

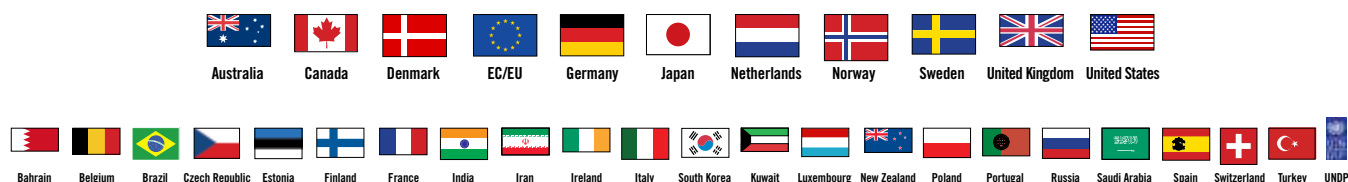


# AFGHANISTAN COUNTRY PORTFOLIO PERFORMANCE REVIEW (CPPR)

# ASSESSMENT REPORT 2019

**Prepared by the ARTF Administrator**  
**and the Ministry of Finance of the Islamic**  
**Republic of Afghanistan, in consultation**  
**with the ARTF Strategy Group**

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# TABLE OF CONTENTS

## 5 ABBREVIATIONS AND ACRYONYMS

## 6-15 SUMMARY

Genesis and Aims of the Country Program and Portfolio Review  
Status of the ARTF-IDA Financing Program for FY1397-1399 (2018-2020)  
Growth Strategy Operationalization  
Summary of the process  
Summary of recommendations from CPPR  
Portfolio  
Pipeline  
Systemic issues

## 16-77 SNAPSHOTS

### PORTFOLIO SNAPSHOTS

- 16 POLICY-BASED BUDGET SUPPORT**  
Incentive Program Development Policy Grant
- 18 PILLAR 1: GOVERNANCE AND STATE EFFECTIVENESS**  
Tackling Afghanistan's Government HRM and Institutional Reforms  
Fiscal Performance Improvement Support Project  
Public-Private Partnerships and Public Investment Advisory Project  
Support to the Afghanistan Independent Land Authority
- 24 PILLAR 2: POVERTY REDUCTION, SERVICE DELIVERY, CITIZEN'S ENGAGEMENT AND SOCIAL INCLUSION**  
EQRA  
Afghanistan Second Skills Development Project  
Higher Education Development Project  
Afghanistan SEHATMANDI Project  
PLACED+Y Project Preparation Grant (PPG)
- 31 WOMEN'S ECONOMIC EMPOWERMENT NPP**  
Women's Economic Empowerment Rural Development Program  
Women's Economic Empowerment National Priority Program
- 35 CITIZENS' CHARTER NPP**  
Citizens' Charter Afghanistan Project
- 37 SOCIAL COHESION**  
Afghanistan: Eshteghal Zaiee – Karmondena Project  
CASA-Community Support Project
- 41 PILLAR 3: ECONOMIC GROWTH AND JOB CREATION**  
**COMPREHENSIVE AGRICULTURAL DEVELOPMENT NPP**  
On Farm Water Management Project  
Afghanistan Agricultural Inputs Project  
Afghanistan Strategic Grain Reserve  
National Horticulture and Livestock Project
- 47 NATIONAL MINERAL AND RESOURCE DEVELOPMENT NPP**  
Afghanistan Extractive for Development Project-
- 49 INFRASTRUCTURE AND CONNECTIVITY NPP**  
DABS Planning and Capacity Support Project  
Naghlu Hydropower Rehabilitation Project

Herat Electrification Project  
 Irrigation Restoration and Development Project  
 Trans-Hindukush Road Connectivity Project  
 Digital CASA Afghanistan  
 Afghanistan Rural Access Project  
 Central Asia South Asia Electricity Transmission and Trad Project

65

#### **URBAN DEVELOPMENT NPP**

Kabul Urban Transport Efficiency Improvement Project  
 KABUL MUNICIPAL DEVELOPMENT PROGRAM  
 Cities Investment Program  
 Urban Development Support Program

73

#### **PRIVATE SECTOR DEVELOPMENT PROGRAM NPP**

Access to Finance Project  
 Financial Sector Rapid Response Project  
 Modernizing Afghan State-Owned Banks Project

## **PIPELINE SNAPSHOTS**

78

#### **POLICY-BASED BUDGET SUPPORT**

Incentive Program Development Policy Grant

80

#### **PILLAR 1: GOVERNANCE AND STATE EFFECTIVENESS**

Payments Automation and Integration of Salaries in Afghanistan

82

#### **JUSTICE AND LEGAL SECTOR REFORM NPP**

Afghanistan Land Administration System Project

84

#### **PILLAR 2: POVERTY REDUCTION, SERVICE DELIVERY, CITIZEN'S ENGAGEMENT AND SOCIAL INCLUSION**

Afghanistan Placing Labor Abroad and Connecting to Employment Domestically

86

#### **PILLAR 3: ECONOMIC GROWTH AND JOB CREATION**

Opportunity for Maximizing Agribusiness Investments and Development Project

88

#### **NATIONAL MINERAL AND RESOURCE DEVELOPMENT NPP**

Afghanistan Extractive Sector Development Project

89

#### **INFRASTRUCTURE AND CONNECTIVITY NPP**

Technical Assistance to Afghanistan Transport Sector

91

#### **INFRASTRUCTURE AND CONNECTIVITY NPP**

Sheberghan Gas to Power Project  
 Mazar-E-Sharif Gas to Power Project (PPG and Pipeline)  
 Kajaki Hydroelectric Dam Addition PRG  
 Afghanistan Water Supply and Sanitation Services and Institutional Support Program

## **96-105 SYSTEMIC ISSUES**

Procurement challenges  
 Financial Management  
 Operating in insecure and high risks areas  
 Best Practice Principles at Implementing Entity/Task Team Level  
 Central (MoF/IARCSC) level Actions  
 Managing Environmental and Social Risks – Systemic Risks and Challenges  
 Proposed Action Plan for Better Management of Environmental and Social Risks

