on service standard targets	8,600 CDCs out of a target of 12,000 in rural areas; 400 out of a target of 600 in urban areas. This indicator relates to CDCs' reporting their status not	Semi-annual reports	MIS, score cards and annual social audits		MRRD and IDLG

	the attainment of standards which is listed above.				
Number of vulnerable households receiving MCCG support		MRRD	Project MIS, regular reporting		Semi-annual
Number of vulnerable IDP/R households receiving MCCG Support		MRRD	Project MIS, Regular Reporting	From the MCCG labor records and via cross-referencing with Community Profile and Well-Being Analysis.	Semi-annual
Number of communities in rural areas receiving MCCG grants within 6 months after AF effectiveness/COVID-19 outbreak	Indicator is meant to capture speed of delivery of the MCCG scheme. Target input at roughly 60% of the total communities covered by AF with MCCG using IDA and ARTF funds (bilateral financing excluded).	MRRD	Project MIS, regular project reporting		Semi-annual
Number of vulnerable households benefitting from social inclusion grant		MRRD	Project MIS, reporting		Semi-annual
Number of vulnerable IDP/R households benefitting from social inclusion grant		MRRD	Project MIS, regular reporting		Semi-annual
Number of vulnerable disabled households benefitting from social inclusion grant		MRRD	Project MIS, regular reporting		Semi-Annual
Number of vulnerable female-headed households benefitting from social inclusion grant		MRRD	Project MIS, reporting		Semi-annually

Households receiving in-kind or cash support in rural and urban areas as part of COVID emergency relief					
Number of female headed households	Estimated at approximately 8% of HHs				

Annex 1: COVID-19 Relief Efforts in 12,000+ Rural and 850 Urban Communities through SIG

Implementation:

1. Rural: The relief efforts at the community level will be implemented by CDCs, with the help of CCAP's Vulnerable Group Development (VGD) Division in MRRD. The CDCs will be supported by their VGD Sub-Committees and Youth Committees, as well as by Mullahs/Imams and teachers in the implementation of the relief efforts. Elders will be involved in implementation as long as their ages permit (no older than 55 years of age). Social Organizers will visit each community three to four times to (a) do outreach explaining the relief efforts, (b) update community profiles, review basic health messages during COVID-19 with the public authorities (who may use loudspeakers to transmit these messages), identify those that will not receive the relief package, prepare the relief proposal to be submitted to the Provincial Management Units, (c) plan distribution events to deliver relief packages with social distancing measures, (d) consider all gender sensitive approaches and interventions for communication and distribution as specified under REACH Project, and (e) monitor distribution events.

2. Urban: In cities, CDCs will also be the main implementation body, but here where VGD Sub-Committees do not exist, the Youth Sub-Committees will support the CDCs' various activities, particularly in the door-to-door distribution (see below). Imams/Mullahs and Nahia officials will be involved as well and take part in meetings, if possible.

Targeting:

3. Rural: Ninety percent of all households will be targeted for the relief intervention (i.e., receive the relief package), based on current food security status. Rather than look for inclusion, the approach to be taken will be to exclude households that remain food secure. The VGD sub-committee members will be crucial in this process as they have intricate knowledge of the socio-economic profile of households in their neighborhoods through the Grain Bank initiative.

4. Urban: As with the rural communities, 90 percent of all households will be targeted for the intervention, but the criteria for targeting will be different. This is because in urban areas, poverty and wealth can be more easily ascertained through observable criteria, as opposed to rural areas, where boundary walls are a common feature of village life. The exclusion criteria for urban areas are as follows:

(a) As solo-criteria (only 1 of these need to apply):

- Employment of non-HH members as domestic staff; and
- HH having the regular use of a Government plated vehicle.

(b) At least two of the following criteria need to apply:

- Ownership of a double-story concrete house;
- One or more members of the HHs employed with the UN or NGOs;
- Ownership of agricultural land of 5 jeribs or more;
- Ownership of one or more vehicles not used as a cab or for goods transport as primary form of

income; and

- Ownership of businesses that have continued to operate during the COVID-19 lockdowns.

5. While these criteria will apply uniformly for the stated households, it is recognized that there may be some exceptions that need to be documented and need to be approved exceptionally by the PMU.

6. In both rural and urban areas, special attention will be paid to female-headed households (FHHs, or households without an able-bodied man) as they are at a greater risk for increased poverty and nutrition/food insecurity due to price increases and in some cases the loss of jobs and income (e.g., parlors, female run-bakeries, homebased tailoring) due to COVID-19. According to the ALCS (2016-17), people in female-headed households experience moderate to severe hunger more than twice as much as those in male-headed households (24.4 and 10.0 percent, respectively)

Package:

7. Rural: Each package will contain AFN4,000 (equivalent to ~US\$52) worth of food items (wheat or rice, beans, oil, and two bars of soap).

8. Urban: The packages for urban communities will be approximately AFN8,000 (equivalent to ~US\$104) worth of food items (wheat or rice, beans, oil and soap), but these will be distributed in two tranches. The reason for the higher amount for urban communities is that cities are harder hit by COVID-19, given the density of population and the reason for the tranches is to ensure that in case of need, communities can receive an additional package later on.

Distribution Events:

9. Rural: In light of the considerable open spaces in communities, there will be public distribution events where 1-2 meters distance can be maintained. In these all-day events, each election unit will send their heads of households at a given time (in the average size village (157 households), election units will have 14 households) to avoid crowding. VGD and Youth Committee members will handle the entry, handwashing, and exit areas and ensure that distribution is well-organized, whilst the CDC members will handle the verification and distribution tables, with the Field Responder and Mullahs/ Imams present to monitor the process. Distribution events are favored over door-to-door distribution to ensure greater transparency in the process.

