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ISSUE  
**052**  
APRIL  
2018

# Country Update

THE WORLD BANK GROUP IN AFGHANISTAN

**“ As a result of AREDP support, rural women are able earn a living by starting micro businesses. ”**

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## NEW PROJECTS TO IMPROVE ECONOMY AND HEALTHCARE

A new financing package of \$691 million will support three projects:

\$600 million to the Afghanistan Sehatmandi (Health) Project to increase the use and quality of health, nutrition, and family planning services. Grants: \$140 million (IDA); \$425 million (ARTF); \$35 million (Global Financing Facility). Implementing agency: Ministry of Public Health.

\$51 million from IDA to the Afghanistan Digital CASA 1 Project to increase access to affordable internet, attract private investors, and improve the government's capacity to deliver digital government services, by supporting a regionally integrated digital infrastructure and creating an enabling environment. Implementing agency: Ministry of Communications and Information Technology.

\$40 million from IDA to the Modernizing Afghan State Owned Banks Project to strengthen corporate governance and enhance operational efficiency of state-owned banks. Implementing agency: Ministry of Finance.

## NEWS



## AFGHANISTAN MAKES SUSTAINED HEALTH GAINS DESPITE CONTINUING INSECURITY

Afghanistan has shown improved health outcomes since 2003 with health services remaining resilient even in highly insecure provinces, a new World Bank report finds. However, the uptick in insecurity since 2010 has slowed some gains, according to the report, *Progress in the Face of Insecurity: Improving Health Outcomes in Afghanistan*.

The number of children dying before their 5th birthday, for example, dropped by 34 percent from 137 to 91 deaths per 1,000 live births from 2003 to 2015, according to UN estimates. Rates of childhood stunting declined at the rate of 2 percent per year between 2000 and 2015, faster than the global median of comparable countries, which saw an average decline of 1.3 percent per year.

The report analyzes the overall health system, measuring progress in six areas, including knowledge of health professionals, quality of medical infrastructure and equipment, and availability of drugs and vaccines. All have shown sustained, though uneven, improvement since 2003. Health gains have been made possible by expanded frontline health services and a stronger health system.

A key reason for Afghanistan's success has been its innovative model of health

care delivery. Local nongovernmental organizations (NGOs) are on the frontline of health service delivery—72 percent of the NGOs providing health services in the country today are Afghan.

The government has provided financing, coordination, and oversight in key areas, including regulation, accountability, and monitoring, and effective national health campaigns. An additional benefit has been a growing female health workforce in many rural areas, creating quality jobs for women while also strengthening the health system.

The report points out many challenges. Since 2010, progress on maternal health has slowed. Data collection is difficult, especially in the most insecure areas, and Afghanistan's health outcomes are still far from global averages. Its recommendations include strengthening autonomy of local health service delivery, investing in better data and monitoring, and more effective purchasing of health services.

However, Afghanistan has invested in health to build and enhance its human capital, offering many lessons to other countries facing insecurity.

⇒ The report is available at: <http://wrlb.bg/F5cb3oiMAoz>

## WORLD BANK GROUP SUPPORT

### World Bank projects and programs

Since April 2002, the World Bank's International Development Association (IDA) has committed over \$3.85 billion for development and emergency reconstruction projects, and six budget support operations in Afghanistan. This support comprises over \$3.48 billion in grants and \$436.4 million in no-interest loans known as 'credits'. The Bank has 16 active IDA projects in Afghanistan with net commitment value of over \$1.3 billion.

Since the adoption of the Afghanistan National Peace and Development Framework (ANPDF), the World Bank's engagement has become increasingly programmatic. Underpinned by advisory work, both policy and investment lending focus on the main engagement clusters: macro-fiscal management and institution building, stimulating private investments and growth to create jobs, governance and anti-corruption, human capital development and service delivery, citizen engagement and gender equality, as well as urbanization, infrastructure, and connectivity.

The Bank has actively supported key reforms, particularly in the fiscal and public administration spheres, and through its budget support operations. It has advo-

cated 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](http://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 services partners in Afghanistan.

IFC's cumulative committed portfolio stood at \$52 million as of end-FY 2017 and its advisory services portfolio stood at \$8.8 million. IFC's Investment portfolio includes investments in the telecommunication sector and financial markets. The investment pipeline looks promising and includes investments in the power sector and agribusiness.

IFC's Advisory Services program has been supporting the Investment program in access

to finance, strengthening horticulture export, access to renewable energy, corporate governance structure enhancement, and investment climate reform interventions.

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

### Multilateral Investment Guarantee Agency

The Multilateral Investment Guarantee Agency (MIGA) has \$116.5 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.

Among MIGA's global priorities for FY 2018–2021 are support for Foreign Direct Investment (FDI) with high developmental impact in IDA countries and fragile and conflict affected situations. Afghanistan is a key country for MIGA in terms of delivering on these objectives.

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) strategy, which is closely aligned with the government's Afghanistan National Peace and Development Framework.

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 Government of Afghanistan (GoA) to improve effectiveness of the reconstruction effort. As of December 21, 2017, 34 donors have contributed over \$10.3 billion, making the ARTF the largest contributor to the Afghan budget—for both operating costs and development programs.

The 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 ANPDF goals. More than \$4.6 billion has been disbursed to the government to help cover recurrent costs, such as civil servants' salaries, and over \$4.9 billion had been made available, both for closed and active investment projects. As of December 21, 2017, 28 projects are active under the ARTF with net commitment value of \$3.58 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 January 2018, JSDF's total commitment had reached \$85 million. A number of JSDF-financed projects have been completed.

⇒ **For more information:**  
<http://go.worldbank.org/U5OQZVF200> ■

## ONGOING OPERATIONS

### / EDUCATION AND TRAINING

## Afghanistan Second Skills Development Project (ASDP II)

⇒ IDA GRANT \$55 MILLION

The project supports the Government of Afghanistan in its strategy to build market relevant vocational and technical skills for economic growth and development. Building on the ongoing Afghanistan Skills Development Project, this program will continue to strengthen the Technical Vocational Education and Training (TVET) institutional system, improve performance of TVET schools and institutes, and improve teacher competencies. The project has been restructured, effective July 2017, to reemphasize its focus on the development objective of improving TVET teacher competencies and curriculum in selected priority trades.

The Government of Afghanistan has launched significant new skills development reforms, which have been included in the restructured ASDP II. The reforms includes (a) realignment of the TVET sector with labor market needs in eight priority trades, including areas with potential to improve women's labor force participation; (b) assessment of the qualification of all TVET teachers; (c) training abroad offered to the best qualified; (d) mobilizing four lead institutes to support teacher assessments/training in the eight priority trades; (e) upgrading and standardizing competency-based curriculum across the priority trades; and (f) implementing a teacher policy framework to guide reforms in teacher recruitment, management, and training.

More than 600 TVET teachers have already been assessed and significant progress made 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.

ASDP supports the improved performance of selected TVET schools and institutes, such as the National Institute of Management and Administration (NIMA), where students pursue a two-year business program equivalent to a bachelor's degree. NIMA has been accredited by an international body (the Accreditation Council for Business Schools and Programs), recognizing the high standard of teaching and learning at the institute. The share of female beneficiaries in project-supported institutes increased from 21 to 23 percent, while the share of those enrolled in 2016 was 44 percent as a result of targeted efforts by ASDP.

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, an in-service Technical Teacher Training Institute (TTTI) was established in 2013. To date, 790 technical teachers have received training at the TTTI to improve their technical competencies and pedagogical skills.



Women make up 20 percent of students studying at the National Institute of Management and Administration supported by ASDP II, with female enrollment expected to increase. Students not only receive vocational education of an international standard but also are helped to find employment upon graduation. NIMA has signed contracts with a few companies to help students gain future employment.



Small businesses, such as this grocery store, have been given a boost through microfinancing. The microfinance sector is supported by the Access to Finance project, which also encourages innovations to increase access to and use of financial services of micro and small enterprises.

## / 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 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. The TUP program has been completed in four provinces (Balkh, Kunar, Laghman, and Takhar) and is ongoing in two more provinces (Kabul and Kandahar).

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 shift them closer to sustainable livelihoods. A follow-up impact survey is being undertaken this year to provide further insights on the multidimensional impact of the TUP program.

**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.

Implementation of Component 2 started in June 2017, after an implementation partnership agreement was signed between the Ministry of Finance and the Afghanistan Credit Guarantee Foundation. Component 2 supports the provision of credit guarantees for SMEs.

A project restructuring is being initiated to extend the TUP program to a few more provinces and to engage on important topics, including digital financial services.

### 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 imple-

ment 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 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 are now fully operational. The Movable Collateral Registry, established in February 2013, and the Public Credit Registry, launched in December 2013, are key building blocks in the infrastructure of the Afghan financial system. Having both systems fully functional has streamlined SME applications for banking loans and supported banks' lending decisions.

Establishment of the national card and mobile payment switch has been finalized under the Afghanistan Payment System that was officially inaugurated by the DAB governor on April 26, 2016. The contract to develop the Automated Transfer System (ATS) was awarded to the recommended firm on April 15, 2016. ATS will modernize the national payment system for efficient and transparent

payment transactions. The new payments infrastructure and its subcomponents will enhance financial intermediation and enable safety and efficiency of the financial system.

A second additional financing (\$20 million) was approved in October 2016. Under the additional financing, a new core banking system will be in place to enable DAB to better manage the sector's risk and strengthen its oversight.

There will be more focus to invest in DAB staff capacity to enhance the effectiveness of its regulatory capacity. To this effect, DAB's Talent Development Program was launched in February 2018 and will fund tuition for bachelor and master's programs in Kabul for eligible staff.

A DAB delegation also visited Bangladesh Bank in February for knowledge exchange on their experience in implementing core banking system upgrades.

## Afghanistan: Public-Private Partnership (PPP) Support Program

⇒ PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY  
FACILITY GRANT \$850,000

The World Bank, funded by the Public-Private Infrastructure Advisory Facility (PPIAF), has been providing technical assistance to the Ministry of Finance (MoF) since 2015 to improve the enabling environment for PPPs in Afghanistan.

