“With just a point and click of my camera, I can help change the destiny of my community.”
On September 01, 2013, the World Bank released a new report, ‘Higher Education in Afghanistan: An Emerging Mountainscape’. This is the first time that the Bank has undertaken an in-depth study of the higher education sector in Afghanistan, which provides a wide-ranging and evidenced-based review. It surveys a variety of higher education systems, policies and reforms from the modern world particularly in areas where Afghanistan faces the greatest higher education policy challenges. It also provides a menu of policy options for policy makers in Afghanistan’s higher education system.

The report finds that Afghanistan still has much to achieve in access, particularly in women’s participation in higher education, which constitutes only 19 percent of total enrollment. The country needs infrastructure to enhance access: classrooms, laboratories, residential facilities, libraries, and transport and internet facilities. At the same time, it also needs to catalyze private participation in the provision of higher education with caution on quality. Quality is a major issue both in public and private higher education institutions. Despite sincere efforts from the government and universities, some major obstacles remain. Putting a quality assurance system and good mechanisms for staff development and retention in place are important issues that need to be tackled. This report has some recommendations in this regard, particularly to lift academic achievements to an internationally comparable standard over time.

The full report is available on: www.worldbank.org.af
World Bank projects and programs

Since April 2002, the World Bank has committed over $2.69 billion for development and emergency reconstruction projects, and four budget support operations in Afghanistan. This support comprises over $2.2 billion in grants and $436.4 million in no-interest loans known as ‘credits’. The Bank has 22 active projects in Afghanistan with net commitments of more than $1.01 billion.

The World Bank has provided advice to help the government manage donor funds effectively and transparently. The Bank also supports the government by providing analytical work on the economy, public administration, gender, poverty, opium economy, and public finance management.

The Bank has actively supported key reforms, particularly in the fiscal and public administration spheres, and through its budget support operations. IFC Advisory Services is very active in Afghanistan on a quarterly basis.

International Finance Corporation

The International Finance Corporation (IFC), the World Bank Group’s private sector development arm, continues to work with its investment and advisory service partners in Afghanistan. IFC Investment Services now has a committed investment portfolio totaling some $313 million in five companies, which include commitments in the financial, telecommunication, and hospitality sectors. IFC is exploring investment opportunities across the manufacturing, financial markets, and infrastructure sectors, and undertakes senior-level business development missions to Afghanistan on a quarterly basis.

IFC Advisory Services is very active in Afghanistan with eight active projects during the reporting period. Two projects were successfully completed in the previous quarter. IFC expects to launch up to three new or next phase projects during the coming quarter.

Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and the Afghan government to improve effectiveness of the reconstruction effort. As of July 30, 2013, 33 donors have contributed over $5.42 billion, making the ARTF the largest contributor to the Afghan budget – for both operating costs and development programs. ARTF’s support for national priority programs, operating costs of government operations and the policy reform agenda is contributing to the achievement of the Afghanistan National Development Strategy goals. More than $2.88 billion have been disbursed to Government of Afghanistan (GoA) to help cover recurrent costs, such as civil servants’ salaries, and over $2.09 billion had been made available for investment projects.

Japan Social Development Fund

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

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

As of September 2013, JSDF’s total commitment had reached $81.3 million. A number of JSDF-financed projects have so far been completed.

For more information:
http://go.worldbank.org
Ongoing Operations

Education and Training

Second Education Quality Improvement Program (EQUIP)

- IDA Grant $65 million
- ARTF Grant $283 million

EQUIP’s objective is to increase equitable access to quality basic education, especially for girls, through school grants, teacher training and strengthened institutional capacity with support from communities and private providers. Program interventions are primarily targeted towards general education, teacher training and education management. The program is fully aligned with the Afghanistan National Education Strategic Plan and supports the institutional development of the program staff of the Ministry of Education.

Under EQUIP II, all teachers have received training in pedagogy and content specific subjects. In addition, a total of 356 schools have been constructed, 521 are under construction and a further 176 schools are planned to be built under the addition-der construction and a further 176 schools are planned to be built under the addition.

The Strengthening Higher Education Program (SHEP)

- IDA Grant $60 million
- ARTF Grant $5 million

Closed: June 2013

The program aimed to restore basic operations at 12 core universities including in Kabul (Kabul Polytechnic University, Kabul University, Kabul Education University), and

When I first came here, I was unfamiliar with the internet and now I have learned about computers and how to use them, not only for friends but also for studies.

—Zia Ulhaq, student, Nangarhar University

Higher Education takes promising shape

- Core universities in Afghanistan, such as Nangarhar University, are attracting thousands of students, which has led to infrastructure, increase resources, and improve qualifications of teaching staff.
- Under the World Bank and ARTF’s Strengthening Higher Education Program, basic operational performance has been restored in 12 core universities across the country.
- Students now have the opportunity to access internet resources for their studies, thanks to IT equipment funded by the program.

Tucked in every available space, in stairwells and under trees, engineering students from Nangarhar University are taking their final exams. It is the end of term at Afghanistan’s second largest university, located in the eastern province by the same name.

Thousands of students are already clamoring to take these students’ places next year. Space and budget limitations will only 2,000 to be accepted, says Professor Arifullah Mandozai, dean of the engineering faculty.

“Engineering is one of the most important subjects to study because it builds our country,” says Mandozai. “That’s why we need the best students, teachers, and equipment here to help them.” Thanks to support from the Strengthening Higher Education Program (SHEP), Nangarhar University is already making great strides, he says.

Now, 13 faculties in such diverse subjects as economics, medicine, law and Sharia, and literature, offer classes to about 10,000 students, notes Dr. Mohammad Saber, the university chancellor. “Without support from SHEP, our budget would be too limited. SHEP is a very important source of funding for us. Without it, we could do very little,” Saber says.

The objective of SHEP, which closed at the end of June 2013, was to progressively restore basic operational performance at a group of core universities. SHEP began in 2005 with a grant of $40 million, and originally supported six universities (Kabul, Balkh, Herat, Kandahar, Nangarhar, and Kabul Polytechnic), mainly in the areas of physical infrastructure and improvement of staff development, curriculum, and equipment.

With additional funding in 2010, six more universities (Bamyan, Khost, Saezjan, Al-Beroni and Kabul Education University) received assistance.

Internet connection a great gift

At Nangarhar University, SHEP provided funds to construct the bright new two-storey engineering building with 11 classrooms, a large conference room, computer lab and the dean’s office. In addition, repairs were done to old wings.

Chancellor Saber says about 50 laptops have been purchased for a large computer lab and a segment of the campus is now wireless so students can log on with their own computers. All the university’s IT equipment was purchased through SHEP, notes Saber.

Using a new laptop, student Zia Ulhaq, 20, says there isn’t any other facility in Jalalabad that allows free internet use. “When I first came here, I was unfamiliar with the internet and now I have learned about computers and how to use them, not only for friends but also for studies.”

The university chancellor says students are “now connected with the whole world to do research, or connect with other professional people to help solve their problems. This is a great gift.”
nine regional universities (Balkh, Herat, Kandahar, Khost, Bamyan, Kapisa, Takhar, Juzjan, and Nangarhar) through partnership programs with universities in the region, and in Europe and USA, as well as through competitive block grants. In June 2010, additional resources of $20 million equivalent through the World Bank’s IDA Crisis Response Window were approved to scale up these activities which added six more public universities (Bamyan, Takhar, Jozjan, Khost, Kabul-Education and Alberoni Universities), in line with the priorities identified in the National Higher Education Strategic Plan. SHEP ended on June 30, 2013.

