



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 27-Mar-2020 | Report No: PIDC28677

**BASIC INFORMATION****A. Basic Project Data**

Country Afghanistan	Project ID P173387	Parent Project ID (if any)	Project Name Drought Early Warning, Finance, and Action Project (P173387)
Region SOUTH ASIA	Estimated Appraisal Date Jul 13, 2020	Estimated Board Date Aug 31, 2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Islamic Republic of Afghanistan	Implementing Agency Ministry of Finance	

Proposed Development Objective(s)

Increase the food and nutrition security of the most vulnerable households living in water-scarce, rural areas and enhance their near-term resilience to drought

The project will support the strengthening of the capacity of the Government of Afghanistan to improve early warning, preparedness, and drought risk mitigation by using weather information-based decision support for financing of relief, response and advance actions that help mitigate the impact of drought on farmers, pastoralists and vulnerable communities.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	200.00
Total Financing	200.00
of which IBRD/IDA	150.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	150.00
IDA Grant	150.00



Non-World Bank Group Financing

Trust Funds	50.00
Afghanistan Reconstruction Trust Fund	50.00

Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

- Substantial improvements in development outcomes have been observed in Afghanistan since 2001, particularly in expanded access to water, sanitation and electricity, education, and health services.** Macroeconomic management remains strong, government revenues have grown consistently since 2014, and the government has engaged in a range of business environment and public financial management reforms. Expanded access to health, education, and infrastructure has seen rapid improvements in outcomes, with Afghanistan catching up with other low-income countries against key development indicators. While progress has been uneven, increased access to services and infrastructure has driven significant development gains.
- At the same time, Afghanistan continues to experience insecurity and political uncertainty.** Final results of September 2019 Presidential elections were announced only in February 2020. Civilian casualties exceeded 10,000 again in 2019: 3,403 civilians killed and 6,989 injured. Displacement crisis persisted and the number of conflict-induced IDPs increased from 369,700 in 2018 to more than 400,000 in 2019. 505,000 refugees returned to Afghanistan, mainly from Iran, during 2019.
- Negotiations between the US and the Taliban have concluded on February 29, 2020, but the process of a political settlement is only beginning.** Meanwhile, current international support pledges are due to expire in 2020, creating uncertainty regarding the sustainability of security and development expenditures. This has fundamental implications for the economy, with growth and investment constrained by weak confidence.
- Afghanistan's economy is estimated to have grown by 2.9 percent in 2019 due to easing of drought conditions and rapid agricultural growth.** The trade deficit remains extremely large, over 30 percent of GDP, financed mostly by grant inflows. Fiscal performance continued to improve with domestic revenues reaching 14.1 percent of GDP. Political uncertainties, however, dampened private sector confidence and non-agriculture growth. The basic needs poverty rate was 55 percent at the time of the last survey (2016/17) and is expected to have worsened since. In 2020, growth is expected to slightly increase to 3.3 percent, but it will likely remain modest and subject to substantial downside risks. Poverty is expected to remain high.



5. **Afghanistan is highly vulnerable to intense and recurring natural hazards that further risk growth and stability.** Since 2000, disasters caused by natural hazards have affected close to 19 million people and droughts in particular have affected 6.5 million people. With its diverse topography, isolation of many vulnerable communities and limited coping mechanisms, hazard events, regardless of security factors, are ever more likely to turn into disasters with large humanitarian and economic consequences.
6. **Short-term priorities include continued implementation of reforms to improve private sector confidence, mobilize investment, and ensure confidence of the international community.** Over the medium-term, reforms should focus on attracting additional investment in agriculture and extractives, to deliver increased employment, exports, government revenues, and growth. To ensure that benefits of growth are maximized, and widely shared, continued investment is required in human capital, regional connectivity, expanded infrastructure, and an improved business regulatory environment.