The first phase of PPIAF support, from September 2015 to December 2016, focused on supporting MoF to develop an effective PPP program that would promote and sustain the necessary enabling environment to facilitate the identification, development, and implementation of PPP projects that could support the Government of Afghanistan's national infrastructure development strategy.

To support the program, activities were designed around these areas:

- Diagnostic of current enabling environment, followed by clear recommendations on modifications required to improve the

legal/regulatory/institutional framework to support/facilitate PPPs.

- Pipeline prioritization and feasibility work to identify priority pilot projects.
- Capacity building and training workshops to build understanding and support for the government's new PPP program.
- Institutional strengthening through the preparation of a PPP Country Readiness Diagnostic, a business plan for the Central PPP Authority (CPA), and PPP Guidelines.
- Refinement of the PPP project in line with the government's national development and planning priorities.

The first phase led to immediate outcomes, including the establishment of the CPA within MoF and the enactment of a PPP Law by presidential decree.



The capacity of core government agencies managing public finances is set to be strengthened through the Fiscal Performance Improvement Support Project. The project will implement the government's comprehensive reform program that will cover the entire range of public financial management.

financial management (PFM). The FPIP spans MoF, NPA, and Supreme Audit Office. The FSP will provide critical inputs in the form of up-front investments drawn directly from FPIP work plans.

The project is organized around five complementary investment components:

- The procurement subcomponent will build on the long-standing partnership with the NPA to advance a third generation of public procurement reforms. This involves first reviewing and stabilizing current reforms and the supportive legal, regulatory, and policy framework. This will be built upon through new reforms to implement open contracting to improve collection and disclosure of public procurement data across the full contracting cycle; and to establish countrywide Framework Agreements for procuring large volume small value items of repetitive purchase by various government entities. The most significant third generation reforms relate to assessment and piloting implementation of Electronic Government Procurement (e-GP) that will follow a comprehensive process of re-engineering.
- Budget as a tool for development, which aims to increase budget credibility by improving the efficiency of budget processes, realistic budget estimation and costing, linking budget with policy, and introducing medium-term budgeting.
- Revenue mobilization, which aims to strengthen capacities of various revenue administration departments to increase tax compliance and facilitate timely filing and payment. It further aims to enhance the government's capacity to effectively regulate the minerals and hydrocarbon resources sector.
- Treasury management, accountability, and transparency, which aims to consolidate basic core public financial management functions to underpin more ambitious aspects of planned PFM and budget reforms.
- Institutional capacity building and performance management, which aims to build the capacity of MoF staff and the requisite systems for effective functioning of the ministry, and to reinforce overall FPIP performance management and coordination.

## Fiscal Performance Improvement Support Project (FSP)

⇒ IDA GRANT \$25 MILLION  
⇒ ARTF GRANT \$75 MILLION

FSP is designed to improve management of Afghanistan's public finances by strengthening the capacity of core government agencies involved, including Ministry of Finance, National Procurement Authority (NPA), and Supreme Audit Office.

The project constitutes the implementation arm of the Government of Afghanistan's Fiscal Performance Improvement Plan (FPIP), an ambitious and comprehensive reform program that covers the whole breadth of public

## / HEALTH

## System Enhancement for Health Action in Transition (SEHAT) Program

- ⇒ IDA GRANT \$100 MILLION
- ⇒ ARTF GRANT \$517 MILLION
- ⇒ GOVERNMENT OF AFGHANISTAN \$30 MILLION
- ⇒ MULTI DONOR FUND FOR HEALTH RESULTS INNOVATION \$7 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 seeks to strengthen 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

### HEALTH INDICATORS ON POSITIVE TREND

**UNDER-FIVE MORTALITY RATE DROPPED** 34 percent from 137 to 91 per 1,000 live births from 2003 to 2015.

**NEWBORN MORTALITY RATE FELL** 32 percent from 53 to 36 per 1,000 live births from 2000 to 2015.

**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 50.5 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 69 percent among children aged 12 to 23 months in the lowest income quintile.

**CONTRACEPTIVE PREVALENCE RATE INCREASED** (using any modern method) to 19.8 percent from 19.5 percent.

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.

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 2015) 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.

The MMR estimate seems inconsistent with the significant increases in coverage of skilled birth attendance (50.5 percent up from 15.6 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) shown in the ADHS, as well as progress on other related impact indicators (e.g., under-five mortality rate has declined to 91 per 1,000 live births). Other survey-based estimates also put the MMR significantly lower than 1,290.

Newborn mortality rate has fallen by 32 percent from 2000 to 2015 in Afghanistan, while the coverage of skilled birth attendance has improved. The proportion of health facilities with female staff is also on the increase. SEHAT has played a significant role in strengthening the quality and coverage of health services to the population.

## / INFRASTRUCTURE

## Afghanistan Information and Communication Technologies (ICT) Sector Development Project

⇒ IDA GRANT \$50 MILLION

CLOSED ON DECEMBER 31, 2017

The project built on the success of earlier projects and catalyzed the next phase of ICT development in the country. It supported policy and regulatory reforms and strategic infrastructure investment to expand connectivity to enable more users to access high quality mobile and Internet services.

It also helped mainstream the use of mobile applications to improve public service delivery and program management in strategic government sectors. The project helped 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 included progress in constructing optical fiber cable, completing about 1,000 km. The deployment of the fiber optical backbone network in the North-East central route to Yakawlang, Kunar, Kapisa, and Ghulam Khan office sections was completed and handed over to Afghan Telecom (Aftel).

Work on the central route to Yakawlang, Kunar, Kapisa, and Ghulam Khan offices, and Bamiyan–Mazar-e-Sharif routes was completed and handing over to Aftel is in progress.

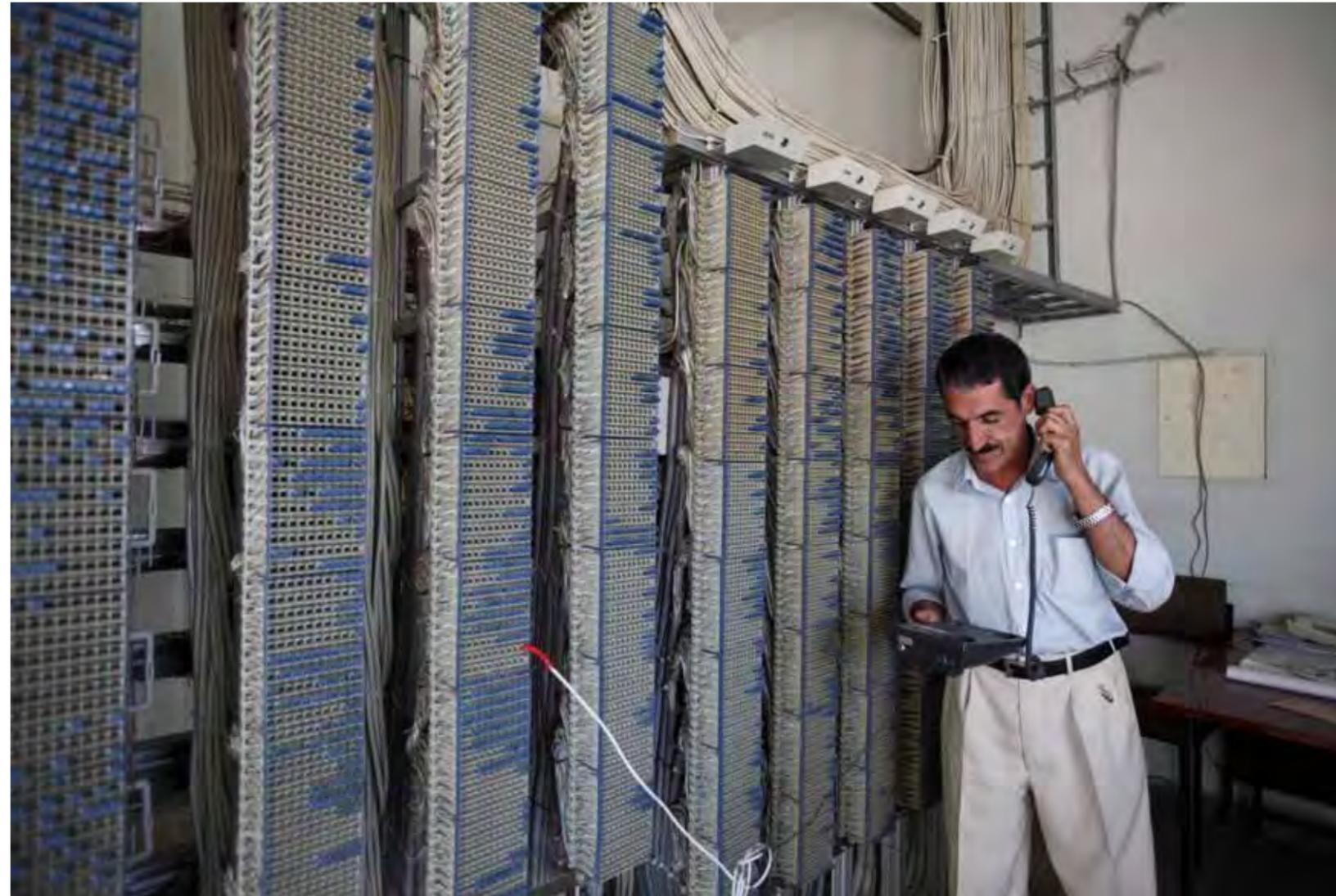
A total of 2,300 Afghans (over 400 women) were trained under the IT skills development program, while job fairs for 1,500 successful trainees were held.

The m-Government service delivery platform (Mobile Platform) was soft launched on Aftel's network. Select m-Government application and services are yet to be launched by the Ministry of Communications and IT (MoCIT) through other mobile operators based on memoranda of understanding be-

tween the operators and ministries. 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 was 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 were trained.



