



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF THE  
PAYMENTS AUTOMATION AND INTEGRATION OF SALARIES IN AFGHANISTAN (PAISA) PROJECT  
APPROVED ON APRIL 25, 2019  
TO  
ISLAMIC REPUBLIC OF AFGHANISTAN

FINANCE, COMPETITIVENESS AND INNOVATION

SOUTH ASIA

Regional Vice President:	Hartwig Schafer
Country Director:	Henry G. R. Kerali
Regional Director:	Zoubida Kherous Allaoua
Practice Manager/Manager:	Shabih Ali Mohib
Task Team Leader(s):	Aminata Ndiaye, Endashaw Tadesse Gossa



**ABBREVIATIONS AND ACRONYMS**

AFMIS	Afghanistan Financial Management Information System
APS	Afghanistan Payment System
ARTF	Afghanistan Reconstruction Trust Fund
DAB	Da Afghanistan Bank
DA	Designated Account
FM	Financial Management
GoIRA	Government of the Islamic Republic of Afghanistan
GRM	Grievance Redress Mechanism
ID	Identification
IRI	Intermediate Results indicator
ISM	Implementation Support Mission
MoF	Ministry of Finance
NSIA	National Statistics and Information Authority
NPA	National Procurement Authority
PDO	Project Development Objective
PAISA	Payments Automation and Integration of Salaries in Afghanistan
SDR	Special Drawing Rights
SOE	Statement of Expenditure
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance



## BASIC DATA

### Product Information

Project ID P168266	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 25-Apr-2019	Current Closing Date 31-Oct-2024

### Organizations

Borrower Islamic Republic of Afghanistan	Responsible Agency Ministry of Finance, Da Afghanistan Bank
---	--

### Project Development Objective (PDO)

Original PDO

The PDO is to support the development of digital government-to-person payments in Afghanistan.

### Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-D4530	25-Apr-2019	01-Jul-2019	25-Sep-2019	31-Oct-2024	5.60	1.10	4.55
TF-B0027	25-Apr-2019	01-Jul-2019	25-Sep-2019	31-Oct-2024	19.40	3.90	15.50

### Policy Waiver(s)

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

No



## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

- 1. The Payments Automation and Integration of Salaries in Afghanistan (PAISA) project) was approved on 25 April 2019.** The Financing Agreement for the IDA grant and the Grant Agreement for the Afghanistan Reconstruction Trust Fund (ARTF) became effective on September 25, 2019. The original project size was US\$45 million, financed by SDR 7.2 million (US\$10 million equivalent) of IDA and US\$35 million of ARTF.
- 2. Since the COVID-19 outbreak, the PAISA project has been increasingly playing and is expected to sustain over time a facilitating/catalytic role in the implementation of the Digital Economy agenda, of which Digital ID and Digital Financial Services are two key pillars.** The implementation of COVID-19 response programs (whether financed by the government, humanitarian or development partners) has highlighted the predominance of cash in the delivery of social transfers. There is thus renewed attention and high-level government commitment to digital payments, given the missed opportunity of using digital financial services (DFS) for enhanced transparency, accountability, fiduciary compliance and efficiency. The project remains therefore a critical vehicle to support the development of digital payments in Afghanistan, including to sustain policy dialogue across all key stakeholders.
- 3. The project has faced significant implementation challenges that are pending resolution. In the most recent Implementation Status and Results Report (ISR) disclosed on November 16, 2020, the project's "Overall Implementation Progress" was downgraded to "Moderately Unsatisfactory"** to reflect the slow implementation progress since project effectiveness. The implementation of key activities across all components has not yet started; and the procurement of key activities has not been initiated. Project implementation has been mostly affected by: (i) incomplete and or part-time Project Implementation staffing at Ministry of Finance (MoF) and Da Afghanistan Bank (DAB); (ii) weak procurement capacity for the existing team at DAB; and (iii) Covid-19 related interruptions. "Progress Towards Achievement of the Project Development Objectives" (PDO) was rated Moderately Satisfactory (MS), relatively higher to the IP rating, on account of the increased commitment to digital payments across the government and advanced technical discussions under the project. These have contributed to policy decisions that create a favorable operating environment or digital financial inclusion, such as enforcement of previous regulations requiring the integration of banks with the national payment switch, and simplified customer diligence requirements as effected in other countries especially during COVID-19. An action plan has been agreed upon with the Government in the most recent implementation support mission (ISM) to monitor project progress and bring the project on-track. Priority actions include recruitment of project staff, procurement of legal advisory firm for the establishment of the legal and regulatory framework for data protection, procurement of hardware, software and services for integration and upgrades to the national payment infrastructure, and preparation of the expansion strategy for financial access points. Project ratings will be reassessed during the next ISM: in particular, in the absence of notable progress on key agreed actions, the PDO rating would be downgraded to Moderately Unsatisfactory. The project has disbursed U\$5 million which corresponds to 20 percent of project funds as of December 14, 2020.
- 4. This restructuring responds to a request from the Government to cancel funds across the Country portfolio to release funds for the emergency response to COVID-19 pandemic.** In order to make financing resources available for separate COVID-19 response projects, financing in total amount of US\$20.0 million: US\$15.6 million from the ARTF and SDR3.2 million (equivalent to US\$4.4 million at current exchange rates) from IDA were cancelled on June 26, 2020. The key objective of this restructuring is to scale down project activities in line with the reduced funds. All project components have been reduced in scope. The Results Framework has been revised accordingly. Despite the reduction