## ABBREVIATIONS AND ACRYONYMS

ACReMAP	Anti-Corruption and Results Monitoring Action Plan
AFMIS	Afghanistan Financial Management Information System
ANPDF	Afghanistan National Peace and Development Framework
ARTF	Afghanistan Reconstruction Trust Fund
CCAP	Citizens' Charter Afghanistan Project
CPPR	Country Portfolio Performance Review
ESF	Environmental and Social Framework
FPIP	Fiscal Performance Improvement Project
GoIRA	Government of the Islamic Republic of Afghanistan
GRM	Grievance Redress Mechanism
HRAIS	High Risk Areas Implementation Strategy
IARCSC	Independent Administrative Reform and Civil Service Commission
IDA	International Development Association
IP DPG	Incentive Program Development Policy Grant
ISR	Implementation Status and Results Report
MoF	Ministry of Finance
MTR	Mid-term Review
NOL	No Objection Letter
NPA	National Procurement Authority
NPC	National Procurement Committee
NPP	National Priority Program
NTA	National Technical Assistance
O&M	Operations and Maintenance
PFFP	Partnership Framework and Financing Program
PFM	Public Financial Management
PIU	Project Implementing Unit
POSR	Portfolio Operational Status Review
RCW	Recurrent Cost Window
SA	Supervisory Agent
SG	Strategy Group
SOP	Standard Operating Procedures
STEP	Systematic Tracking of Exchanges in Procurement
TPM	Third-Party Monitoring

# A SUMMARY

## GENESIS AND AIMS OF THE COUNTRY PROGRAM AND PORTFOLIO REVIEW

The Afghanistan Reconstruction Trust Fund (ARTF) Steering Committee approved in June 2018 the move to a structured Government of the Islamic Republic of Afghanistan (GoIRA)-led approach to addressing portfolio bottlenecks, improving performance, and incentivizing initiatives. Previous portfolio reviews have been more ad hoc, and the time between reviews longer than desired. With the renewed and increased emphasis on monitoring, performance and value-for-money under the ARTF 2018-2020 Partnership Framework and Financing Program (PFFP) (see also the Anti-Corruption and Results Monitoring Action Plan, (ACReMAP), all ARTF partners—GoIRA, the World Bank and the contributing partners—agreed that a more structured approach, with greater GoIRA leadership of, and operational responsibility for, monitoring and resolving operational bottlenecks in the ARTF portfolio would further enhance performance, facilitate adaptive programming and ensure that the enhanced monitoring under the proposed ACReMAP results in concrete follow-up actions.

The mechanisms of the more structured, GoIRA-led approach to improve programming and portfolio performance are an annual Country Portfolio Performance Review (CPPR) and quarterly Portfolio Operational Status Reviews (POSr). The CPPR focuses on the overall status of the ARTF-IDA portfolio with a view to assessing the performance of each project in the portfolio and agreeing on the appropriate action: from continued implementation as planned, to scaling up successful projects, major or marginal restructuring of selected projects, and dropping/cancelling for particularly poorly performing projects. The CPPR allows for surfacing any systemic (portfolio-wide) issues that have emerged over the course of the year that are impeding smooth implementation of the projects in the portfolio, identifying the underlying causes and agreeing on potential remedies. It also helps to confirm the alignment of the ARTF program with the Afghanistan National Peace and Development Framework (ANPDF), national priority programs (NPPs) and the Government's Growth Strategy; review the relevance and development impact of the program; and inform the prioritization of future support (financing, analytic, advisory and convening services).

## SUMMARY RECOMMENDATIONS FOR LINE MINISTRIES' LEADERSHIP

**POLICY-BASED BUDGET SUPPORT:** There is a need for MOF to continue to play a leadership role in coordinating, tracking, reporting on and ensuring completion of policy actions to ensure full disbursement during a difficult year. The CPPR recommends to CONTINUE AS IS and close as planned followed by the 2019 IP DPG round. Required high-level interventions in the end to meet benchmarks. Ensure proper mechanism is in place for the 2019 IP DPG.

**Operating in insecure and high risks areas:** A rollout of the High-Risks Areas Implementation Strategy (HRAIS) developed for the Citizens Charter Afghanistan Project (CCAP), taking into account the circumstances of individual project; and a portfolio-wide duty of care framework for local and international consultants, building on the principles set under the Fiscal Performance Improvement Program (FPIP).

**Maximizing impact of Third-Party Monitoring (TPM) by strengthening follow-up:** This CPPR proposes new mechanisms and workflow to ensure systematic and comprehensive follow-up on the findings of the TPM. The essence of the new mechanism is a greater involvement of Ministry of Finance and ARTF Partners, and formal linkages to other institutional monitoring tools such as the implementation status and results reports (ISR), the CPPR and POSr.

**Project Staffing/NTA Issues:** The CPPR is recommending the development of an updated NTA Registry/Database, initiating a Phase-Out Action Plan based on comprehensive NTA Assessment, and utilizing project preparation, Mid-term Review, and restructuring to explore opportunities for adopting 'best practice'.

**Managing Environmental and Social Risks:** Establish a process to proactively manage safeguards risks and bottlenecks in the pipeline and portfolio. The CPPR has been the opportunity to agree on certain measures, by proposing a new mechanism and workflow to ensure systematic and comprehensive management of environmental and social risks across the portfolio.

## STATUS OF THE ARTF-IDA FINANCING PROGRAM FOR FY1397-1399 (2018-2020)

ARTF financing in the amount of US\$2.485 billion was endorsed in the PFFP, as a complement to US\$1.38 billion of expected IDA resources for the 2018-2020 period. The allocation of the ARTF resources was 36 percent to policy-based budget support (recurrent cost window); 61 percent to development investment financing; and 3 percent to World Bank executed activities- the ACReMAP and ASIST windows. At the time of the PFFP approval, the ARTF began FY1397 (2018) with an unallocated cash balance of US\$ 447 million. Outstanding commitments from the previous years amounted to US\$ 749 million to be allocated to various projects during the 2018-2020 PFFP period. These commitments have been financed alongside new projects endorsed under the PFFP for CY2018 and 2019.