The first batch of about 1,500 students in Accounting, Management and ICT graduated in July 2011. Of this, 1,058 students were given diplomas by the University of Jyvyskyla, Finland. The project provides aid to five other institutions under the Ministry of Education that requires them to broad-base their governance councils and develop linkages with employers.

Component 3: Under this component, training is provided to youth, as well as to some vulnerable groups. The implementing agency is the National Skills Development Program unit, and nearly all of the programs contracted out for the training of about 7,500 youth, marginalized farmers and chronically poor women have been completed.

The project is designed to increase the number of immediately employable graduates by building a high quality technical and vocational education and training system with the goal of reducing the number of training provided by various institutions as well as costs of third party monitoring and evaluation, and a public awareness campaign. The public awareness campaign will sensitise high school graduates on the type of training provided by various institutions as well as the quality of the training.

Second Afghanistan Skills Development Project

IDA Grant $20 million
ARTF Grant $18 million

The project’s objective is to increase the potential for employment and higher earnings of graduates from Technical and Vocational Education and Training (TVET) schools and institutes through improvements in the skills delivery system. The project focuses on providing incentives to schools and institutes offering formal TVET programs through a challenge fund scheme, while strengthening the institutional system for TVET as a whole. The project has four components:

Component 1: This component essentially focuses on (a) the formulation of a detailed TVET strategy and plan which would also be in line with the National Priority Program 1, National Education Strategy Plan II, and the Interim Strategy Document published by the government, and an implementation program; (b) developing quality standards for skills delivery; (c) designing and implementing a labor market information system and an overall MIS for the TVET system; (d) capacity building of monitors and inspectors of schools and institutes accredited by DMTVET; and (e) conducting certification examinations for TVET graduates and related activities.

Component 2: This component includes a program for the recognition of schools and institutes that have already implemented some good practices to improve academic management, reform school administration, attempts to find placements for students or to establish linkages with local industries, curricular reform at the local level, and practical steps to deal with student welfare, etc. Such schools and institutes will be given an award of $30,000 in kind. The second step will consist of selecting a number of schools and institutes (approximately 15 over the life of the project) which, through a detailed business plan, demonstrate a willingness to sustain these good practices and/or to introduce new ones. The selected schools and institutions will be provided development grants.

Component 3: This component is specifically directed towards developing an infrastructure for in-service training for technical teachers and to build a pool of master trainers. It is proposed to train 750 technical teachers and at least 60 master trainers by the end of the project.

Component 4: This component finances the technical assistance cost for a skills team, as well as costs of third party monitoring and evaluation, and a public awareness campaign. The public awareness campaign will sensitise high school graduates on the type of training provided by various institutions as well as the quality of the training.

Afghanistan Financial Sector Rapid Response Project

IDA Grant $19 million

The project is assisting the Da Afghanistan Bank (DAB) to develop a set of action plans to improve banking supervision and implement a modern payment system for efficient and transparent payment transactions. Specifically, the project aims to allow DAB to accurately assess the financial situation of 20 commercial banks through audits conducted in accordance with international standards. The audits will lead to the development of action plans to address weaknesses that are identified, with oversight from DAB. The project also aims to modernize the national payment system with the goal of reducing the cost of making payments in Afghanistan, and transitioning to electronic, card or mo-
Financial Sector Strengthening Project

The project supports the Afghan National Development Strategy’s vision to establish a modern and competitive financial sector. The project will specifically strengthen the capacity of DAB through modernization of IT systems (off site supervision and human resource management). It will also develop necessary financial infrastructure such as a public credit registry, movable collateral registry, and AIFB.

Through this project, IFC also provides technical assistance to the central bank in or- der to establish two basic financial sector in- frastructures: (i) a Public Credit Registry (PCR) that will provide lenders with information for efficient risk assessment on borrowers; and (ii) a Collateral Registry for movable property that will provide lenders with the ability to effectively use borrowers’ property as collateral. IFC’s involvement includes support to DAB on enactment of the Secured Lending Transactions Law and the Credit Reporting Regulation. IFC has also helped draft a best practice leasing law.

The Collateral Registry was officially launched in February 2013. The procurement process of the PCR has been completed and the contract with the selected technical bidder was signed in March 2013, after which implementation work began. A vendor has also been identified for the modernization of the human resources management system and the contract should also be signed shortly. The PCR is scheduled to be operational by March 2014.

The Mid-term Review (MTR) of the proj- ect took place between February 24 and March 6, 2013. The MTR concluded that the project needed to be restructured as activi- ties to strengthen the capacity of DAB have had limited impact. The Financial Sector Strengthening Project will therefore be closed and key remaining activities will be transferred to the Financial Sector Rapid Response Project.

Public Financial Management Reform Projects

A series of five operations support Afghanistan’s efforts to establish a trans- parent and well-functioning public financial management system to ensure better use of public resources. The grants initially concen- trated on funding consulting firms to support government officials in carrying out procure- ment and treasury operations, but have now shifted emphasis to building capacity in procure- ment and audit functions in the Treasury Department of the Finance Ministry. The proj- ects contributed to the establishment of the current modern legal framework for public financial management and to the implemen- tation of systems to support this framework.

A six-day old baby being examined at the Khulm District Hospital outside Mazar-i-Sharif. The hospital is funded by the Strengthening Health Activities for Rural Poor Project (AHAPP) which aims to finance GoA’s efforts to respond to some of the most important de- velopment challenges Afghanistan will face during transition and beyond: according to World Bank analysis the anticipated decline in foreign aid could reduce Afghanistan’s growth prospects to about half of its current average. Poverty rates are persistently high and labor market pressures are increasing with 400,000 to 500,000 young people enter- ing Afghanistan’s labor force every year. By 2015, the results of the project are ex- pected to increase customs revenue, improve the enabling environment for private invest- ment in mining and ICT sectors, decrease the prices for GSM broadband services, improve the legal and regulatory environment for land management and administration as well as produce more opportunities for cost- saving in public infrastructure projects.

AFGHANISTAN

HIV/AIDS Prevention Project (AHAPP)

AHAPP was designed to strengthen national capacity to respond to the epidemic by scal- ing up prevention programs targeting vulner- able population sub-groups with enhanced risk. These vulnerable groups included inject- ing drug users, sex workers and their clients, and prisoners. The project also aimed to improve the knowledge of HIV prevention among the general population, strengthen surveillance of HIV prevalence and high risk behaviors, map and estimate the sizes of groups engaged in high risk behavior, and use communications and advocacy to reduce stigma related to HIV and AIDS.

The AHAPP grant closed on November 30, 2012. The Ministry of Public Health/National AIDS Control Program priority interven-
System Enhancement for Health Action in Transition (SEHAT) Program

- IDA Grant $100 million
- ARTF Grant $270 million
- Multi Donor trust fund for health results innovation $7 million

On February 28, 2013, the World Bank Board of Executive Directors approved a $100 million grant to support the System Enhancement for Health Action in Transition program. The program aims to expand the scope, quality and coverage of health services provided to the population, particularly for the poor, in 22 provinces, and to enhance the Ministry of Public Health’s (MoPH) stewardship functions. The project will support the provision of basic health and essential hospital services in both rural and urban areas. It will also strengthen the national health system and MoPH’s capacity at central and provincial levels, so it can effectively perform its stewardship functions.

