

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

ISSUE
050
APR.
2017

Country Update

THE WORLD BANK GROUP IN AFGHANISTAN

“ AREDP has promoted and institutionalized a culture of financial savings among people in the villages it operates in. ”

page 22

page 4
WORLD BANK
GROUP SUPPORT



page 6
ONGOING
OPERATIONS

page 30
INTERNATIONAL
FINANCE
CORPORATION



page 32
AFGHANISTAN
RECONSTRUCTION
TRUST FUND

CONTENTS

WORLD BANK GROUP SUPPORT page 4 -5

page 4
World Bank projects and programs
International Finance Corporation
Multilateral Investment Guarantee Agency

page 5
Country Partnership Framework, 2017-2020
Afghanistan Reconstruction Trust Fund
Japan Social Development Fund

ONGOING OPERATIONS page 6-29

page 6
EDUCATION AND TRAINING

page 8
FINANCIAL SECTOR

page 10
HEALTH

page 14
INFRASTRUCTURE

page 20
RURAL DEVELOPMENT

page 25
SERVICE DELIVERY

page 27
SOCIAL SAFETY NET

page 27
URBAN DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION page 30-31

AFGHANISTAN RECONSTRUCTION TRUST FUND page 32 -50

page 34
ONGOING PROJECTS

12 RESULTS 'Quality Health Care'



22 RESULTS 'Savings Groups'



28 RESULTS 'The Citizens' Charter'



NEW FUNDING TO BENEFIT MILLIONS

Financing during the IDA18 replenishment period, which runs from July 1, 2017, to June 30, 2020, is expected to support:

- Essential health and nutrition services for up to 400 million people
- Access to improved water sources for up to 45 million people
- Financial services for 4-6 million people
- Safe childbirth for up to 11 million women through provision of skilled health personnel
- Training for 9-10 million teachers to benefit 300+ million children
- Immunizations for 130-180 million children
- Better governance in 30 countries through improved statistical capacity
- An additional 5 GW of renewable energy generation capacity

NEWS

GLOBAL COMMUNITY MAKES RECORD \$75 BILLION COMMITMENT TO END EXTREME POVERTY

A coalition of more than 60 donor and borrower governments agreed in December 2016 to ratchet up the fight against extreme poverty with a record \$75 billion commitment for the International Development Association (IDA), the World Bank's fund for the poorest countries.

The funding will enable IDA to dramatically scale up development interventions to tackle conflict, fragility and violence, forced displacement, climate change, and gender inequality; and promote governance and institution building, as well as jobs and economic transformation—areas of special focus over the next three years. These efforts are underpinned by an overarching commitment to invest in growth, resilience, and opportunity.



WORLD BANK AFGHANISTAN FACEBOOK PAGE ENGAGES WITH PUBLIC

On March 21, 2017, the World Bank Afghanistan Country Office launched its own Facebook page: <https://www.facebook.com/WorldBankAfghanistan/>. The main aim of the page is to engage and hold a constructive and continuous dialogue with our stakeholders, development partners, and most importantly the general Afghan public.

We would like to use the Facebook page as the space where everyone can share their thoughts about how best the World Bank can support Afghans in their efforts to build a more prosperous and stable Afghanistan.

RESULTS 48 'To Tackle Corruption'



WORLD BANK GROUP SUPPORT

World Bank projects and programs

Since April 2002, the World Bank's International Development Association (IDA) has committed over \$3.46 billion for development and emergency reconstruction projects, and five budget support operations in Afghanistan. This support comprises over \$3.02 billion in grants and \$436.4 million in no-interest loans known as 'credits'. The Bank has 15 active IDA projects in Afghanistan with net commitment value of over \$1.1 billion.

The World Bank continues to engage in rigorous analytical work and to place a significant emphasis on policy dialogue. These non-lending activities have supported the World Bank's lending program and played a crucial role in informing the Government of Afghanistan (GoA) of its strategic choices and in advancing dialogue between the government and its international development partners.

The Bank has actively supported key reforms, particularly in the fiscal and public administration spheres, and through its budget support operations. It has advocated building capacity and legitimacy of the state,

and channeling donor resources through the government to ensure investments are aligned with national priorities. To this end, the World Bank works closely with other multilateral and bilateral agencies across a number of sectors where aid coordination and government ownership are most critical.

⇒ **For information about completed projects:**
www.worldbank.org.af – Projects & Programs.

International Finance Corporation

The International Finance Corporation (IFC), the World Bank Group's private sector development arm, continues to work with its investment and advisory service partners in Afghanistan. IFC's committed investment portfolio in Afghanistan stands at about \$54 million and includes one investment in the telecommunication sector (Roshan), one investment in the hotel sector (TPS), and two operations in financial markets (First Micro-finance Bank, Afghanistan International Bank—trade facility).

IFC's investments have had a transformational impact in terms of access to finance and outreach, particularly in the microfi-

nance and telecommunication sectors. IFC's Advisory Services program has been supporting the Investment program in access to finance, Small and Medium Enterprises (SMEs) capacity development, horticulture/agribusiness, and investment climate.

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

Multilateral Investment Guarantee Agency

The Multilateral Investment Guarantee Agency (MIGA) has \$154 million of gross exposure for three projects in Afghanistan. MTN is a joint effort with IFC in the country's critical telecommunication sector. The other two projects support dairy and cashmere production.

In 2013, MIGA launched its 'Conflict Affected and Fragile Economies Facility' that uses donor partner contributions and guarantees as well as MIGA guarantees to provide an initial loss layer to insure investment projects in difficult contexts. This facility could be used to boost the agencies' exposure in Afghanistan.

COUNTRY PARTNERSHIP FRAMEWORK, 2017-2020

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

The World Bank Group strategy aims to help Afghanistan:

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

Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and GoA to improve effectiveness of the reconstruction effort. As of December 2016, 34 donors have contributed over \$9.5 billion, making ARTF the largest contributor to the Afghan budget—for both operating costs and development programs.

ARTF's support for National Priority Programs (NPPs), operating costs of government operations, and the policy reform agenda is contributing to the achievement of the Afghanistan National Development Strategy goals. More than \$4.2 billion has been disbursed to GoA to help cover recurrent costs, such as civil servants' salaries, and over \$4.5 billion had been made available, both for closed and active investment projects. As of December 20, 2016, 25 projects are active under ARTF with net commitment value of \$3.2 billion.

⇒ **For more information: see page 32.**

Japan Social Development Fund

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

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

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

⇒ **For more information:**
<http://go.worldbank.org/U50QZVF200> ■

ONGOING OPERATIONS

/ EDUCATION AND TRAINING

Afghanistan Second Skills Development Project (ASDP II)

⇒ IDA GRANT \$55 MILLION

The objective of ASDP II is to increase the potential for employment and higher earnings of graduates from Technical, 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 to improve quality of learning, while simultaneously strengthening the institutional system for the TVET sector as a whole..

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

Component 2: ASDP supports the improved performance of selected TVET schools and institutes. One such institute is the National Institute of Management and Administration (NIMA), where students pursue a two-year business program equivalent to a Bachelor’s degree. Enrollment has risen from 300 students to over 1,000 students in two years, with female enrollment improving significantly. With the support of an implementing partner (Ball State University), seven rounds of a credible and transparent entrance exam have been conducted at

NIMA, and is considered a best practice across the sector.

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



To support technical teacher training under Component 3, an in-service Technical Teacher Training Institute was established in 2013, from which two cohorts have graduated. An additional 972 in-service technical teachers were assessed and trained in 2016, in close collaboration with GIZ.

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

The second Skills Development Project has made great progress in strengthening the Technical, Vocational Education and Training (TVET) institutional framework in Afghanistan. By improving the skills delivery system, graduates from TVET schools and institutes can expect to see an increase in their employment potential and better income.

/ FINANCIAL SECTOR

Access to Finance Project

⇒ IDA GRANT \$50 MILLION

The Access to Finance Project aims to build institutional capacity to improve access to credit of micro, small, and medium enterprises. The project has the following components:

Component 1: Improving access to financial services for micro and small enterprises. This component aims to provide continuing support to the microfinance sector through the Microfinance Investment Support Facility for Afghanistan (MISFA), as well as, supporting MISFA to take on a broader role as a catalyst for innovations to increase access and usage of financial services from the lower end of the market according to its new strategic plan. It should, however, be underlined that the role of MISFA is primarily that of market facilitator, rather than direct technical assistance provider.

Component 2: Improving access to financial services for small and medium enterprises (SMEs). The aim is to increase commercial bank and microfinance institution (MFI) lending to SMEs and thus facilitate their access to financial services. It will support the expansion of the Afghanistan Credit Guarantee Facility, and provide technical assistance to commercial banks to strengthen their SME lending capacity. This component will include support to the Credit Guarantee Facility to provide coverage to MFI lending to the lower end of the SME market.

Component 1 is under implementation and MISFA has initiated a series of activities, in particular the scaling up of the Targeting the Ultra Poor (TUP) Program. Under the TUP program, a 100 percent distribution of assets to beneficiaries was achieved in four provinces (Kunar, Laghman, Mazar, and Takhar) in July 2016. Implementation of the program in these four provinces will be completed in July 2017.