10. Urban: With the limited public spaces available in urban communities, the preferred method of distribution is door-to-door with one CDC Office Bearer (on the CDC executive committee), one CDC member for the election unit, one Field Responder and one Mullah/Imam/mosque elder from the community making up the actual distribution team.

11. For both rural and urban areas, the project will engage female staff to ensure full coverage of FHHs in terms of mobilization, communication, and delivery. Female field personnel from the project will support communicating information about the package, GRM and COVID-19 health-related messages, as women's access to information is limited. In cities, very poor families including widows often rent

individual rooms in the same house, so to ensure that they are not left behind, the project will employ the usual definition of household based on common cooking pot. Family units within the same compound that use separate cooking pots are countered as separate households. In rural areas, packages will be delivered to doorsteps for women with limited mobility. The project should consider actions to ensure that the delivery mechanism is effective in reaching women to the same extent as men. The project will ensure safety of women at distribution sites and provision of assistance for carrying the package on their way home with the food to prevent theft or gender-based violence. The project will carefully consider the times and locations and have a female representative at the site when possible. In some cases, packages will be delivered to the doorsteps of FHHs keeping in mind social norms and women's safety. The project will ensure, to the extent possible, the participation of female staff in the delivery of transfers given socio-cultural barriers/gender segregation.

Fund Disbursement and Withdrawals:

12. Many rural and urban CCAP communities have sufficient funds in their accounts and once their proposal (that state the number of households and funds required) have been reviewed by the Field Responders and approved by the PMUs, the CDC Bank Account signatories (the Office Bearers) will be able to collect their funds and procure the food items. In communities, where the CCAP infrastructure funds have been utilized, additional funds will be transferred to allow for relief funds.

Procurement of Food Packages:

13. The procurement for food items in rural and urban communities will follow the procurement manual developed under REACH. The Field Responders will be responsible for ensuring that proper procurement processes are followed, and that the proper documentation will be in place. CDCs will be provided with a small administrative fund to cover transport costs to purchase the food items. CDCs will be encouraged to make all in-kind food purchases from within their Nahias, and where not feasible from within their cities so that procurement will also contribute to the local market.

Monitoring:

14. In rural and urban areas, distribution will be monitored by FP or Government staff as well as Mullahs/Imams/mosque elders. Further PMU staff will randomly monitor communities choosing a small sample (5 percent) of beneficiary households and either visit or call them to verify that they received their packages.

Relief Efforts in CCAP Areas for Communities not yet covered as well as 19 Provincial Capitals

15. There are roughly 800+ communities in rural CCAP areas, where work has not yet begun and 19 provincial capital cities with 500+ communities where work within municipal boundaries has not been rolled out. The COVID-19 relief efforts will be implemented through ad-hoc/temporary 'COVID-19 Relief CDCs' in these areas. The work would require bringing together elders and community leaders from all neighborhoods to form a temporary CDC.

Annex 2: Kuchi Block Grants

1. The Kuchi Block Grants (KBG) subcomponent is designed to reach semi-nomadic and fully nomadic Kuchi communities in Afghanistan. The subcomponent adheres to the CCAP's principles of equity, inclusion, participation, accountability, and transparency.
2. **Kuchi Community Development Council (KCDC).** Like RASS or UABG, the KBG will be primarily implemented by a locally-elected institution of Kuchi community members. The institution will be called Kuchi Community Development Council (KCDC). A minimum of 15 households are required in a Kuchi community (Elband) to establish a KCDC. KCDCs should be established in those areas where herding groups spend the most amount of time during the year. In some cases, this may be summer camps (in the east) and in other cases this may be winter camps. Regardless of where the KCDCs are formed (winter or summer camps), all herding groups that stay there must be included in one KCDC.
3. **Social Mobilization.** The Kuchi herding/nomad groups stay in winter anywhere from four to six months and in summer camps for three to five months. The social mobilization activities include most of the participatory analysis done in mainstream CCAP communities so as to establish KCDCs and prepare inclusive Kuchi Community Development Plans. For the development of KCDCs, the following participatory tools will be applied: resources map, social map, wellbeing analysis, migration route and corridor mapping, livelihood pie charts, seasonal calendar to highlight the income generating activities and off-seasons/lean seasons, and leaking pot to highlight exorbitant expenditures and resultant debts. Additional modifications will also be made to the Participatory Learning and Action (PLA) tools, such as on women's mobility exercise and community profiles. The KCDC will enable KCDCs to discuss and make collective decisions on the use of KBG through participatory processes. Simplified citizen scorecards on health and education services will also be facilitated.
4. **Women's participation:** Initial field work and consultations held with Kuchi communities under CCAP indicate a great gender disparity amongst Kuchis due to strict social norms. While the overall gender gap in primary education is decreasing, it is not changing sufficiently among Kuchi communities; girls are not allowed to seek education (usually they are married at a very young age) or go out except for collecting water which is one of the main responsibilities of women, besides all the other reproductive and productive activities they are engaged in. Due to these reasons, women's access to services and information remains very low. They are also exposed to risk of sexual harassment as they have to walk long distances for fetching water and as they rely on common water resources with the risk that a dispute over water could result in being exchanged or pushed to forced marriage to settle the dispute. To address these hardships and development issues, the project will make sure that female Kuchis are involved in KCDCs (at least 40 percent of KCDC members are women, 25 percent of KCDC Office Bearers are women, and 50 percent of voters are women). Just as in the CCAP program, there will be women and male wings of the thematic sub-committees so that women can come together and discuss community development issues as and when they arise and provide their views on, inputs and decisions in terms of development governance issues and processes. Through periodic and systematic engagement of women in community affairs, the program will, over time, build women's capacity and confidence to speak in public, articulate their interests and raise their voices. Finally, the program will work to enable women to influence community development planning so their specific needs (e.g. access to drinking water) are addressed.