Sectoral and Institutional Context

7. **Afghanistan's rural population, particularly those dependent on subsistence agriculture in drought-prone, rainfed areas are vulnerable to food and nutrition insecurity.** Additionally, climate change is driving shifts in the timing of water flows and cropping seasons and increasing the frequency and intensity of droughts, which is heightening their agriculture-based livelihoods' and ecosystems' exposure to varied shocks. While Afghanistan's disaster management information system is nascent and does not capture drought-related data¹, available empirical and 'experiential' evidence of drought impacts over the past 25 years suggests major droughts occurred in 1998-2004, 2008, 2011, 2018, and moderate droughts in 2006 and 2014-15.
8. **High levels of poverty and food insecurity are eroding the coping capacity of vulnerable community members exposed to frequent drought and food insecurity,** against a backdrop of conflict and other challenges. Millions of households have been directly impacted by drought, with stress sales of livestock, failed crops, reduced food or calorific intake and forced displacement. In the 2018 drought, around 4.3 million people (24 percent of residents) were highly or very highly food insecure, and 7.2 million people (40 percent) were moderately food insecure in the 22 affected provinces².
9. **Afghanistan existing forecast-based response mechanisms are incomplete and fragmented.** After years of degraded capacities, the hydromet agencies are slowly developing their observational and forecasting capabilities but these are still at a nascent stage, with limited access to real-time data and no seasonal or climate forecasting. While these issues are somewhat managed by using global models, drought predictions are not generated at district level nor consistently disseminated and translated into policy interventions. As a result, response and recovery from droughts whether through food and cash support to vulnerable households has been reactive rather than proactive. In the 2018 drought, there was a lack of common understanding of the scope of the hazard and delays in fund mobilization further affected humanitarian response. Ex-post responses are both more expensive and necessarily focus on saving lives, rather than building the resilience of communities and households to future drought. These interventions arrive after households have already depleted their assets and engaged in adverse coping strategies, leading to long term negative effects on livelihoods.
10. **Addressing the gender disparities and empowering women is essential for tackling poverty and for consolidating peace and security in Afghanistan.** The latest numbers from the ALCS show that the share of women in the labor

¹ There are data gaps in official disaster records, and no official definition or methodology to assess drought impacts.

² World Food Program, Food Security Analysis, VAM Data Visualization Platform (See <https://dataviz.vam.wfp.org/>)



force declined from 29 percent to 26.8 percent. Most women are inactive or unemployed and are constrained in terms of mobility and social cultural norms. In Afghanistan, the usual means of access for investing in women's empowerment are through labor intermediation, capacity building, community participation, and access to finance type of interventions. These interventions have been more challenging to implement than in other countries as some components are often breaking with local social norms and are affected by the ongoing security challenges.

11. **The main challenges that this project will address** are to (i) better the understanding of how efforts are sequenced to address the bridge between long- and short-term responses to food and nutrition insecurity driven by drought, and (ii) support a strengthened response and programming, based on improved early warning information, to prevent people falling back into crisis while increasing their resilience in the medium term. Addressing this bridge will require a resilience building mechanism that can rapidly scale support levels up and down based on needs and resources, even at the speed of emergency response needs.

Relationship to CPF

12. **The Early Warning, Finance and Action Project is well aligned with the Country Partnership Framework (CPF) for Afghanistan.** The CPF for 2017-2020, aims to “increase the coverage of poor people with targeted social protection transfers paid on a regular and predictable basis or cash for work opportunities on labor intensive schemes. The intended outcomes by the end of the CPF are to have established a broad-based social safety net to protect the poor and vulnerable as well as improved targeting and delivery of safety net interventions”. The proposed operation will contribute to the achievement of these two results. The Performance Learning Review (PLR) of the CPF proposes to continue selecting programs through a fragility and conflict lens—focusing on state capacity and service delivery, addressing displacement, empowering communities, and yet investing in longer-term economic transformation while strengthening resilience and addressing climate change.
13. **The project is part of the broader strategy to address food and nutrition insecurity in Afghanistan and is aligned with the principles of the Afghanistan National Peace and Development Framework (ANPDF 2017- 2021) and several National Priority Programs (NPPs).** The vision expressed in the ANPDF is helping the poor increase their skills, productivity, and access to labor-intensive paid employment will reduce the poverty in the country. However, it also emphasized the need to improve safety net operations to support a substantial population of vulnerable, disabled, widowed, and elderly citizens who will need carefully targeted and professionally managed assistance.
14. **This project aims to complement ongoing humanitarian-development efforts through the application of early warning, early finance and early action principles to better respond to drought.** Complementary, longer-term development-oriented investments, which may require a more infrastructure-intensive and risk prevention-mitigation approach, will also be required to address systemic drivers of food insecurity and water scarcity.