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

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

Afghanistan Financial Sector Rapid Response Project

⇒ IDA GRANT \$45.7 MILLION

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

The project also aims to modernize the national payment system with the goal of reducing the use of cash transactions, the main means of making payments in Afghanistan, and transitioning to electronic, card or mobile payments. The project will also provide further support to the Afghanistan Institute of Banking and Finance (AIBF) to allow it to scale up its activities, in order to increase the availability of banking sector skills.

The project was restructured and a first



Small enterprises such as this tailor shop in Bamyan Province have been able to thrive as a result of support from the Access to Finance Project, implemented by the Microfinance Investment Support Facility for Afghanistan. The project aims to build the government's institutional capacity to improve access to credit of micro, small, and medium enterprises.

additional financing to the project (\$6.7 million) supported selected technical assistance activities originally financed under the Financial Sector Strengthening Project, which closed in June 2014. The additional financing targeted activities to strengthen DAB's capacity and the establishment of a Public Credit Registry.

The audits of the 10 commercial banks were completed in June 2012. A Movable Collateral Registry and a Public Credit Registry, set up in 2013, are now fully operational.

Establishment of the switch to cashless payment is underway at the Afghanistan Payment System, while the procurement process for development of the Automated

Transfer System (ATS) is complete and the contract is expected to be awarded soon. Having these two systems in place will boost financial intermediation and ease flow of liquidity within the banking system, contributing to a more efficient and well-functioning banking system.

A second additional financing (\$20 million) was approved in October 2016. The grant will help sustain results achieved in several areas, including strengthening DAB capacity and improving financial infrastructure. The proposed increase in scope would further establish DAB as an effective, transparent, and strong financial sector regulator and supervisor.

Basic health care has improved under the System Enhancement for Health Action in Transition Program, which supports the provision of a basic package of health services and an essential package of hospital services to the entire country. Many rural communities have improved their access to health care while health outposts set up under the program has raised awareness of health, disease, and preventive action, such as immunizations.



/ HEALTH

System Enhancement for Health Action in Transition (SEHAT) Program

- ⇒ IDA GRANT \$100 MILLION
- ⇒ ARTF GRANT \$553 MILLION
- ⇒ GOVERNMENT OF AFGHANISTAN \$30 MILLION
- ⇒ MULTI DONOR FUND FOR HEALTH RESULTS INNOVATION \$12 MILLION

The program aims to expand the scope, quality, and coverage of health services provided to the population, particularly for the poor, and to enhance the Ministry of Public Health's (MoPH) stewardship functions. The

project supports the provision of basic health and essential hospital services in both rural and urban areas. It also strengthens the national health system and MoPH's capacity at central and provincial levels.

The project includes the following three components:

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

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

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

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

HEALTH OUTCOMES ON POSITIVE TREND

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

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

BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL AMONG THE LOWEST INCOME QUINTILE INCREASED to 50 percent from 15.6 percent.

PENTA3 IMMUNIZATION COVERAGE MORE THAN DOUBLED (a combination of five vaccines in one covering polio, diphtheria, Pertussis, tetanus, *haemophilus influenzae* type b, and hepatitis B), from 29 percent to 72 percent among children aged 12 to 23 months in the lowest income quintile.

CONTRACEPTIVE PREVALENCE RATE INCREASED (using any modern method) to 30 percent from 19.5 percent.

The Afghan health system has made considerable progress during the past decade thanks to strong government leadership, sound public health policies, innovative service delivery, careful program monitoring and evaluation, and development assistance. Data from household surveys (between 2003 and 2011) show significant declines in maternal and child mortality.

Despite significant improvements in the coverage and quality of health services, as well as a drop in maternal, infant and under-five mortality, Afghanistan health indicators are still worse than the average for low income countries, indicating a need to further decrease barriers for women in accessing services. Afghanistan also has one of the highest levels of child malnutrition in the world. About 41 percent of children under five suffer from chronic malnutrition, and both women and children suffer from high levels of vitamin and mineral deficiencies.

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

The current estimate seems inconsistent with the significant increases in coverage of skilled birth attendance (currently 50 percent up from 8 percent in 2003), improved quality of care as shown by frequent health facility surveys, improved physical access to services (a fourfold increase in the number of facilities since 2002), and progress on other related impact indicators (e.g., under-five mortality rate has declined to 55 per 1,000 live births) in the ADHS. Other survey-based estimates also put the MMR significantly lower than 1,290.



“We are satisfied with the health center services, most of our health problems are addressed at the center and we do not need to walk as far as we did.”

—Safar Mohammad, member, Health Community Council, Shish village

QUALITY HEALTH CARE REACHES Villages in Mountainous Daykundi Province

- Villages in remote areas of Daykundi Province are enjoying access to better health care under a government project that aims to broaden the reach of quality health care to the population, particularly for poorer sections.
- Under the System Enhancement for Health Action in Transition project, nongovernmental organizations are contracted to provide basic health care and essential hospital services across Afghanistan.
- Community outreach is also carried out under the project to raise public awareness of diseases and other health-related issues.

Malika, 40, sits on the chair beside the doctor, describing a problem she's been having with her lungs. It is early morning and the Shish Basic Health Center (BHC) is still quiet, the corridor empty.

Malika, a resident of Jan Mohammad village, has walked two hours to reach the health center. “I have had a problem with my lungs for two years,” she says. “The quality of medicine that I receive from this health center is much better than other medicines that are sold in pharmacies in the market.”

The health center imports medicines from the Netherlands to ensure patients have access to high quality prescription drugs as there are widespread quality control problems with domestically produced pharmaceutical drugs in Afghanistan.

The whitewashed health center operates daily with a staff of seven, covering an area with nearly 20,000 people, most of whom earn their income through agriculture. It is the only concrete building in Shish village, which lies in Nili district in Daykundi Province.

Health services at Shish BHC is provided by Première Urgence-Aide Médicale Internationale (PU-AMI), a French nongovernmental organization (NGO), which has been contracted by the Ministry of Public Health (MoPH). The contract is an agreement to deliver a defined package of basic health services under the ministry's System Enhancement for Health Action in Transition (SEHAT) project.

Before the implementation of SEHAT in Daykundi in 2014, health centers faced many challenges, including shortage of medication and properly trained staff. A mountainous province, Daykundi faced especial difficulties in transporting medication to health centers during the winter.

Through SEHAT, PU-AMI delivers medication every six months to health centers that lie far from Nili, the provincial capital, and face a potential shortage during the



winter months. “Coordination has become much better than it was in the past,” says Dr. Ahmad Fahim, 29, a PU-AMI technician officer in Daykundi. “We regularly hold meetings with doctors, the MoPH directorate, and local people. It helps us to deliver high quality health services successfully across the province.”

Raised Awareness of Health

Since the implementation of SEHAT in Shish village, the health center has worked to establish a health-minded community, engaging locals on health issues and educating them about diseases and other health-related risks. Every month, health center staff hold meetings with the villagers, and host regular seminars and workshops.

“We learn a lot from the workshops and meetings,” says Safar Mohammad, 57, a member of the Health Community Council in Shish village. “We are satisfied with the health center services, most of our health problems are addressed at the center and we do not need to walk as far as we did.”

/ INFRASTRUCTURE

Afghanistan Information and Communication Technologies (ICT) Sector Development Project

⇒ IDA GRANT \$50 MILLION

The project builds on the success of earlier projects and catalyzes the next phase of ICT development in the country. It supports policy and regulatory reforms and strategic infrastructure investment to expand connectivity and enable more users to access high quality mobile and Internet services. It also helps mainstream the use of mobile applications to improve public service delivery and program management in strategic government sectors. The project helps develop the local IT industry by expanding the pool of skilled and qualified IT professionals, and supporting the incubation of ICT companies in Afghanistan.

Major milestones under the project include progress in construction of optical fiber cable with completion of about 910 km of cable. Four provincial capitals—Takhar, Badakhshan, Bamiyan, and Kapisa (Lot-1 Route)—and eight districts have already been connected on fiber routes. One more provincial capital and five districts in Kunar Province will be fully connected soon.

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

The Ministry of Communications and Information Technology (MoCIT) is preparing an open access policy for the national backbone network, ensuring non-discriminatory access to wholesale Internet bandwidth for all firms. The Common Services Delivery Platform (mobile governance hardware and software) has been commissioned and 30

mobile applications have been developed and hosted on the platform; line ministries are in the process of developing the contents. The platform allows any citizen with a mobile phone to access a set of public services.

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

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



IT start-ups have been receiving support from the Afghanistan ICT Sector Development Project, which aims to train young Afghans on all aspects of ICT business management. The target beneficiary pool is Afghan youth who want to deepen their knowledge of ICT and who are interested in setting up IT companies. "We received training on business planning, management system, administration, and marketing, which enabled us to run our own private IT company," says a young entrepreneur.

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

⇒ IDA GRANT/CREDIT \$526.5 MILLION

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

The total project cost is estimated at \$1.17 billion and several other development partners are providing financing for CASA-1000, including the Afghanistan Reconstruction and Development Bank (ARDB), the Islamic Development Bank (IDB), European Bank for Reconstruction and Development (EBRD), United States Government, United Kingdom Department for International Development (DfID), and United States Agency for International Development (USAID).