To ensure that the activities and processes outlined for women can be realized, the project will engage a sufficient number of female social mobilizers.

5. **KBG.** A grant of up to US\$20,000 will be disbursed directly to each KCDC, which will be used by the KCDC for 1-3 subprojects they select from a menu of KBG subprojects in line with the priorities identified in the KCDP. The menu of KGB subprojects will differ from that of RASS and UABG to cater to the conditions of mobile populations. The menu will include the following (to be confirmed):

- **Water supply**
- **Irrigation**
- **Power (renewable energy)**
- **Transport**
- **Agricultural facility**

6. **Technical Assistance and Staffing.** Unlike the other components of CCAP, social mobilization and activities of KCDCs will be facilitated by MRRD (rather than by NGOs hired as FPs). At MRRD, CCAP's VGD Division will be primarily responsible for the day-to-day management of the KBG related interventions. The Capacity Development Department and Engineering Department will be responsible for training the MRRD's social organizers and engineers respectively. On average, there will be one pair (one male and one female) of social organizers for 15 communities. However, this number may be revised depending on the distance between summer and winter camps in each province.

Annex 3. Peace Pilots

A. Design Features of the Peace Pilot

The proposed Peace Pilot is informed by: MRRD's 17 years of on-the ground experience working in highly insecure rural areas and negotiating access to communities for service delivery; its strong local network of CDCs and facilitators; a 2018-2019 conflict and fragility assessment commissioned by CCAP; and a preliminary review of past country peace-building initiatives at the sub-national level.

In addition to the regular RASS grant subprojects and MCCG/SIG work in rural areas and UABG subprojects in urban areas, the below four activities will be piloted:

- (i) **local conflict analyses** to identify key drivers of conflict, local power dynamics and key stakeholders. It will be important to understand upfront the conflict dynamics in the specific pilot areas.
- (ii) **local level peace dialogues** to build trust, community understanding and discuss pathways towards peace and reconciliation. These inclusive fora will bring together community members, elders, CDCs and other key stakeholders including women to discuss common goals and hopes for a peaceful future.
- (iii) **peace grants** identified by the community to finance collective action and activities to build positive engagement around common goals. Activities could include: improved access to health and education services; employment generation opportunities; youth and vocational training; cultural and sports activities; tree planting; and activities to support the most vulnerable in the community.
- (iv) **conflict and dispute resolution training** and "do-no-harm processes. Disputes often have local causes and citizens turn to local institutions and individuals to resolve them. The 2019 ATR Conflict and Fragility Study shows that CCAP is seen by communities as a vehicle to reduce tensions and resolve local grievances. For the pilot, CCAP will strengthen conflict and dispute resolution trainings for local leaders so that they have the skills to manage more effectively local level conflict and grievances.

One of the key features of the peace pilot will be women's participation in the pilot. While women suffered the most from the war, they have not been proactively engaged in the peace process/dialogue. According to Council on Peace Relation (2020) women's participation in peace processes globally has remained very low (only 6 percent of signatories and mediators were women in major peace processes). Currently in intra-Afghan talks, there are only four women in a team of 21 peace negotiators. Their influential role as mother, sister and wife and their traditional role as elderly ladies at community level peace making has been ignored. The pilot will engage women actively in peace fora/gatherings/trainings to revive their historic role and encourage them to take active part in peace efforts. The female wing of CDCs will be entry points for reaching out to female community members and facilitating women's participation in this initiative in both rural and urban areas.

B. Scope and Costs of the Peace Pilot Rollout

Rural:

Cost: US\$10 million

Coverage area: 300 rural CDCs across 10 districts in Nangahar, Kunar, and Laghman (to be confirmed and depending upon security)

Activities: RASS grants, MCCG/SIG + new activities above

Implementation: End-to-end social mobilization by MRRD (no FPs)

Urban:

Cost: US\$9 million

Coverage area: 75 new CDCs and 15 Gozars in Jalalabad.

Activities: UABG (CDC + GA grants, including minimum 10 percent GA grant allocation for women's subprojects) + new activities above

Implementation: 35 CDCs and 7 GAs will be fully facilitated by IDLG (no FPs). 40 CDCs and 8 GAs will be supported by FPs.

C. Implementation Arrangements

The same implementation processes as regular RASS grant subprojects and MCCG/SIG activities in rural areas and UABG subprojects in urban areas will be followed with additional social mobilization activities such as the do-no-harm training, conflict resolution training, and peace gatherings. HRAIS developed in 2019 and updated in 2020 will also be applied.

Annex 4: Maintenance and Construction Cash Grants in response to the COVID-19 pandemic

1. **Summary.** Due to the social distancing restrictions necessitated by the COVID-19 crisis, the MCCG activities cannot be carried out as initially planned, while the need for MCCG work persist in communities. Therefore, the menu of public works to be undertaken through MCCG will be modified to include those that (a) can adhere to social distancing guidelines; (b) do not require supply materials, the availability of which is affected by the COVID-19 crisis; and (c) accommodate the higher labor-to-supply cost ratio demanded by communities. MCCG will also allow communities to hire laborers from as much as 60 percent of households (rather than 35 percent as per the original design). MCCG implementation during the COVID-19 crisis will be planned for 1,550 communities in 15 districts of seven provinces with the objective to provide 20-40 days of work for each of approximately 87,000 households. For these MCCG works, communities will be required to allocate a minimum of 80 percent of MCCG amounts for labor costs (vis-à-vis 60 percent required under the original design). The total cost of US\$9.9 million estimated for these communities will be financed through reallocations from insecure areas and by mobilizing exchange rate savings within the original MCCG budget.