As of February 2019, a total of US\$2.1 billion (ARTF: US\$1.3 billion; IDA: US\$691 million) has been committed to projects approved between January-December 2018; and US\$ 549 million is committed to pipeline projects under preparation

with expected approval in FY 2019 (ARTF: US\$390 million; IDA: US\$159). Another US\$448 million is programmed for the 2020 pipeline (ARTF: US\$305; IDA US\$143). Both ARTF and IDA funds are therefore already overcommitted, leaving no room for new programming, unless some of the current portfolio and pipeline programs are restructured, or dropped to make way for new priorities, or financing is sought from other sources (e.g. government's own budget or private financing). Some restructuring has already been performed in the past year. Two projects were closed early, with the balance of funds cancelled: the Non-Formal Approach to Training Education and Jobs in Afghanistan (NATEJA), and the Technical Assistance Facility (TAF).

The Ministry of Finance and the World Bank prepared a draft report of the CPPR technical meetings summarizing the adjustments to the ARTF portfolio (project-level assessments and recommended actions) and pipeline that emerge from the CPPR exercise, as well as the planned follow-up steps (and associated timelines) to address any identified systemic issues. This report was discussed at the ARTF Strategy Group Meeting on February 20, 2019. The revised CPPR report reflecting the feedback of ARTF partners is now presented for the endorsement of the CPPR wrap-up meeting and the ARTF Steering Committee.

## **GROWTH STRATEGY OPERATIONALIZATION**

The GoIRA has developed a Growth Agenda ("Strategy")<sup>[1]</sup> that was presented at the 2018 Geneva Ministerial Conference on Afghanistan. The Strategy outlines several ambitious goals to achieve economic growth, poverty reduction, and self-reliance. Achievement of the targets of the Growth Agenda is dependent on marked improvement in the security environments to underpin the necessary financing for investments and reform implementation.

While the focus of the 2019 ARTF-IDA CPPR is on effectiveness of the current portfolio and prioritization of the pipeline, it has nevertheless been informed by the GoIRA's plans for implementing the Growth Strategy, as there is an overlap between the two. The CPPR process has made clear that there is also a need for additional financing, coordination and clarity on the roles and responsibilities of other on-budget development partners such as the Asian Development Bank, as well as off-budget support from bilateral partners as the GoIRA moves into the implementation phase of its' 5-year Strategy.

## **SUMMARY OF THE PROCESS**

The CPPR was launched by H.E. the Minister of Finance on January 8th, 2019. He emphasized on the importance of self-reliance which the operationalization of the Growth Strategy presented in the Geneva Conference for Afghanistan will help accelerate. In that context, the Minister stressed on the importance of aligning aid to support the Government's development agenda. He highlighted the role of mutual accountability and pledged his full support in improving the performance of the ARTF and IDA portfolio.

Several technical meetings then took place daily over a 3 week-period in January with the active involvement of ARTF partners. These technical meetings were co-led by the Ministry of Finance and the World Bank, and ARTF partners joined all the meetings. The meetings were underpinned by a concept note prepared by the Bank and shared well ahead with all participants. In addition, the Ministry of Finance mobilized line Ministries and implementing agencies which opened the technical discussions with a detailed project presentation, making a case for their alignment, and discussing results and any departure from plans at appraisal, budget and staffing, exit strategy etc. The informative presentations were subsequently shared with ARTF partners at the Strategy Group Meeting on January 23 and could be retrieved on the ARTF website.

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## **SUMMARY OF RECOMMENDATIONS FROM CPPR**

### **A3.1 PORTFOLIO**

The ARTF and IDA portfolio has 32 active projects as of February 2019 for a total net commitment of USD9,651 million, split in roughly equal parts between policy-based budget support and investment projects. The largest share of the investment projects (54 percent) supports the cluster of economic growth and jobs creation, followed by the cluster of poverty reduction, services delivery, citizens' engagement and social inclusion (41 percent), with the remaining projects (5 percent) in support of Governance and State Effectiveness. Undisbursed balance of net commitments is USD2,765 million, essentially under the 31 investment projects, of which USD1,321 million from ARTF, USD1,301 million from IDA, and USD143 million from other sources.

The alignment and performance of the portfolio were generally found satisfactory though the CPPR identified several bottlenecks and systemic issues which, if addressed, could significantly enhance the development impact of ongoing projects. Besides systemic issues described below, project-specific bottlenecks and other issues include high

<sup>1</sup> Afghanistan Growth Agenda for Transformative Change and Self-Reliance Through the Afghanistan National Peace and Development Framework



administration costs, lengthy processes and slow decision making, procurement and contract management, corruption cases, challenges in mobilizing qualified international firms or consultants, roles of Project Implementation Units and Government staff, lack of counterpart funds or delayed budget transfers etc. The CPPR discussed the need to strengthen coordination, improve information sharing, and rollout sector wide approaches to maximize synergies with off-budget programs. It also identified several projects that could be potentially scaled up as part of a post-peace settlement socioeconomic and services delivery program.

Table 1 below summarizes the recommendations by the review. As several projects have entered the portfolio in the past 6 months, representing about 38 percent of the net commitments undisbursed balance, the CPPR emphasized implementation readiness and advised to move ahead with project activities. The CPPR assessed that a group of projects representing 32 percent of the undisbursed balance could continue implementation as is because of strong performance. But the review also concluded that other projects representing 25 percent of the undisbursed balance required restructuring to address identified areas of under-performance or emerging needs. A small number of projects will undergo further review after the CPPR conclusion to look at the costing and identify potential opportunities for savings. Lastly, the review took the stance to not extend any of the projects with a closing date in the next 18 months (about 10 percent of the undisbursed balance), at the exception of the Recurrent Cost Window should ongoing efforts to identify a suitable instrument for the Ad hoc payment facility fail.