CASA-1000 will build more than 1,200 kilometers (km) of electricity transmission lines for associated sub-stations to transmit excess summer hydropower energy from existing power generation stations in Tajikistan and the Kyrgyz Republic to Pakistan and Afghanistan. The project finances the engineering design, construction, and commissioning of transmission lines and two new converter stations. The power generation stations that provide the energy to be traded over CASA-1000, including Toktogul in Kyrgyz Republic and Nurek in Tajikistan, are already in place.

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

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



A villager working on the reconstruction of an irrigation canal in Balkh Province. The rehabilitation of the canal has revived many areas of wasteland and turned them into productive farmland, irrigating over 13,000 hectares. The canal rehabilitation project was undertaken by the Irrigation Restoration and Development Project. The improved irrigation system has boosted farmers' productivity and income.

Irrigation Restoration and Development Project (IRDP)

⇒ IDA GRANT \$97.8 MILLION

⇒ ARTF GRANT \$118.4 MILLION

⇒ GOVERNMENT FUNDS \$3.5 MILLION

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

After project restructuring and additional

financing effective from July 2016, IRDP envisages support to rehabilitate irrigation systems serving some 215,000 hectares of land and design of a limited number of small multi-purpose dams and related works, while establishing hydro-meteorological facilities and services.

Progress had been made in all areas. In the irrigation component, a total of 135 irrigation schemes has been rehabilitated, covering over 142,000 hectares of irrigation command area (compared to the end project target of 215,000 hectares).

In the small dam component, a prefeasibility review of 22 small dams resulted in a

feasibility study being conducted on the six best ranked dams in the northern river basin (which is not on international rivers). A detailed social and environmental study will be carried out.

In the hydro-met component, installation of 127 hydrological stations and 56 snow and meteorological stations located in various locations on the five river basins in the country is ongoing. In addition, 40 cableway stations for flow measurement at selected hydrology stations have been installed.

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

⇒ IDA GRANT \$21.5 MILLION

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

In parallel, the additional grant also will help finance the costs associated with scaling up the necessary activities for preparing the next phase of the project. These activities include continued rollout of automation to the remaining border crossings and inland clearance depots (ICDs); continued refurbishment, rehabilitation, or new construction of selected customs infrastructure; provision of technical assistance and capacity building in key areas essential to introducing modern approaches to customs administration; improved mechanisms for cooperation with customs administrations of neighboring countries; and further improvement of systems for monitoring customs performance through the use of an automated executive dashboard and alerts mechanism.

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

The Automated System for Customs Data (ASYCUDA) declaration and wider modules have been deployed at 17 customs offices. The risk management module is operational in 10 offices, while the valuation module is operational in six customs offices. The entry and exit control module is functional in five locations. In addition, other modules, like the traveler cash declaration module and safety and security declaration modules, have been implemented at selected sites.

The inland transit module is operational at (i) Torkhum–Jalalabad–Kabul; (ii) Islamqala–Herat–Kabul; (iii) Hairatan–Mazar–Kabul; (iv) Sherkhan Bander–Kunduz–Kabul; (v) Torghundi–Mazar–Kabul; (vi) Spinboldak/Vesh–Kandahar–Kabul; (vii) Zaranj/Nimroz–Kandahar–Kabul; (viii) Aqina–Andkhoi–Mazar–Kabul; and (ix) Kabul Airport–Kabul Inland Customs.

The international transit module is operational, fully covering (i) Pakistan–Turkmenistan; (ii) Pakistan–Uzbekistan; (iii) Pakistan–Tajikistan; (iv) Turkmenistan–Tajikistan; (v) Iran–Tajikistan; (vi) Turkmenistan (Aqina)–Tajikistan; and (vii) Kabul Airport–Tajikistan.

An executive information system has been installed in the Afghanistan Customs Department (ACD). Selected information from the system is being provided via SMS to the management of ACD and Ministry of Finance. SMS alerts also are being sent to traders confirming the amount of duty paid. Three additional alerts and web reports have been developed for ACD management. The rollout to regional offices is expected to start soon as UNCTAD technical experts have now been deployed to these offices.

Customs to customs cooperation has been making progress: (i) Customs to customs data exchange through secure emails are now operational between Afghanistan and Pakistan;

(ii) Customs to customs data exchange through secure emails are now operational between Afghanistan and Pakistan;



Customs officers at the Jalalabad provincial customs department processing customs clearances before entering the information into the ASYCUDA system. The automated customs data system has been deployed in 17 customs offices across the country, expediting the custom process.

(ii) A Customs to Customs Cooperation Agreement was signed between Afghanistan and Tajikistan, with the technical protocol signed and real time data exchange formally commenced from February 2016. (iii) A Customs to Customs Memorandum of Understanding (MoU) was signed between Afghan Customs and Iran Customs; and (iv) negotiations are ongoing for signing a MoU between Afghan Customs and UAE.

Four contracts for the construction of a boundary wall of the Abu Naser Farahi Custom House, a data/disaster recovery center, overhead water reservoir for Customs Academy, and T-wall for Aquina ICD have been awarded and work is underway. Procurement

for another four contracts for infrastructure construction is underway.

The process to select a consultant firm to conduct a feasibility study of the National Single Window is underway.

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

The implementation plan for setting up an enforcement wing is under review. The trans-

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

Sustainable Development of Natural Resources Project

⇨ IDA GRANT \$43 MILLION
CLOSED ON MARCH 30, 2017

The project aimed to assist the Ministry of Mines and Petroleum (MoMP) and the National Environmental Protection Agency (NEPA) in further improving their capacities to effectively regulate Afghanistan's mineral resource development in a transparent and efficient manner, and foster private sector development.

The project made steady progress, including transaction support for the tender and negotiations of the main Hajigak contract. An International Advisory Panel was established to ensure the transparency of the negotiations process.

Other areas of progress included collection of new geodata and the digital capture of existing historical geodata for the development of a modern computerized geo-database in order to attract the exploration interest necessary to sustain discovery of new deposits and for sector growth; and the preparation and publication of 18 sub-sector development policies by commodity to guide sustainable development.

An independent external inspection and contract compliance monitoring system was established. At the same time, capacity building of NEPA and MoMP officers on inspectorate service functions and regulatory monitoring was organized throughout the life of the project.

Other activities supported under this

project included the preparation of the Resettlement Policy Framework and the associated Environmental and Social Management Framework; the preparation of a Strategic Environmental and Social Assessment for the sector; development of a computerized mining cadastre system (AMCS+) for MoMP; 3D laser scanning and imaging at Mes Aynak; development of corporatization and commercialization options for state-owned enterprises; provision of technical assistance to the MoMP and Ministry of Information and Culture (MoIC) on the intersection between the extractive industries and cultural heritage; establishment of a Financial Management System (FMIS) within MoMP; geological capacity building of the Geological Survey of Afghanistan; addressing the economic and social subsector of artisanal and small-scale mining and the gemstone sector by strengthening and formalizing them; and implementation of the Extractive Industries Transparency Initiative (EITI).

Afghanistan EITI (AEITI) has published four reconciliation reports so far and the fifth report is on its way. These reports and their recommendations have been very helpful in identifying and bridging gaps within government financial systems and have provided information and guidance to the appropriate government agencies on some key issues and challenges in the extractive sector.

AEITI has been working with government agencies to help identify weaknesses in revenue and contract management, helping to close loopholes including closing revenue leakages. It is also noteworthy that MoMP and MoCI have established committees to work with AEITI on the recommendations of the reports.

AEITI has also successfully selected a new Multi Stakeholder Group (MSG) through a transparent election process after the previous MSG completed its tenure in 2016. Among the milestones achieved by AEITI are the assignment of the Minister of Finance as AEITI champion by President Mohammad

Ashraf Ghani and the development of a Beneficial Ownership (BO) Roadmap, which was one of the SMART deliverables of the Brussels Conference on Afghanistan.

The AEITI communication team has carried out public awareness campaigns through workshops and trainings. After completing the first round of the workshops in the northern and eastern provinces, the communication team carried out awareness workshops for eight relevant ministries and authorities. The third round included workshops in the southern and western provinces in March and April 2016.

The excavation of nearly 80 percent of the archeological red zone at Mes Aynak is underway. The employment of seven international archeologists, 18 Afghan archeologists, management and 18 field support staff, and some 297 laborers from surrounding communities is also in progress. Over the past year, the MoMP and MoIC have significantly increased their level of coordination (a bottleneck to progress in the past) and ownership over the project.

On March 28, 2017, the ARTF Management Committee approved a Project Preparation Grant of \$7.3 million to allow transition and continuation of the AEITI and Mes Ayank Archeological components under the direct auspices of the Ministry of Finance and MoIC, respectively.

/ RURAL DEVELOPMENT

Afghanistan Rural Access Project (ARAP)

⇒ IDA GRANT \$125 MILLION
⇒ ARTF GRANT \$207 MILLION

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

travel time to essential services, and enable rural communities to access essential services more frequently.