C. Proposed Development Objective(s)

Increase the food and nutrition security of the most vulnerable households living in water-scarce, rural areas and enhance their near-term resilience to drought

The project will support the strengthening of the capacity of the Government of Afghanistan to improve early warning, preparedness, and drought risk mitigation by using weather information-based decision support for financing of relief, response and advance actions that help mitigate the impact of drought on farmers, pastoralists and vulnerable communities.



Key Results (From PCN)

Key performance indicators (KPIs) include:

- a) A functional, pragmatic and actionable drought early warning forecasting and decision support system established;
- b) Improved food security and nutrition outcomes for beneficiary households (gender disaggregated);
- c) Improved coping capacity outcomes for shock-affected households (gender disaggregated);
- d) Enhanced resilience supporting public works assets in targeted communities.

D. Concept Description

15. **The proposed project will be an Investment Project Financing (IPF), funded by an IDA grant in the amount of US\$150 million equivalent and a considered US\$50 million contribution from the Afghanistan Reconstruction Trust Fund (ARTF) over a four-year period.** The project proposes a proactive approach to provide regular and predictable cash and/or food support during normal years (non-drought years) to food insecure households and scale-up the support during drought years to increase the resilience of the households most vulnerable to food and nutrition insecurity. Such a proactive approach comprises three key complementary steps that need to be adopted: (i) an early warning system (EWS) that generates timely, robust and actionable early warnings of the onset of a drought, (ii) established procedures for early financing to support pre-agreed early actions and rapid responses, and (iii) an established resilience building delivery system that can provide support (cash/in-kind transfers, cash for works and productive packages) to extremely poor and food/nutrition insecure households and that can be scaled-up during a drought to extend support to others who will be affected by the shocks that will be caused by the drought.
16. **The project lays the foundation for sustainable solutions that provide shock-responsive resilience building support to people who are highly food insecure to build their resilience in the near-term through a combination of productive and protective measures.** The financing plan, scalability mechanism and early warning system together would build ownership of emergency transfers by the Government, ensuring long-term sustainability, and would increase the timeliness and predictability of emergency cash transfers in Afghanistan. This in turn, would contribute to protecting food/nutrition insecure households and households affected by droughts, reducing the impact of drought on livelihoods, and building their resilience to drought and climate change.
17. **The beneficiaries identified as the most in need of assistance across Afghanistan can be divided into three categories:** (i) **Chronically food insecure households** who are extremely poor, lack consistent access to enough food for an active and healthy life and require yearlong assistance; (ii) **Seasonally food insecure households** who struggle to meet their basic food and nutrition needs in certain seasons, are especially susceptible to shocks; (iii) **Shock-affected households** who can usually meet their basic food and nutrition needs but are vulnerable to natural or human-induced shocks.
18. **The project will intend to leverage financing from other sources as it moves forward.** Discussions are currently ongoing with the Global Risk Financing Facility (GRIF) to provide support towards premium finance and technical assistance activities. The project is also incorporating a Contingent Emergency Response Component (CERC) under the new Crisis Response Window Early Response Allocation (CRW ERA) to enable an early response to an emerging food insecurity crisis. This window is contingent on meeting a set of pre-specified triggers, which are also built into the CERC. Activation is tied to both pre-established global triggers contingent on the Famine Early Warning System (FEWS) and local activation triggers tied to the EW system. Explicitly tying the triggers for the CERC to the CRW-ERA triggers



ensures that financing is made available if the situation on the ground warrants it, rather than risk ring-fencing core funding.

- 19. **The project will address the gender gap** in food and nutrition security for the most vulnerable by introducing a gender lens in its activities. The provision of early action interventions will address the gender gap by consulting women in the selection of public works and providing awareness campaigns to build their skills in terms of disaster preparedness and management. Another gender entry point relates to capacity building for the relevant government ministry/departments including in areas of collecting and analyzing gender-disaggregated data, conducting gender assessments, developing gender-sensitive drought response and delivery systems, enhancing knowledge of gender issues in disaster situations, and formulating gender strategies and/or gender-sensitive policies.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

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APPROVAL

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