in the total project amount, the PDO would be attainable if project activities effectively start: the restructured project would continue to support all foundational elements for the successful development of digital government payments.

## II. DESCRIPTION OF PROPOSED CHANGES

5. The proposed Level II restructuring includes the following changes (summarized in Tables 1 and 2):

### **Component 1: Biometric identification system for civil servants and pensioners (US\$5.0 million – original amount US\$9.0 million).**

6. In the context of COVID-19 and the related interest to scale-up access to digital ID for all, discussions with the National Statistics and Information Authority are ongoing and will be informed by the outcomes of a rapid system assessment being undertaken under parallel Bank-executed technical assistance. This assessment will lead to the development of an action plan, which the project would support the implementation thereof. Depending on the outcome of this assessment, additional project adjustments would be undertaken prior to midterm review, if deemed necessary. Although at a reduced scope, the restructured project is expected to continue to provide support to the NSIA in the key areas of: (i) strengthening ID-enabling legal frameworks, (ii) supporting technical implementation capacity, (iii) strengthening business processes, (iv) enhancing secure data sharing and identity verification, and authentication mechanisms; (v) supporting investments to strengthen system performance, security and sustainability. The reduced Component 1 funding and scope are therefore not expected to materially affect the attainment of the PDO, given that the same areas would continue to be covered. Minor amendments were introduced to the Component 1 description in the PAISA Financing Agreement and ARTF Grant Agreement: the project would finance activities in support of the establishment of a data center for the disaster recovery site but would not fully fund its establishment.

### **Component 2: Integration of the Identification, Verification and Payment Systems**

*2a: Integration of Public Financial Management Infrastructure with Digital ID and Payments Ecosystems (US\$3.5 million – original amount US\$6.5 million).*

7. The restructured project proceeds would finance investments and TA in support of the integration of the Ministry of Finance payment systems with those of the central bank (DAB) and other government institutions, including with the Digital ID infrastructure. Ministry of Finance (MoF) has decided to undertake in-house (with support of NSIA) the integration of the current Afghanistan Financial Management Information System (AFMIS) with DAB's systems which have resulted in the cost-savings for the project. Given that the AFMIS is expected to be revamped, integration of the new AFMIS with other systems are still expected to be covered by the project. The activity related to the development of business continuity plans will be dropped, as it will be covered by MoF during the planned AFMIS change. The MoF remains also keen to receive support towards establishing a Payment and Payroll Hub within MoF. The reduced Component 2 funding and scope are therefore not expected to materially affect the attainment of the PDO. The relevant changes under Component 2 have been reflected in the Component 2 descriptions in the PAISA Financing Agreement and ARTF Grant Agreement.