The ICT sector project has catalyzed the next phase of ICT development in Afghanistan and helped mainstream the use of mobile applications to improve public service delivery and program management in strategic government sectors. The local IT industry was also given a boost through the expansion of the pool of skilled and qualified IT professionals and support for the incubation of ICT companies.

## Afghanistan Strategic Grain Reserve Project

⇒ IDA GRANT \$20.3 MILLION

⇒ JSDF GRANT \$9.7 MILLION

The project will enable the Ministry of Agriculture, Irrigation and Livestock to establish a strategic wheat reserve to be available to Afghan households to meet their needs following emergency situations and improve the efficiency of grain storage management.

The project will support the establishment of a governmental semi-autonomous corporation to be in charge of managing the grain reserve of the country and coordinate its activities with other governmental agencies and donors.

For the storage of grains, the project will upgrade three existing storage facilities, build three new large facilities, as well as build national capacity in human resources to operate these facilities according to international standards. It is estimated that by end of this five-year project, the overall storage capacity for wheat will reach 200,000 metric tons, sufficient for the consumption of 2 million Afghans for six months.

In addition to the World Bank support, \$9.7 million is expected to be provided by the Japan Social Development Fund.

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

⇒ IDA GRANT/CREDIT \$526.5 MILLION,  
INCLUDING \$316.5 MILLION IDA GRANT TO  
AFGHANISTAN

The Central Asia South Asia Electricity Transmission and Trade Project, 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, to which the World Bank has contributed \$526.5 million in loans and grants to the four countries. Several other development partners are also 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 to transmit excess summer hydropower energy from existing power plants (such as the Toktogul power plant in Kyrgyz Republic and

Nurek power plant in Tajikistan) to Pakistan and Afghanistan.

At approval, CASA-1000 included the engineering design, construction, and commissioning of high voltage alternating current (HVAC) transmission lines and associated substations in Kyrgyz Republic and Tajikistan; high voltage direct current (HVDC) transmission lines from Tajikistan to Pakistan via Afghanistan; and three new HVDC converter stations in Tajikistan, Pakistan, and Afghanistan. However, in 2016, the four countries restructured the project, in which the converter station in Kabul was dropped.

Of the total project financing, Afghanistan has received \$316.5 million in the form of an IDA grant. The grant will support construction of about 560 km of an overhead HVDC transmission line from Sangtuda converter station in Tajikistan to Nowshera converter station in Pakistan. In addition, Afghanistan has received a \$40 million grant from the ARTF for the CASA Community Support Program (see page 36).

Afghanistan is expected to receive 300 MW of electricity import from Tajikistan and Kyrgyz Republic through the existing 220 kV AC lines from Sangtuda substation, and Tajikistan to Chimtala substation in Kabul via Pul-e-Khumri. Da Afghanistan Breshna Sherkat (DABS), Afghanistan's electricity company under the Ministry of Energy and Water (MoEW), is the implementing agency for the Afghanistan portion of this project, including a Security Management Plan for both the construction and operation phase.

The CASA-1000 project came into effect on January 24, 2018. Three contracts for the HVDC transmission line in Afghanistan were given no objection by the World Bank in December 2017 and signed in the same month. Survey and design works have started. According to the contract's schedule, construction of the line is expected to begin from the second quarter of 2019.

The contract for preparation of the country-specific Environment and Social Impact Assessment for the HVDC transmission line is under implementation. DABS is in the process

of selecting an international consultant to prepare the Resettlement Action Plan for the line. A contract for Project Owner's Engineer for the HVDC components of the CASA-1000 is under negotiation and is expected to be signed in March 2018.

Procurement for other key infrastructure packages under CASA-1000 in the other three countries are underway, including the procurement for the two converter stations in Tajikistan and Pakistan.

## Herat Electrification Project

⇨ IDA GRANT \$60 MILLION

The project aims to support DABS to provide electricity to some 230,800 households, and 1,600 institutions and businesses in selected areas in Herat province.

The project will support investments for (i) building a new 110 kV transmission line to Karokh district and Karokh, Pahstun Zarghoon, Obe, and Chesht-e-Sharif 110/20 kV substations, and medium and low voltage distribution networks in four districts of Herat province; (ii) extension, intensification, and upgrading the existing grid to provide access to new or improved electricity service to other parts of Herat province; and (iii) piloted construction of solar mini-grids and solar-hybrid mini-grids in villages that are unlikely to obtain grid electricity in less than five years.

The project will also support review of existing standards and procedures and the preparation of a grid code for the Afghan power system consistent with best international practices. The contracts for electrification of the four districts have been awarded and an initial survey of the sites have been conducted.



Afghanistan will benefit from the CASA-1000 project through electricity import from the other countries in the project as well as through the community support program, which will see communities along the project corridor enjoy greater access to electricity and other socio-economic investments.

## Irrigation Restoration and Development Project (IRDP)

⇨ IDA GRANT \$97.8 MILLION

⇨ ARTF GRANT \$118.4 MILLION

⇨ GOVERNMENT OF AFGHANISTAN \$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 mul-

ti-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 173 irrigation schemes has been rehabilitated, covering over 175,000 hectares of irrigation command area (compared to the end project target of 215,000 hectares and over 326,000 farmer households).

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 letter has been sent to MoF for dropping the detailed social and environmental study because the government will take the detailed

design and construction of those six best ranked dams in the feasibility study.

Further, the dam safety manuals and minor repair works for two dams, Qargha and Darunta, are in progress.

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 and installation of 30 cableways are ongoing. Further, a national operations and maintenance (O&M) team has been established to take care of O&M of all hydrological stations.



“It is the second year that I can cultivate all four hectares of my farmland.

I am very thankful to the project that rebuilt the canal for us.”

—Mohammad Hashim, farmer, Khulum district

## CANAL PROJECT TURNS WASTELANDS INTO Farmlands in Northern Afghanistan

- Farmers are able to use previously uncultivable land to grow crops in Balkh province as a result of a project that improved the irrigation network in the area.
- The project has benefited over 1,400 households dependent on agriculture and horticulture and boosted their income.
- The rehabilitated irrigation canal serves over 13,000 hectares of land, turning many areas of wasteland into productive farmland.

A long stony embankment directs water from an irrigation canal to the farmlands down in the village. Mohammad Hashim looks out toward the canal, watching the water gurgle and sputter out onto his field. He smiles as he thinks of the harvest season when all four hectares of his farm will be ready with wheat.

“It is the second year that I can cultivate all four hectares of my farmland. I am very thankful to the project that rebuilt the canal for us,” he says. As Hashim continues to plow his land, he talks about the past when the villagers faced water shortages. Without the protection of a permanent embankment, farmers had to battle flooding as well as drought conditions. Lack of access to irrigation led to frequent crop failures whereas flooding led to massive soil erosion, making many fields marshy wastelands.

But Afghan farmers are nothing if not resilient. Many tried to build temporary embankments with bags of sand, an activity that not only proved expensive but also futile. Another farmer, Mohammad Ashraf, 50, recounts, “We used to spend more than 500,000 afghanis (about \$7,500) every year to build new protection walls with sand bags and direct the water to our farmlands. Now with the canal built, we save that amount of money and all the farmers are happy about that.”

### Increase in Income

Hashim and Ashraf are among the many beneficiaries of the rehabilitated Sharqi canal, which more than 1,400 households use for irrigating their fields. Sharqi canal is located on Chil Aywan river in Nassrullah village in Khulum district, northeast of Mazar-e-Sharif city. The main source of income for the farmers using Sharqi canal are horticulture, agriculture, and livestock management. They mostly grow pomegranate, watermelon, and wheat.



The rehabilitation of Sharqi canal has revived many areas of wasteland and turned them into productive farmland, irrigating over 13,000 hectares. Besides the new canal embankment, the rehabilitation project also fortified riverbanks and created channels to distribute water from the canal to the different fields. The project, budgeted at 57 million afghanis (about \$853,000), started in June 2014 and the irrigation network opened for public use in November 2015.

Irrigation is one of many positive outcomes of the Sharqi canal project undertaken by IRDP. In Balkh province, IRDP has completed 18 of the contracted 27 projects. “IRDP has developed and rehabilitated many irrigation networks in northern Afghanistan,” says engineer Zabiullah Esmati, Deputy Director at the IRDP Mazar-e-Sharif Regional Office. “These works have encouraged agriculture and horticulture activities in these provinces and translated directly into increased farm incomes.”



## 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 and National Single Window

Customs reform is making good progress under the Second Customs Reform and Trade Facilitation Project. The automation of customs offices is continuing, with many already operational. ICT connectivity has seen further improvement, with 13 offices connected through fiber optic.

system, and the development of a national training curriculum and preparation of relevant training materials.

The project continues to make good progress on implementation of components. For example, the ASYCUDA Declaration Processing System is operational in 17 custom offices, the Risk Management module functional in 10 custom offices, and the Valuation module operational in seven custom offices. The entry-exit gate control system is working in six custom offices, while international transit has been implemented in seven corridors.

In the current reporting period, the e-payment system was implemented in four custom offices. The passenger and cash declaration module was implemented at four locations. The vehicle control module was amended by including the provision of motorcycle declaration.

ICT connectivity has further improved, with 13 offices connected through fiber optic. On Customs to Customs cooperation, the system interface between the Iran Customs system and Afghanistan ASYCUDA system was created and tested. Data exchange between Afghanistan and Pakistan is delayed due to various reasons.

On infrastructure development, a total of 12 contracts was awarded, out of which seven have been completed, while three are under progress and two sub-projects about to start.

The executive information system has been further improved by including additional SMS alerts and reports for management. The feasibility study for implementing a National Single Window system and Trade Information Portal has been awarded and the consultants are expected to mobilize by March.

The project also supported proof reading of a Pashto tariff book and interpretation of explanatory notes. The third Customs User Perception survey was completed in July 2017.

The amendment to articles pertaining to enforcement in the Customs Act has been approved by the President of the Islamic Republic of Afghanistan through a legal decree. The Tashkeel (organizational structure) of 1395 of the Afghanistan Customs

Department (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 transfer 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.