As of February 2017, construction of 492 km of secondary gravel roads, 205 km of secondary asphalt roads, and 1,300 km of tertiary roads have been completed. In addition, 1,400 linear meters of secondary bridges and 1,600 linear meters of tertiary bridges have been built. In the meantime, routine maintenance of 1,100 secondary roads and period maintenance of 300 km of secondary roads were undertaken. Routine maintenance of 380 km of tertiary road and period maintenance of 1,000 km of tertiary road were also completed. Rollout of the first nationwide inventory and condition survey of rural roads has been completed.

Afghanistan Rural Enterprise Development Project (AREDP)

⇒ IDA GRANT \$28.4 MILLION
⇒ ARTF GRANT \$6.2 MILLION

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

To date, the program has established close to 5,500 Savings Groups with a membership of some 60,700 rural poor (55 percent women) in 694 villages. The SGs have saved over \$4.7 million and members have accessed more than 41,900 internal loans (64 percent by female members) for productive and emergency purposes with a repayment rate of 95 percent.

To generate economies of scale, 521 Village Savings and Loan Associations have also been



The upgrading of infrastructure in this village in Balkh Province has led to visible improvements in the quality of life for residents. The newly paved road has increased access to markets and basic facilities and the standardized drainage system has improved the hygiene and sanitation for thousands of inhabitants. The upgrade was carried out under the Afghanistan Rural Access Project.

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

AREDP also works toward strengthening market linkages and value chains for rural enterprises by providing technical support to 1,424 Enterprise Groups (63 percent female) and 617 (15 percent female) small and medium enterprises that have been selected for their potential as key drivers of rural employment and income generation.

Six Provincial Situation Analysis (PSA) have

been completed and 10 PSAs are underway. Support was given to 98 *Kochies* (nomads) and 136 disabled people to enhance their enterprise development skills and productivity. AREDP uses Community Development Councils as an entry point into communities and is currently working in 24 districts of five provinces: Parwan, Bamyán, Nangarhar, Balkh, and Herat.

Third Emergency National Solidarity Project (NSP III)

⇒ IDA GRANT \$40 MILLION
⇒ ARTF GRANT \$1.05 BILLION
⇒ JSDF GRANT \$9.59 MILLION
CLOSED ON MARCH 31, 2017

The National Solidarity Project has been widely considered as one of the most successful government programs. The third phase of NSP, which began in June 2010, made remarkable progress in expanding the government's development outreach nationally to 35,075 Community Development Councils (CDCs), covering an estimated 90 percent of villages in Afghanistan.

Overall, the project surpassed its targets and the Ministry of Rural Rehabilitation and Development (MRRD) and NSP management ensured the utilization and accounting of over \$737 million worth of block grants from NSP I and II, and \$831 million under NSP III, the reversal of \$153.5 million unutilized funds from CDCs, and the full completion of all 88,519 community-demanded infrastructure schemes.

Under MRRD leadership, the NSP management also smoothly handled the transfer of an estimated 740 key and field staff, assets, and systems from NSP to the new Citizens' Charter of Afghanistan Project (CCAP).

Under NSP III, 26,923 CDCs were built, strengthened, and maintained as effective institutions for local governance, with an estimated 96 percent of sampled communities recognizing their CDCs as legitimate and representative institutions. In addition, 71 percent of eligible voters voted for their representatives at CDC elections and 80 percent



“AREDP has promoted and institutionalized a culture of financial savings among people in the villages it operates in.”

—Sayed Ismail, shop owner, Noqra village

SAVINGS GROUPS CREATE *new lives among rural poor*

- Villagers with no previous means of livelihood are being given an opportunity to earn a living through loans from local village associations, allowing them to invest in income generating activities.
- The establishment of Village Savings and Loan Associations is a result of the Afghanistan Rural Enterprise Development Program, implemented by the Ministry of Rural Rehabilitation and Development.
- The program aims to increase employment and income and enhance economic mobilization and activities by organizing the rural poor into these associations.

Ghulam Nabi, 48, is pouring wheat grains into the mill's feed chute, and the coarse grains are being ground to fine flour. The noise of the power generator breaks the rural quiet of the village.

Ghulam Nabi recently founded the mill in his home village of Noqra in Enjil district in Herat Province. He bought mill machinery using money from a loan provided by the Village Savings and Loan Association (VSLA). “Before buying the flour mill machine, I was unemployed and had a hard time,” he says. “Thank God, I took a loan from the VSLA and started the mill. Now I run the mill and have employed two other workers as well.” All the villagers bring their wheat grains to his mill to be ground to flour.

A short distance from the mill, members of the Noqra VSLA have gathered in a house for a regular meeting. First, the Savings Groups (SGs), which make up the VSLA, collect the weekly savings of 20 afghanis (about \$0.30) from each member. The weekly savings make them eligible to take out a loan in the future.

After the collection, members discuss problems, successes, and potential projects for the community. “The association has led to people uniting and solving their problems quickly through sharing them on this platform,” says Abdul Ghafor, 58, chair of the Noqra VSLA.

The Afghanistan Rural Enterprise Development Program (AREDP) provides technical support to VSLAs so as to build a financial discipline through savings and internal lending practices. It encourages rural communities to establish SGs and enterprise groups. Mature SGs are then federated into groups of 8 to 10 to form a VSLA. It also provides technical support to small and medium enterprises in rural areas.

AREDP has been operating in Enjil, Gozara, Karokh, and Rabat Sangi districts in Herat Province since 2010, covering 122 villages, which have established 1,128 active SGs.



Capitalize on Own Resources

AREDP encourages people to capitalize on their own resources, helping them create livelihood and employment opportunities which they would not have otherwise. “Since I have a disability, it was hard for me to find a job and maintain a livelihood,” says villager Sayed Ismail, 32. “Fortunately, I could get a loan from the VSLA and open a small oil and benzine shop. AREDP has promoted and institutionalized a culture of financial savings among people in the villages it operates in.”

“Our goal is to create employment opportunities and increase villagers’ income,” says Massoud Noorzad, an AREDP information systems manager. “When we started our work in Herat, we knocked on the doors of every villager and discussed the benefits of our activities.” Today, through SGs and VSLAs, community members have successfully mobilized 47 million afghanis (about \$680,000) from their own savings, he says.

CDCS FACILITATE DEVELOPMENT AND ACCESS TO SERVICES

CDCs managed over \$1.5 billion to provide socio-economic development and access to services, which included:

OVER 9.7 MILLION RURAL POOR obtaining access to improved drinking water points and provision of safe sanitation facilities

53,000 KM of rural roads built and rehabilitated.

OVER 4.2 MEGAWATTS of electricity generated through the construction of micro-hydropower plants or grid line extension sub-projects

OVER 6,400 CLASSROOMS
89 HEALTH CLINICS
9 HOSPITALS AND
5,800 COMMUNITY CENTERS constructed and rehabilitated

OVER 1.3 MILLION HECTARES of agriculture land irrigated through the construction/rehabilitation of **MORE THAN 4,400 IRRIGATION CANALS**

The block grants also generated over 66 million paid-for labor days for local skilled and unskilled workers.

of the CDCs carried out their functional mandates. Over 80 percent of sampled communities received improved access to services.

Reports from Third Party Monitoring and NSP's own monitoring show that over 85 percent of the infrastructure built under NSP II and over 90 percent under NSP III are still functional.

The Jobs for Peace Initiative and Maintenance Cash Grants Scheme:

In response to the government's Jobs for Peace Initiative, NSP very quickly restructured to introduce the Maintenance Cash Grants Scheme.

Between November 2015 and December 2016, a total of \$35 million of NSP's existing funds and an additional \$57 million from donors (USAID and DfID) was channeled directly to the bank accounts of 9,606 CDCs in 138 districts, covering all 34 provinces. This led to the creation of 6.6 million paid-for labor days, which benefited an estimated 433,000 households with 2-3 months of food security, and over 10,000 infrastructure schemes maintained.

An estimated \$13.029 million for NSP had remained undisbursed because of the closure in the government's financial year in December 2016. At the request of the Ministry of Finance, the end disbursement date for maintenance grants was extended from December 31, 2016, to March 31, 2017, to enable the project to disburse the remaining grant amount to eligible CDCs. The grant amount has now been 100 percent disbursed following an application by NSP to withdraw the undisbursed balance to reallocate funds.

⇒ For more information:

www.nspafghanistan.org

Trans-Hindukush Road Connectivity Project

⇒ IDA GRANT \$250 MILLION

The project aims to support GoA's efforts to improve road transport links across the Hindukush mountain range, including the rehabilitation of the Salang road and tunnel. It



Children enjoying the fresh, clean water from a newly installed water system. The system, supported by the National Solidarity Programme, ensures a reliable water supply to households through a tank connected by pipeline to a newly dug well.

With the new water system running, the villagers have seen a dramatic decrease in the incidence of disease. "Now, people drink the water from the pipe system and the number of people getting a disease is very low," says a local Community Development Council member.

Expected CCAP Results

Results expected under the first phase of the CCAP include :

- 8.5 million Afghans reached.
- 3.4 million people gaining access to clean drinking water.
- Improvements to quality of service delivery in health, education, rural roads, and electrification.
- Increase in citizen satisfaction and trust in government.
- 35 percent return on investment for infrastructure projects.

will develop existing mountain crossings into dependable, all-season roads that will allow the vital transport of passengers and goods to cross the Hindukush mountain range throughout the year.

