

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
AFGHANISTAN COMMUNITY RESILIENCE AND LIVELIHOODS PROJECT

APPROVED ON APRIL 29, 2022

TO
UNITED NATIONS OFFICE FOR PROJECT SERVICES

SOCIAL SUSTAINABILITY AND INCLUSION GLOBAL PRACTICE

SOUTH ASIA

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ABBREVIATIONS AND ACRONYMS

ARTF	Afghanistan Reconstruction Trust Fund
CDC	Community Development Council
CRL	Community Resilience and Livelihoods Project
ECA	Entry Criteria for Access
ESCP	Environment and Social Commitment Plan
ESMF	Environment and Social Management Framework
ESRC	Environment and Social Risk Classification
FP	Facilitating Partner
GRM	Grievance Redress Mechanism
ITA	Interim Taliban Administration
IUFR	Interim Unaudited Financial Report
MOU	Memoranda of Understanding
NGO	Non-Governmental Organization
PDO	Project Development Objective
POM	Project Operations Manual
UN	United Nations
UNHMRIAR	UN Harmonized Monitoring and Reporting Indicators for Afghanistan Response
UNOPS	United Nations Office for Project Services
WB	World Bank
WBG	World Bank Group



BASIC DATA

Product Information

Project ID P178760	Financing Instrument Investment Project Financing
Environmental and Social Risk Classification (ESRC) Substantial	
Approval Date 29-Apr-2022	Current Closing Date 30-Apr-2024

Organizations

Borrower UNOPS	Responsible Agency
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Project Development Objective (PDO)

Original PDO

The objective of the Project is to provide short-term livelihood opportunities and deliver urgent essential services in rural and urban areas.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Commitment	Net Disbursed	Undisbursed
TF-B8537	29-Apr-2022	04-May-2022	04-May-2022	30-Apr-2024	100.00	100.00	0

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

- The Afghanistan Community Resilience and Livelihoods Project (CRL) was approved on 29 April 2022 and became effective on 4 May 2022.** The objective is to provide short-term livelihoods opportunities and deliver urgent essential services in rural and urban areas. CRL is implemented in all six regions including 26 of the country’s 34 provinces and eight major cities, covering an estimated population of 9.3 million Afghans. The project is implemented through the United Nations Office for Project Services (UNOPS), working together with Facilitating Partner Non-Governmental Organizations (FPs), Community Development Councils (CDCs) and urban private sector contractors. Entry Criteria for Access (ECA) were introduced across all WB/ARTF-supported projects to ensure that the principles of community and women’s participation are maintained. CRL must meet two Entry Criteria for Access (ECA): (i) established CDCs in the project areas are not prohibited to operate; and (ii) women’s involvement continues in established CDCs.
- Project implementation to date has been Moderately Satisfactory.** After initial delays due to FP procurement, securing FP Memoranda of Understanding, and more recently, the December 24 2023 ban on NGO female workers and subsequent operational pause, project activities are accelerating. The WB recently completed its Mid-Term Review at the end of March 2023 and found that many of the earlier operational delays have been rectified and field activities should progress more quickly henceforth. Achievements as of end-March 2023 include: in rural areas, the Project has begun activities in 4,023 communities (62 percent) out of a total target of 6,450 communities. Approximately 2,700 community-selected, cash-for-work subprojects (e.g. rehabilitation of small-scale roads, cleaning of irrigation canals, tree-planting, etc.) have been identified to generate much needed livelihoods and short-term employment for communities. Thus far, 68,000 persons have been employed generating 1.2 million labor days. In the eight cities, labor-intensive public works have also begun with 384 subprojects identified, 14,741 households (of which 10 percent are women) are receiving livelihoods support, with 305,860 labor days generated. Twenty-two subprojects have been completed and handed over to communities. For those who cannot work on public cash-for-work activities, cash transfers and social grants have been distributed to 1,300 households of which almost 900 are female heads-of-household with the remaining beneficiaries being persons with disabilities and other vulnerable populations. CDCs and mosque committees in non-CDC areas have completed community-based poverty targeting exercises in 3,464 communities.
- As of March 27, 2023, the two ECA have been met in 4,402 rural and urban communities thus far, showing that CDCs continue to operate and women are participating.** With the recent ban on NGO female workers, the Project needs to ensure that the female wings of the CDCs continue to operate and this will be monitored closely for the remainder of the Project.