## / RURAL DEVELOPMENT

### Afghanistan Rural Access Project (ARAP)

⇒ IDA GRANT \$125 MILLION

⇒ ARTF GRANT \$312 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 January 2018, construction of 650 km of secondary gravel roads, 260 km of secondary asphalt roads, and 1,380 km of tertiary roads has 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 1,300 secondary roads and period maintenance of 500 km of secondary roads were undertaken. Routine maintenance of 3,600 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 and over 70 percent of inventory of secondary roads and above have been completed for 25 out of 34 provinces.



“After construction of the bridge, we can all cross the river and reach a health center and other essential services very easily. Our problems are solved.”

—Pir Mohammad, resident, Baqerzai village

## A BRIDGE TO A BETTER LIFE for Isolated Afghans

- A new bridge has changed the lives of Afghans in a remote district of Kandahar province, providing them easier access to health care and other essential services.
- The bridge has helped half a million Afghans reach other districts in the province and boosted the local economy.
- ARAP projects, including the building of this bridge, have also provided employment opportunities to thousands of local residents.

The sturdy grey concrete structure is suddenly alive with tinkling bells, announcing the arrival of a group of *Kuchis* (pastoral nomads) herding their flock of sheep and goats. Men and animals safely cross the bridge over the Arghistan river to a village in an isolated district, a good 100 kilometers away from Kandahar city, the provincial capital.

The river cuts off the southern part of Arghistan district from the northern part as well as other regions in southern Afghanistan. Without a proper bridge, villagers, mostly in late winter and early spring, struggled to cross the river. The recently built bridge connects the village to the rest of Arghistan district, bringing thousands into the fold of basic essential facilities, like health care and markets.

“Before the bridge, we were not able to cross the river for two to three months of the year,” says Pir Mohammad, 65, a resident of Baqerzai village. Villagers had to go around for more than 50 kilometers to reach a health center, he says. “After construction of the bridge, we can all cross the river and reach a health center and other essential services very easily. Our problems are solved,” says the farmer. “Earlier we took eight hours to get to Kandahar city, but now we take four.”

Fellow villagers are equally thankful for the bridge built by ARAP as it has greatly eased their lives. Most of them live on agriculture and livestock but had not been directly connected by an accessible road to markets in Kandahar city. The drive there was long and bumpy, and the harvest, especially pomegranates, damaged easily along the way. “When there was no bridge over Arghistan river, we had to sell our products at low prices, but now things have changed and we cross the bridge and come to the paved road. We sell our products at an appropriate price,” says Pir Mohammad, who cultivates pomegranates.

### Boost to the Local Economy

Pir Mohammad is one of 500,000 people who are benefiting from the bridge, which also connects to the other districts of Spin-Boldak, Maroof, and Daman. Spanning a



length of 260 meters and width of 9 meters, the bridge was built at an estimated cost of 162 million afghanis (about \$2.4 million).

The bridge has given a boost to the local economy. People in the southern part of the district now shop at Arghistan center instead of the neighboring district of Spin-Boldak. With business booming in the district center, many locals have also become ambitious enough to open shops.

The benefits of ARAP’s work are visible in other aspects of life. The projects have generated thousands of employment opportunities for locals, for example, ARAP employed nearly 1,500 locals for two years for the Arghistan bridge construction.

Residents can expect further improvements to their lives with more plans to develop the area. “The construction of the bridge over Arghistan river have improved access to basic services and markets, but it is not the end. We would like to implement more projects in Kandahar region,” says engineer Fazel Omer, Ministry of Public Works head of ARAP in Kandahar zone.

## Afghanistan Rural Enterprise Development Project (AREDP)

⇒ IDA GRANT \$28.4 MILLION

⇒ ARTF GRANT \$11.2 MILLION

AREDP aims to enhance economic mobilization and activities by organizing the rural poor into Savings Groups (SGs), Village Savings & 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 5,996 Savings Groups with a membership of some 60,700 rural poor (54 percent women) in 694 villages. The SGs have saved over \$4.2 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, 505 VSLAs have also been established as federations of the SGs and are maintaining accurate and up-to-date records of accounts with good governance structure in place. On average each VSLA has \$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 1,338 Enterprise Groups (63 percent female) and 657 (15 percent female) small and medium enterprises that have been selected for their potential as key drivers of rural employment and income generation.

Sixteen Provincial Situation Analyses (PSA) have been completed and another 10 PSA are underway. Support was given to 136 *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, Bamyan, Nangarhar, Balkh, and Herat.

In preparing to implement an anticipated Women's Economic Empowerment project in 50 districts in 15 provinces, AREDP has reviewed and developed its policies and plans to place women at the center. These include implementation strategies, partnership model with facilitating partners in close collaboration with the Citizens' Charter, Business Development Service Provisions/Resource Persons strategies, formal financial linkages model, revised structure for Pan-Afghanistan Intervention, Community Institution Development strategy, analyses of selected 6–8 value chains (women orientated), and technical and marketing support plans.

Importantly, AREDP has selected the probable districts and provinces for the Women's Economic Empowerment Rural Development Project based on eight parameters, such as poverty rate, involvement of the ultra-poor, Citizens' Charter presence, access to finance, National Horticulture and Livelihood Project, and security and access. This has made its intervention strategy much more inclusive with likely convergence of ongoing poverty reduction programs of different stakeholders.

## Citizens' Charter Afghanistan Project (CCAP)

⇒ IDA GRANT \$227.7 MILLION

⇒ ARTF GRANT \$444.3 MILLION

(INCLUDES ADDITIONAL FINANCING OF IDA GRANT \$127.7 MILLION AND ARTF GRANT \$44.3 MILLION FOR CCAP EMERGENCY REGIONAL DISPLACEMENT RESPONSE)

⇒ GOVERNMENT OF AFGHANISTAN

\$128 MILLION

The CCAP is the successor to the highly successful National Solidarity Programme (NSP), which introduced a community-driven development approach toward rural infrastructure and service delivery and reached about 35,000 communities over 14 years. It is expected to be implemented over a period of four years.

The project will support the first phase of



With a loan from the Village Savings and Loan Association, beneficiaries, such as this seamstress, are able to support their families by earning a livelihood. "Without it, I would never have had a small business," says the sole breadwinner, who bought a calf and a sewing machine with the loan. As a result of AREDP support, she is able to support her family and send her children to school.

the Government of Afghanistan's 10-year Citizens' Charter National Program and will target one third of the country.

The CCAP aims to improve the delivery of core infrastructure and social services to participating communities through strengthened Community Development Councils (CDCs). These services are part of a minimum service standards package that the government is committed to delivering to the citizens of Afghanistan.

The CCAP has been set up as an inter-ministerial program for the delivery of a package of basic services and is structured around four components:

**Component 1:** Service Standards Grants. This component supports two types of grants to CDCs:

(1a) Rural Areas Service Standards Grants. The Ministry of Rural Rehabilitation and

Development (MRRD) has overall responsibility for the implementation of the grants. This subcomponent supports delivery of minimum service standards on rural infrastructure. Allocations per community will be needs-based and based upon an initial gap and needs assessment against the minimum service standards. The investments include water supply and a choice between basic road access, electricity, or small-scale irrigation.

(1b) Urban Areas Block Grants. The Independent Directorate of Local Governance (IDLG)—CCAP's urban implementing agency—has overall responsibility for the grants to 600 urban CDCs and 120 *Guzars* (neighborhoods) in four major cities (Herat, Mazar-i-Sharif, Kandahar, and Jalalabad) to fund small infrastructure works. The menu of options includes street upgrading, parks, lighting, provision of potable water, solid

waste management arrangements, and women's economic activities. This subcomponent supports service delivery linkages between the CDC, cluster/*Guzar*, urban district, and municipality.

**Component 2: Institution Building.** This component supports capacity building, technical assistance, and community facilitation services. In rural areas, MRRD works with 14 facilitating partners (FPs) in undertaking capacity building and training of provincial and district staff to oversee, monitor, and report on project progress, and Social Organizers; and provides engineering and technical support to communities across all 34 provinces. In urban areas, IDLG works with UN Habitat, which serves as an Oversight Consultant, as well as four FPs on capacity building and training of municipality staff to supervise, monitor, and report on project progress.

**Component 3: Monitoring and Knowledge Learning.** This component includes robust supervision and learning activities from village to national levels, exchange visits across communities, especially for women, and support for thematic studies and evaluations. It covers a range of participatory monitoring and evaluation tools, including the rollout of simple citizens' scorecards to be completed by CDCs and Social Organizers to report on the minimum service standards.

**Component 4 (new under Additional Financing):** Project Implementation and Management. This component supports the management and oversight of the project at the national, provincial, and district levels in rural areas and the municipal management units in the four regional hub cities. This includes areas such as policy and operational planning; capacity building; management information systems; grievance redress mechanisms; human resource management; communications; donor and field coordination; financial management and procurement functions; and safeguards oversight.

**Component 5 (new under Additional Financing):** Social Inclusion and Maintenance and Construction Cash Grants (MCCGs). This component will provide emergency short-



Millions of Afghans are expected to benefit from the first phase of the CCAP, including improvements to quality of service delivery in health, education, rural roads, and electrification.

## EXPECTED CCAP RESULTS

Results expected under the first phase of the CCAP include :

- 10 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.

term employment opportunities through labor-intensive public works, as well as support for collective action activities beyond public works that are aimed to foster greater social inclusion and protect the ultra-poor/vulnerable in communities.

There are two subcomponents:

(i) Social Inclusion Grants and Collective Action Activities will take the form of a "matching grant" up to a total value of \$2,000 per community that will be used to provide incentives for community philanthropy. The combination of the matching grant and community donations will be used in the first instance to initiate a food/grain bank for the ultra-poor in each of the targeted communities. It is expected that this will be replenished periodically with additional community donations.

(ii) MCCGs are to serve as quick-disbursing emergency grants for work/labor-intensive public works schemes that are targeted at vulnerable households within the communities and managed through a community-driven development approach. The cash for works will include repairs, rehabilitation, cleaning, expansion, or construction. Cash for services will target ultra-vulnerable households that cannot participate in public works.