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

Preliminary activities under the project have started. Land acquisition, engineering design review, procurement, and office set up are underway. As of February 28, 2017, the land acquisition for two segments of B2B has been completed and the process is ongoing for the remaining four segments.

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

/ SERVICE DELIVERY

Citizens' Charter Afghanistan Project (CCAP)

- ⇒ IDA GRANT \$100 MILLION
- ⇒ ARTF GRANT \$400 MILLION
- ⇒ GOVERNMENT FUNDS \$128 MILLION

The CCAP came into effect on January 23, 2017. It is expected to be implemented over a period of four years. The project will support the first phase of the Government of Afghanistan's 10-year Citizens' Charter National Program, and will target one third of the country.

The objective of the CCAP is to improve the



Activities under the Afghanistan New Market Development Project have helped many private small and medium companies in Balkh Province grow their businesses, such as this dairy. The dairy was provided technical, marketing, and sales support under a cost-sharing program to enhance its productive capacity and diversify its markets.

delivery of core infrastructure and social services to participating communities through strengthened Community Development Councils. These services are part of a minimum service standards package that the government is committed to delivering to the citizens of Afghanistan. The CCAP aims to contribute to the government's long-term goals of reducing poverty and deepening the relationship between citizens and the state.

In October 2016, the World Bank approved a \$100 million IDA grant for the project. In view of the impending returnee/internally displaced persons (IDP) crisis that Afghanistan is facing, CCAP will likely receive additional financing to help provide short-term employment assistance to displaced

people and host communities. CCAP has already developed operational guidelines to respond to the returnee/IDP crisis and has set aside a \$10 million contingency for this purpose. It has also been designed to expand its geographical scope rapidly.

/ SOCIAL SAFETY NET

Afghanistan Safety Nets and Pensions Support Project

⇒ IDA GRANT \$20 MILLION

The objectives of the project are to: (i) im-

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

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

About 85,000 pensioners have been registered in the new Pension MIS and are paid through bank accounts. The biometric verification of beneficiaries and single window operation are functional at the Central Pension Department. Moreover, around 55 government ministries and agencies have been connected to the Pension MIS and submitting pension applications online. Similarly, the Pension MIS has been rolled out to the two regional centers of Balkh and Nangarhar.

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

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

Some 6,140 families received two rounds of direct cash benefits in 2016 and will receive two more instalments in 2017. The benefits were delivered through two mobile money operators and a commercial bank.

/ URBAN DEVELOPMENT

Afghanistan New Market Development Project

⇒ IDA GRANT \$22 MILLION

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

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

The Facility for New Market Development (FNMD), created under the project, was officially launched on March 12, 2013. It received 1,051 applications from SMEs, and signed cost-sharing grant contracts worth over \$10 million with 424 firms and associations. Moreover, FNMD has also processed 66 additional first amendments and five second amendments with the SMEs that successfully completed their first cycle of grant agreements.

Through FNMD, over 1,500 jobs have been created across the country, including more than 30 percent for women, with 184 new or improved products introduced in either domestic or export markets.



“The Citizens’ Charter is a promise of partnership between the government and communities.”

– Ahmad Shaheer Shahriar, Deputy Minister for Programs,
Ministry of Rural Rehabilitation and Development

THE CITIZENS’ CHARTER a Commitment toward Service Delivery across Afghanistan

Will rural communities in Afghanistan be deprived of development services upon the completion of the National Solidarity Programme (NSP) of the Ministry of Rural Rehabilitation and Development (MRRD)?

What will happen to the Community Development Councils (CDCs) established in rural communities to execute people’s development decisions and priorities in a pragmatic way?

Will our country continue to witness reconstruction of civic infrastructure?

These were some of the questions that were troubling thousands of villagers as the NSP neared its formal closure date, after having delivered development services in every province of Afghanistan for 14 years.

To address these questions and allay their concerns, the Government of the Islamic Republic of Afghanistan formally launched the Citizens’ Charter Program on September 25, 2016 to sustain the uninterrupted process of development and reconstruction in Afghanistan.

Rationale for the Citizens’ Charter

The Citizens’ Charter is a promise of partnership between the government and communities. It is the foundation for realizing the government’s development vision, a commitment to provide every village in Afghanistan with basic services based on community prioritization. Citizens, therefore, expect this national program to construct and/or restore public infrastructure, and to provide them with essential health services, quality education, safe drinking water, access to electricity, and other civic amenities seen as essential to basic human needs.

The Charter’s Objectives

The Citizens’ Charter aims to reduce the gap between villages and cities. It will, in contrast to NSP that focused on rural development, empower both rural and urban citizens equally to identify their own development priorities and encourage them to actively participate in the implementation of the development projects they have prioritized.

Dimensions of the Charter

The Citizens’ Charter will be implemented in the coming 10 years, covering one third of the country in its first phase. It is a ‘whole of government’ program, bringing together at least six ministries for implementation. It is committed initially to providing a minimum service package of six essential services: health, education, water management (irrigation, flood prevention, sanitation

and provision of safe water), renewable energy, connection of cities and villages, and propagation of small agricultural infrastructure.

The Charter is underlined by principles of balanced development and equitable access. The program will accord due attention to the most vulnerable groups, including the displaced, returnees, women, and nomads. The role and participation of women is one of the most prominent working principles of the Charter. The MRRD would like to see women’s participation as CDC office bearers increase to 50 percent.

The Charter will build upon the community platform created through NSP over the past 14 years and strengthen the partnership between government and communities. CDCs will be the means by which citizens can demand services, hold line agencies accountable, and ensure that the poorest and most vulnerable can access services.

A Final Thought

The primary objective of the Citizens’ Charter is to generate citizen momentum for sustainable development. The program is determined to achieve this goal by making people actively involved in the implementation process of their own development projects. The honest commitment between people and government on a larger scale will pave the way for ensuring development for all. It is hoped that soon we will be able to banish poverty from our society.

⇒ This article is an edited version of a blog written by Ahmad Shaheer Shahriar, Deputy Minister for Programs in the Ministry of Rural Rehabilitation and Development. For the full version of the blog, please visit: <http://blogs.worldbank.org/endpovertyinsouthasia/citizens-charter-commitment-toward-service-delivery-across-afghanistan>

INTERNATIONAL FINANCE CORPORATION

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

Investment portfolio

IFC's committed investment portfolio in Afghanistan stands at about \$54 million and includes one investment in the telecommunication sector (Roshan), one investment in the hotel sector (TPS), and two operations in financial markets (First Microfinance Bank, Afghanistan International Bank—trade facility).

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

Advisory Services

A strong Advisory Services program has been supporting the Investment program in access to finance, SMEs, horticulture/agribusiness, renewable energy, and investment climate.

Access to Finance

IFC provided assistance to DAB, the central bank, in collaboration with the World Bank's Financial Sector Strengthening Program to support the establishment of the first electronic moveable collateral registry and the Public Credit Registry.

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

Strengthening Horticulture Exports

IIFC is working to develop Afghanistan's horticulture exports by helping agriculturists enhance efficiency and supporting the extension of market opportunities, both nationally and internationally. The Strengthening Horticulture Exports project aims to improve the livelihood of horticulture farmers by linking them to fruit processing companies, through contract farming, and supporting processing companies to expand their export markets.

Lighting Afghanistan

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

The program's objective is to increase access to modern solar lighting products and services for 250,000 Afghans living in off-grid

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

Investment Climate

IFC has worked with the Kabul Municipality on reforming the construction permit process; the streamlined process was launched in August 2016 (funded by USAID).

Under the "Afghanistan Investment Climate Reform Program", IFC is currently working on two projects to support the MoCI in promoting an investment climate that is conducive to private sector growth: Licensing Reform Phase II and Subnational Doing Business (SNDB) Survey.

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

The SNDB project will cover four "Doing Business" indicators that are actionable at the local level and where subnational differ-



ences are likely to occur: (i) starting a business; (ii) dealing with construction permits; (iii) registering property; and (iv) getting electricity. Even in countries characterized by a centralized public sector like Afghanistan, these areas show subnational differences at the regulatory level and/or in how the national regulations are implemented in practice. The benchmarking will include four of the largest cities in addition to Kabul that serve as regional economic centers —Herat, Mazar-e-Sharif, Kandahar, and Jalalabad.

AFGHANISTAN RECONSTRUCTION TRUST FUND

The Afghanistan Reconstruction Trust Fund (ARTF) was established in 2002 to provide a coordinated financing mechanism for GoA's budget and national investment projects. Since its inception, 34 donors have contributed over \$9.5 billion to ARTF, making it the largest single source of on-budget financing for Afghanistan's development.

Management

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

How ARTF works

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

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

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

Donor contributions

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

The Recurrent Cost Window (RCW)

GRANT \$4.2 BILLION

To date, ARTF has disbursed \$4.2 billion through the government's non-security operating budget. Domestic revenues continue to be insufficient to cover the costs of government. The ARTF RCW has therefore ensured the basic functioning of government including the delivery of services such as healthcare and education. Given that around 60 percent of the non-uniformed Afghan civil service is accounted for by teachers, the Ministry of Education has in general received about 40 percent of total ARTF resources. Ministries of Public Health, Foreign Affairs, Labor, Social Affairs, and Higher Education have also been major recipients.