**TABLE 1: BOTTOM-LINE RECOMMENDATIONS FOR PORTFOLIO PROJECTS**

RECOMMENDATIONS	UNDISBURSED BALANCE (USD MILLION)				%
	ARTF	IDA	OTHER	TOTAL	
Continue implementation	448.0	408.0	35.0	892.0	32
Continue as is, and close on schedule	282.0	157.0	10.0	449.0	17
Initiate implementation as approved	300.0	325.0	98.0	723.0	26
Restructuring	286.0	410.0	0	697.0	25
Close early	5.0	0	0	0	
Grand Total	1,321.0	1,300.0	143.0	2,761.0	100
<b>GRAND TOTAL</b>	<b>1,347.0</b>	<b>1,424.2</b>	<b>143.0</b>	<b>2,914.2</b>	<b>100</b>

### A3.2 PIPELINE

The CPPR considered 23 proposals, of which 17 were confirmed to be retained as proposed (Table 2). These confirmed pipeline projects for a total commitment of USD1,683 million, include the 2019 Incentives Program-Development Policy Grant (USD400 million), an IDA-only large connectivity program with the Mazar-Herat railway (USD300 million, of which USD200 million from regional IDA), the Opportunity for Maximizing Agribusiness Investments and Development (OMAID) project for USD175 million, an Agro-Water Management and Climate Resilience project for USD115 million and a Water Supply and Sanitation Services and Institutional Support Program for USD100 million.

Among the proposals which are yet to be costed or confirmed for further preparation, 2 have been the subject of extensive discussions and they are likely to be integrated upon further identification and costing. The first is a new Financial Sector Operation which will take the unfinished agenda under the ongoing Financial Sector Rapid Response Project, while integrating new needs around risks-sharing facilities and guarantees. Secondly, the review concluded there should be an alternative instrument to serve the function of the ongoing Ad hoc payment facility should the latter be closed.



**TABLE 2: BOTTOM-LINE RECOMMENDATIONS FOR PIPELINE PROJECTS**

RECOMMENDATIONS	COMMITMENTS (USD MILLION).		
	ARTF	IDA	TOTAL
17 proposals to be retained as proposed.	880	708	1,588
1 to be dropped.	TBD	TBD	TBD
1 to be scaled down	25	25	50
<b>GRAND TOTAL</b>	<b>905</b>	<b>733</b>	<b>1,683</b>

### A3.3 SYSTEMIC ISSUES

Several systemic issues were identified, ranging from fiduciary challenges (procurement and financial management), to safeguards risks and challenges, to the implications of operating in insecure and high risks areas, maximizing impact of Third-Party Monitoring by strengthening follow-up, and rationalizing project staffing. These issues are presented in more details in [section III] of the CPPR report, along with timebound remedy actions, and responsible agencies or individuals.

Under procurement, issues include delays caused from centralization of procurement from Project Implementing Units to Procurement Directorates; long time to approve evaluation reports and award recommendations; protracted exchanges among relevant stakeholders who understanding differently Bank procurement process and evaluation methodology. Integrity of the process also need to be enhanced, as it is observed that leakage of information during procurement process leads to complaints and unwarranted efforts to influence the outcome.

Under financial management, issues that hold back portfolio performance include late or nonpayment of contractors (ranging from a few months to 2 years); deficiencies in HR management with employee credentials not verified and salaries above NTA scales; inadequate record and management of fixed assets; poor contract management with payments sometimes made when works or services were not fully delivered, excessive overtime payments made; extensive and sometimes inappropriate use of petty cash and advance.

Still under financial management, the high ineligibility rate in the RCW and development projects could be also traced to the low qualifications of controllers and possibly their capture by line ministries where they serve, and their role as independent pre-auditors should be strengthened. There is also the need to plan better and adequately resource the orderly closure, asset transfer and document retention for ARTF-IDA funded projects. Lastly, the delayed rollout of the AFMIS and its inadequate integration with the budget departments are a matter of concern, and an impediment to the execution of on budget financing such as ARTF and IDA.

**OPERATING IN INSECURE AND HIGH RISKS AREAS.** Widespread insecurity in Afghanistan bring significant safety risks in ARTF-Bank financed projects. Beyond the personal risks to civil servants and projects staff<sup>2</sup>, the development risk is also very high as failure to adapt to the circumstances in highly insecure areas may lead to withdrawal or suspension of services delivery, thus contributing to widening the access gap across Afghanistan. Given the security situation in the country, it has also increasingly become difficult for GoIRA to attract qualified international consultants in the absence of an adequate duty of care. As a result, critical activities have long been stalled across the portfolio, from the selection of owners' engineers, to safeguards specialists or dam safety specialists, which in turn have crippled projects implementation. For locally recruited project staffs and consultants, life losses while carrying out project activities do not consistently lead to compensation for the survived household members, adding welfare costs to deep personal distress. Addressing this systemic issue consistently across the ARTF and IDA portfolio is urgent, and this CPPR has recommended a rollout of the High-Risks Areas Implementation Strategy (HRAIS) developed for the Citizens Charter Afghanistan Project (CCAP), taking into account the circumstances of individual project; and a portfolio-wide duty of care framework for local and international consultants, building on the principles set under the Fiscal Performance Improvement Program (FPIP).

**MAXIMIZING IMPACT OF THIRD-PARTY MONITORING BY STRENGTHENING FOLLOW-UP.** GoIRA, ARTF partners and the Bank have initiated since 2011 a TPM program, the scope of which has evolved over time from an initial focus on infrastructure to now include environmental, gender and social safeguard monitoring. Through a combination of diverse monitoring approaches, from direct field visits by subject matter experts to participatory monitoring and remote monitoring, the TPM<sup>3</sup> has produced verifiable evidence that ARTF-funded projects have been implemented as intended. Under the ARTF 2018-2020 Partnership Framework and Financing Program (PFFP), GoIRA, ARTF partners and the Bank are bringing a renewed emphasis on monitoring, performance and value-for-money through an Anti-Corruption and Results Monitoring Action Plan (ACReMAP). The ACReMAP significantly expands the scope of the TPM to eventually cover all ARTF-funded projects. In turn, this massive undertaking stresses the importance of ensuring findings by the

<sup>2</sup>Many Government employees and projects staff have been victims of kidnapping or killing throughout the years.

<sup>3</sup>Low cost sensors, satellite imagery and UAVs

TPM result in concrete follow-up actions. The CPPR proposes new mechanisms and workflow to ensure systematic and comprehensive follow-up on the findings of the TPM. The essence of the new mechanism is a greater involvement of Ministry of Finance and ARTF Partners, and formal linkages to other institutional monitoring tools such as the implementation status and results reports (ISR), the CPPR and POSR.