Rollout of first year activities include:

In rural areas: Over 2,200 community profiles (CPs) completed; more than 1,700 new CDCs elected; over 1,400 Community Development Plans (CDPs) completed; and more than 500 sub-project proposals prepared.

In urban areas: Implementation has been rolled out in over 250 communities (235 CPs completed; 128 CDCs elected; 93 CDPs completed; and 23 sub-project proposals prepared).

Overall, 90 percent of CDC membership in areas previously covered by the NSP comprise new members (i.e., those who had never previously served on CDCs) and close to half (47 percent overall and 48 percent office bearers) are women. This is evidence that the new election system and norms on CDC governance are having a strong impact.

## 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 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. To date, the land acquisition for two segments of B2B has been completed and the process is ongoing for the remaining four segments.

The contract for the implementation consultant has been signed and its technical team mobilized on site to support the Ministry of Public Works in project implementation.

The design review of all segments of the B2B road is scheduled to be completed by end of March 2018. The procurement for segment 1 and 2 of B2B has been completed and contractors are on site. The physical work will start as soon the weather permits. The procurement of remaining segments is scheduled to be completed during 2018.

Further, the procurement for a consultant to design the rehabilitation work of the Salang Pass has been completed and a negotiated contract is expected to be finalized soon.

## / SOCIAL SAFETY NET

## Afghanistan Safety Nets and Pensions Support Project

⇒ IDA GRANT \$20 MILLION  
CLOSED ON DECEMBER 31, 2017

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

**Pension reform component:** 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 118,000 pensioners have been registered in the new Pension MIS and are paid through bank accounts. A biometric identification and verification system is in place at the Central Pension Department in Kabul and some 87,500 pensioners have been biometrically certified. The MIS was rolled out to the provincial pension departments of Balkh, Kandahar, and Nangarhar.

**Martyrs and disabled sub-component:** The project successfully completed development and installation of an MIS to support administrative modernization of the martyrs and disabled benefits program. Renovation and furnishing of the main office building of the program in Kabul was also completed. The MIS with biometric verification facility was rolled out in Kabul in March 2018.

**Safety nets component:** The overall objectives of this component were 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 developed operational procedures in line with international best practices: a targeting mechanism based on Proxy Means Testing 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.

A new targeting methodology was successfully implemented, which computerized registration of poor households in five districts and paid benefits through mobile money operators and commercial banks. Overall, 33,500 selected poor families benefited from the cash benefits under the pilot project.

## / URBAN DEVELOPMENT

## Afghanistan New Market Development Project

⇒ IDA GRANT \$22 MILLION  
CLOSED IN NOVEMBER 2017

The project aimed 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 helped 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 supported 372 small and medium enterprises and 53 business associations through a cost-sharing facility to access business development services. The project was implemented by the Ministry of Commerce and Industry.

The Facility for New Market Development, created under the project, was officially launched in March 2013. It received 1,050 applications across the four cities of Kabul, Mazar-e-Sharif, Jalalabad, and Herat. Assistance was provided to 372 firms (against a revised target of 375) and 53 business associations (against a revised target of 30).

The target of creating 1,500 jobs was met



Under the Afghanistan Safety Nets and Pensions Support Project, some 87,500 pensioners have been biometrically certified using the new biometric identification and verification system at the Central Pension Department in Kabul.

with 1,516 jobs created, of which the target of 5 percent for women was surpassed at 30.6 percent. Finally, the “product or market diversification” target of 20 was exceeded with 21 new or improved products introduced and 44 new international markets in 12 countries reached.

## Urban Development Support Project

⇒ IDA GRANT \$20 MILLION

The project will support the Ministry of Urban Development and Housing (MUDH) to create an enabling policy framework and enhance urban policy-making capacity in rele-

vant agencies at the national level, as well as strengthen city planning, management, and service delivery capacity in five selected provincial capital cities (PCCs). These cities are Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif.

The project consists of the following components:

**Component 1: Urban Information:** Building an Urban Management Information System. Technical assistance to create a database and web architecture for key statistics, maps, and geographic information system (GIS) data to facilitate better urban planning and results monitoring.

**Component 2: Urban Institutions:** Institutional and Capacity Development. Undertaking a functional review of current planning functions, practices, and capacities at MUDH and the five PCCs, and developing an action plan to address deficiencies in legal/regulatory issues, processes, and staffing. Support for four “work streams” to provide diagnosis and recommendations on key policy areas including urban planning and land use management; affordable housing; urban regeneration; and municipal finance.

**Component 3: Urban Integration:** Strengthening Urban Planning at National and Local Levels. Financing the completion of Strategic Development Plans (SDPs) for each of the PCCs that will identify medium-term development goals, based on a consultative stakeholder engagement process. The SDPs will draw from data inputs in Component 1, identify key challenges and development goals, and propose activity and investment plans to achieve them. The component will also build a culture of planning through development of curriculum for urban planning practitioners.

**Component 4: Urban Investments:** Feasibility and Design Studies for Urban Infrastructure. Preparation of multi-year capital investment plans (CIPs) linked to the SDPs for PCCs to undertake priority projects (no regret, quick-win projects) and catalytic investments (identified under SDPs, economically transformative projects). The CIPs would also be used to develop a pipeline of bankable projects for financing under a future performance-based finance project.

## 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 FY 2020).*

### Investment portfolio

IFC provides a mix of investments services in Afghanistan, with a focus on financial inclusion, services, telecommunications, agribusiness, and infrastructure. IFC's cumulative committed portfolio stood at \$52 million as of end-FY17 and its advisory services portfolio stood at \$8.8 million.

IFC investments have had a transformational impact in 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 to support the development of Afghanistan's private sector, particularly in infrastructure, finance, manufacturing, agribusiness, and services.

At present, IFC's Investment portfolio includes investments in the telecommunication sector and financial markets. The investment pipeline looks promising and includes investments in the power sector and agribusiness.

### / ONGOING PROJECTS

#### 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 Movable 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. It will also focus on implementing awareness raising and capacity building activities to increase knowledge among stakeholders (both government and private sector) about the benefits of leasing, thus improving access to finance for micro, small and medium enterprises.

#### Afghanistan Raisins Supply Chain Development

The project aims to support the development of raisin supply chains in Afghanistan by building the capacity of a raisin processing firm, implementing and managing food safety systems, financial management, and supply chain development, thus, creating a best practice example for the rest of the industry in the country.

#### Corporate Governance (CG)

The CG project aims to address foundational market failures in the Afghanistan banking sector. Through scoping activities as well as prior work in this sector, a combination of market failures has been identified at all levels, i.e., individual bank, regulatory, and sector.

IFC is working with banks to help them improve firm performance (improved decision-making, risk management, operating efficiency, profit, and valuations) and increase access to finance (reduced costs of capital, improved loan terms, and increased access to investors) by promoting better CG practices among the banks in Afghanistan.

#### Lighting Afghanistan

This IFC market transformation program aims 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 concluded the Afghanistan Construction Permits Reform project and Subnational Doing Business Survey. It is currently working to support the Ministry of Commerce and Industries (MoCI) in promoting an investment climate that is conducive to private sector growth through its Licensing Reform Phase II project.

The pipeline under the investment climate program includes studying Afghanistan Women Entrepreneurship Legal Barriers, Trade Facilitation and Export Promotion, Business Enabling, and indicator-based reform advisory.

*Business Licensing Reform Project – Phase II*  
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 reduce the time and cost of business licensing and renewals in the country, and rollout of business licensing reforms to provinces.

The goal of the project will be achieved by streamlining procedures and supporting institutional capacity building. The objectives are to (i) streamline procedures for new business licenses and license renewals; (ii) reduce time to obtain new business licenses and license renewals; and (iii) Rollout business licensing reforms from Kabul to 21 provincial offices of the Afghanistan Central Business Registry.

The impact of the project is in the form of compliance cost savings for private sector that will be achieved after project completion.

#### Afghanistan Business Enabling Environment Project

The Business Enabling Environment project has been designed under the investment climate program to catalyze doing business reforms in Afghanistan.

The focus of the project is on doing business areas with the greatest potential to contribute to improving the investment climate and investment facilitation. The goal will be achieved through supporting institutional capacity building, improved interagency coordination and public-private dialogue, and management of investor grievances for investment retention.

The objectives are to (i) streamline the legal and regulatory framework for doing business in at least two of the doing business areas; (ii) strengthen interagency coordination mechanisms on investment climate reforms and establish effective public-private dialogue mechanisms; and (iii) implement a Systematic Investor Response Mechanism (SIRM) to increase investment retention.

The project has two components:

**Component 1:** Improve business enabling environment and support institutional building

This component has three subcomponents:  
1.1. Assist the Government of Afghanistan in developing and implementing business environment reforms in a selected number of areas measured by the Doing Business project.

1.2. Establish and strengthen the institutional mechanisms to support the investment climate reform program.

1.3. Identify gender-based differentiations in legal and regulatory frameworks that affect women's equal access to business opportunities.

**Component 2:** Investment Retention and Promotion

In countries affected by fragility and vio-



lence (such as Afghanistan), attracting new investors may be challenging but retaining existing ones is necessary. Retaining investors in Afghanistan requires a clear retention strategy and targeted investment in building an investment aftercare program complemented by SIRM.

SIRM as an early warning and tracking mechanism to identify and resolve complaints/issues that arise from government conduct. The implementation of SIRM entails identifying an agency or a platform that has the capacity to mediate a solution to the problem facing an investor.

#### Strengthening Afghanistan Horticulture Exports

IFC is working to develop Afghanistan's horticulture exports by helping agriculturists enhance efficiency and supporting the extension of market opportunities, both nationally and internationally. This 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.

## 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 \$10.3 billion to the ARTF, making it the largest single source of on-budget financing for Afghanistan's development.*

### Management

The ARTF has a three-tier governance framework (Steering Committee, Management Committee and Administrator), and three working groups. This sound framework has enabled the 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, 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 the 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.