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

THE AFGHANISTAN RECONSTRUCTION TRUST FUND

The objectives of ARTF are:

- Position the national budget as the key vehicle to align the reconstruction program with national development objectives.
- Promote transparency and accountability of reconstruction assistance.
- Reduce the burden on limited government capacity while promoting capacity building over time.
- Enhance donor coordination for financing and policy dialogue. The ARTF's support of the government's priority programs, policy reform agenda, and the non-security operating costs of government operations contributes to the achievement of Afghanistan's national strategic goals.



of the overall budget. Nevertheless, the RCW still finances around 16 to 20 percent of the government's non-security operating budget.

The Investment Window

The Investment Window has increased significantly in volume and scope. Since SY1389 (year 2010), investment commitments have exceeded recurrent cost commitments. Decentralized and national rural development programs, such as NSP, rural roads, and education, have been strongly supported by ARTF.

As of December 20, 2016, there are 25 projects active under ARTF with a total commitment value of \$3.2 billion, of which \$2.3 billion has been disbursed and the net undisbursed amount is \$890 million.

⇒ Full details of investment activities are provided in the ARTF Annual Scorecard: www.artf.af

/ ONGOING PROJECTS

Afghanistan Agricultural Inputs Project (AAIP)

GRANT \$74.75 MILLION

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

Firstly, the project will improve the technical and economic efficiency of the value chain of certified wheat seed. Secondly, building on the legal and regulatory framework that the project helped build during the preparation phase, the project will develop the necessary accredited facilities for plant quarantine networks and quality control of agro-chemicals.

Thirdly, guided by the results of field surveys carried out during the preparation phase, the project will design and pilot test a demand-led action plan to improve and develop market-based input delivery systems for seeds and agro-chemicals. The sustainability of these interventions will be supported by capacity building programs involving civil servants, farmers, and traders.

The project is making progress toward achieving its development objective in a number of areas. The project has trained over 410 staff from the Agricultural Research Institute of Afghanistan (ARIA) and Independent Seed Enterprise (ISE). In addition, 35 MSc students have successfully completed their studies in India and returned to Afghanistan.

Another notable achievement is that five new varieties of wheat have been submitted for release, meeting the total target. Further,

the project showed good progress on the execution of 14 infrastructure contracts for quarantine stations, laboratories, and research farms, several of which are now close to completion. The groundwork for the national pest and diseases survey has started, one of the key activities under the project.

The Agricultural Pesticides Act has been approved by parliament and resent to the president's office for final ratification. The Plant Protection and Quarantine Law is with the president's office awaiting final endorsement. The final draft of the Chemical and Natural Fertilizers Law has been sent to the Ministry of Justice for inclusion in the legislative agenda.



Farmers are benefiting from the work carried out in 10 regional research farms across the country. Supported by the Afghanistan Agriculture Inputs Project, the research farms produce breeder seeds, which are then multiplied into "improved seeds" and distributed to farmers. The "improved seeds" are high-yielding, hardier, and appropriate to the local climate.

Afghanistan Justice Service Delivery Project (JSDP)

GRANT \$25 MILLION

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

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

With project support, MoJ has hired over 60 legal aid providers, who will provide legal aid to those who cannot afford it. The project is also funding the development of a longer term Legal Aid Regulatory Framework and Roadmap for Afghanistan.

The project is funding the construction of a number of buildings for the three justice institutions, including the headquarters of MoJ and urban courts in Kandahar and Parwan. The capital investment plans for all three justice institutions have been completed.

Further, the JSDP has printed several lots of Afghanistan's enacted laws for wider access to the public sector and has established and equipped over 30 libraries. Over 150 judges have undergone training by the Egypt Training Institute for Judges in fields such as criminal law, civil law, commercial law, and family law.



Afghanistan On-Farm Water Management Project

GRANT \$70 MILLION

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

Water from a rehabilitated irrigation system, which has benefited hundreds of village residents, gives these boys a moment's respite. The rehabilitation, carried out under the On-Farm Water Management Project, included paving the village irrigation canal and building culverts. The increase in irrigation water and time saved on maintenance have meant that farmers are now able to expand the scope of their activities. "Now that I have more time and enough water, I would like to plant new modified fruit trees," says a farmer.

Land productivity of wheat and other crops has increased by 15 percent. Water productivity of wheat and other crops increased 10 percent, and the irrigated area increased by 10 percent. Physical rehabilitation of irrigation schemes exceeded its target with good quality and within the project budget allocation and timeline: 86 irrigation schemes (mostly informal) have been rehabilitated, covering a total of 19,000 hectares of irrigation command area.

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

In December 2015, the ARTF Management Committee at the request of GoA approved an additional \$45 million to scale up achievements of the project by increasing its scope and adjusting the project components. The project closing date has been extended for another three years, closing in December 2019.

Afghanistan Power System Development Project

GRANT \$75 MILLION

The project development objective is to support increasing access to grid power and the quantity of available power to consumers in the target areas of urban centers at Pul-e-Khumri, Charikar, Gulbahar and Jabul-Seraj.

It consists of 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).

Under the project, 429 kilometers of distribution lines have been constructed or rehabilitated. A total of 24,667 kilovolt-ampères (kVA) was installed in Charikar, Gulbahar, and Jabul-es-Seraj, while 17,335 kVA were installed in Pul-e-Khumri. The rehabilitation of

Mahipar and Naghlu switchyards is complete.

The project also supported the energy efficiency activities of MEW through the setting up of an Energy Efficiency Unit. A national awareness program for energy efficiency was completed in July 2014. Three energy efficiency demonstration programs have been completed as well. The project was restructured in June 2015, extending it to May 31, 2017, and an additional financing of \$15 million to allow completion of project activities.

Capacity Building for Results Facility Project for Afghanistan

GRANT \$100 MILLION

Capacity Building for Results (CBR) is a capacity building, institutional development, and public administration reform project to strengthen capacity of selected line ministries to better plan and execute their development budget, simplify business processes, and provide faster and quality services to Afghan citizens. CBR promotes accountability in line ministries by introducing results-based reform and services improvement programs. CBR is also one of the key tools for the government to reduce reliance on external technical assistance and parallel structures.

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

CBR provides support across all line ministries and independent government agencies, enabling them to recruit a substantial number of skilled civil servants to implement their respective CBR reform programs. Recruitment of senior-level civil servants funded through CBR is progressing; a total of

931 senior and mid-level management group positions has been selected, including 511 (55 percent) for the subnational level.

Of the selected CBR positions, 328 have been contracted to date, 54 of whom are women (6 percent of selected positions), with the remainder at various stages of quality review and approval—800 contracts are expected to be signed by end April 2017. CBR is also assisting salary harmonization for donor-funded consultants embedded in or working in support of government.

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

GRANT \$40 MILLION

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

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

The third component is project implementation support. It comprises a sub-component, third party monitoring (TPM). The fourth component, communications and outreach will finance a strong communications campaign and information-sharing activities directed to relevant stakeholders within the provinces with a special emphasis on outreach to communities in the project areas.

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



The Higher Education Development Project aims to increase access to higher education in Afghanistan, as well as improve its quality and relevance. The project is on track and will continue to encourage women to undertake higher education, for example one third of the scholarships to be awarded will be allocated to women candidates.

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

DABS Planning and Capacity Support

GRANT \$6 MILLION

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

This project has two components:

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

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

Higher Education Development Project

GRANT \$50 MILLION

The Higher Education Development Project (HEDP) aims to increase access to higher education in Afghanistan, as well as improve its quality and relevance. HEDP uses an Investment Project Financing instrument based on the Results-based Financing modality.

Under component one, project funds will be disbursed against selected line items in the annual budget of the Ministry of Higher Education (MoHE) up to capped amounts, and on condition that the agreed set of disbursement-linked indicators (DLIs) are achieved. The DLIs reflect the priorities for development. These include intermediate

outcomes that build cumulatively over the lifespan of HEDP to improve access to the higher education system and raise its quality and relevance. This component will support the reforms initiated through the National Higher Education Strategic Plan II, and will focus on outcomes and results rather than inputs.

The project started in September 2015 and MoHE is on course to meet the second round of the DLIs, which include awarding 100 more scholarships to university academics, of which one third is allocated to women candidates; training of 250 faculty members in and practicing outcome-based education and student-centered learning; and awarding an additional 30 individual and group research projects to faculty members from public and private universities.

Kabul Municipal Development Program (KMDP)

GRANT \$110 MILLION

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

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

To date, \$29.5 million has been disbursed. Over 1 million people (about 73 percent women and children) have benefited from the construction of about 247 kilometers

of neighborhood roads, 332 kilometers of community drains, and 19 kilometers trunk roads.

Temporary employment of some 1.5 million people has been generated through the execution of contracts with labor intensive work at an investment of \$514/person per month. Durable infrastructure will generate secondary employment in the years ahead. Importantly, KMDP has established a strong foundation exists for gender inclusive community participation in decision making over public expenditures in *Guzars* (neighborhoods).