Table 1: ECA Achievement for Rural and Urban Areas as of March 27, 2023

ECA Achievement	Rural	Urban	Total
(i) Established CDCs in the project areas are	3,804 CDCs meet both ECA	598 CDCs meet both ECA	4,402 CDCs meet both ECA



not prohibited to operate; and (ii) Women’s involvement continues in established CDCs			
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Source: UNOPS field reports

4. **The Environmental and Social risks categorization of the project will remain as Substantial** as the scope of the proposed restructuring is not expected to result in additional risk and impacts to the project. Based on the recent ISM, **the Environmental and Social Framework performance of the project is Satisfactory**. As agreed in the project’s ESCP, all the required E&S instruments (ESMP, SEP, LMP) have been prepared, finalized, translated and disclosed publicly. The project has maintained the required institutional arrangement for implementation of the E&S instruments and management plans. The Project continues to ensure compliance with the provisions of the ESCP and the ESMF including the Stakeholder Engagement Plan, Labor Management Procedures, and the plan to mitigate Sexual Exploitation Abuse/Sexual Harassment risks. The Project has a functional Grievance Redress Mechanism (GRM) system and has conducted GRM awareness training for all FPs and contractors. As agreed in the Environmental and Social Commitment Plan (ESCP), the project continues to receive monthly and quarterly reports from the FPs and contractors on their respective activities and those reports are reviewed by UNOPS and the WB. Thus far, no significant E&S incidents have been reported by FPs or contractors. The project also continues to deliver training session for FPs and contractor on E&S risk management.

5. **The Second Tranche of CRL Financing is needed in order to continue to deliver basic services to the Afghan people, including vulnerable Afghan women.** The first tranche of \$100 million has been released to UNOPS and that tranche has been largely committed. This restructuring will allow for the release of the second and final tranche of \$165 million to be used to support all five components of the Project including the FP contracts for the remainder of the Project to implement cash-for-work and cash transfers/social grants and issue a grant to a NGO for the southeast region (Components One and Three); continue implementation for urban labor-intensive public works (Component Two); provide for CDC capacity building including women’s groups (Component Four) and UNOPS operational expenses (Component Five).

B. Rationale for Restructuring

6. **A key consideration of the World Bank Group (WBG) “Strategy for Fragility, Conflict, and Violence 2020–2025” is that even in the toughest environments, the WBG can meaningfully engage to preserve the human capital that will be critical for a country’s future recovery.** Since August 2021, the World Bank (WB) and Afghanistan Reconstruction Trust Fund (ARTF) have supported the people of Afghanistan through off-budget financing outside the control of the interim Taliban administration (ITA). Between April - September 2022, five ARTF-financed projects under “Approach 2.0” were approved for activities in health, food security, livelihoods, education and NGO capacity. These projects were designed with entry criteria for equity and access (ECAs)



to allocate financing when equity of access in project design could be assured. Since the approval of these five ARTF-financed projects, increasing restrictions on women and girls have been announced by the ITA. The WB and ARTF remain deeply concerned about the ITA's bans on women working in NGOs and attending secondary and higher education that were announced in December 2022. These bans are detrimental to all Afghans and contrary to core international values of equity and access. Given that there is currently no expectation that the restrictions will be revoked in the short term, these projects are being restructured to respond to the changing context in Afghanistan.