*2b: Integration of the National Payments Infrastructure with Digital ID Infrastructure (US\$6.1 million – original amount US\$7.5 million).*

8. The restructured project proceeds would finance investments and TA in support of upgrades to the national payments infrastructure including the Afghanistan Payment system, APS) and the integration of the national payments infrastructure with digital identification infrastructure. Minor changes were brought to original design. The activity related to the development of business continuity plans is proposed to be dropped, as they would be developed in-house by DAB. This component's description will also be updated in the financing and grant agreements, to clarify that



this component would support upgrades and changes in DAB's existing systems; integration of the national payment and digital ID systems; and integration between DAB systems and financial institutions' systems.

**Component 3: Expansion of financial services and access points (US\$ 8.4 million – original amount US\$18.0 million)**

9. With the exception of the access point expansion strategy, which is being developed in-house by DAB, the component's planned activities remain the same, comprised of TA and implementation of the expansion strategy. The reduced funding will only affect the volume of support that would be provided towards the expansion program. Instead of three phases, the program will be scaled down to two phases, to be determined based on cost per agent and the locations that have the most demand for digital payments and relatively lower coverage in terms of financial access points. As a result, the total number of agents to be deployed is expected to be lower as per revised results framework. Given the changing landscape with COVID-19, the incentives provided may be differentiated by location and support increased number of agents in locations where G2P programs are implemented. The component's description has been updated in the financing and Grant agreements.

**Component 4: Project management (US\$ 2 million – original amount US\$4 million)**

10. This component will be implemented by MoF and support the provision of resources to carry out the coordination, administrative, social and fiduciary aspects of the project. In line with the overall reduction in project, it is expected that monitoring activities will be reduced in scope geographically due to the lower field monitoring needs (to reflect the proposed restructured design of components 1 and 3), and in light of the outcomes of pending assessment and strategy. This component description remains unchanged.

**Revised Results Framework:**

11. The PDO and the previous PDO indicators remain unchanged at this time. A new PDO indicator is proposed to monitor the number of financial institutions connected to the APS, which is fundamental to ensure the necessary infrastructure for successful development of digital payments. In line with project's reduced scope, end-target values (for all indicators in the results framework) are proposed to be adjusted downwards.
12. The following additional changes are proposed for intermediate results indicators (IRIs):
  - (a) Change in wording of IRI1 from "Unified biometric identification system for civil servants and pensioners is developed and rolled-out" to "Unified biometric identification system for civil servants and pensioners is implemented"
  - (b) Drop IRI3 "Percentage of line ministries and agencies (LMAs) that are able to process payments electronically" given the planned digitization of government payments by provinces (all civil servants in a given province) rather than seeking to cover all employees of a given LMA in all provinces. The revised approach seeks to establish all infrastructure and network required by province and provides a more substantial impact than can be scaled up in the future.
  - (c) Change in wording of IRI4 from "Integration of AFMIS and Human Resource Management Information System (HRMIS)" to "Number of government systems integrated with AFMIS". Given the delay in implementing the HRMIS supported by another WB-financed project and MoF's plans to revamp the AFMIS, it is possible that the AFMIS will not be integrated with HRMIS within the project's timeframe. However, integration of other government systems with AFMIS would similarly contribute to the PDO, supporting the digitization of government payments.
  - (d) Add a new indicator that monitors the number of transactions processed through APS.