2. **Selection of subprojects.** In order to identify community needs, the selection of the public work subprojects will be driven by the community through a participatory planning process as much as possible during the COVID-19 pandemic. The planning process starts by identifying key outcomes the community wishes to achieve and then developing a prioritized list of subprojects that will achieve these outcomes.

3. **Proposed subprojects.** The proposed list of public work subprojects includes the following, which will be confirmed during appraisal:

- (a) Canal Cleaning
- (b) Tertiary Road Graveling
- (c) Building structure for Grain Banks (issue of land acquisition needs to be taken care of)
- (d) Tertiary Road Basic Access
- (e) Maintenance and cleaning of terrace (Terracing)
- (f) Maintenance of community level street and roads
- (g) Sanitization of community and public places
- (h) Community awareness raising (a group of 5 to 10 youth could do a door to door campaign on daily basis)
- (i) Climate-smart solutions to solid waste collection and management
- (j) Tree planting/agro-forestry
- (k) Water distribution (particularly to practice good hygiene)
- (l) Repairs/maintenance of schools, hospitals, grain banks
- (m) Cleaning of public areas still in use (hospitals, food banks) and schools before opening
- (n) Mulching of degraded areas
- (o) Soil/stone bund construction
- (p) Creation of grazing reserves through improved water harvesting and rainfall management
- (q) Vegetative fencing and fodder belts
- (r) Construction/maintenance of climate-resilient water infrastructure (particularly retention ponds)

- (s) Construction/maintenance of drainage and water canals/conduits
- (t) Construction/maintenance of infiltration pits
- (u) Construction/maintenance of gully control and check dams
- (v) Multi-purposes tree nurseries

4. Youth friendly options. Given the nature of COVID-19 and the fact that younger population is less at risk, MCCG will further target youth during the COVID-19 pandemic.

5. Women's Participation. Women will be consulted for the selection of the MCCG subprojects. Information will also be disseminated to women to inform them about the job opportunities to be created by MCCG subprojects for them. There must be equal pay for comparable work. Women's MCCG subprojects will be piloted in three to five areas.

6. Negative List. Certain subprojects are not eligible under public works including the following:

- (a) Subprojects that are capital intensive and/or require machinery
- (b) Production or activities involving harmful or exploitative forms of forced labor or child labor
- (c) Involuntary land acquisition under any conditions
- (d) Subprojects designed to improve household assets
- (e) Subprojects that solely benefit private, for profit organizations
- (f) Subprojects to undertake regular, minimal maintenance activities and maintenance activities on assets that the community already undertakes as in-kind contribution to the protection of those assets
- (g) Subprojects for military or defense purposes
- (h) Subprojects that involve the significant conversion or degradation of critical natural habitats
- (i) Subprojects that will damage non-replicable cultural property
- (j) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements

7. COVID-19 safety requirements and measures. In order to mitigate the health risks during the COVID-19 pandemic, the following measures will be taken during the MCCG subproject implementation:

- (a) Guidance will be developed and communicated to participants on how to stay safe from COVID-19 and provide training on safety measures;
- (b) Posters will be developed to educate participants to help prevent the spread of COVID-19;
- (c) Water and soap will be provided at public work sites and participants will be instructed to practice good hygiene. Participants should clean their hands often;
- (d) Instruction will be given to employees to:
 - Avoid congregating, and keep their distance from other workers where possible
 - Avoid sharing tools and personal protective equipment (PPE). Used PPE must be disposed of properly
 - Sanitize tools and equipment that are used by participants
- (e) Every morning one person from the community (possibly someone literate) will take temperature of all the laborers selected for work;

- (f) Any person who is experiencing symptoms of COVID-19 (e.g., fever, cough, shortness of breath, sore throat, runny nose, body aches, chills or fatigue) should not be allowed to come to the public work site and should be advised to seek medical care;
- (g) Clear guidelines will be established for social distancing at the work site, which may include:
 - Form smaller teams of 10 or less people in a group and if possible work should be carried in two shifts to prevent spread of COVID-19
 - Encourage and allow younger people to work while keeping older people isolated
 - Enforce the 1 to 2 meters of distance rule
 - Discourage people from shaking hands
 - Discourage participants from sharing work tools and equipment
 - Mandate facemasks from cloth

Annex 5: Summary of Findings from CCAP Evaluations and Studies to date

CCAP provides a rich context for monitoring and evaluating various hypotheses related to local governance and service delivery in Afghanistan as well as other fragile and conflict situations. CCAP’s existing monitoring and evaluation system built upon lessons learned from its predecessor, the National Solidarity Program. CCAP’s monitoring and management information system provides just-in-time data to feed into management decision-making and reporting. The Third Party Monitors provide independent verification of community mobilization and infrastructure progress on the ground, as well as checks on financial management and procurement practices. CCAP has also sponsored several evaluations and studies since 2017 designed to establish baselines and also understand what the current situation is on the ground, and evaluate what progress has been made. Below is a brief summary of several studies that have been undertaken between 2017 and 2020. Several of the studies will be repeated in the future, e.g. MCCG survey, Conflict and Fragility study and The Asia Foundation Citizens’ Perception Survey for CCAP. Several additional studies examining governance and service delivery outcomes will also be commissioned prior to the end of the project. The complete reports can be found on the Citizens’ Charter website, www.ccnpp.org

Summary of Findings from CCAP Studies

Evaluations/Studies	Outcome indicators/findings
<p>KFW Report April - May 2019 N= 1450 beneficiaries 6 districts in 5 provinces</p> <p>(survey to be repeated in future rounds)</p>	<p>Citizens’ Satisfaction with CDCs and Services</p> <ul style="list-style-type: none"> • 95% stated MCCG is very good or good • 81% very satisfied with their CDCs <p>Poverty Reduction/Improved incomes</p> <ul style="list-style-type: none"> • 52% of respondents stated that MCCG was their only source of income. For those with other sources of income, three-quarters rely on MCCG grant payments for half or more than half of their total income. • 99% said they used MCCG income for food, 77% for medical expenses, 23% for loan repayment <p>Recommended improvements:</p> <ul style="list-style-type: none"> • Some parts of the well-being analysis and lottery process needs to be reconsidered, especially to take into account new arrivals • Many communities could not implement their priority subproject under MCCG due to limited funds and the requirement of max 40% as non-labor costs.