Five main roads and their surrounding areas in Kabul city have been upgraded, easing traffic and boosting local businesses. The rehabilitation of the localities, including newly paved main roads, new sidewalks, and streetlights, have been carried out under the Kabul Urban Transport Efficiency Improvement project. "The road is modern and systematic, the culverts, green spaces, footpaths, all designed in a well-planned manner, and street lighting at night makes the area bright and beautiful," says a resident in one of the localities.

Kabul Urban Transport Efficiency Improvement Project (KUTEI)

GRANT \$90.5 MILLION

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

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

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

Initial activities, including survey, design review, and procurement of civil works, started during the preparation of the project. Implementation of four National Competitive Bidding civil works contracts (Lot-1–4) has been completed and the roads are opened to traffic.

The implementation of two out of the four International Competitive Bidding civil works contracts (Lot-5 and Lot-6) has also been completed and the roads are functional. The design review for Lot-7 and 8 has been completed and the procurement process has started, while the design review for the Wazir Abad canal is in progress. The terms of references for the soft studies under Component B have been finalized and the procurement process initiated.

Naghlu Hydropower Rehabilitation Project (NHRP)

GRANT \$83 MILLION

The NHRP development objective is to improve dam safety and sustainability of hydropower and to increase the supply of

RESULTS EXPECTED UNDER THE NHRP

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



The Naghlu Hydropower Rehabilitation Project will improve dam safety and sustainability of hydropower and increase electricity supply at the Naghlu Hydropower Plant. The plant is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity.

electricity at the Naghlu Hydropower Plant (NHPP). The NHPP is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity.

The project took effect on January 24, 2016, after the signing of the Grant Agreement. The main contract for the rehabilitation of the plant was signed on December 27, 2015, and came into effect on August 24, 2016.

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

Furthermore, a social survey has identified ways of supporting the local population around the NHPP. As a result, a number of

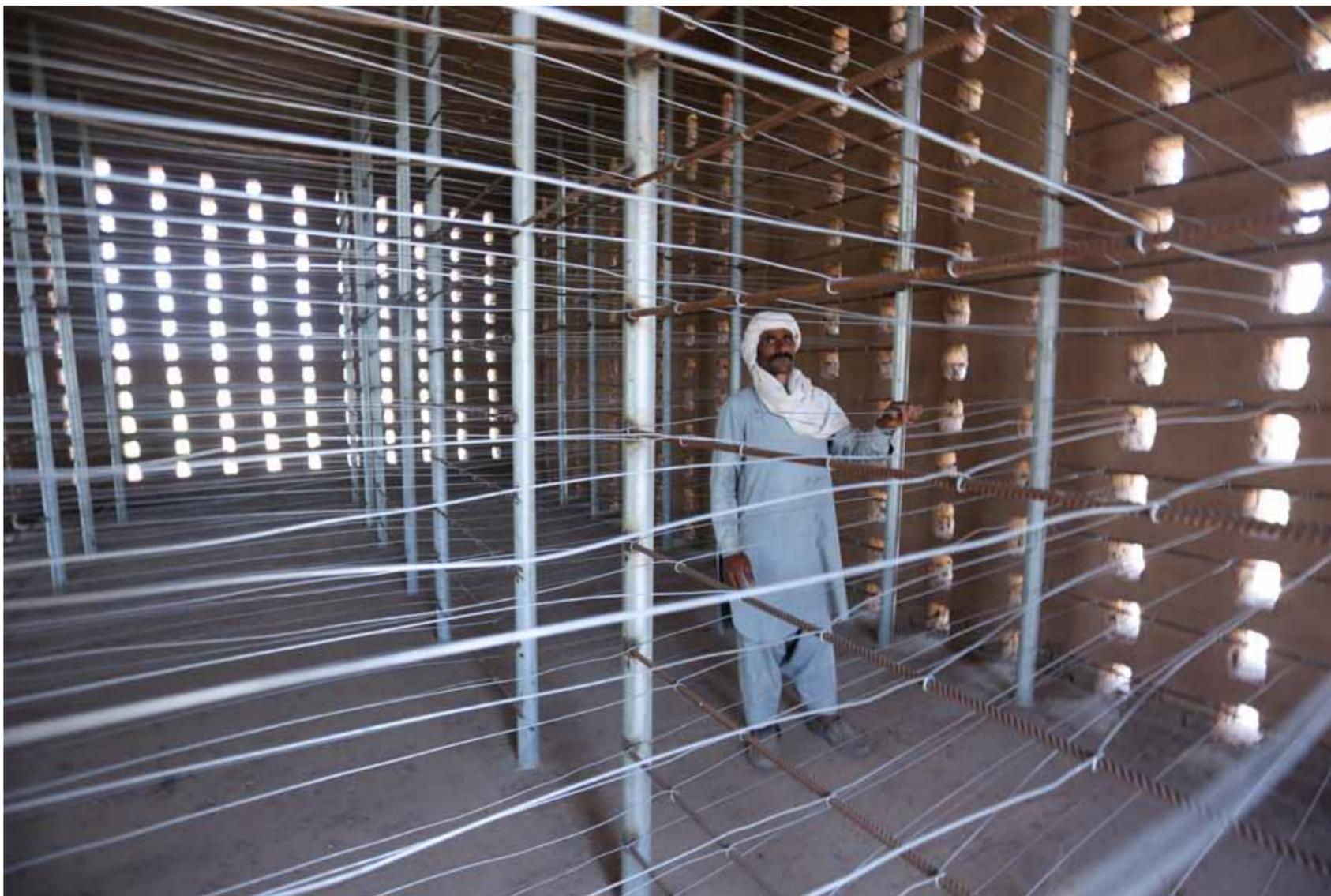
villages in Sarobi and Tagab districts are scheduled to be electrified. There is also a plan to provide vocational training to the villagers.

The contract to supply goods for the electrification of Sarobi was signed on March 22, 2016, and most of the goods have been supplied. The contract for the design, supply, and installation of Sabori Substation was awarded on February 23, 2017. The remaining parts of the project are under procurement.

National Horticulture and Livestock Project (NHLP)

GRANT \$190 MILLION

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



Farmers in Herat Province are seeing the benefits of using modern drying houses that produce better quality raisins in a shorter timer and command higher prices in the market. "Using the new drying house, the color and quality of our raisins have improved, less dust settles on the grapes and a larger amount turn to raisins in a shorter period of time," says a farmer. Over 200 modern raisin drying houses have been built across Afghanistan under the National Horticulture and Livestock Project.

The project has three components: (i) horticultural production; (ii) animal production and health; and (iii) implementation management and technical assistance support. These activities were initially implemented in 120 focus districts in 23 target provinces. Based on the high demand for NHLP services, the project received additional financing to allow expansion of its work programs to 250 districts in 31 provinces, with a national coverage plan.

As of December 31, 2016, NHLP has financed the establishment of 14,224 hectares (ha) of new pistachio and fruit orchards, reaching over 70 percent of its total target of new orchard establishment. In addition, over

70,000 ha of existing orchards have been rehabilitated, against the project's accumulative target of 106,422 ha.

In the same period, the project has supported construction of 1,036 small water harvesting structures, improving farmers' resilience to weather change by allowing harvest and storage of water during the rainy season and gradual release in the growing period based on crop needs. This has been implemented in partnership with Community Development Councils.

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

large number of essential tools (e.g., pruning shears, ladders, bags) for proper harvesting of their products.

A total of 966 raisin drying houses has been constructed on a cost-sharing basis to reduce post-harvest losses of grapes and improve the quality of raisins produced.

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

As of March 2017, the project supported 89,755 farmers (57,405 women and 32,350 men), forging them into 4,159 producer groups (2,861 female and 1,298 male groups), including poultry producer groups, to benefit from animal production and health services. It has also extended its activities to new geographical areas under sanitary mandate activities, and is supporting MAIL's relevant directorate to implement them.

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

GRANT \$15 MILLION

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

Component 1: The objective is to train 40,000 Afghans by providing incentives to training providers and creating an opportunity for competition and improved quality of training. Currently, 192 non-formal private and non-governmental training providers

have been identified and will compete for incentives based on the number of certified graduates and the number of students employed after completing the training.

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

Significant progress has been made in improving and developing the quality of training material and standardizing occupations to international skill standards, which would subsequently facilitate quality training programs and enhanced employment opportunities for trainees.

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

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

Significant progress has been made in the



Quality Enhancement Grants awarded under the Education Quality Improvement Project have allowed schools to purchase state-of-the-art science equipment, equip their computer laboratory, and stock books in the library. These new resources have enhanced the academic quality of the beneficiary schools, and in turn increased students' enthusiasm for learning and commitment to their studies.

development of a comprehensive MIS, where several web-based applications have been established for data collection and monitoring progress in the implementation of Components 1 and 3.

Component 3: The focus is on building the skills of illiterate and unskilled young Afghans from villages engaged with the Afghanistan Rural Enterprise Development Project (AREDP), and offering business grants to new and existing entrepreneurs.