**Table 1: Summary of Proposed Project Changes (Project-funded activities)**

Component	Original (US\$)	Revised (US\$)
<p><b>1: Biometric identification system for civil servants and pensioners</b></p>	<p><i>9.0 million</i></p> <p>Provision of technical assistance, information technology infrastructure, equipment, as well as operational support and training for the establishment and operationalization of the biometric identification system of civil servants and pensioners (“BIS”), including:</p> <ul style="list-style-type: none"> <li>(a) conducting an assessment of the legal and regulatory framework for biometric identification system;</li> <li>(b) establishment of a robust legal and regulatory framework for the BIS;</li> <li>(c) assessment of existing infrastructure and operational policies to customize, configure, and upgrade the BIS;</li> <li>(d) development of operational policies and technical implementation framework for the implementation of the BIS;</li> <li>(e) customization, configuration and upgrading of the BIS; (f) data protection and management;</li> <li>(g) quality assessment and importation of already-collected biometric and biographic data of civil servants; (h) institutional strengthening of NSIA;</li> <li>(i) biometric enrollment;</li> <li>(j) development of a business continuity plan as well the establishment of a data center for a disaster recovery site; and;</li> <li>(k) communication and outreach activities.</li> </ul>	<p><i>5.0 million</i></p> <p><i>While the overall scope remains valid, specific activities to be financed will be identified after completion of a rapid system assessment.</i></p> <p>Provision of technical assistance, information technology infrastructure, equipment, as well as operational support and training for the establishment and operationalization of the BIS, including:</p> <ul style="list-style-type: none"> <li>(a) conducting an assessment of the legal and regulatory framework for biometric identification system;</li> <li>(b) establishment of a robust legal and regulatory framework for the BIS;</li> <li>(c) assessment of existing infrastructure and operational policies to customize, configure, and upgrade the BIS;</li> <li>(d) development of operational policies and technical implementation framework for the implementation of the BIS;</li> <li>(e) customization, configuration and upgrading of the BIS; (f) data protection and management;</li> <li>(g) quality assessment and importation of already-collected biometric and biographic data of civil servants; (h) institutional strengthening of NSIA;</li> <li>(i) biometric enrollment;</li> <li>(j) support the establishment of a data center for a disaster recovery site; and</li> <li>(k) communication and outreach activities.</li> </ul>
<p><b>2a: Integration of Public Financial Management Infrastructure with Digital ID and Payments Ecosystems</b></p>	<p><i>6.5 million</i></p> <p>The integration of public financial management infrastructure with digital identification and payments ecosystems, including:</p> <ul style="list-style-type: none"> <li>(i) system architecture design and development of a roadmap for implementation of system changes in MOF;</li> <li>(ii) enhancement of payment workflow processing in AFMIS;</li> </ul>	<p><i>3.5 million</i></p> <p><i>Leveraging the increased use of NSIA for MIS systems at MoF, the component will focus on the integration with government systems that support the digitization of government payments and strengthening of MoF’s payment function.</i></p> <p>The integration of public financial management infrastructure with digital identification and payments ecosystems, including:</p> <ul style="list-style-type: none"> <li>(i) enhancement of payment workflow processing in AFMIS;</li> <li>(ii) integration of AFMIS with other government systems;</li> <li>(iii) development of a roadmap for integration of the existing management information systems</li> </ul>