The program, financed in the amount of $407 million, will be jointly supported through a contribution of $30 million from GoA, $100 million from an IDA Grant, $7 million from Norwegian Health Results Innovation Trust Fund, and $270 million from ARTF. The project includes the following three components:

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

Component 2: Building the stewardship capacity of MoPH and system development by supporting the following thematic areas:

- Strengthening sub-national government;
- Strengthening the healthcare financing di-rectorate; developing regulatory systems and capacities for ensuring quality pharmaceuticals, working with the private sector; enhancing capacity for improved hospital performance; strengthening human resources for health; governance and social accountability; strengthening the Health Information System and use of information technology; strengthening health promotion and behavioral change; and improving fiduciary systems.

Component 3: Strengthening program management: supports and finances costs associated with system development and stewardship functions of the MoPH including incremental operating costs at central and provincial levels and technical assistance.

/ INFRASTRUCTURE

Afghanistan Information and Communication Technologies (ICT) Sector Development Project

- IDA Grant $50 million

The project builds on the success of earlier projects and catalyzes the next phase of ICT development in the country. It will support policy and regulatory reforms and strategic infrastructure investment to expand connectivity, mainstream the use of mobile applications in strategic sectors in government, and support the development of the local IT industry.

- The project is envisaged to close as planned on September 30, 2013.
- The program, financed in the amount of $407 million, will be jointly supported through a contribution of $30 million from GoA, $100 million from an IDA Grant, $7 million from Norwegian Health Results Innovation Trust Fund, and $270 million from ARTF. The project includes the following three components:

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- Component 3: Strengthening program management: supports and finances costs associated with system development and stewardship functions of the MoPH including incremental operating costs at central and provincial levels and technical assistance.
Community Monitoring Improves Project Quality

- A new community monitoring program to improve the quality of construction of infrastructure projects is showing positive results in its pilot project.
- The monitoring is conducted by the ARTF Supervisory Agent, International Relief and Development, contracted by the World Bank to strengthen technical supervision of ARTF infrastructure projects.
- The program is also benefitting the monitors who receive training and earn a daily wage for their work.

Habib Rahman, 22, feels like a magician – he only needs to point his smart telephone, snap some pictures, and 150 kilometers away in Kabul, qualified engineers overseeing repairs to the Sarjal Canal ensure local contractors address the construction problem that Habib has photographed.

"With just a point and click of my camera, I can help change the destiny of my community," says Habib. "If a contractor is mixing cement by hand, instead of a proper machine, or the construction materials aren’t right, or our workers are not protected with shoes and helmets, then I can make this right, and help my people."

Habib is part of a new community monitoring program conducted under the ARTF Supervisory Agent (SA) program. In order to strengthen the World Bank’s technical supervision of Afghanistan Reconstruction Trust Fund (ARTF) infrastructure projects, the 5A, International Relief and Development (IRD), was contracted to conduct third-party monitoring on four projects implemented by the Government of Afghanistan (GoA).

Habib regularly checks one project in Surkhrod district, west of Jalalabad, the capital of eastern Nangarhar Province. "This work is my pleasure and great duty," he says. "Before I was jobless, but from this work, I can learn a lot and also help my community."

The three-year program to monitor the Education Quality Improvement Program (EQUIP), Irrigation Rehabilitation and Development Program (IRDP), National Emergency Rural Access Program (NERAP), and National Solidarity Program (NSP) will report on the physical progress and quality of construction of subprojects, identify project and cross-cutting trends, recommend actions to address them, and track progress of GoA’s efforts to address identified shortcomings and recommend ways to improve implementation of these projects.

Emergency Power Rehabilitation Project (EPRP)

- IDA Grant $105 million
- ARTF Grant $20 million

Closed: March 31, 2013

The project aimed to provide improved and more reliable supply of electricity to Kabul residents. It rehabilitated and expanded the city distribution networks, connected the Kabul city grid to the future North East Transmission System to allow for the import of lower cost power from Uzbekistan; began rehabilitating the 100 MW Naghlu hydropower plant (the largest hydro generation station in Afghanistan) and the associated transmission line; and restructured and commercialized the power utility to improve service delivery.

The project was closed on March 31, 2013 after completion of all works, except the Naghlu hydropower plant. A Project Preparation Grant was approved in June 2013 that covers funding for completion of the remaining mechanical works from EPRP. Additionally, preparation of a new project is underway to finish other mechanical works in Naghlu, as well as to cover some new civil works required for safe and efficient operation of the plant.

Pilot project shows results

The pilot project under IRDP uses community monitoring to supervise canal construction. Some 13 irrigation canal construction projects, impacting about 20 communities in nine provinces, are checked by two community monitors (CMs) at each site. The monitors were selected by villagers, and sent for a month-long training and taught to use smart phones to photograph potential problems, collect data, and send their information to the head office in Kabul for prompt review.

All relevant material is immediately shared with the Ministry of Energy and Water (MEW). The results so far demonstrate that deviations/construction errors are responded to and fixed within 10-14 days of initial identification. MEW reports back to IRD when the problem has been addressed and IRD then asks the CM to verify.

CMs are all members of the Community Development Councils (ECC) to ensure link back to the wider community as the councils provide a natural entry point for acquiring local knowledge and promoting community participation. Early feedback from stakeholders shows that this progress in coordination and participation is highly appreciated.
Irrigation Restoration and Development Project (IRDP)

- IDA Grant $97.8 million
- AUTF Grant $48.4 million
- Government Funds $2.5 million

The project builds upon and scales up activities supported under the completed World Bank-financed Emergency Irrigation Rehabilitation Project closed in December 2012. It supports the rehabilitation of irrigation systems serving some 400,000 hectares of land, and design and construction of a limited number of small multi-purpose dams and related works, while establishing hydro-meteorological facilities and services.

As of July 2013, 97 sub-project proposals, costing $51.5 million had been prepared; 94 sub-project proposals costing $46.6 million were approved, of which 79 sub-projects costing $38.7 million had been awarded, and construction work of 20 sub-projects costing $11.5 million had been completed. A pre-feasibility study of 22 dams in the north river basin was completed in January 2013 and a feasibility study of 7 of the 22 small dams will be completed soon.

Second Customs Reform and Trade Facilitation Project (SCRTFP)

- IDA Grant $50.5 million

SCRTFP builds on the overall success of the completed Emergency Customs Modernization and Trade Facilitation Project and continues with the ongoing reforms. The project is assisting the Afghan Customs Department (ACD) to consolidate the customs modernization process, improve governance, and improve the release of legitimate goods in a fair and efficient manner.

The project aims to achieve this through (i) countrywide computerization of customs clearance operations; (ii) installation of executive information systems for customs, allowing real-time monitoring of operations; (iii) development of possible options for cross-border customs-to-customs cooperation; (iv) provision of selected customs infrastructure to enable modernized operations; and (v) technical assistance to support the development of a regulatory, administrative, and institutional framework for customs.