**PROJECT STAFFING/NTA ISSUES.** The CPPR discussed extensively the role of Project Implementation Units versus use of Government capacity, and there is consensus to gradually phase out PIU while managing the size of project staff in the transition period. Indeed, in the ARTF-IDA portfolio, like other externally funded program, technical assistance – through the form of non-civil service staff to address short-term capacity gaps – is becoming increasingly difficult to sustain, whilst also creating many perverse incentives. Approximately 20,141 National Technical Assistance (NTA) contracted staff and advisors are employed by government through on-budget donor financing and from its own development budget. With NTA salaries generally between 8-10 times higher than comparable grades in the core civil service<sup>4</sup> this form of assistance has contributed to luring talented professionals away from civil service positions. The GoIRA with the support of partners continues its efforts to address this challenge. The CPPR is recommending the development of an updated NTA Registry/Database, initiating a Phase-Out Action Plan based on comprehensive NTA Assessment, and utilizing project preparation, Mid-term Review, and restructuring to explore opportunities for adopting 'best practice'.

**MANAGING ENVIRONMENTAL AND SOCIAL RISKS.** Grievance Redress Mechanisms (GRMs) that provide a vehicle for beneficiaries to voice concerns are not always fully functional. Line ministries and project implementation units (PIUs) face institutional and capacity constraints in meeting safeguards requirements during project development and implementation. Ownership and prioritization of safeguards issues vary significantly across sectors and projects with safeguards activities tending to be viewed as a constraining factor and subservient to technical or other needs. Ministries tend not to have dedicated safeguards staff to oversee activities. This hampers communications to Ministerial decision-makers on major safeguards bottlenecks and capacity constraints, and limits opportunities to identify solutions despite multiple projects operating in some ministries. Several projects face challenges in filling or retaining PIU staff for key functions. Some projects face issues in identifying local and/ or international consulting firms with adequate capacity to prepare environmental and social safeguards assessments and plans, or willingness to engage in Afghanistan due to security concerns.

The ACRReMAP pillar for “Strengthening Safeguards Management” focuses on three main measures: improving coordination between line ministries and project teams, strengthening the capacity of the National Environmental Protection Agency (NEPA) and the Ministry of Urban Development and Land (MUDL), and establishing a process to proactively manage safeguards risks and bottlenecks in the pipeline and portfolio. The CPPR has been the opportunity to agree on the latter measure, by proposing a new mechanism and workflow to ensure systematic and comprehensive management of environmental and social risks across the portfolio.

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<sup>4</sup>According to AFMIS data, on-budget NTA (equal to just 5 percent of the entire non-uniform civil service) cost (US\$212 million), more than a quarter of the annual cost of the core civil service (US\$800 million) in 2017 and roughly comparable to the total base salaries for teachers (US\$256 million).

## ARTF-IDA PIPELINE-OVERVIEW

VERSION: FEBRUARY 24, 2019

VERSION: 1 FEBRUARY 24, 2019

			PROJECT DETAILS									SUMMARY OF CPPR ASSESSMENT	
CODE	NAME	DEVELOPMENT OBJECTIVE	RATING			GOIRA AGENCY	APPROVAL DATE	CLOSING DATE	NET COMMITMENT				
			DO	IP	Risk				ARTF	IDA	R		TOTAL
TOTAL: INVESTMENT FINANCING AND POLICY BASED BUDGET SUPPORT									905	733	-	1,638	
									300	100	-	400	
P168446	2019 Incentive Program Development Policy Grant.	(i) strengthening the policy framework to support state effectiveness, private investment, and social inclusion; and (ii) improving the policy and institutional framework for public financial management.				MoF	20-Jun-19	30-Jun-20	300	100	-	400	RETAIN AS PROPOSED and pursue Preparation.
TBD	Successor to the Ad Hoc Payment Facility	TBD				MoF							RETAIN AS PROPOSED to provide a viable alternative mechanism to the Ad Hoc Payment Facility.
INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)									605	633	-	1,238	
Effective governance NPP									40	10	-	50	
P168266	Payments Automation and Integration of Salaries in Afghanistan (PAISA)	To support the development of a payment platform for digital government-to-person payments in Afghanistan.			H	MoF	25-Apr-19		40	10		50	RETAIN AS PROPOSED and review costing for possible cost saving. The project design fills a critical gap in the national payments architecture and – in its current design- reflects deep discussions and agreements across key Government agencies.
Justice and Legal Sector Reform NPP									10	25	-	35	
P164762	AFG Land Administration System Project	To (a) support the development of the Afghanistan land administration system, and (b) provide the population in the Project area with improved cadastre and property registry services.				MUDL	25-Apr-19	30-Sep-24	10	25		35	RETAIN AS PROPOSED. Review costing for possible cost saving. The Project has the potential to help DyML establish a strong foundation for land administration in the country.
Human capital development NPP									65	38	-	103	
P161728	Afghanistan Placing Labor Abroad and Connecting to Employment Domestically	Assist Afghan jobseekers to access and sustain jobs through managed international labor migration and labor market intermediation services domestically			S	MoLSA	25-Apr-19		40	10		50	RETAIN AS PROPOSED. Review costing for possible cost saving.
P168961	Higher Education Acceleration and Transformation	To enhance graduate employability, improve governance of higher education and establish a regional network of higher education institutions.							-	3	-	3	RETAIN AS PROPOSED. Review cost-benefit analysis of the project to determine value for money. A regional program, along with Bangladesh, with a total cost of USD300 million.
TBD	Youth engagement and skills					TBD			25	25		50	Scale down. Plan to provide some funding through GIZ.
Comprehensive Agricultural Development NPP									150	25	-	175	
P168179	Opportunity for Maximizing Agribusiness Investments and Development (OMAID)	Enhance the competitiveness of key agri-value-chains in Afghanistan for increased market access and value-addition for farmers and agri-entrepreneurs.			H	TBD	14-Jun-20	TBD	150	25	-	175	RETAIN AS PROPOSED. Project coordination and working arrangement between the three relevant line ministries need to be further worked out.
National Mineral and Resource Development NPP									5	65	-	70	
P159402	Afghanistan:Extractives Sector Development Project	Support implementation of roadmap for responsible development of Afghanistan's natural mineral and hydrocarbon resources.			H	MoMP	25-Apr-19		5	65		70	REVIEW PROJECT CONCEPT to ensure the project will focus on revenue generating activities and financing plan is realistic.
Infrastructure and connectivity NPP									335	470	-	805	