7. **The restructuring of the projects will enable the WB/ARTF to follow the principles agreed by the international community for ensuring that women are participating in and benefitting from the support to basic services.** The restructuring will also enable the projects' results frameworks to adhere to a robust, harmonized monitoring framework as agreed by the international community. Several of the original project designs already included two tranches along with ECAs to allow flexibility in the case of a deteriorating political environment. This restructuring process will now incorporate an additional monitoring mechanism based on the UN Harmonized Monitoring and Reporting Indicators for Afghanistan Response (UNHMRIAR) to increase the WB's ability to monitor and respond rapidly and effectively to potential future restrictions by the ITA. A new reporting requirement on indicators that includes a minimum number and percentage of female beneficiaries will be introduced to align with the principles of the international community and ensure that women are meaningfully involved in the delivery of assistance and that women are actually receiving the assistance.

II. DESCRIPTION OF PROPOSED CHANGES

A. Proposed Changes

8. This proposed restructuring of the CRL Project consists of the following changes:

(a) New reporting requirement on indicators for female beneficiaries. The following monitoring indicators will be reported upon in UNOPS' regular quarterly reports, and, together with the Interim Unaudited Financial Report (IUFR), will be considered each time when a regular or off-cycle advance requests is made:

- (i) number of female-headed households and female beneficiaries reached with basic human needs assistance disaggregated by type of service/sector, and women-headed households. For this indicator, CRL will report upon beneficiaries from Components One, Two and Three; and,
- (ii) number of women who received jobs/livelihood/income-generating support. For this second indicator, CRL will report upon the number of women who work on Components One and Two, e.g. cash-for-work in rural areas, and labor-intensive public works in cities.

UNOPs will continue to report upon the two ECAs as well as project progress in their quarterly reports.



- (b) Extending the closing date.** The Project experienced several delays over the first nine months primarily due to delays in procuring the FPs, securing FP MOUs from ITA, and the operational pause following the ban on NGO female workers. Therefore, the Project proposes a no-cost time extension of four months, modifying the closing date from April 30, 2024 to August 31, 2024. There are no overdue audit reports as confirmed by the Financial Management team.
- (c) Changing partnership arrangements with NGOs for one region.** CRL is implementing project activities in partnership with NGOs that were selected competitively and contracted as Facilitating Partners for five of the six targeted regions. In one of the six regions (Southeastern region) however, no NGO has met the minimum procurement criteria to be contracted as a Facilitating Partner, and there is no Facilitating Partner in place. Therefore, an operational support subgrant, along with capacity building support by UNOPS, will be provided to a selected NGO to undertake the planned activities of Facilitating Partners in the Southeastern region, instead of contracting it through procurement. This operational support subgrant modality would need to be included in CRL’s expenditure categories. The beneficiary NGO of the operational support subgrant will be selected in accordance with the eligibility criteria and procedures to be set out in the POM.
- (d) Additional activity.** The Project is adding three positions to assist with coordination of the UN Strategic Thematic Working Groups supporting the delivery of basic services, and the World Bank has requested UNOPS to assist with the recruitment of those positions. This activity can be accommodated under CRL’s existing expenditure categories.
- (e) The Project Operation Manual** will be revised to incorporate changes that may emanate from the proposed restructuring, including specifying the mechanics of how the release of advance requests is linked with reporting on the UNHMRIAR indicators to the Bank, including having discussions with the Bank and UNOPS related to any deviation from, or missing achievement of, targets for the indicators.
- (f) Disbursement Arrangements.** The requirement of submission of the agreed upon UNHMRIAR indicators for any regular or off-cycle advance requests has been included in the restated DFIL prepared by the WBG Finance & Accounting (WFA).

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Disbursements Arrangements	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓



Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Overall Risk Rating		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-B8537	Effective	30-Apr-2024		31-Aug-2024	31-Dec-2024

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates
Yes

Year	Current	Proposed
2022	20,000,000.00	20,000,000.00



The World Bank

Afghanistan Community Resilience and Livelihoods Project (P178760)

2023	150,000,000.00	130,000,000.00
2024	95,000,000.00	100,000,000.00
2025	0.00	15,000,000.00

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