<p>Asia Foundation Survey: CCAP Booster Survey 2018 N = 2040 respondents (representative at district level) 8 rural districts, 2 cities</p> <p>(survey will be repeated in future rounds)</p>	<p>Citizens' Attitudes towards CDCs</p> <ul style="list-style-type: none"> • 56% reported awareness of CDCs • Top functions of CDCs are: representing community needs (60.3%); implementing infrastructure projects (40%); and coordinate with other nearby communities (22%) • 76% satisfied with CDC performance because: they represented community needs (64%), implement infra projects (38%) • 83% thought CDCs are trust-worthy • 77% said that they can influence CDC decision-making <p>CCAP Impact on Welfare:</p> <ul style="list-style-type: none"> • Top benefits of CCAP include: CDC activities (84%); employment benefits (73%) ; economic benefits (40%); infrastructure (35%); community building (28%) • Main beneficiaries are perceived to be: people in general (73%); poor people (34%)and young people (30%)
<p>ATR Study on CCAP and Conflict Dynamics Mid- 2018 to early 2019 baseline</p> <p>N= 1600 respondents (400+ per district), 800+ interviews with community and CDC leaders</p> <p>4 districts: Panjwayi, Matun, Herat, Jalrez</p>	<ul style="list-style-type: none"> • CCAP is largely recognized as a program that reduces tensions and resolves grievances. (e.g. 82% in Panjwayi) • CCAP shows potential to contribute to social cohesion by increasing the resilience of communities and to state legitimacy • 73% of male respondents agree that CCAP helps decrease tensions. <p>Recommended improvements:</p> <ul style="list-style-type: none"> • Need to increase efforts for meaningful participation of women in some areas • Increase use of High Risk Area Implementation Strategy and ensure strict enforcement of the policy
<p>AKBAR Study Experiences and Expectations in CDD, Monitoring Research on CCAP, May 2020</p> <p>3 provinces: Balkh, Parwan and</p>	<ul style="list-style-type: none"> • CCAP is well received by target communities • Communities report certain social changes, highlighting new roles for women in their communities and explaining how greater awareness of poverty has contributed to active efforts to help alleviate challenges for the most vulnerable community members.

<p>Zabul</p>	<ul style="list-style-type: none"> Decentralized election system and CDP process has reduced elite capture and increased local legitimacy On the institutional side, CCAP has helped create a framework for cooperation between various ministries Pro-poor emphasis of CCAP was readily apparent. The well-being analysis and seasonal calendar exercises were noted as being effective for identifying the households most in need of support in the various communities. Led to employment on infrastructure and grain bank benefits Both insecurity and cultural norms continue to constrain the role of women in CCAP. Sometimes women hold their roles on paper only. <p>Recommended improvements:</p> <ul style="list-style-type: none"> Need to improve citizens' understanding of programming and financing. Ensure funds are safeguarded and do not feed into local power politics
<p>MSI Financial Analysis Feb 2020</p> <p>Sample of 59 subprojects across six types: water, irrigation, roads</p>	<ul style="list-style-type: none"> Average EIRRs by subprojects were found to be positive and economically viable Rural tertiary roads = 19%, rural small-scale irrigation = 239%. Subprojects were found to provide substantial benefits to users when time savings were considered relative to subproject costs. Cost comparisons across subprojects of similar types were varied but often lower with CCAP. Need to look at some of the unit costs especially with IDLG roads
<p>Social Inclusion in Fragile Contexts: Pathways towards the Inclusion of Women in Local Governance Processes Perspectives from Afghanistan CARE, 2020</p>	<ul style="list-style-type: none"> CDCs and separate CDC Women's Committees (where parallel men's and women's committees exist) were consistently viewed as the most effective of these spaces for women's participation, in the research sample areas. Women view collective action as an effective strategy to increase their influence in public decisions. Health and Education CDC Sub-Committees recognized by men as legitimate platforms for women's involvement <p>Recommendations:</p> <ul style="list-style-type: none"> Support initiatives that are led by, or strongly engage, subnational government actors, with the aim of generating ownership and innovation at these levels related to women's public participation.

Annex 6: Enhanced Accountability and Fiduciary Framework

Given the high fiduciary risk across the Afghanistan portfolio, the WB has introduced a series of measures to enhance its fiduciary oversight of WB-financed projects in Afghanistan, including for CCAP. These enhanced measures, specifically identified for each project, including those for CCAP summarized below, supplement the standard fiduciary arrangements to mitigate the potential perceived risks.

CCAP has already implemented certain enhanced fiduciary measures over the past year. The IAs have done extensive work to collect, compile, and archive the CDCs' expenditure documentation across the country. The MIS functionality has been enhanced to scan and archive the CDC expenditure documents. The TPMA review reported an error rate of less than one percent in expenditure documentation. The disbursements are now SOE-based, which means that IAs report expenditure by each CDC and SOE are certified by the TPMA before replenishment by the WB. For better cash flow management, the designated accounts for CDC grants and operational expenditure have been separated. The project is also using the FM Manual for IDA-ARTF financed projects that specifies detailed internal controls for every financial management process.