The Research and Analysis Program aims to facilitate and promote evidence-based policy research and knowledge consolidation through project-based and selected sector-wide/thematic research and impact evaluation.

### Donor contributions

Donor contributions have increased year after year, with both old and new donors contributing to the ARTF. Over the last few years the "preferred" portion of donor contributions has been the main factor driving growth. The agreed ARTF rule is that donors may not "prefer" more than half of their annual contributions. This rule is to ensure that the 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 \$4.745 BILLION

The objective of the Recurrent Cost Support and Incentive Program is to provide a coordinated and incentives-driven financing mechanism, enabling the Afghan government to make predictable, timely, and accurate payments for approved recurrent costs—related to salaries and wages of civil servants, and non-security related government operating and maintenance expenditures.

The Recurrent Cost Window was set up in 2002 to help the Afghan government meet its recurrent (operating) budget needs. In 2009, the Incentive Program was added to support government reforms through a series of annual incentive payments aligned with completion of key reforms.

To date, the ARTF has disbursed \$4.6 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 en-

## AFGHANISTAN RECONSTRUCTION TRUST FUND

The objectives of the ARTF are to:

- Position the national budget as the key vehicle to align the reconstruction program with national development objectives.
- Promote transparency and accountability of reconstruction assistance.
- Reduce the burden on limited government capacity while promoting capacity building over time.
- Enhance donor coordination for financing and policy dialogue.

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.



sured 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. The 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 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 FY 1389 (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 the ARTF.

As of December 21, 2017, there are 28 projects active under the ARTF with a total commitment value of \$3.58 billion, of which \$2.79 billion has been disbursed and the net undisbursed amount is \$790 million.

⇒ Full details of investment activities are provided in the ARTF Reports: [www.artf.af](http://www.artf.af)

## / ONGOING PROJECTS

## Afghanistan Agricultural Inputs Project (AAIP)

GRANT \$67.25 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 seeks to 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 is developing 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 is designing and piloting a demand-led action plan to improve and develop market-based input delivery systems for seeds.

The sustainability of these interventions will be supported by capacity building programs involving civil servants, farmers, and traders.

**Component A:** The project has continued to deliver expected results in a satisfactory way, both in soft activities, e.g., capacity building and the development of new wheat varieties, and hard infrastructures, including refurbishing and developing selected research and seed production stations.

Major achievements include training of 470 staff in short and medium term, as well as through master's and PhD programs; release of four new wheat varieties against the target of five; and completing rehabilitation

work at six research and seed production stations, while work at the remaining farms is at an advance stage of implementation.

**Component B:** The work of nearly all Border Quarantine Stations and the laboratory complex has been completed and they are expected to be operational shortly.

Work on the regulatory framework has produced good results—the Plant Protection and Quarantine Law and Pesticide Law have been approved. The project is supporting implementation of the legislation.

In addition, over 3,000 farmers, traders, and MAIL staff, 205 of whom are women, have been trained on safe handling, storage, and application of pesticides and the newly approved Pesticide Law.

**Component C:** The pilot voucher schemes in 2017 have been successfully completed, in which 6,000 farmers received vouchers, 98 percent of whom redeemed against part of seed costs in four districts. The scheme was well managed and demonstrated the value of direct links between farmers and seed companies.

## Afghanistan Justice Service Delivery Project (JSDP)

GRANT \$25 MILLION

CLOSED ON DECEMBER 31, 2017

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

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



This research station has seen an increase in its activities and production after receiving financial and technical support from AAIP to improve its working conditions. The support has allowed the research station to put in place equipment, staff training, and buildings, contributing to the sustainability of its work. It is one of 11 active regional research stations supported by AAIP producing breeder wheat seeds.

The level of legal aid provision increased with the project having facilitated 65 legal aid providers across the country, each expected to handle 10 cases a month. Legal Aid Offices were established in the four pilot provinces (Bamyan, Herat, Kabul, and Logar) targeted by the project. Legal representation was provided in 24,000 cases in 21 provinces. The project also funded the development of a longer term Legal Aid Regulatory Framework and Roadmap for Afghanistan.

Complementary to this, 21 new libraries were established and another 20 provided with books and equipment for all three justice institutions in different provinces. A legal

information center was established with the necessary IT equipment, providing legal information and advice through a free hotline.

The project also supported training on commercial cases for 165 judges in Egypt and Afghanistan and 25 prosecutors on white collar crimes in Malaysia.

Under the project, 17 judicial building were constructed, including the MoJ headquarters, administrative building of the SC, and urban courts in Parwan and Kandahar.

## 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.

Land productivity of wheat and other crops has increased by 15–20 percent. Water productivity of wheat and other crops increased 15 percent, and the irrigated area increased by 20 percent. Physical rehabilitation of irrigation schemes exceeded its target with good quality and within the project budget allocation and timeline: 170 irrigation schemes (mostly informal) have been rehabilitated, covering a total of 43,000 hectares of irrigation command area. Rehabilitation of 75 irrigation schemes is ongoing, covering 22,000 hectares of land.

The establishment of 520 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.

## Capacity Building for Results Facility Project for Afghanistan

GRANT \$150 MILLION

Capacity Building for Results (CBR) is a key ARTF investment that supports government in developing its internal human capacity, organizational structures, and functions over the medium term to improve service delivery to the population.

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 associ-

ated 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 is demand driven and open to all line ministries and independent agencies. Based on pre-agreed criteria, including service delivery potential and reform readiness, line ministries and agencies are grouped as either Category 1 (high priority) or Category 2.

Category 1 ministries/agencies receive full CBR reform support whereas Category 2 ministries receive foundational (“CBR-readiness”) inputs designed to upgrade them to Category 1. Ministries/agencies in both categories must develop a comprehensive reform plan (to be implemented with existing donor and government resources) with a results framework to which they are held accountable.

Of the selected CBR positions, 807 have been contracted to date, 52 of whom are women (7 percent of contracted positions), with the remainder 503 contracts at various stages of quality review and approval. 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

CASA-CSP was restructured in May 2017 to extend the closing date and restructure the implementation and fiduciary arrangements to align the CSP with the new project implementation structure under the Citizens’ Charter Afghanistan Project.

Due to the restructuring and better alignment with the CCAP, changes were made to three components:

**Component 1:** Renamed “Community



The rehabilitation of the irrigation system in this village has raised incomes and hopes of farmers. The increase in productivity of surrounding farmlands through more efficient irrigation practices was made possible through On-Farm Water Management Project, which undertook the rehabilitation. “All the farmers are happy about this as our farmlands have survived the threat of a dry harvest,” says a farmer.

Service Standards Grants”; the component objective remains the same, which is to saturate communities along the corridor of influence (Col) with electricity and fund other socio-economic investments. However, the modality of this component will change to align with CCAP, in which CSP communities will choose from a Minimum Service Standards package pursuant to the rural area service standards grants under CCAP. Since CSP is linked to an energy sector operation, the priority will be to saturate the community with power wherever feasible, with power grid, off grid, or renewable energy projects.

**Component 2:** Community mobilization remains the same, however, social mobili-

zation and communications will be carried out either by existing facilitating partners working with the Community Development Councils at the time of CSP implementation or by MRRD staff;

**Component 3:** For project implementation support, the CSP now uses the CCAP’s General Directorate and CCAP systems for all management functions, including oversight, implementation support, technical assistance, monitoring, and reporting.

After MoEW confirmed the line route in 2017, MRRD conducted a survey that identified 580 communities falling within or close to the CASA-Col. The survey also assessed the general energy needs in each community as

well as the insecurity levels that may impact CSP implementation.

MRRD has hired two communications officers who have been seconded to MoEW and is finalizing recruitment of the communication firm that will be responsible for developing a detailed communication strategy for the CSP and CASA-1000, planning of communication activities, and producing of multimedia products (print, radio, TV ads).

To better align the work, prepare an implementation plan, and improve collaboration, the CASA-1000 and CASA CSP teams organized joint meetings in February 2018 with DABS, MoEW, MRRD, and contractors responsible for the transmission line and agreed on a number of actions going forward, including a coordination mechanism.

## DABS Planning and Capacity Support Project

GRANT \$6 MILLION

The Da Afghanistan Breshna Sherkat 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. 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.

The project is supporting the preparation and implementation of annual O&M plans for six major load centers using new procedures based on good international practice adjusted for local conditions. The project-

supported training and a new training center are expected to improve skills of 90 percent of DABS planning and O&M staff.

Design of the training center is almost complete and the construction work is expected to start toward the end of 2018. Procurement of equipment for the training center and hiring of a training consultancy package are at varying stages.

## 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 are being 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 supports the reforms initiated through the National Higher Education Strategic Plan II and focuses on outcomes and results rather than inputs.

The project started in September 2015 and MoHE has met the second round of the DLIs, which includes awarding 200 scholarships to university academics, of which one third is allocated to women candidates; training of 300 faculty members practicing outcome-based education and student-centered learning; and awarding an additional



Key lecturers trained as master trainers are helping transform teaching in public universities across Afghanistan. They have attended intensive workshops under a “train the trainer” HEDP scheme, aimed at modernizing and standardizing the higher education system in public universities.

30 individual and group research projects to faculty members from public and private universities.

Enrollment in key priority disciplines (those that contribute to economic and social development) has increased substantially from 64,200 at the project baseline to about 79,400 this year. The special focus on increasing female enrollment has also paid substantial dividends with female enrollment increasing from 11,400 to approximately 15,000 for the current academic year.

MoHE has developed a policy and by-law for the practice of e-learning. This will

support gradual introduction of blended learning, incorporating e-learning into the university curriculum, as well as recognition of blended learning toward program credits.

Four Internal Quality Assurance Units (IQAU) have been established with managers selected from among the respective university faculties. Five universities are in the process of establishing IQAUs. An external peer review of eight universities (four each public and private) has been completed following the revised Accreditation Framework. The external peer review of 12 more universities will start shortly.