	<ul style="list-style-type: none"> <li>(iii) integration of HRMIS with AFMIS;</li> <li>(iv) in-depth diagnostics and development of a roadmap for integration of the existing management information systems for pensions as well as martyrs and the disabled with AFMIS;</li> <li>(v) development of business continuity plans for various systems components and incorporation of other relevant systems into such plans; and</li> <li>(vi) strengthening of payment processing and management at MOF.</li> </ul>	<p>for pensions as well as martyrs and the disabled with AFMIS; and</p> <ul style="list-style-type: none"> <li>(iv) strengthening of payment processing and management at MOF.</li> </ul>
<p><b>2b: Integration of the National Payments Infrastructure with Digital ID Infrastructure</b></p>	<p><i>7.5 million</i></p> <p>The integration of the national payments infrastructure with digital identification infrastructure, including:</p> <ul style="list-style-type: none"> <li>(i) development of the architecture design and implementation roadmap for necessary changes in DAB’s existing systems;</li> <li>(ii) integration of the APS with the BIS digital identification systems;</li> <li>(iii) integration of DAB’s core banking system and payment systems with Financial Institutions;</li> <li>(iv) development of AfPay;</li> <li>(v) development of business continuity plans for various systems components and incorporation of other relevant systems into such plans; and</li> <li>(vi) institutional strengthening of DAB and Financial Institutions in integrating their relevant core systems with the APS.</li> </ul>	<p><i>6.1 million</i></p> <p><i>The component will focus on systems enhancements and integration to establish the payment infrastructure required for digital payments.</i></p> <p>The integration of the national payments infrastructure with digital identification infrastructure, including:</p> <ul style="list-style-type: none"> <li>(i) upgrades and necessary changes in DAB’s existing systems;</li> <li>(ii) integration of the APS with digital identification systems;</li> <li>(iii) integration of DAB’s core banking system and payment systems with Financial Institutions;</li> <li>(iv) development of AfPay; and</li> <li>(v) institutional strengthening of DAB and Financial Institutions in integrating their relevant core systems with the APS</li> </ul>
<p><b>3: Expansion of financial services and access points</b></p>	<p><i>18.0 million</i></p> <ul style="list-style-type: none"> <li>(a) Development of the access point expansion strategy.</li> <li>(b) Development of an agent/cash-out point monitoring platform.</li> <li>(c) Establishment of financial access points.</li> <li>(d) Expansion of cashless payments.</li> <li>(e) Carrying out of communications, outreach and market development activities.</li> <li>(f) Provision of technical assistance including: (i) institutional strengthening of DAB and APS to</li> </ul>	<p><i>8.4 million</i></p> <p><i>The component will continue to primarily fund the implementation of the expansion program (in a more reduced scope), which will be discussed as part of the access point expansion strategy under preparation by DAB.</i></p> <ul style="list-style-type: none"> <li>(a) Development of an agent/cash-out point monitoring platform.</li> <li>(b) Establishment of financial access points.</li> <li>(c) Expansion of cashless payments.</li> <li>(d) Carrying out of communications, outreach and market development activities.</li> <li>(e) Provision of technical assistance including: (i) institutional strengthening of DAB and APS to enable the creation of cashless ecosystems; (ii) carrying out of market assessment studies to</li> </ul>



	<p>enable the creation of cashless ecosystems; (ii) carrying out of market assessment studies to expand agent networks and training for Financial Institutions to improve their product portfolio, liquidity management and agent network management; and (iii) support of regulatory reforms to scale up the cash out network and merchants' acceptance.</p> <p>(g) Providing technical and operational assistance to DAB for the implementation of its Respective Parts of the Project, including coordination, monitoring, administration and management.</p>	<p>expand agent networks and training for Financial Institutions to improve their product portfolio, liquidity management and agent network management; and (iii) support of regulatory reforms to scale up the cash out network and merchants' acceptance.</p> <p>(f) Providing technical and operational assistance to DAB for the implementation of its Respective Parts of the Project, including coordination, monitoring, administration and management.</p>
<b>4: Project Management</b>	<p><i>4.0 million</i></p> <p>Providing technical and operational assistance to MOF for the implementation of its Respective Parts of the Project and the Project's coordination, administration and management, aspects related to social and environmental safeguards, monitoring, reporting and evaluation, grievance redress mechanisms, as well as financial audits</p>	<p><i>2.0 million</i></p> <p><i>The reduced funding will apply to the lower field monitoring requirements needs, as per implementation of components 1 and 3.</i></p> <p>Providing technical and operational assistance to MOF for the implementation of its Respective Parts of the Project and the Project's coordination, administration and management, aspects related to social and environmental safeguards, monitoring, reporting and evaluation, grievance redress mechanisms, as well as financial audits</p>

**Table 2: Summary of Proposed Project Changes (Project costs)**

<b>Component</b>	<b>Current cost (US\$M)</b>	<b>Revised cost (US\$M)</b>	<b>Of which IDA (US\$M)</b>	<b>Of which ARTF (US\$M)</b>
1: Biometric identification system for civil servants and pensioners	9.0	5.0	1.4	3.6
2a: Integration of Public Financial Management Infrastructure with Digital ID and Payments Ecosystems	6.5	3.5	0.98	2.52
2b: Integration of the National Payments Infrastructure with Digital ID Infrastructure	7.5	6.1	1.71	4.39
3: Expansion of financial services and access points	18.0	8.4	2.35	6.05
4: Project Management	4.0	2	0.56	1.44
<b>Total</b>	<b>45.0</b>	<b>25.0</b>	<b>7</b>	<b>18</b>