KEY FIDUCIARY RISKS

The main fiduciary risks with CCAP currently pertain to the following areas:

- **Subproject Monitoring:** Delays in subproject implementation have caused repeated liquidity concerns for the project. The delayed completion of subprojects led to cash accumulation in CDC accounts resulting in significant undocumented advances with the WB. During the years 2017-19, the actual utilization rate of RAS grants was only 33 percent. The CDCs only spent US\$43 million against US\$133 million transferred by MRRD, leaving US\$90 million resting in their bank accounts. There is a need for improved tracking and reporting of subproject delays and funds sitting in the CDC accounts for a prolonged period. MRRD should improve its aging analysis of the advances.
- **Cash Payments:** The IAs have been making excessive cash payments and not liquidating advances with MoF's Treasury on time. Excessive use of cash increases the risk of non-compliance, as MoF's Treasury does not review the payments, and safe custody of large cash is also a concern. The IAs need to improve cash management procedures, especially for operating expenditures.
- **HR Management:** The IAs need to enhance the efficiency of recruitment processes' and properly archive all documents evidencing the recruitment process and decisions. There have been delays in staff recruitment that could impact project progress. Additionally, insufficient documentary evidence of certain decisions during the recruitment process, e.g., approval of the shortlist, were noted in some cases.
- **Internal Audit:** The internal audit functions in MRRD and IDLG currently lack independence, mandate, and capacity to function as an effective assurance mechanism. The internal audit reports produced with a significant delay are not issue and risk-focused, and the follow-up with audit recommendations is inadequate.
- **Fixed Assets Management:** The fixed assets register is regularly updated; however, a system is not in place to (a) reconcile fixed assets procured with the procurement plan; (b) physically verify assets; and (c) develop an asset replacement policy.
- **Government Counterpart Contribution** (discussed earlier in the Project Paper)

ENHANCED FIDUCIARY CONTROLS

The following enhanced fiduciary controls have been agreed with the IAs during appraisal:

MRRD will further enhance the MIS by February 28, 2021. The additional MIS functionalities would enable the project management to mitigate the risks related to overdue cash advances with the CDCs, aging analysis advances with the CDCs, financial vis-a-vis physical progress of the subprojects, and the functionality of forecasting six months funds by the communities. The MIS would also have the functionality to generate alerts for the delayed subprojects and pre-specified cash advance limit with CDCs. The MIS reporting modules would be enhanced to generate multiple reporting for timely decision-making in the last phase (last two years of the project's implementation).

The IAs' quarterly progress reports will include details of subproject monitoring. The report would include an analysis of the delayed subprojects and actions taken by MRRD to expedite the implementation of subprojects. Furthermore, the report would include results of IAs' review of CDCs' records management, CDCs' controls over safe custody of physical cash, and the subprojects' physical against financial progress.

Capacity injection in the form of recently hired international financial management advisor and provincial accountants is providing additional support to MRRD in mitigating the risks identified. The financial management advisor will perform a gap analysis of the current financial management system for sub-grants and project management components by December 31, 2020. The analysis report will also include measures to address the gaps to improve the system in early 2021.

World Bank will prior review and approve the annual incremental operating cost budget and staffing plan. Each implementing agency will prepare a detailed plan for operating costs specifying the cost elements and justification for their financing. The WB would review the plan and cost estimate for eligibility as per the legal agreement, relevance to the project objectives, considerations of alternate sources of financing, and economy. Any changes to the operating plan during implementation would require prior approval of the WB. The detailed project staffing plan would specify planned and actual positions, including position/title, grade, location, name of staff (for staff hired), salary, prior or post review status for the position, and all allowances position is entitled. Only the positions approved by the WB in the staffing plan would be considered eligible for financing under IDA and ARTF. The TPMA and external auditors would monitor compliance with the approved operating cost plan and staffing plan, and any expense incurred beyond the approved plans would be considered ineligible. (Legal covenant)

Financial Management Framework. The Financial Management Manual (FMM) for IDA and ARTF projects in Afghanistan, notified by the MoF (shumara no. 109 dated 16/10/1398), will continue to be used for all FM aspects of the project. The manual includes details on the FM arrangements, internal controls, disbursement procedures, reporting lines, allotment and payment processes, documents retention control mechanism at various levels, and service standards. MRRD's financial management advisor will review the sub-grants chapter of the FM manual and recommend improvements based on the system's gap analysis assessment.

The second-generation accounts would be used instead of cash advances. To limit the cash transactions, MoF would allow second-generation accounts for operating expenses to MRRD and IDLG regional offices and the PIU. These accounts will be opened in DAB or a commercial bank. Treasury would provide advance equivalent to 90 days forecasted expenditure into these accounts. Each entity would make payments from their respective accounts and keep records per the financial management manual. At the end of each fiscal quarter, the MRRD and IDLG would provide expenditure documentation to the Treasury for replenishment.

Hiring a reputable audit firm for the project's internal audit by April 20, 2021. The firm to be hired for the Early Warning, Finance, and Action (ENETAWF) project will also cover the internal audit of the CCAP project for the remaining life of the CCAP. The TOR will be prepared in a way to keep both ENETAWF and CCAP as separate assignments, and the firm will produce separate reports for each project. The firm will conduct semi-annual internal audits of the projects. The WB will review and approve the TORs. The audit firm will be required to submit the audit reports simultaneously to the project and the WB. In addition to the review of project systems, the audit will involve field visits to verify the expenditures' eligibility, CDCs maintaining proper books of accounts, cash custody by the CDCs, and physical verification of the subprojects.