Four ICT centers with modern facilities are being established, which will serve as the hub for using modern technology to improve teaching and learning, including the e-learning model.

## 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, \$50.9 million has been disbursed. Over 1 million people (about 73 percent women and children) have benefited from the construction of about 247 kilometers of neigh-

borhood roads, 332 kilometers of community drains, and 20.5 kilometers of trunk roads.

Temporary employment of some 1.9 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 for gender inclusive community participation in decision making over public expenditures in *Guzars* (neighborhoods).

## Kabul Urban Transport Efficiency Improvement Project (KUTEI)

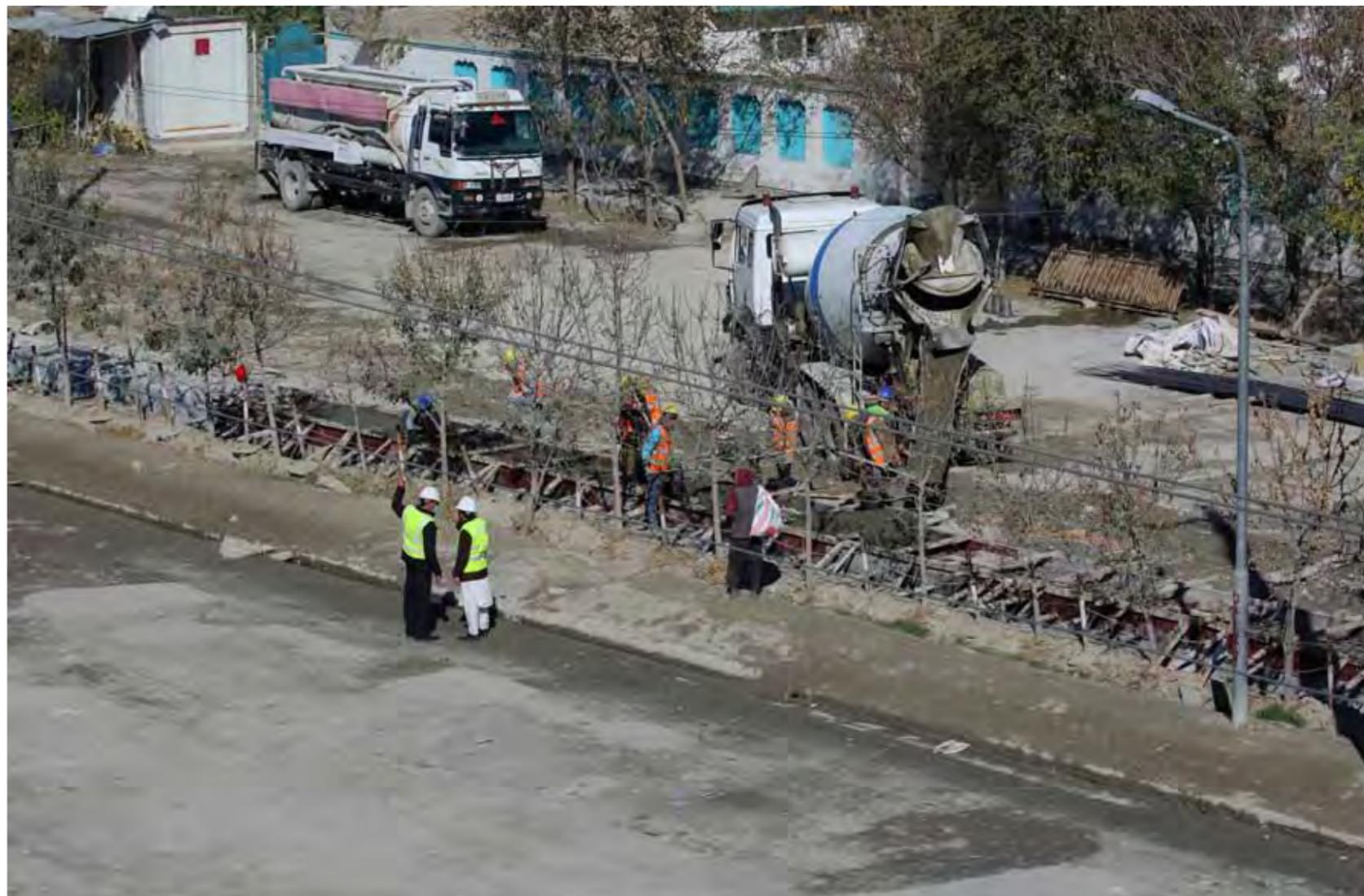
GRANT \$90.5 MILLION

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 project implementation, 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.

To date, implementation of infrastructure



contracts for six roads, totaling 19.3 km, has been completed and the roads opened to traffic. The pace of project implementation is picking up and all planned civil works contracts have been awarded. The implementation progress for the newly awarded roads contracts stand at 20 percent. The civil works have been executed to high quality.

The procurement for the consultancy contract for the design and review of 40 km of new roads has started and is under evaluation. The contract is expected to be awarded by June 2018. The project has prepared a detailed plan for the remaining activities and the procurement will be completed most likely by end of the year.

The completion of upgrading work on this main road in Kabul city is expected to improve the lives of residents as well as traffic circulation in the city. The reconstruction project, undertaken by KUTEI, will result in asphalted roads, sidewalks, and a drainage system, among other benefits to residents and local businesses.



**“In the first session, the mentees had very low self-confidence, but by the second session, their confidence level had increased and they were able to discuss things easily.”**

—Aliya Mohammadi, mentor and beauty salon owner

## CAN SMALL GRANTS, TRAINING, AND MENTORSHIP FOR MICRO-ENTREPRENEURS create jobs in Afghanistan?

By Pratap Sinha and Fatima Kashefi

According to the United Nations Population Fund, about 63 percent of Afghans are under 25 years of age, reflecting a steep pyramid age structure whereby a large cohort of young people is emerging. Young people in Afghanistan, however, face significant challenges in health, education, employment, and gender inequality.

To tackle these challenges, the Ministry of Labor, Social Affairs, Martyrs and Disabled is targeting youth with low education in rural and semi-urban areas through a pilot micro-grants scheme, under the NATEJA project, to support aspiring entrepreneurs in the face of low growth and dim job creation prospects in the private sector.

When we first met Fariha, 23, during her selection interview for the micro-grant scheme, she was sceptical of receiving any government support, but confident about her beauty salon idea. It was a dream come true when she got the news of the micro-grant of \$500. Fariha had learnt her skills as a trainee at a beauty salon, where she used the grant money to invest in. She is now a partner and manager in the salon. “I did not earn enough as a trainee, but now I am a partner. It is a good job and it is getting better,” she says.

Fariha is one of hundreds of women supported by NATEJA. Close to 2,500 micro-entrepreneurs, chosen from 17,000 applicants, have received support from the project. Around 30 percent are women entrepreneurs, based in Kabul, Nangarhar, and Balkh provinces.

As a part of the NATEJA team, along with World Bank strategic inputs, we had to think of additional ways to provide support at the local level to these young people, such as mentorship and on-demand business counseling. Can mentorship benefit micro start-up businesses? An attempt to find answers in a fragile country like Afghanistan might be relatively more complicated and challenging than otherwise.

### Boost to Confidence

We decided to find out by testing the idea of mentorship among selected micro-entrepreneurs in Kabul. Along with the micro-grant, groups of micro-entrepreneurs receive business skills training and counseling sup-



port. Mentorship support from local business leaders is being introduced to randomly selected entrepreneurs who received the micro-grant in Kabul. The mentorship scheme in Kabul matched some 75 mentors to almost 300 mentees in May and June 2017.

An enthusiastic and promising mentor is Aliya Mohammadi, who runs her own beauty salon. She is mentoring five women under the NATEJA project. “In the first session, the mentees had very low self-confidence,” she says, “but by the second session, their confidence level had increased and they were able to discuss things easily.”

Whether the scheme is worthwhile at the micro-business level is yet to be assessed by the impact evaluation, although preliminary evidence suggests that seed funds to young entrepreneurs show a high level of motivation and confidence boost in their engagement as viable citizens of society.

It is anticipated that the outcomes of this experience shall feed into a broader dialogue with stakeholders and policy makers on the economic empowerment and engagement of youth in Afghanistan, as they will shape the future of the country.

⇒ This is an abridged version of a blog, which can be accessed at: <http://wrlld.bg/ORLO3oiC2lc>

Thousands of people in rural communities are being given the opportunity to become self-sufficient and to turn their support into businesses. Widows, the disabled, and poor families are receiving help from NHLP for poultry and fish farming, enabling them to make a living. "I am able to make some money and help feed my family," says this beneficiary, who received the poultry from the project.



## Naglu 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 electricity at the Naglu 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 came into effect in January 2016, after the signing of the Grant Agreement. The main contract for the rehabilitation of turbines 1 and 3 of the plant was

### RESULTS EXPECTED UNDER THE NHRP

- Revived 50 MW unoperational capacity of Naglu 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.

signed in December 2015 and came into effect in August 2016. The work on turbine 1 is nearing completion, while the work on turbine 3 is expected to be completed toward the latter half of 2018.

Work on dam safety enhancement is also underway. Progress to date includes rehabilitation of three warehouses inside the NHPP.

The project includes a benefit-sharing program dedicated to the local population. Under this program, electrification of villages in Sorobi district is underway and the feasibility of electrification of villages in Tagab province is being investigated by DABS. Another aspect is vocational training for villagers. A vocational training manual has been prepared and the next step will be to hold the trainings.

## National Horticulture and Livestock Project (NHLP)

GRANT \$190 MILLION

AFGHAN FARMERS' CONTRIBUTION  
\$28.2 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.

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.

To date, NHLP has financed the establishment of 16,750 hectares (ha) of new pistachio and fruit orchards in 32 provinces. In addition, over 90,000 ha of existing orchards have been rehabilitated and some 96,000 kitchen gardening schemes established.

The project has supported construction of 1,037 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 997 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.

Under the National Brucellosis Control Program in 360 districts, more than 2.2 million young female calves and over 11.5 million young female sheep and goats have been vaccinated.