13. **Procurement:** Procurement will be carried in accordance with the World Bank Procurement Regulations for IPF Borrowers, hereinafter referred to as 'Procurement Regulations', dated July 1, 2016, revised November 2017, August 2018 and November 2020. The project will be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006. The World Bank's Standard Procurement Documents, Requests for Proposals, and Forms of Consultant Contract shall be used for Open International Competition. All procurement using national procurement procedures will be subject to the National Procurement Conditions detailed in the Procurement Plan and will use the agreed Model National Procurement documents for Afghanistan.



14. Under the PAISA project, all procurement above US\$100,000 will be undertaken by the dedicated unit for undertaking and facilitating procurement under ADB/World Bank projects in the National Procurement Authority (NPA), effective January 1, 2021. DAB and MoF will have delegated authority to carry out procurement up to US\$100,000 for Goods, Works, Non-Consulting Services and Consulting Services. DAB and MoF will use procurement methods under World Bank Procurement Regulations for Goods, Works, and Non-Consulting Services agreed as per the original project documents. The method to be used for consultancy contracts will also remain the same as defined in the World Bank Procurement Regulations for Borrowers. Standard operating procedures have been prepared to clarify both entities' roles on requisitioning procurement; NPA access to STEP; roles and responsibilities of MoF/DAB and NPA for defining specifications/Terms of Reference; participation in shortlisting/pre-qualification; formation and conduct of technical and commercial evaluation, etc. Portfolio wide discussions are ongoing with the NPA to strengthen procurement capacity (as needed) for several World Bank projects including for the PAISA project.
15. All other requirements and conditions on: (i) Use of STEP (Systematic Tracking of Exchanges in Procurement); (ii) Procurement Supervision by the World Bank; (iii) Procurement audit and review; (iv) Arrangements for addressing Governance and Anticorruption; (v) Grievance Redress Mechanisms: Complaints Handling; (vi) Incremental Operating Costs; (vii) Recruitment of Project Implementation Personnel/Staff; and (viii) National Procurement Conditions, will remain as per the provisions at the time of PPIAP project approval. Value-wise thresholds for various procurement methods and prior/post review requirements also remain as-is under the project. Based on the procurement capacity assessment, the procurement risk is rated High.
16. **Financial Management:** The project will use the existing Financial Management arrangements in place. Government budgeting processes will apply, and the project's budget will be part of the Government's annual budget. The accounting records will be maintained at the central level by the MoF in AFMIS based on M16s, and the DAB and the Treasury Directorate of MoF will maintain detailed subsidiary records. The Internal Audit Departments of DAB and MoF will conduct the internal audit of the project and the reports will be submitted to the World Bank within six months of the close of the financial year. The project's financial statements will be prepared in accordance with cash-basis International Public-Sector Accounting Standards and audited by the Supreme Audit Office, in accordance with the International Organization of Supreme Audit Institutions auditing standards. The audited financial statements will be submitted to the World Bank within nine months of the close of the financial year. The existing FM team in DAB working under the SAFI project will be responsible for managing the project's FM matters for components 2b and 3. Similarly, the overall responsibility to manage the project's FM matters for components 1, 2a and 4 will rest with the Treasury Directorate of MoF.
17. Disbursement will be based on the Statement of Expenditures (SOE). The project funds will flow through the existing Designated Accounts (DAs). The DAs will be replenished on a semester basis, for which the project teams will submit withdrawal applications after the review of SOEs by the Third-Party Monitoring Agent of the World Bank. Disbursements from the grant will be made through advances, special commitments and direct payments. Payments from the DAs will be made by check or bank transfer. All withdrawal applications to the World Bank, including advances and direct payment applications, will be prepared by the DAB and the Treasury Directorate of MoF and then submitted to the Treasury Department of the MoF. The project will also be required to submit semi-annual Interim Unaudited Financial Reports (IUFs) throughout the project life. The IUFs will be submitted to the Bank within 45 days after the end of each semester. The Financial Management performance rating for the project is Moderately Satisfactory and there are no overdue IUFs or unsettled ineligible expenditures.
18. **All above-mentioned changes will be reflected in the project operations manual which will be revised accordingly, by end-March 2021 latest.** A dated covenant has been introduced in the financing and grant agreements.