Automation through the installation of Automated System for Customs Data (ASYCUDA), specifically through the full Declaration Processing System (DPS) is functional at almost all the major Customs Houses. ASYCUDA DPS has also been implemented at major border crossings at Islamqala, Andkhoi and Torkhum. Currently, Customs processes more than 95 percent of trade by value electronically. Further roll out of ASYCUDA to the remaining Custom Houses and border crossings is underway, with Farah expected to become operational by October 2013.

ASYCUDA Risk Management module, piloted successfully at Kabul Airport, is now also operational at Jalalabad and Kabul Inland Customs Depot (ICD). The process for migration from ASYCUDA++ to ASYCUDA World (web-based) is well advanced, with the pilot of the international transit module implemented successfully at the Torkham-Sherkhan Bandar axis. The DPS version of ASYCUDA World is expected to be implemented at Kabul ICD by October 2013. The process for setting up of an Executive Information System in ACD is underway. Data migration is currently underway to make the module operational.

The pilot for setting up a possible Customs to Customs (C2C) data exchange interface between ACD and Pakistan Customs is underway at Torkham border crossing. To fast track the implementation of the Afghan Pakistan Transit Trade Agreement, both countries have agreed to start initial exchange of selected customs data through secure email. Work is simultaneously being undertaken to start C2C cooperation at Hairatan at the border with Uzbekistan, and at Sherkhan Bandar at the border with Tajikistan. A draft Memorandum of Understanding between Afghan Customs and Tajik Customs has been exchanged and comments of both Customs incorporated.

Infrastructure development is in full swing with six large and 23 smaller contracts completed. Construction is at various stages of progress at Kandahar, Khost, Kabul, Nimroz and Andkhoi, while design and documents are being finalized for construction activities at Farah ICD.

Sustainable Development of Natural Resources Project

- IDA Grant $92 million

The project supports measures to enhance regulatory capacity, foster private sector development and adherence to international standards. It is helping the government to ensure that revenues from valuable resources are available to the whole country and are transparently managed. The project is also providing technical support to the Ministry of Mines and Petroleum in national projects such as the MesAynak Copper project, Hajigak Iron Ore project, and other national priority projects.

In addition to strengthening the Ministry’s capacity to supervise and promote the mining sector, the project is helping the government move towards its goal of ensuring transparency and good governance in the sector. CoS has taken the important step of endorsing the principles of the Extractive Industries Transparency Initiative (EITI) and has been awarded a ‘candidate’ status by the EITI secretariat in Oslo. EITI Secretariat and the National Multi Stakeholders Group, with a broad participation of government, private sector, and civil society groups, have been established to run and oversee EITI implementation processes in Afghanistan. EITI is now in a very active phase, conducted the process towards production of its first and second independent reconciliation report, and is also preparing the validation process.

A truck driver from Jalalabad and his companions wait for clearance from Afghan customs to take scrap metal to Pakistan for sale. The Second Customs Reform and Trade Facilitation Project is continuing with reforms to assist the Afghan Customs Department to consolidate the modernization process to improve governance and the release of legitimate goods in a fair and efficient manner.
As of August 31, 2013, half of the total 1,000 km secondary roads and 1,000 km of the total 1,300 km tertiary roads have been designed. Construction of 100 km of secondary and 300 km of tertiary roads has started. Over 1,000 linear meters of secondary bridges and 500 meters of drainage works have been contracted out and construction work started. The project has disbursed approximately $12.5 million and is expected to close by March 2018.

AFGHANISTAN RURAL ACCESS PROJECT (ARAP)

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

As of August 31, 2013, half of the total 1,000 km secondary roads and 1,000 km of the total 1,300 km tertiary roads have been designed. Construction of 100 km of secondary and 300 km of tertiary roads has started. Over 1,000 linear meters of secondary bridges and 500 meters of drainage works have been contracted out and construction work started. The project has disbursed approximately $12.5 million and is expected to close by March 2018.

AFGHANISTAN RURAL ENTERPRISE DEVELOPMENT PROJECT (AREDP)

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

To date, the program has mobilized over 3,500 Savings Groups with a membership of some 41,800 rural poor (49 percent women) in 500 villages. The SGs have saved over $1.5 million and members have accessed more than 10,400 internal loans for productive and emergency purposes with a repayment rate of 95 percent. To generate economies of scale, 68 Village Savings & Loan Associations have also been established as federations of the SGs, and are maintaining accurate and up-to-date records of accounts with good governance structure in place. On average each VSLA has $3,300 as loan-able capital, which is further boosted with a seed grant injection. This improves access to finance for group members who would like to increase productivity or engage in entrepreneurial activities but cannot access such funds from commercial banks or microfinance institutions.
AREDP also works towards strengthening market linkages and value chains for rural enterprises by providing technical support to over 450 Enterprise Groups (58 percent women) and 150 Small and Medium Enterprises that have been selected for their potential as key drivers of rural employment and income generation. AREDP uses Community Development Councils as an entry point into communities and is currently working in 20 districts of five provinces: Parwan, Bamyan, Nangarhar, Balkh, and Herat.

**Third Emergency National Solidarity Program (NSP)**

- IDA Grant $40 million
- ARTF Grant $750 million
- JSDF Grant $15 million

GoA’s flagship program is in its third phase and aims at generating a strong sense of ownership and social stability, while enhancing service delivery and security through empowerment and development activities that communities identify, plan, manage, and monitor on their own. There are over 31,000 elected Community Development Councils (CDCs), democratically elected through secret ballot, mandated with governance responsibilities and are proving to be an effective mechanism nationwide for ensuring equitable development, representing the rights and demands of over 18 million rural community members. The NSP and its 29 Facilitating Partners have worked through these CDCs to identify and implement some 55,300 small-scale reconstruction and development activities in over 39 sub-sectors such as roads, drinking water, sanitation, irrigation, bridges, health, and education.

The NSP is active in 359 of Afghanistan’s 364 districts and all 34 provinces (about 90 percent of villages). It is financed together with several bilateral contributors, and more than $33 million of IDA funds and over $390 million from ARTF have been disbursed under this phase. Since inception in 2002, over $1.3 billion have been disbursed as block grants directly to CDCs' bank accounts that are used to address their community development priorities.

For more information: [http://www.nspafghanistan.org](http://www.nspafghanistan.org)

**National Emergency Rural Access Project (NERAP)**

- IDA Grant $152 million
- ARTF Grant $80 million

NERAP aims to provide year-round access to basic services and facilities in the rural areas to enhance the well being of the population and promote economic growth in the country. Under the project, secondary roads are being rehabilitated by the Ministry of Public Works and tertiary roads by the Ministry of Rural Rehabilitation and Development.

As of August 31, 2013, 1,025 km of the total 1,123 km secondary roads and 1,188 km of the total 1,197 km tertiary roads have been rehabilitated. Secondary roads have generated more than 1.5 million labor days of employment and the tertiary roads over 1.8 million labor days. Out of the total budget of $232 million allocated for road rehabilitation, drainage works, and routine maintenance, approximately $220 million have been disbursed. The project is expected to close by the end of 2013.