PROJECT DETAILS									NET COMMITMENT				SUMMARY OF CPPR ASSESSMENT
CODE	NAME	DEVELOPMENT OBJECTIVE	RATING			GOIRA AGENCY	APPROVAL DATE	CLOSING DATE					
			DO	IP	Risk				ARTF	IDA	R	TOTAL	
TBD	Mazar-e-Sharif - Herat Railway Project				H	MoPW				300		300	RETAIN AS PROPOSED. GoIRA will lead the regional dialogue. Bank will help organize a regional workshop.
TBD	Provincial Roads Connectivity Plan Project	TBD										-	DROP. Will be funded through government's own budget. Follow on to ARAP mainly focusing on secondary roads.
TBD	Afghanistan Investment Guarantee Facility	TBD							100			100	Retain. Can evolve into a good operation.
TBD	Extension of Trans-Euroasian Information Super Highway	TBD											Fold into Digital CASA
P157827	Mazar-e-Sharif Gas-to-Power Project	Demonstrate Private Sector Participation in the Energy Sector			H	MoEW-MoMP	16-May-19			25		25	RETAIN AS PROPOSED to provide IDA Partial Risk Guarantee for the power generation PPP.
P166405	Shebergan Gas to Power Project	(i) to increase the amount of reliable electricity generated in Afghanistan and (ii) to build a track record for the			H	MoEW-MoMP	21-May-19			13		13	RETAIN AS PROPOSED to provide IDA Partial Risk Guarantee for the power generation PPP.
P164962	Kajaki Hydroelectric Dam Addition PRG	To increase the supply of domestically generated hydroelectricity at the Kajaki Hydrelectric Plant (KHP).			H	MoEW	14-Oct-19			15		15	RETAIN AS PROPOSED to provide IDA Partial Risk Guarantee for the power generation PPP.
TBD	CASA-1000 IFI Guarantees (Afghanistan, Pakistan, Kyrgyz Republic, Tajikistan)				H	MoEW	FY20			2		2	RETAIN AS PROPOSED to provide IDA Partial Risk Guarantee to back stop government payments under the CASA PPAs.
TBD	Central Asia-South Asia Power Transfer Project	TBD										-	Park the concept for now and wait for the discussion with Siemens. Will revisit if it did not work with Siemens.
TBD	Development and transfer of wind power from western Afghanistan to Gulf countries.	TBD										-	Discussion with ADB and Siemens to include in their feasibility study.
TBD	Renewable Energy Project: Scaling up	TBD				TBD				50		50	RETAIN and should include all sources of available renewable energy
TBD	Agro-Water Management and Climate Resilience	Strengthen agro-water management and climate resilience.				MoAIL	TBD		85	15		100	RETAIN AS PROPOSED but focus on flood protection. Better to combine with IRDP and OFWM. Revision to the Water Law to identify roles and responsibilities of each relevant ministry is critical.
P169970	Afghanistan Water Supply and Sanitation Services and Institutional Support Program	(i) improve coverage and quality of water supply and sanitation services in selected areas in Afghanistan; and (ii) strengthen the Afghanistan water services institutions for better			H		31-Mar-20	31-Oct-26	150	50		200	RETAIN AS PROPOSED but AWUSSC must develop its revenue generating capacity to ensure sustainability and revenue.
Private Sector Development Program (PSD NPP)													
TBD	New Financial Sector Operation (Name TBD)	TBD											Potential for this operation to serve as the main standalone operation in the banking sector and fold other projects into it.