### III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Disbursement Estimates	✓	
Legal Covenants	✓	
Procurement	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Institutional Arrangements		✓
Financial Management		✓
APA Reliance		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

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

<b>Current Component Name</b>	<b>Current Cost (US\$M)</b>	<b>Action</b>	<b>Proposed Component Name</b>	<b>Proposed Cost (US\$M)</b>
Component 1: Biometric identification system for civil servants and pensioners	9.00	Revised	Component 1: Biometric identification system for civil servants and pensioners	5.00
Component 2: Integration of the Identification, Verification and Payment Systems	14.00	Revised	Component 2: Integration of the Identification, Verification and Payment Systems	9.60
Component 3: Expansion of financial services and access points	18.00	Revised	Component 3: Expansion of financial services and access points	8.40
Component 4: Project management	4.00	Revised	Component 4: Project management	2.00
<b>TOTAL</b>	<b>45.00</b>			<b>25.00</b>

**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

<b>Year</b>	<b>Current</b>	<b>Proposed</b>
2019	10,400.00	0.00
2020	849,250.00	15,000.00
2021	1,508,600.00	300,000.00
2022	2,074,880.00	2,500,000.00
2023	2,202,310.00	3,000,000.00
2024	2,447,670.00	1,000,000.00
2025	769,480.00	185,000.00

**LEGAL COVENANTS**



Loan/Credit/TF	Description	Status	Action
IDA-D4530	The Recipient shall establish and maintain, and cause DAB to establish and maintain, throughout the period of implementation of the Project, Project implementation structures with mandate, resources and composition satisfactory to the Association as set out in the Project Operations Manual	Not complied with	No Change
IDA-D4530	The Recipient shall through MOF maintain throughout the period of Project implementation, the Joint Coordination Committee, chaired by MOF, with composition, mandate, resources, and terms of reference satisfactory to the Association, to be responsible for general oversight and coordination of the Project;	Complied with	No Change
IDA-D4530	The Recipient shall through MOF establish, by not later than three (3) months after the Effective Date, and maintain throughout the period of Project implementation, the Core Reform Implementation Team, chaired by MOF, with composition, mandate, resources under terms of reference satisfactory to the Association, to be responsible for, inter alia, coordinating and drafting the implementation plan for the government-wide salary payment reform and preparing the biometric enrolment plan.	Partially complied with	No Change
IDA-D4530	The Recipient shall through MOF and NSIA implement Part 1 in such a manner to ensure and take all other necessary steps to ensure that the legal and regulatory enabling environment for the BIS to be developed and adopted by the Recipient prescribes appropriate technical, process and design features that establish and strengthen data protection and privacy rights, including principles of proportionality and minimal data collection and disclosure, user control, network security and transparent and accountable data management and sharing as well as access management, and institutional and governance arrangements, guided by	Not yet due	No Change



	<p>international good practices, including inter alia the Principles on Identification for Sustainable Development.</p>		
IDA-D4530	<p>The Recipient shall through MOF and MCIT establish, by not later than five (5) months after the Effective Date, and maintain, throughout Project implementation, and publicize the availability of a Project grievance redress mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.</p>	Not complied with	No Change
IDA-D4530	<p>The Recipient shall, and shall cause DAB to, recruit, and maintain throughout the period of Project implementation, Project Implementation Staff for their Respective Parts in line with the requirements of the Project Operations Manual, including the detailed hiring procedure agreed upon between the Recipient and the Association, and with qualifications as well as terms of reference satisfactory to the Association.</p>	Not complied with	No Change
IDA-D4530	<p>The Recipient shall not later than March 31, 2021 update the Project Operations Manual [on the results framework, procurement and financial management, among others], in form and substance satisfactory to the Association</p>	Not yet due	New