AREDP also works towards strengthening market linkages and value chains for rural enterprises by providing technical support to over 450 Enterprise Groups (58 percent women) and 150 Small and Medium Enterprises that have been selected for their potential as key drivers of rural employment and income generation. AREDP uses Community Development Councils as an entry point into communities and is currently working in 20 districts of five provinces: Parwan, Bamyan, Nangarhar, Balkh, and Herat.

**Afghanistan Safety Nets and Pensions Support Project**

- IDA Grant $20 million

Started in late 2009, the project had an initial budget of $7.5 million. Recently the World Bank Board of Executive Directors approved a $12.5 million additional grant to finance continuation of the project. The objectives of the project are to: (i) improve the administration of the public pension schemes, and (ii) develop administrative systems for safety nets interventions, with focus on targeting and benefit payment delivery, to deliver cash benefits to the poorest families in targeted pilot districts.

Under the original project, the Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD) has already put in place key elements of a reformed and modernized public sector pension system which includes a revised institutional and human resources (HR) structure of the Pension Department, a comprehensive new management information system, a set of improved

An electricity engineer at Bande Miralamji village shows off the power board at a micro hydro power facility built using funds from the National Solidarity Program, which supports small-scale reconstruction and development activities.

The facility generates electricity for the village from canal water, easing the lives of residents by allowing them the use of electrical and electronic items such as computers, cell phone chargers, and washing machines.
The World Bank Group in Afghanistan

/ Country Update / ONGOING OPERATIONS

Urban Water Sector Project

The project’s objective was revised in 2010 to assist GoA to develop the capacity of the Afghanistan Urban Water Supply and Sewerage Corporation (AUWSSC) for operational management and investment planning, and implementation.

Despite a difficult operating environment, institutional development results achieved by AUWSSC are significant since its creation two years ago, and include: (i) increase in water production, storage and distribution capacity; (ii) expansion of water supply operation from 16 to 42 towns; (iii) significant reduction of water losses from 60 percent to 35 percent; (iv) large increase in metered customer connections; (iv) achieving best in South Asia of number of staff per 1,000 connections; (v) revision of water tariff after seven years and made effective from June 11, 2012; and (vi) significant improvement in revenue collection, progressing steadily towards self-financing operation and maintenance.

In view of the above and the fact that the project’s development objectives appear achievable, the closing date for the project was extended by two years, and now scheduled to close on June 30, 2014.

/ URBAN DEVELOPMENT

Afghanistan New Market Development Project

IDA Grant $22 million

The project aims to pilot a business development program in the four urban centers of Kabul, Mazar-e-Sharif, Jalalabad and Herat, which are the major hubs of economic activity. It will help enterprises gain market knowledge, improve product quality, boost productive capacity, acquire new technologies, and develop and implement business plans to increase their presence in both domestic and export markets. The project specifically aims to support some 750 enterprises and 10 business associations through a cost sharing facility to access business development services. The project is expected to create around 1,500 jobs in the short term with much higher job growth over the longer term.

The project is implemented by the Ministry of Commerce and Industry. The General Director of the Private Sector Development Department acts as the Project Director. The Facility for the New Market Development is managed by GIZ IS, which was selected through an international competitive bidding process (the contract was signed in September 2012). The Facility for New Market Development is operational in the four cities and has already received 391 applications while 163 agreements have been signed so far.

Family businesses such as this restaurant have benefited from various initiatives to start new businesses and improve skills and knowledge.

/ KNOWLEDGE AND INNOVATION

Business processes, fiscal forecasting models for revenues and expenditures, and a new charter of accounts of the pension system. The HR officers in a number of ministries were also trained on the proper procedures for deducting and remitting pension payments, and on new forms and procedures for submitting pension applications under the new system.

Under the safety net, MoLSAMD has designed, implemented, and evaluated a multi-phased safety nets cash transfer pilot, whereby each phase incorporated lessons learned from the previous phase. The pilot program over the past two years has provided support in cash transfers to over 16,000 poor and vulnerable families (around 80,000 individuals) in eight selected districts of five provinces. The Ministry has adopted this program under the name of Afghan Social Protection Program (ASPP).

Under the additional financing, the project will build on successes of the Public Sector Pension Program modernization to initiate administrative reforms in the Martyrs and Disabled Pension Program focusing primarily on the operation of the central office and supporting the digitizing of beneficiary data.

The project is supporting MoLSAMD to develop a system of identification of the poor and explore benefit delivery for safety nets through financial institutions, and eventually contribute to the system development of the new ASPP program.

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The International Finance Corporation, the World Bank Group’s private sector development arm, is following an integrated strategy focused on improving the investment climate, building capacity through technical assistance, and supporting selective investments in sectors with high development impact and job creation (infrastructure, finance, agribusiness and services). This strategy is in line with the joint Bank Group’s Interim Strategy for Afghanistan (ISN-FY12-14).

IFC is working closely with the World Bank and MIGA on joint programs to maximize its impact. A workshop was held in Dubai, in early 2013, to explore further opportunities to work together with the Bank on joint transformational impact projects. IFC and MIGA have also collaborated on one of the telecommunication projects (MTN). Recently IFC Advisory Services supported the establishment of the first collateral registry under the Bank’s Financial Strengthening Program.

IFC Advisory Services is very active in Afghanistan with eight active projects during the reporting period in Investment Climate, Access to Finance, Public Private Partnerships, and Sustainable Business Advisory areas. Two projects were successfully completed in the previous quarter and up to three new or next phase projects are expected to start in the coming quarter.

IFC Advisory Services also collaborates closely with the World Bank in the Doing Business Indicator Reform project and the Incentive Program in supporting key reforms affecting the private sector.

IFC Investment Services now has a committed investment portfolio totaling some $131 million in five companies. It is also exploring investment opportunities in the manufacturing, financial markets, and infrastructure sectors, and undertakes senior-level business development missions to Afghanistan on a quarterly basis.

IFC’s investment portfolio in Afghanistan has more than doubled since FY08 from approximately $58 million to $131 million as of end June 2013. It is currently focused on the microfinance, services (hotel), and telecommunications sectors. These investments include:

- Telecommunications (MTN, a joint project with MIGA - $60 million, Roshan Telecom - $65 million),
- Hotel sector (Kabul Serena Hotel - $3 million),
- Financial markets (First Microfinance Bank - $2m equity and trade facility with Afghanistan International Bank).

**Development Impact**

IFC’s investments have had a transformational impact (in terms of access to finance and outreach) in the microfinance sector through the First Microfinance Bank (FMFB-A). FMFB-A is the first licensed private sector microfinance bank in Afghanistan. It has reached out to about 45,000 borrowers (25 percent of the current market penetration) of which 16 percent are women.

Similarly, IFC has had significant impact in the telecommunication sector of Afghanistan through IFC’s investment in MTN, and more recently Roshan Telecom. The telecommunication sector has evolved significantly over the last five years in terms of regulation, private investment, penetration, and growth. From fewer than 60,000 telephones, Afghanistan now has over 15 million mobile telephone subscriptions and half of rural households own a mobile telephone.
in developing countries. This is achieved by SME capacity building. IFC’s Business Edge™ aims to improve the business performance and competitiveness of firms and individuals, and to create jobs in developing countries. This is achieved by strengthening the management skills of micro, small, and medium enterprises (MSMEs), as well as middle managers of larger firms by providing them access to Business Edge’s practical training solutions.