## ARTF-IDA PORTFOLIO OVERVIEW

VERSION: FEBRUARY 27, 2019

PROJECT DETAILS															SUMMARY OF CPPR ASSESSMENT
NAME	RATING			GOIRA AGENCY	APPROVAL DATE	CLOSING DATE	NET COMMITMENT				UNDISBURSED BALANCE				
	DO	IP	Risk				ARTF	IDA	OTH	TOTAL	ARTF	IDA	OTH	TOTAL	
TOTAL: INVESTMENT FINANCING AND POLICY BASED BUDGET SUPPORT							7,544	1,959	143	9,646	1,321	1,301	143	2,765	
POLICY-BASED BUDGET SUPPORT (IDA-DPG and ARTF-RCW)							5,317	90	-	5,407	11	-	-	11	
ARTF - Recurrent and Capital Costs	S	S	M	MoF	13-May-02	31-Mar-19	5,107	-	-	5,107	11	-	-	11	CONTINUE AS IS, and close as planned. Looking into a viable alternative mechanism to replace the ad hoc payment
2018 DPG - Incentive Program	NA	NA	H	MoF	14-Jun-18	15-May-19	210	90	-	300	-	-	-	-	CONTINUE AS IS. Required high-level interventions in the end to meet benchmarks. Ensure proper mechanism is in
INVESTMENT PROJECT FINANCING (IDA-IPF and ARTF-IW)							2,227	1,869	143	4,239	1,310	1,301	143	2,753	
Effective governance NPP							158	70	-	228	152	55	-	207	
FPIP Support Project (FSP)	S	S	H	MoF	19-Dec-17	28-Dec-22	75	25	-	100	72	11	-	83	RESTRUCTURE to accommodate recent changes and review for potential cost savings.
Public-Private Partnerships and Public Investment Advisory	S	MS	H	MoF	27-Jun-18	28-Jun-23	33	20	-	53	30	19	-	49	CONTINUE AS IS. Inter-ministerial coordination and delays in PEC's decision-making on project approval are potential
Tackling Afghanistan's Government HRM and	NA	NA	H	IARCSC	19-Dec-18	31-Dec-21	50	25	-	75	50	25	-	75	INITIATE IMPLEMENTATION AS APPROVED. No scale up envisaged at this moment.
Human capital development NPP							580	295	133	1,008	500	233	133	500	
Afghanistan Sehatmandi Project	S	S	H	MoPH	28-Mar-18	30-Jun-21	425	140	35	600	372	115	35	522	CONTINUE AS APPROVED. Potential for scale up as part of the post-settlement package and to take on board the new expanded health services package adopted by MoPH.
EQRA			H	MoEd	28-Sep-18	31-Dec-23	100	100	98	298	100	100	98	298	INITIATE IMPLEMENTATION AS APPROVED. Potential for scale up. High-risk and high-profile project. Implementation manuals are readiness conditions and not
Afghanistan - Second Skills Development Project	MS	MS	S	MoEd	19-Mar-13	30-Jun-21	-	55	-	55	-	18	-	18	RESTRUCTURE (level 2) to bring in activities under the Youth PASA. No other changes otherwise and close as planned.
Higher Education Development Project	S	MS	S	MoHE	07-Jul-15	31-Dec-22	55	-	-	55	28	-	-	28	CONTINUE AS IS. Need to review implementation and how it supports women empowerment efforts.
Women's Economic Empowerment NPP							80	25	-	105	80	25	-	105	
Women's Economic Empowerment Rural Development Program		S	S	MoRRD	28-Sep-18	30-Jun-23	75	25	-	100	75	25	-	100	INITIATE IMPLEMENTATION AS APPROVED. Tackle potential delay in the FP recruitment. Programming to be reviewed to ensure linkage to NHLP.
WEE-NPP Support	MS	MS	S	MoLSA	22-Aug-17	31-Jul-20	5	-	-	5	5	-	-	5	Close and fold into MoF Policy Unit - not strategically placed at MoLSA to meet its strategic goal and perform its coordination mandate.
Citizens Charter NPP							244	228	-	472	170	81	-	251	
Citizens' Charter Afghanistan Project	S	S	H	MoRRD-IDLG	27-Oct-16	31-Oct-21	244	228	-	472	170	81	-	251	RESTRUCTURE. Resolve protracted staffing issues to bring in rural schools and Kuchi components and then Potential for scale-up. High-risk and high-profile project.
Social cohesion							90	150	-	240	90	150	-	240	
CASA-1000 Community Support Program	MS	S	S	MoRRD	24-Mar-14	30-Jun-22	40	-	-	40	40	-	-	40	RESTRUCTURE, to scale down financing commensurate to the number of identified and confirmed beneficiary communities, and realistic implementation rate by current

PROJECT DETAILS															SUMMARY OF CPPR ASSESSMENT			
NAME	RATING			GOIRA AGENCY	APPROVAL DATE	CLOSING DATE	NET COMMITMENT				UNDISBURSED BALANCE							
	DO	IP	Risk				ARTF	IDA	OTH	TOTAL	ARTF	IDA	OTH	TOTAL				
Afghanistan: Eshteghal Zaiee - Karmondena (EZ-Kar)	NA	NA	H	MoEc	19-Dec-18	31-Dec-23	50	150	-	200	50	150	-	200	<b>INITIATE IMPLEMENTATION AS APPROVED.</b> And review for potential cost saving. Potential for scale-up. High-risk and high-profile project.			
Comprehensive Agricultural Development NPP							327	20	10	358	86	19	10	115				
AF On-Farm Water Management	S	S	S	MoAIL	16-Feb-11	31-Dec-19	70	-	-	70	9	-	-	9		<b>CONTINUE AS IS</b> and close on schedule. Consider consolidation with IRDP and the proposed Agro-Water		
Afghanistan Agricultural Inputs Project	MS	MS	S	MoAIL	17-Jun-13	30-Jun-19	67	-	-	67	33	-	-	33			<b>CONTINUE AS IS</b> , and close on schedule - no extension. Other vehicles such as NHLP and off-budget funding available to substitute for the engagement.	
Afghanistan Strategic Grain Reserves	S	S	M	MoAIL	13-Jun-17	01-Jul-22		20	10	30	-	19	10	29				<b>CONTINUE AS IS</b> , with minor tweaks as needed.
AFG: National Horticulture and Livestock Productivity Project	S	S	S	MoAIL	12-Apr-13	31-Dec-20	190	-	-	190	45			45	<b>CONTINUE AS IS.</b> Key part of the ABC. Potential for scale-up. High-risk and high-profile project. Procurement delays hamper implementation.			
Infrastructure and connectivity NPP							523	900	-	1,422	137	616	-	753				
Trans-Hindukush Road Connectivity Project	MS	MU	H	MoPW	20-Oct-15	31-Dec-22	-	250	-	250	-	229	-	229		<b>UNDER-PERFORMING.</b> Review implementation at MTR in June or earlier. Contract for 2 segments awarded but the work is yet to start. May look into restructuring. <b>CONTINUE AS IS</b> and close as scheduled. Tertiary roads to fold into CCAP - should take in relevant ARAP staff too. No follow-up for the secondary roads component.		
Afghanistan Rural Access Project	S	MS	H	MoPW-MoRRD	26-Jun-12	15-Mar-20	312	125	-	437	-	-	-	-			<b>UNDER-PERFORMING.</b> Review by end-June 2019 and decide on level 2 restructuring. Trans-Euroasian Information Super-Highway to become part of it. Procurement is an issue. MoF indicated its approval for a single source procurement of firm/consultant for dam safety assessment.	
AF: Digital CASA 1	S	S	S	MoCIT	28-Feb-18	31-Mar-23	-	51	-	51	-	50	-	50				<b>CONTINUE AS IS</b> , but use the findings of the forthcoming MTR to look into a level 2 restructuring to address implementation issues or evolving needs. Trainings to the
Naghlu Hydropower Rehabilitation Project	MS	MS	H	DABS	14-Dec-15	30-Sep-22	83	-	-	83	66	-	-	66	<b>CONTINUE AS IS and review</b> cost breakdown and implementation progress.			
DABS Planning And Capacity Support	MS	MS	S	DABS	10-Feb-16	31-Jul-20	6	-	-	6	5	-	-	5				
Herat Electrification Project	S	MS	H	DABS	13-Jun-17	31-Jan-22	-	60	-	60	-	56	-	56	<b>CONTINUE AS IS</b> and consider folding into the proposed Agro-Water Management and Climate Resilience operation building on the On-Farm Water.			
Central Asia South Asia Electricity and Trade	MS	MS	H	DABS	27-Mar-14	30-Mar-23	3	316	-	319	2	274	-	276		<b>CONTINUE AS IS.</b> Watch for potential fiduciary issues. MoF to meet with the KMDP team.		
AF Irrigation Restoration and Development Project	S	S	S	MoEW	28-Apr-11	31-Dec-20	118	98	-	216	65	7		72			<b>CONTINUE AS IS</b> , and close on schedule. Land acquisition reported as a main reason for delayed implementation	
Urban Development NPP							225	45	-	270	95	42	-	137				
Kabul Municipal Development Program	S	MS	H	KM	03-Apr-14	30-Jun-21	110	-	-	110	41	-	-	41				
Kabul Urban Transport Efficiency Improvement	S	MS	S	KM	03-Apr-14	31-Dec-19	90	-	-	90	29	-	-	29				