Activities around the business grant is underway after an intensive awareness campaign that was carried out by Employment Service Center staff to reach the target population of illiterate Afghans in three selected provinces (Balkh, Nangarhar, Kabul). This has resulted in about 8,500 applicants (3,000

from Balkh, 4,000 from Nangarhar, 1,500 from Kabul) registered with a business plan. An initial list of 2,600 potential beneficiaries will be released, from which the first batch of 1,260 beneficiaries will be chosen by lottery.

The information provided by the beneficiaries will be thoroughly verified to ensure that the right applicants are enrolled into the program to start a new small scale enterprise or expand their existing micro-enterprise with the \$500 grant. The grant applications (41 percent female participation) are being vetted by a broad range of people to ensure transparency.

Second Education Quality Improvement Program (EQUIP II)

GRANT \$408 MILLION

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

As of March 2017, EQUIP II has supported the construction of 1,137 schools and six teacher training colleges (TTCs). According to the Education Management Information System, there are 8.7 million children enrolled in general education schools throughout Afghanistan, of whom 3.4 million (39 percent) are girls.

Under both phases of EQUIP, social mobilization activities have been conducted in 14,432 communities, resulting in the establishment of an equal number of school shuras (community-based consultative bodies). Under EQUIP II, 16,588 schools have

received Quality Enhancement Grants for purchase of school supplies, laboratory equipment, and other purposes.

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

Second Public Financial Management Reform Project

GRANT \$114.125 MILLION

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

Project components include:

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

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

Financial Management Reform: To provide technical assistance to the Treasury Department to ensure high quality financial management, focusing on integrating its operation system with government systems and the application of the Afghanistan Financial Management Information System (AFMIS); introduce improved management



“No one can influence the procurement process and the establishment of NPA has reduced corruption in the contracts process to zero.”

— Sayed Ikram Afzali, Executive Director, Integrity Watch Afghanistan

AFGHANISTAN TAKES a digital leap to tackle corruption

- The National Procurement Authority is proving effective in the fight against corruption in Afghanistan.
- Cited as a model of efficiency for other government agencies, the Authority has taken several steps to reform public procurement to ensure efficiency and transparency in the process.
- The Authority is supported by the Public Financial Management Reform project, which aims to further strengthen the procurement, treasury, and audit systems in the country.

The room is a little dark and every few seconds Mozghan pulls out contracts to scan and then uploads them onto the website of the National Procurement Authority (NPA).

Mozghan and her colleagues are digitizing procurement contracts to ensure transparency in the procurement system in Afghanistan. According to Transparency International, Afghanistan was the second most corrupt country in the world in 2015. However, things seem to be changing. “NPA is a very different office, we work enthusiastically to bring transparency and combat corruption,” states Mozghan, 27, a technical officer in the archives section.

NPA developed the mechanism to digitize procurement contracts to make them accessible to the public. “We try to make it simple to access information on procurement contracts. All information is now just one click away,” says Patyal Ghorzang, Contracts Implementation Monitoring Director in NPA. The online Contracts Progress Monitoring System captures contract implementation data from the procurement entities in a systematic way and publishes them for public and civil society monitoring.

NPA is one of the most far-reaching anti-corruption measures undertaken by the Government of Afghanistan. It aims to foster institutional reform in public procurement to provide better services through an effective, efficient, and transparent procurement system with internationally acceptable standards and best practices.

Reforms Impact Procurement

The reforms have brought about a significant positive impact in government procurement. The Independent Joint Anti-Corruption Monitoring and Evaluation Committee, which evaluates government offices every year rated the NPA the most efficient and noted it as a great example in the country. Additionally, Transparency International reported for the first time success in anti-corruption efforts in Afghanistan and quoted NPA as a systemic reform.



This is echoed by other anti-corruption watchdogs. “We can say that NPA is good example of the anti-corruption effort made by the government in the past two years,” notes Sayed Ikram Afzali, Executive Director of Integrity Watch Afghanistan. “Now, no one can influence the procurement process and the establishment of NPA has reduced corruption in the contracts process to zero.”

With NPA reforms, every eligible bidder has an equal opportunity to participate in the procurement process. This has paved the way for more competition and reduced costs. “In combating corruption, we transformed the procurement system. The system itself helps reduce corruption,” says Patyal Ghorzang.

Although NPA has made significant inroads in combating corruption, Afghanistan remains one of the most corrupt countries in the world. A new generation, however, is determined to fight corruption and ensure a brighter future for themselves and their country. “We started from zero, but our values of integrity and professionalism in work have helped us to achieve high goals and we are going forward,” says Mozghan.

reporting and expand access of AFMIS budgetary units in the provincial offices of the Ministry of Finance (MoF); assist staff in the preparation, monitoring and implementation of individual training plans, as well as annual performance appraisals; prepare training modules on MoF processes under the certified accounting technician courses provided by the Association of Chartered Certified Accountants (UK); establish a national steering committee for developing and regulating the accounting and auditing profession and the training of professional accountants; and conduct a public financial management assessment of seven line ministries.

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

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

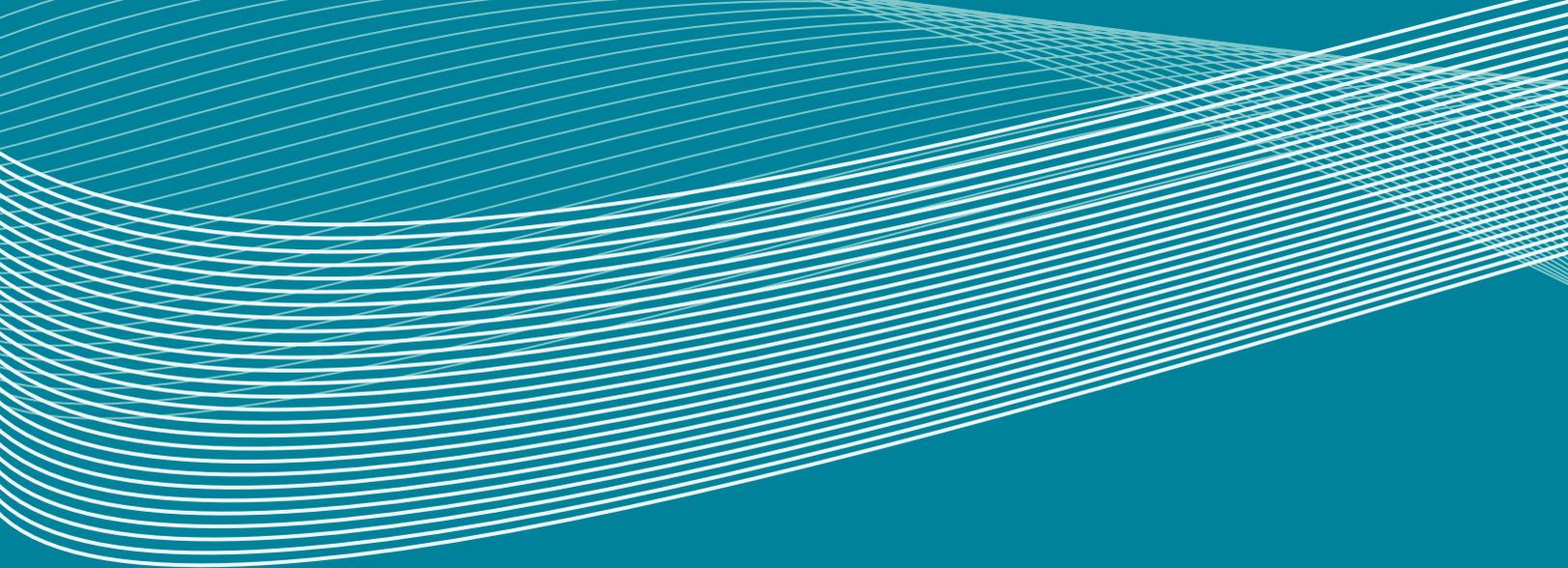
Reform Management: To support MoF by establishing a structure and job descriptions, providing training for staff in the monitoring and evaluation department, and revising MoF's existing monitoring and evaluation manual; improve the operations of the Human Resource Management Department (HRMD) to enable it to carry out its functions efficiently; assist in the overall project implementation and provide for future requests for assistance on the design and delivery of public financial management technical assistance across government; and provide broad-based training for staff of MoF and line ministries.

Revenue Mobilization: To support the Afghanistan Revenue Department to carry

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

Outcomes of the progress made include: (i) disbursed approximately \$88 million from total commitment (77 percent); audit of nine large ministries by SAO, representing more than 75 percent of government expenditure per international audit standards; (ii) rollout of AFMIS upgrade (to web-based version) underway; (iii) coverage of internal audit improving; and (iv) National Procurement Committee (NPC) decisions reported immediately after session takes place and uploaded to National Procurement Authority (NPA) website.

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



THE WORLD BANK GROUP IN AFGHANISTAN

Abdul Raouf Zia
PHONE +93 701 133 328
infoafghanistan@worldbank.org
House 19, Street 15, Wazir Akbar Khan, Kabul, AFGHANISTAN

www.worldbank.org.af

PHOTOS AND PHOTO COVER © Rumi Consultancy/World Bank/2017.
©WORLD BANK, APRIL 2017.