The overall goal of this initiative is to enhance business performance and increase the revenues of MSMEs by developing their managerial capacities using Business Edge (BE). The project will build the capacity of local training providers to deliver BE management training to 3,500 individuals (700 of which are women) reaching 500 MSMEs. IFC has partnered with and is building the capacity of nine local training providers, which will ensure that the provision of training services is sustainable. In addition, the project will work in close collaboration with the Bank’s practical training solutions.

The objective of the project is to support the Ministry of Commerce and Industry (MoCI) in promoting an investment climate conducive to the private sector by enacting reform in trade licensing—a major challenge to investors and entrepreneurs wishing to obtain or renew a license due to the bureaucratic and legal hurdles. The IFC project streamlined licensing procedures by conducting a process mapping exercise to identify system bottlenecks for obtaining the six licenses and proposing simplifications in line with international best practices. Parallel activities to support the reform included building the capacity of technical staff in the Ministry responsible for carrying out the newly reformed licensing process as well as establishing a dialogue between the public and private sectors with emphasis on the advocacy role of the business community in ensuring the sustainability of results stemming from the reform.

As a result of this work, it now takes less time to obtain or renew a trade license. Since the project went into effect, more than 19,000 firms have obtained new licenses and 23,000 firms have renewed existing licenses. Further, based on IFC’s recommendation and in cooperation with the project client, MoCI merged the departments of Business Licensing and Central Business Registration into a new one-stop shop. IFC continues to monitor the impact of reform-related savings on the private sector, which may contribute to investment, formalization, employment, transparency, and growth.

Completion of Phase 1 and demonstrated results

DFID Grant $2.4 million

Phase 1 of the BE program took place from September 2008 to March 2013. The BE team worked with a network of ten accredited training providers and trained 107 trainers, who delivered 226 BE workshops and trained 3,429 individuals including 1,191 women (34.7 percent against the target of 20 percent) across 10 provinces.

The impact assessment of BE workshops conducted in July 2012 indicated that 91 percent of the private sector respondents expressed positive impact of the BE training on their company performance. The survey revealed that 100 percent of the private sector respondents applied the skills learnt to their work in varying degrees. Approximately half of the respondents in the private sector said that their revenues increased after the BE training.

Afghanistan Licensing Reform Project – Phase 1

Harakat Grant $1.2 million

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Afghanistan Farmer and Small and Medium Enterprise Training Project (FaST Phase 2)

DFID Grant $520,000

The overall goal of this initiative is to enhance business performance and increase the revenues of MSMEs by developing their managerial capacities using Business Edge (BE). The project will build the capacity of local training providers to deliver BE management training to 3,500 individuals (700 of which are women) reaching 500 MSMEs. IFC has partnered with and is building the capacity of nine local training providers, which will ensure that the provision of training services is sustainable. In addition, the project will work in close collaboration with the Bank’s practical training solutions.

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Secured Lending and Public Credit Registry

Harakat Grant $300,000 and $370,000

IFC is providing technical assistance to the central bank, DAB, through IDA’s Financial Sector Strengthening Project to establish a Public Credit Registry and Collateral Registry for movable property.

The Public Credit Registry project aims to assist DAB establish a best practice credit registry for collecting, managing, and disseminating credit information in order to (i) strengthen its supervisory capacity; (ii) assist the banking sector in adopting better credit risk management practices; and (iii) improve access to finance for existing and future banking sector clients by enabling them to convert good payment histories into ‘reputational collateral’ thereby reducing the need for significant levels of physical collateral.

During the period March to September 2013, and after the conclusion of the procurement process and the signing of the contract between DAB and the selected technical bidder, IFC provided implementation support to DAB. This included on-site support during working meetings between DAB and the technical provider as well as off-site support and follow-up. Implementation support by IFC will continue until the Public Credit Registry is fully implemented and operational, which is expected to happen by March 2014.

The Secured Lending project aims to increase the private sector’s access to credit by strengthening lenders’ rights in movable assets. This will be achieved by expanding the variety of collateral lenders will accept and promoting increased lending to MSMEs as well as improving risk management through more effective collateral arrangements. IFC has supported DAB on the enactment of the Secured Lending Transactions Law and the Credit Reporting Regulation and conducted training and capacity building for DAB and financial institutions. (See page 10 for further details)
The World Bank Group in Afghanistan

Corporate Governance (CG)
IFC Funded (Donor Funding Pending)

The Corporate Governance Project aims to help the financial sector improve performance and increase access to finance by promoting better CG practices in selected commercial banks. This three-year project was launched in FY13 and aims to support DAB in its supervision activities through building its capacity to better enforce CG regulations on banks and financial institutions in the country; build the capacity of the Afghan Institute of Banking and Finance to launch Corporate Governance training for banks; and advance the CG agenda for the financial sector on an ongoing and sustainable basis.

Afghanistan Construction Permit Project
Grant $1.05 million

The IFC investment climate team has been advising the city of Kabul on streamlining and simplifying construction permit procedures. This advisory project aims to create a coherent and efficient construction permit regulatory framework, thereby reducing the burden on the private sector in terms of time and procedures, and increasing the predictability of the process at the national and sub-national level.

Indicator Based Reform Advisory (IBRA)
Grant $565,000

Under the umbrella of the IBRA Project, the investment climate team is providing technical assistance to GoA aimed at policy areas measured by the Doing Business Report. The Doing Business Indicators include 10 core areas. In its first year the project has been focusing on four indicators including: starting a business, construction permits, getting credit and protecting investors. In addition to working on these four indicators, the project aims to include two more indicators (registering property and trade across borders) in its work plan for the coming year.

Leasing Development
Grant $250,000

Leasing is an important tool to finance the acquisition of equipment, machinery, and other productive assets and is particularly beneficial for MSMEs. The project will thus expand MSMEs’ access to finance and support the development of the alternative financing tool which, in turn, will increase competition in the financial marketplace.

IFC is providing advice to GoA to establish an effective legal and tax framework for leasing. The project is focusing on creating a level playing field between leasing and other credit instruments for tax purposes (completed) and supporting the enactment of a best practice leasing law (ongoing). The work on the leasing law is done in partnership with DAB.

DABS Kandahar Management Support Contract
USAID $1.9 million

Da Afghanistan Breshna Sherkat (DABS), the national power utility, operates and manages electric power generation, import, transmission, and distribution throughout Afghanistan.

IFC is supporting DABS to improve the operational and financial efficiency of the Kandahar Operating Centre by strengthening management, and establishing a mobile technical response team through the introduction of a performance-based management services contract with the private sector.

IFC has undertaken due diligence on the project, issued and accepted a proposed project structure, and launched a request for qualifications. The project is currently ahead of schedule.

The city of Kabul, with advice from the IFC investment climate team, is streamlining and simplifying construction permit procedures, which will reduce the burden on the private sector in terms of time and procedures, and increase the predictability of the process at the national and sub-national level.
The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and GoA for the improved effectiveness of the reconstruction effort. Since 2002, 33 donors have contributed over $6.42 billion, making ARTF the largest contributor to the Afghan budget for both operating costs and development programs. ARTF supports national priority programs, operating costs of government operations, and the policy reform agenda is contributing to the achievement of the Afghanistan National Development Strategy goals.