The ARTF Third-Party Monitoring Agent (TPMA) will perform the regular review and report periodically to the WB. The TPMA review is part of the independent assurance of compliance with the project's control framework. The TPMA reviews the expenditures documentation as part of the SOE clearance and will continue reviewing the subprojects' implementation on a sample basis. Through the bi-monthly SOE review, TPMA will also continue to review the CDCs' documentation to determine compliance with required procedures and adequacy of supporting documents for the expenditure reported.

FINANCIAL MANAGEMENT & DISBURSEMENT – IMPLEMENTATION ARRANGEMENTS

Budgeting: For annual budget preparation, detailed guidelines in the FMM will be followed. The Project budget would be based on the procurement plan and annual work plan. As mentioned above, each IA will also prepare the operating cost plan that will be prior reviewed by the WB.

Accounting and Reporting: MRRD and IDLG will continue to maintain separate books of accounts for the activities executed under their respective designated accounts (DAs) following FMM. Payment vouchers will be prepared for each transaction, and the relevant accounting codes, disbursement category, and project component will be mentioned on the payment vouchers. The project will submit quarterly interim financial reports to the WB. The SOE submission for DA replenishment will be bi-monthly. The WB would follow downstream accounting, and expenditure would be recognized based on the actual amount utilized by the CDCs/GoZars for the implementation of subprojects. Any unutilized advance to the CDCs/GoZars would be refunded to the designated account of the relevant implementing entity.

External Audit: The Supreme Audit Office (SAO), with the support of consultants, carries out the annual audit of all ARTF/WB-funded projects. The same audit arrangements will continue for CCAP. The SAO will submit to the WB, audited yearly project financial statements and Management Letters within nine months of the close of the fiscal year. The audit report submission deadline has been extended from six

months to nine months after the fiscal year. The financial statements of the project audit will be prepared by MoF based on the Afghanistan Financial Management Information System (AFMIS) records. There are common TORs for the audit of all projects that are reviewed by the WB annually. The SAO will engage with the WB's fiduciary team on key risks that need to be considered when planning its annual CCAP audit.

Disbursement: MRRD and IDLG will set-up two new DAs, one for each IA, to channel the US\$35 million IDA additional financing. The DAs will be set-up in Da Afghanistan Bank and will be denoted in US\$. The designated account ceiling for MRRD and IDLG will be US\$15 million and US\$5 million respectively. There will no change in the disbursement arrangements of the existing designated accounts including the designated account ceilings. The disbursement will be SOE based, and the TPMA will certify each SOE before the WB makes replenishment. The frequency of the SOE submission will be bi-monthly. Below is the category wise costing table for existing tranches and additional financing.

Disbursement table including additional financing

IDA D1390					
	Expenditure Category	Current	Disbursed	Updated amounts under restructuring (no change)	Change
1	Ruralarea Serv Std grants	US\$ 101,360,060	US\$ 40,708,130	US\$ 101,360,060	US\$ 0
	Total	US\$ 101,360,060	US\$ 40,708,130	US\$ 101,360,060	US\$ 0

IDA D2130					
	Expenditure Category	Current	Disbursed	Updated amounts under restructuring	Change
1	Rural Area Service Standard Grants	US\$ 69,808,565	US\$ 5,693,618	US\$ 69,808,565	US\$ 0
2	Urban Area Block Grants	US\$ 28,304,585	US\$ 10,296,146	US\$ 28,304,585	US\$ 0
3	Gds,Wks,Ncs,CS,Trng,OC MRRD	US\$ 23,928,315	US\$ 2,166,540	US\$ 23,928,315	US\$ 0
4	Gds,Wks,NCS,CS,Trg, IOC, IDLG	US\$ 5,082,120	US\$ 586,323	US\$ 5,082,120	US\$ 0
5	MCCG and SIG	US\$ 4,446,855	US\$ 9,510	US\$ 4,446,855	US\$ 0
	Total	US\$ 131,570,440	US\$ 18,752,137	US\$ 131,570,440	US\$ 0

IDA NEW (AF2)					
	Expenditure Category	Current	Disbursed	Allocation Amounts of Additional Financing	Change
1	Rural Area Service Standard Grants	US\$ 0	US\$ 0	US\$ 0	US\$ 0
2	Urban Area Block Grants	US\$ 0	US\$ 0	US\$ 0	US\$ 0
3	Gds,Wks,Ncs,CS,Trng,OC MRRD	US\$ 0	US\$ 0	US\$ 0	US\$ 0

4	Gds,Wks,NCS,CS,Trg, IOC, IDLG	US\$ 0	US\$ 0	US\$ 0	US\$ 0
5a	Rural MCCG and SIG	US\$ 0	US\$ 0	US\$ 25,000,000	US\$ 25,000,000
5b	Urban SIG	US\$ 0	US\$ 0	US\$ 10,000,000	US\$ 10,000,000
	Total	US\$ 0	US\$ 0	US\$ 35,000,000	US\$ 35,000,000

ARTF A3827					
	Expenditure Category	Current	Disbursed	Updated amounts with AF and restructuring	Change
1	Gds, Wks,Ncs,CS,Trng OC Pt 234 MRRD	US\$ 101,000,000	US\$ 54,380,306	US\$ 106,881,405	US\$ 5,881,405
2	Rural are srvc stds grants	US\$ 122,300,000	US\$ 37,447,988	US\$ 228,881,375	US\$ 106,581,375
3	Gds,Wks,Ncs,CS,Trng,OC Pt234 IDLG	US\$ 21,370,000	US\$ 19,406,140	US\$ 34,688,660	US\$ 13,318,660
4	Urban Area Block Grant	US\$ 59,500,000	US\$ 32,205,213	US\$ 101,695,415	US\$ 42,195,415
5	MCCG and SIG	US\$ 140,130,000	US\$ 23,328,684	US\$ 130,153,145	US\$ -9,976,855
	Total	US\$ 444,300,000	US\$ 166,768,332	US\$ 602,300,000	US\$ 158,000,000
	Total	US\$ 677,230,500	US\$ 226,228,599	US\$ 870,230,500	US\$ 193,000,000

ARRANGEMENTS FOR COVID RESPONSE UNDER CCAP

CCAP’s Operations Manual, Financial Management Manual for IDA-ARTF Financed Projects, and the MIS of the project would be used to plan, execute, and account for the food package grant. CCAP’s Operations Manual and the MIS would need to be updated to incorporate details and controls for the food package grant.