To date, the project has supported 122,800 farmers (78,968 women and 43,872 men), forging them into 5,768 producer 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.

NHLP activities are based on cost sharing, accordingly it is expected that farmers will contribute \$28.2 million to the cost of services and inputs received.

## 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.

To date, 2,482 youth have received an entrepreneurship grant. Field visits have reported that more than 95 percent of the targeted grantees have started their new businesses

after receiving the grants. The same percentage of grantees with existing businesses has made further investments in their businesses. A number of the targeted grantees made an additional investment to complement the grant funding. The majority of visited grantees indicated that their business had improved as a result of receiving the grant.

NATEJA has partnered with the Italian Development Cooperation Office to conduct an impact evaluation of the business grant program that has been implemented in six provinces (Balkh, Bamyan, Farah, Herat, Kabul, and Nangarhar) to establish the causal impacts of project interventions and how to scale up successful interventions.

The baseline survey data collection has been completed and will be followed by an endline survey to measure the respective impacts of the business grant program on job creation, earnings, and skills acquired.

## Second Education Quality Improvement Program (EQUIP II)

GRANT \$408 MILLION  
CLOSED ON DECEMBER 31, 2017

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

EQUIP I and II supported the construction of 1,177 schools, six teacher training colleges and 21 administrative buildings. Based on 2017 data, a total of 5.5 million boys and 3.4 million girls account for the total enrollment in Grades 1 to 12. The number of boys exceeded the target under the project, but girls' enrollment stagnated and showed a reduction in Grade 1 intake. These numbers are inclusive of permanently absent students who remain on the school registration for three years.

In addition, 154,811 teachers were trained under the In-Service Teacher Training (INSET) series I–V, 35 percent of whom are women, and more than 71,000 teachers completed INSET VI as of 2017. At the same time, 21,277 school principals and administrators were trained in School Management Training (SMTs I–VI), about 20 percent of whom are women. More than 130,000 teachers graduated from the teacher training colleges during the life of the project, of whom 11,436 female students received scholarships.

Under both phases of EQUIP, social mobilization activities were conducted in 14,932 communities, resulting in the establishment of an equal number of school *shuras* (community-based consultative bodies). Under EQUIP

II, 16,588 Quality Enhancement Grants were awarded to schools for the purchase of school supplies, laboratory equipment, computers, and other learning material.

The development of an online education atlas of schools in Afghanistan was completed. The atlas presents key education statistics and indicators on online maps, which can be used at national, subnational, and school level.



Women's agency, autonomy, and well-being will be advanced by expanding their access to economic resources under the Women's Economic Empowerment National Priority Program. Program activities will include training in literacy, business management, and labor skills as well as more inclusive access to finance and better access to agricultural resources and markets.

## Second Public Financial Management Reform Project

GRANT \$114.13 MILLION  
CLOSED ON DECEMBER 31, 2017

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

Project components included:

**Procurement Reform:** Activities comprised procurement facilitation, capacity building in line ministries and provinces, and institutional development. The project provided technical assistance to the National Procurement Authority 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 helped strengthen the institutional development of NPA by providing support in its establishment, structures, systems, processes and procedures, and implementation strategy. The project supported governance and anti-corruption activities and legal support for the review and amendment of the Afghan Procurement Law as the result of a presidential decree.

**Financial Management Reform:** Provided technical assistance to the Treasury Department to ensure high quality financial management, focused on integrating its operation system with government systems and the application of the Afghanistan Financial Management Information System (AFMIS); introduced improved management reporting and expanded access of AFMIS budgetary units in the provincial offices of the Ministry of Finance; assisted staff in the preparation, monitoring, and implementation of individual training plans, as well as annual performance appraisals; prepared training modules on MoF processes under the certified accounting technician courses provided by the Association of Chartered Certified



“EQUIP has not only improved schooling for these students but attracted so many more to education—their families, their communities as well as friends and relatives.”

—Alia Najimi, headmistress, Ommolbilad Girls High School

## NEW FACILITIES BOOST School Enrollment and Learning

- A girls' school in Balkh Province is seeing greater student enrollment thanks to improvement in facilities and quality of education.
- A Quality Enhancement Grant from the Education Quality Improvement Program has helped provide a better learning environment, including two laboratories and a library.
- The program has awarded grants to 435 schools in Balkh province, benefiting thousands for students.

All eyes in the class are focused intently on the model of the human skeleton hanging loosely in the science laboratory. Sona, 13, a Grade 8 student, is explaining the structure of the human body to her classmates. It is a typical day for students in Ommolbilad Girls High School.

After the presentation, Sona says, “We read about the structure of the human body in the book but in the lab, we can see the body parts. This helps us a lot and we learn the subject much better.” She is grateful for this opportunity to learn in an interactive way. “I want to be a doctor in the future and the laboratory is the beginning of my journey,” she says.

Sona and her classmates have EQUIP to thank for supporting their school. With EQUIP support, the Ommolbilad Girls High school is now in high demand in Balkh province. “We have standard classrooms and enough facilities for the students,” says Aminullah, 52, the school’s educational deputy. “The EQUIP Quality Enhancement Grant has brought about many positive additions and the quality of education is getting better day by day in the school.”

In 2013, EQUIP awarded the school a Quality Enhancement Grant (QEG) of \$15,000. With the grant, the school set up and equipped laboratories for general science and computers, as well as a library. The grant also enabled the school to paint the walls with informational diagrams and establish a park and green space for students.

### School and Community Work Together

The school, located in the Karti Noshad area in the 9th district of Mazar-e-Sharif city, was co-educational when it started 1990 and became a girls’ school in 2010. There are nearly 3,000 students attending daily classes in three sessions (shifts) and 80 teachers at the school.

“EQUIP has not only improved schooling for these



students but attracted so many more to education—their families, their communities as well as friends and relatives in districts far away,” Alia Najimi, the school’s headmistress, says.

Since 2008, the program has constructed 45 school buildings, established 600 School Management *Shuras* (councils), and awarded QEGs to 435 schools in Balkh province. “EQUIP efforts in Balkh province have increased the quality of education and helped institutionalize close coordination between the community and school staff,” says Homayoon Rahmani, EQUIP Provincial Coordinator in Balkh.

The attractiveness of the school has clearly made an impact on the community, reflected in the increasing popularity of enrollment. Enrollment increased to 3,000 students in 2016 from 2,000 in previous years as a result of the EQUIP support, supplemented by the school council’s hard work.

Accountants (UK); established a national steering committee for developing and regulating the accounting and auditing profession and the training of professional accountants; and conducted a public financial management assessment of seven line ministries.

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

External Audit—provided 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; supported 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 financed training of members of the Public Accounts Committee.

**Reform Management:** Supported 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; improved the operations of the Human Resource Management Department to enable it to carry out its functions efficiently; assisted in the overall project implementation and provided for future requests for assistance on the design and delivery of public financial management technical assistance across government; and provided broad-based training for staff of MoF and line ministries.

**Revenue Mobilization:** Supported 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, and the design and implementation of its new organizational structure.

Achievements under this component included a clear strategy and roadmap developed for its reorganization to sustain reforms;

SIGTAS implementation in all major tax offices helped progressively increase transaction volume as core functions are automated; and local capacity was built in ICT, audit, legal, and human resource reforms.

Project outcomes included (i) disbursement of approximately \$75.40 million from total commitment (77 percent); audit of nine large ministries by SAO, representing more than 75 percent of government expenditure as per international audit standards; (ii) rollout of AFMIS upgrade (to web-based version); (iii) improved coverage of internal audit; and (iv) National Procurement Committee (NPC) decisions reported immediately and uploaded to the NPA website.

The legal framework underpinning public financial management in Afghanistan has been established. The government now prepares and passes a comprehensive budget in an orderly and transparent manner. Parliament enacted the accountancy law and Certified Professional Accountants Afghanistan has been established.

Project support to Afghanistan's centralized procurement oversight was mobilized and the National Procurement Authority, as the successor to the Procurement Policy Unit, continues to assist with the reorganization, development, and assessment of procurement units in the line ministries.

As a result of project support, there is improved coverage and quality of internal and external audit. Internal audit coverage is now 50 percent of government expenditure and 25 percent of government revenue. External audit coverage is 75 percent of government expenditure.

Donors shifted their off-budget official development assistance to Afghanistan to on-budget. Baseline was 20 percent on-budget assistance that increased to 60 percent at project closure.

## Women's Economic Empowerment National Priority Program (WEE-NPP)

GRANT \$5 MILLION

The objective of the WEE-NPP is to advance women's agency, autonomy, and well-being by expanding women's access to economic resources.

The WEE-NPP is led by a Project Coordination Office (PCO) in the Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD). The PCO is responsible for overseeing WEE-NPP activities across six pillars: (i) increasing the availability of gender statistics; (ii) removing legal barriers to participation; (iii) training in literacy, business management, and labor skills; (iv) inclusive access to finance; (v) access to agricultural inputs, extension services, and markets; and (vi) access to creative economy markets.

The three-year Project Preparation Grant (PPG) has three components: (i) coordination and program management; (ii) provide technical assistance and capacity building for line ministries carrying out WEE activities and conduct relevant analytic work; and (iii) establish and operate an Innovation Fund to support women's economic activities.

Despite the slow progress of implementation of the PPG, several important steps have been taken to define and set up the overall institutional and coordination arrangements for the WEE-NPP. The PCO's working lines and coordination mechanisms within MoLSAMD leadership, Technical Working Group for operational coordination, Steering Committee (SC) for management-level coordination, and Human Development Council for high-level coordination have been established and their roles and responsibilities defined and agreed upon by the relevant parties.

The SC, co-chaired by the Ministry of Women's Affairs, MoLSAMD, and MoF, has met twice and formally endorsed the SC's structure, roles and responsibilities. The program has high visibility within the government

Note: All dollar figures are in US dollar equivalents. IDA, the International Development Association, is the World Bank's concessional 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](http://www.worldbank.org.af)**

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