Management
The World Bank is administrator of the fund. The Management Committee consists of the World Bank, Islamic Development Bank, Asian Development Bank, UNDP and Ministry of Finance. The Management Committee meets regularly in Kabul to review ARTF finances and approve funding proposals. Once a quarter, donors meet to discuss broader strategy with the government and ARTF management in the steering committee.

Donor Contributions
Donor contributions have increased year after year, with new donors joining and older donors increasing their levels of contributions. Over the last few years the ‘preferred’ portion of donor contributions has been the main factor driving growth. The agreed ARTF rule is that donors may not ‘preference’ more than half of their annual contributions. This rule is to ensure that ARTF has sufficient funding to finance the Recurrent Cost Window and that it retains some flexibility in the appraisal of projects in support of the National Priority Programs (NPPs).

The Recurrent Cost (RC) Window
To date, ARTF has disbursed $2.88 billion through the government’s operating budget. Domestic revenues continue to be insufficient to cover the costs of government. The ARTF Recurrent Cost Window has therefore ensured the basic functioning of government including delivery of services such as healthcare and education. Given that around 60 percent of the non-uniformed Afghan civil service is accounted for by teachers, the Ministry of Education has in general received about 40 percent of total ARTF resources. Ministries of Public Health, Foreign Affairs, Labor, and Social Affairs and Higher Education have also been major recipients. It should also be highlighted that the RC Window resources are national in scope, ensuring the payment of salaries of around 62 percent non-uniformed civil servants in all 34 provinces of the country. Steady year-on-year increases in operating costs across government mean the RC Window accounts for a declining share of the overall budget. Nevertheless, the RC Window still finances around half of the non-security costs of government.

The Investment Window
The Investment Window has in the last years increased significantly in volume and scope. Since SY1389 (year 2010) investment commitments have exceeded recurrent cost commitments. Disbursement rate on ARTF investment as of July 22, 2013 is 54 percent. Decentralized and national rural development programs, such as NSP, NRAP, and education, have been strongly supported by ARTF.

As of July 22, 2013, there were 22 active projects funded through ARTF, with a combined available commitment value of over $1.88 billion.

Full details of investment activities are provided in the ARTF Quarterly Reports: www.artf.af

How ARTF works
Donors contribute funds into a single account, held by the World Bank in the USA. The ARTF Management Committee makes decisions on proposed allocations at its monthly meetings, and those decisions are translated into funds through Grant Agreements signed between the World Bank and the Government of Afghanistan. ARTF allocations are made through two ‘windows’: the Recurrent Cost Window and the Investment Window. The Recurrent Cost Window reimburses the government for a certain portion of eligible and non-security related operating expenditure every year. The Investment Window provides grant financing for national development programs in the development budget.

Donors include the World Bank, Asian Development Bank, Islamic Development Bank, European Investment Bank, and many others.

Full details of investment activities are provided in the ARTF Quarterly Reports: www.artf.af

The objectives of ARTF are to:
• Position the national budget as the key vehicle to align the reconstruction program with national development objectives.
• Promote transparency and accountability of reconstruction assistance.
• Reduce the burden on limited government capacity while promoting capacity-building over time.
• Enhance donor coordination for financing and policy dialogue.
Many of these women can’t read or write and the garden has kept them busy and given them an income.

– Sabria Nawabi, kitchen garden farmer, Balkh Province

Women Gardeners

Gain money and confidence

- The kitchen gardening initiative of the ARTF-financed National Horticulture and Livestock Project emphasizes female empowerment and gender equality.
- Rural women are encouraged to take responsibility for their small farms, earn income for their families, and get a measure of independence.
- Started in 2013, the project supports the National Priority Program ‘National Comprehensive Agriculture Production and Market Development’ to increase productivity and production of horticultural products and improve animal production and health. It is supported by a $100 million grant from the ARTF.

Mother of three Sabria Nawabi tends her small, but burgeoning, plot of vegetables on the outskirts of Mazar-i-Sharif in Balkh province in northern Afghanistan. She is proud that her newly cultivated gardening talents supports her family.

Nawabi says her family now earns about 30 percent more income since she joined the National Horticulture and Livestock Project (NHLP) project funded by the Afghanistan Reconstruction Trust Fund (ARTF). The program’s objective is to promote adoption of improved production practices by Afghan farmers, and enhance sustainability, effectiveness, and efficiency.

During the first quarter of 2013, NHLP distributed vegetable seeds to 5,644 kitchen garden farmers as well as 600 hoes, trowels and water sprays to lead farmers in Samangan, Takhar, Jawzjan, Sar-e-pul, Baghlan, Kunduz and Balkh provinces.

The kitchen gardening component of NHLP emphasizes female empowerment and gender equality as rural women are encouraged to take responsibility for their small farms, earn income, and get a measure of independence, says Ahmad Fahim Jabari, an NHLP official based in Mazar-i-Sharif.

Each morning, Nawabi silently tends rows of tomatoes, eggplant, radishes, and corn ripening on the family’s one jirab of land (or one-fifth of a hectare). It is her pleasure to do this work, she says, because she now provides the primary source of income for her family. Her husband helps prepare the field, but she is in charge after that.

Taught new techniques

In Balkh province since 2011, about 3,400 women have been recruited for the kitchen gardening initiative that provides prospective female farmers with seed kits for 16 types of vegetables, and cultivation tools, and offers them regular training at farmer field schools on topics ranging from pest control to marketing techniques. At these schools, held every few weeks, women are taught techniques for such things as compost making, or organic pesticides. Recently, Nawabi learned that a simple pepper and garlic spray on tomato plants helps deter insects. “We used poisonous chemicals before these schools taught us how to use safer ways for our families and customers,” says Nawabi.

In fact, Nawabi has enjoyed learning so much that she was recently made lead farmer for six groups of 25 women farmers each, in her area of Shir Abad village in Deh Dadi district. Now, she is paid an additional $100 a month for this duty that requires her to organize and run farmer field schools with NHLP support.

“Many of these women can’t read or write and the garden has kept them busy and given them an income,” remarks Nawabi.
Afghanistan On-Farm Water Management Project

Grant $41 million

This pilot project is designed to support on-farm water management investments in five regions (Central, Eastern, Southwest, Northeast, Northern) covering a total of 10,000 hectares. The project will improve agricultural productivity in project areas by enhancing the efficiency of water use. Based on the recommendations made by the Mid-Term Review Mission in February 2013, the project was restructured to improve the disbursement profile and bring it to a satisfactory closure by its current grant closing date of June 30, 2014. The restructuring involved the scaling down of the physical infrastructure investments by $16 million. The revised target for command area for area serviced by on-farm infrastructure modernization is 10,000 hectares as opposed to the original target of 52,500 hectares.

Currently contracts for 49 irrigation schemes with total command area of 8,398 hectares have been awarded (total $3.8 million). Construction of eight of these schemes with a command area of 788 hectares has been completed and another 41 schemes with a command area of 7,611 hectares are under construction.