Results framework

COUNTRY: Afghanistan

Payments Automation and Integration of Salaries in Afghanistan (PAISA)

Project Development Objectives(s)

The PDO is to support the development of digital government-to-person payments in Afghanistan.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
<b>Unique identification of civil servants and pensioners for G2P payment purpose</b>				
Percentage of civil servants and pensioners biometrically-registered and issued a unique identifier for payment purposes (Percentage)		0.00	40.00	70.00
<i>Action: This indicator has been Revised</i>				
Percentage of female civil servants and pensioners biometrically registered (Percentage)		0.00	40.00	70.00
<i>Action: This indicator has been Revised</i>				
<b>Increased efficiency in government payments</b>				
Percentage of civil servants and pensioners who received government payments through electronic channels (Percentage)		60.00	70.00	80.00
<i>Action: This indicator has been Revised</i>				
Percentage of female civil servants and pensioners who receive government payments through electronic channels (Percentage)		60.00	70.00	80.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
<i>Action: This indicator has been Revised</i>				
<b>Increased capacity for digital payments</b>				
Number of financial access points (Number)		2,890.00	3,000.00	3,250.00
<i>Action: This indicator has been Revised</i>				
Percentage of financial institutions connected to the APS (Percentage)		14.00	100.00	100.00
<i>Action: This indicator is New</i>				

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
<b>1. Biometric identification system for civil servants and pensioners</b>				
Unified biometric identification system for civil servants and pensioners is implemented (Text)		No	Yes	Yes
<i>Action: This indicator has been Revised</i>				
Legal and regulatory framework established, including for data protection (Text)		Inadequate	Legal and regulatory assessment completed	A comprehensive legal framework has been enacted
<b>2. Integration of the Identification, Verification and Payment Systems</b>				
Percentage of LMAs that are able to process payments electronically (Percentage)		0.00	50.00	70.00
<i>Action: This indicator has been Marked for Deletion</i>				



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Integration of AFMIS and HRMIS (Text)		no		yes
<b>Action: This indicator has been Marked for Deletion</b>				
Number of government systems integrated with AFMIS (Number)		0.00	1.00	1.00
<b>Action: This indicator is New</b>	<b>Rationale:</b> The previous indicator aimed to monitor integration with HRMIS, the implementation and roll-out of which may be delayed. The integration of AFMI with any government system would already support the project's objectives. If the development of HRMIS (which is supported by another project) is completed on time, the PAISA project could still support the integration of AFMIS with HRMIS			
Number of digital transactions facilitated through APS for the year (Number)		37,811.00		419,063.00
<b>Action: This indicator is New</b>				
<b>3. Expansion of financial services and access points</b>				
Percentage of civil servants that are active users of digital payments (Percentage)		0.00	2.50	5.00
Percentage of female civil servants that use digital payments (Percentage)		0.00	2.50	5.00
Number of agents of licensed financial institutions (Number)		1,879.00	2,000.00	2,250.00
<b>Action: This indicator has been Revised</b>				
Number of female agents (Number)		180.00	200.00	225.00
<b>Action: This indicator has been Revised</b>				
<b>4. Project Management</b>				



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Percentage of civil servants and beneficiaries that are satisfied with the level of service (Percentage)		0.00	75.00	75.00
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>revised to clarify that satisfaction level is restricted to the channel of payment of salaries</i>			
Women only - Satisfaction with level of service (Percentage)		0.00	75.00	75.00
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>revised to clarify that satisfaction level is restricted to the channel of payment of salaries</i>			
Grievances addressed within stipulated time (Percentage)		0.00	80.00	80.00
Women only - Grievances addressed within stipulated time (Percentage)		0.00	80.00	80.00



**The World Bank**

Payments Automation and Integration of Salaries in Afghanistan (PAISA) (P168266)

---