Expenditure Tracking and Reporting through MIS: The additional COVID-19 relief grants to the communities and households will be channeled through the CCAP Delivery mechanism. Both MRRD and IDLG have included the following additional functionalities in their MIS:

- a. A separate field to track all COVID-19 relief grants, including food package grant, by CDC, type of grant, and geography;
- b. A new B3 Form specifically for the cash withdrawal against COVID-19 relief grants by the CDCs;
- c. Fix ceiling for each CDC for each COVID-19 relief grant, and the CCAP finance staff confirms the limit from MIS while approving the new B3 Form and cash withdrawal from the bank account. The authorized finance office certifies on the new B3 Form that the requested cash withdrawal is within the ceiling as per MIS;

- d. Recording and reporting cash withdrawals and actual utilization for each COVID-19 relief grant for each CDC separately from the regular sub-projects. Functionality to scan, upload and retrieve the supporting documents for cash withdrawals and actual utilization by each CDC;
- e. A Distribution Form to record the details of the households receiving food packages. The form includes basic information of the household, including name, Tazkira, telephone number, signature of the recipient, house address, and the number of family members. The forms are manually filled at the time of distribution but subsequently, the data is entered in the MIS;
- f. Tracking and reporting of the CDCs in respect of whom the expenditure documents have not been uploaded in the MIS. Generation of periodic alerts to upload the supporting documents, including 30 days, 45 days, and 60 days from the date of cash withdrawal by the CDC. Daily alerts in case of documents not uploaded after the deadline of 60 days.

MRRD and IDLG have developed dashboards and reporting functionalities to analyze the grants, withdrawal, and actual utilization using different permutations and combinations. The table below presents key MIS forms to be prepared at various stages of the process, and the controls applied.

Form Number	Form Name & Description	Controls
Form 2	CDC/GA Bank Account Opening	Prepared by CDC/GA, providing details of the bank signatories including pictures. Reviewed and verified by the IA Provincial Manager/ City Manager cum Grants Manager and provincial accountant and submitted to the DAB. Details of the signatories recorded in the MIS.
Form 3	Beneficiary Household Selection: List of the beneficiary households eligible for the relief packages.	Prepared by HH selection committee comprising CDC members. Reviewed and cleared by Community Participatory monitors, local leaders (e.g., Mullahs), FP representatives, and IA representatives. In cases where the number of households exceeds a pre-established benchmark, a verification will be conducted by FP representatives to ensure all households on the list exist. TPM will conduct phone monitoring after list preparation to ensure that listed households are aware of their eligibility. Approved by the IA Provincial Manager/ City Manager cum Grants Manager.
Form 5	Disbursement Request: To transfer the funds to CDC bank account based on approved Form 1.	Prepared by CDC/GA, and verified by the provincial manager of FP. Reviewed by the IA Provincial Manager/ City Manager cum Grants Manager and provincial accountant. The accountant prepares and submits the payment voucher to PIU for approval. Senior officials at PIU approves as per their financial authority. The finance department at HQ processes the payment, and the MoF Treasury transfers the funds to the CDC account.

Form 8	Cash Withdrawal Request: To withdraw funds and make payments from the CDC bank account.	Prepared by CDC/GA, and verified by a representative of FP. Reviewed by the provincial accountant and approved by a Provincial Manager/ City Manager cum Grants Manager. DAB maintaining the CDC bank account verifies completeness of forms and authenticity of the signature, including those of provincial accountant and manager before payment.
Form 9a & Form 9b	Verification of In-kind Distribution; Verification of Cash Distribution CDC procurement and expenditure documents and distribution logs for cash and food packages.	Signed by the members of CDC/GA procurement and distribution committees facilitated by representatives of the FPs. Signed form along with original supporting documents submitted to the IA. The provincial accountant reviews the completeness and accuracy of the documents. The Provincial Manager/ City Manager cum Grants Manager approves, and the expenditure is documented against cash withdrawn by the CDC.

Funds Flow: The existing funds flow arrangements for CDCs would be used. The food package grant would be deposited in the current CDC bank accounts by the Treasury from the Project’s Designated Account. CDCs would withdraw funds based on the approval of the new B3 Form, developed for COVID-19 relief grants. CDCs will have to withdraw fresh advance from CDCs bank accounts to track the withdrawal and expenditures of the response allocation. CDCs will be instructed not to use the already withdrawn advances for the package purchases.

Expenditure and Document Management: Communities would expend the grant, including procurement, as per provisions in CCAP Operations Manual. In addition to the procurement and expenditure documents, including quotations and invoices, the completed distribution forms for each CDC would be required as a supporting document. MRRD and IDLG will collect and upload the supporting documents into the MIS immediately after the distribution but not later than 60 days of each withdrawal by the community from the CDC bank account.

TPMA to Observe Procurement and Distribution on a Sample Basis: The WB will task its TPMA to observe the process of package procurement and distribution of food packages on a sample basis. MRRD and IDLG will provide the dates of purchase and distribution by CDCs, and the TPMA will undertake surprise visits to observe the process.