All 175 irrigation associations have been registered following procedures in the Afghan Water Law and Irrigation Associations By-Laws. The project is going through an implementation support mission and any corrective measures, based on the findings of the review, will be taken.
The grant will prepare a platform of ‘hard’ and ‘soft’ infrastructure enabling Afghanistan to derive broader economic benefits from the development of its extractive industries. The grant will focus on four components: (i) infrastructure corridor investment preparation which includes private investment support, road rehabilitation, and key road maintenance; (ii) livelihood component consisting of a matchmaking facility to increase local employment in direct jobs in the sector, estimated to be around 5,000-8,000 in the initial years, depending on timing and scale of implementation; (iii) capacity increased in wider economy through national and local firms supplying part of 15 moderate capability sub-cATEGORIES of goods and services for Aynak and Aynak, plus 50 percent (by value) of low-capability goods and services; (iv) five large infrastructure investments – public, or public-private – optimized to deliver public goods under uncertainty which is expected to run until July 2014. Also another contractor has been procured for the energy efficiency demonstration programs. The proposed site of the Aynak mine viewed from Kalu Village, the nearest settlement to the site. The Aynak Resource Corridor Project will enable the country to derive broader economic benefits from the development of its extractive industries. Local village residents are looking forward to the development that will provide jobs and a better standard of living.

Afghanistan Power Sector Development Project
Grant $60 million
The project supports GoA in increasing access to grid power, and the quantity of power available to consumers in the target urban centers of Pul-e-Khumri, Charikar, Gulbahar, and Jabul-Seraj. It consists of the following three components: distribution system rehabilitation; rehabilitation of transmission switchyard associated with Naghlu and Mahipur Hydropower Stations; and institutional capacity building and project management support to the Ministry of Energy and Water (MEW). With delays, design work is complete, while the majority of materials have arrived. Installation works are currently ongoing. The project is supporting the energy efficiency activities of MEW through the setting up of an Energy Efficiency Unit. A consultant has been selected to carry out a national awareness program for energy efficiency which is expected to run until July 2014. Also another contractor has been procured for three energy efficiency demonstration programs.

Afghanistan Resource Corridor Project
Grant $70 million
The project supports GoA in increasing access to grid power, and the quantity of power available to consumers in the target urban centers of Pul-e-Khumri, Charikar, Gulbahar, and Jabul-Seraj. It consists of the following three components: distribution system rehabilitation; rehabilitation of transmission switchyard associated with Naghlu and Mahipur Hydropower Stations; and institutional capacity building and project management support to the Ministry of Energy and Water (MEW). With delays, design work is complete, while the majority of materials have arrived. Installation works are currently ongoing. The project is supporting the energy efficiency activities of MEW through the setting up of an Energy Efficiency Unit. A consultant has been selected to carry out a national awareness program for energy efficiency which is expected to run until July 2014. Also another contractor has been procured for three energy efficiency demonstration programs.

 ARTF Second Judicial Reform Project
Grant $85.5 million
The objective of the Justice Service Delivery Project for Afghanistan is to increase access to and use of legal services. The project seeks to implement the Government’s National Priority Program; mitigate the impact of the transition; put the system on a sustainable path for long term results; and improve service delivery. The project will finance the costs associated with: (a) building capacity of front line legal service providers to deliver key legal services; (b) increasing scope and quality of legal aid; (c) improving access of the people to legal information and civil legal education; (d) improving management and provision of legal services by central justice institutions; and (e) building project management capacity. The project has been effective since May 31, 2012 and the implementing agencies are the Supreme Court, Ministry of Justice, and Attorney General’s Office (AGO). There has been progress in several of the components and sub-components: the implementation infrastructure is almost in place; the terms of reference for the Human Resource Management Strategy for all justice institutions is under discussion; capital investment plans are under implementation; the development of the legal aid road map is about to be contracted; civil service reform in the AGO has been advancing according to plan; a plan for the three-phase reform of the regulatory framework is under discussion with stakeholders; and training assessments for all judicial institutions are under preparation.

Capacity Building for Results Facility Project for Afghanistan
Grant $100 million
The Ministry of Finance and the Independent Administrative Reform and Civil Service Commission are jointly implementing this project. Since inception in January 2012, the project has made notable progress in a number of areas. Most core operational policies have been approved by the Government and the first Tier 3 Capacity Building for Results (CBR) proposal (Ministry of Agriculture) has been developed and recently reviewed by an independent expert group. CBR provides three levels of support with Tier 3 being the highest level, requiring more ambitious reforms and results.
Kabul/Aybak/Mazar-e-Sharif Power Project

Grant $57 million
Closed: March 31, 2013

The project aimed to provide reliable and quality power to consumers in target areas of the cities of Kabul, Aybak, and Mazar-e-Sharif. The project was extended for a third time on June 17, 2012, bringing the cumulative extension period to 39 months, to provide adequate time to complete the remaining project activities and thus allow full completion of the Project Development Objective.

The Kabul rehabilitation work has been completed. Delays were experienced as a result of difficulties in accessing right of way to construction sites, especially from Kabul Municipality, institutions and other land- lords, and pole procurement. There were concerns due to transformer failures in the distribution system brought about by overloading and poor quality equipment.

The project was closed on March 31, 2013 after completion of some outstanding tasks in the Mazar-e-Sharif distribution sub-project. As DABS could not provide additional materials as originally agreed, they were imported and handed over to DABS for installation.

The Mazar-e-Sharif and Aybak substations have been energized but have not been commissioned or handed over to DABS due to failure of some equipment and incompletion of some remaining civil works in Aybak. The Ministry of Energy and Water is looking to address these issues.

National Horticulture and Livestock Project (NHLP)

Grant $100 million

The National Horticulture and Livestock Project, effective since January 2013, has a total funding of $100 million including initial allocation of $50 million. The project will contribute to the overarching goal of increased productivity and overall production of horticultural products and improved animal production and health. The technical strategy for achieving this objective is based on the delivery of extension and investment support through strengthened systems.

The project has three components: (i) horticultural production; (ii) animal production and health; and (iii) implementation management and technical assistance support. These activities will be implemented in 100 focus districts spread over time as conditions warrant in up to 22 target provinces.

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

By the end of its six-year project cycle, the NHLP aims to achieve the following key results: 97,500 target farmers exposed to a horticulture production practice; 6,000 hectares of orchards rehabilitated directly and indirectly; 8,000 hectares of new orchards (including vineyards) established with at least 70 percent survival rate; 800 hectares of grape trellising; 500 hectares of dry land horticulture (new pistachio groves planted); 20,000 kitchen gardening schemes established; 50 percent of target farmers adopting regular livestock inoculation (or veterinary field units stocking inputs recommended in extension messages); and 75 percent reduction in animal brucellosis prevalence in target areas.

Under the Horticultural Production Component, as of 30 June 2013, NHLP planted 1,204 hectares of new orchards during the spring campaign, some 60 percent of which in new provinces. This is a substantial achievement, as it represents 240 percent of the annual target for the activity in 2013 and the fall campaign – with an additional 800 hectares planned – yet to take place. Similar substantial achievements for the first semester vis-a-vis annual targets for the year were recorded for the rehabilitation of orchards (1,000 hectares actual vs. 140 hectares target for 2013), and kitchen gardening (8,075 schemes vs. 8,000 schemes annual target).

Note: All dollar figures are in U.S. dollar equivalents. IDA, the International Development Association, is the World Bank’s concessional lending arm.
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