PROJECT DETAILS															SUMMARY OF CPPR ASSESSMENT
NAME	RATING			GOIRA AGENCY	APPROVAL DATE	CLOSING DATE	NET COMMITMENT				UNDISBURSED BALANCE				
	DO	IP	Risk				ARTF	IDA	OTH	TOTAL	ARTF	IDA	OTH	TOTAL	
Cities Investment Program				IDLG-MoUD	19-Dec-18	30-Jun-24	25	25	-	50	25	25	-	50	INITIATE IMPLEMENTATION AS APPROVED.
Urban Development Support Project	S	MS	H	MoUD	13-Jun-17	30-Jun-20	-	20	-	20	-	17	-	17	CONTINUE AS IS, and close on schedule. Potential to consolidate projects in the urban sector.
Private Sector Development Program (PSD NPP)							-	136	-	136	-	80	-	80	
Financial Sector Rapid Response Project	MS	MS	S	DAB	25-Aug-11	31-Oct-19	-	46	-	46	-	22	-	22	CONTINUE AS IS, but given the age of the project, useful to consolidate critical component on core banking systems with new initiatives such as risk-sharing engagement.
Afghanistan Access to Finance	MS	S	H	DAB-MISFA	26-Nov-13	30-Jun-21	-	50	-	50	-	21	-	21	CONTINUE AS IS. Procurement delays and lack of relevant local capacity are the two main challenges faced by the project.
Modernizing Afghan State-Owned Banks	S	S	S	MoF	28-Mar-18	28-Mar-23	-	40	-	40	-	37	-	37	CONTINUE AS IS. Potential for scaling down - to review the costing of components.



## B

PORTFOLIO  
SNAPSHOT

## INCENTIVE PROGRAM DEVELOPMENT POLICY GRANT (P168446)

## KEY DATES:

Approved: June 14, 2018

Closing: May 15, 2019

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	210	0
IDA	90	0
Other	0	0
Total Financing	300	0

## BACKGROUND AND OBJECTIVES:

The World Bank, as the administrator of the ARTF, has been providing recurrent cost support to Government since 2002. Government remains heavily reliant on grants to finance its operations. Resources provided to meet recurrent costs have accounted for around 20 percent of non-security recurrent expenditures, and between \$250 million and \$350 million per year since 2013. In 2018, recurrent cost support was provided through a standard Development Policy Financing operation for the first time, with the first of a non-programmatic series of three development policy operations approved by the Board in June 2018. The proposed IP DPG operation will support selective reform areas of the two flagship reform programs of the Government: the ANPDF and the FPIP. This DPG aims to support the Government in improving economic and fiscal self-reliance by supporting: (i) select reform areas of the ANPDF; and (ii) key PFM reforms pursued under the FPIP.

The proposed operation introduces several innovations on standard Development Policy Grant design but remains aligned with World Bank's DPF Policy. First, the operation will be composed of eight tranches. The first tranche of \$90 million of IDA resources is associated with three prior actions. Seven tranches of \$30 million of ARTF resources each are associated with tranche release conditions that are expected to be fulfilled by a specified Completion Date (November 15, 2018). Second, disbursement amounts associated with tranche release conditions will be timing dependent.

The Project Development Objective (PDO) is "to strengthening the policy framework to support state effectiveness, private investment, and social inclusion; and improving the policy and institutional framework for public financial management".

The Project Development Objective (PDO) is "**TO STRENGTHENING THE POLICY FRAMEWORK TO SUPPORT STATE EFFECTIVENESS, PRIVATE INVESTMENT, AND SOCIAL INCLUSION; AND IMPROVING THE POLICY AND INSTITUTIONAL FRAMEWORK FOR PUBLIC FINANCIAL MANAGEMENT**".

## KEY RESULTS EXPECTED:

- The 2018 operation disbursed the full allocated amount of IDA and ARTF financing (\$300 million) with all tranche release conditions met
- The 2018 operation supported important reforms in: i) strengthening the business enabling environment; ii) improving the legal and regulatory framework for water and irrigation management; and iii) strengthening tax administration and public financial management.

## KEY PARTNERS:

- Ministry of Finance PACT team (coordinating the operation and tracking progress against policy actions)
- Ministry of Finance (implementation responsibility for PFM and tax reforms)
- Ministry of Agriculture (implementation of water related reforms)
- De Afghanistan Breshna Sherkat (implementation of energy reforms)
- Independent Administrative Reform and Civil Services Commission (Implementation of civil service reforms)

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

The CPPR review showed the following:

- Broad support for the program and appreciation for the role of MoF in both implementing and coordinating other agencies around the policy actions supported by the operation.
- Recognition that 2019 will be an important year for the incentive program, given the potential fiscal risks associated with the election period, and the need to ensure smooth implementation of supported policy reforms to mobilize associated budget support
- Recognition that ARTF partners are concerned about back-sliding against reforms supported under previous Incentive Program series – donors do not consider implementation of new actions is sufficient if we do not continue to achieve progress against areas supported in previous years. Further monitoring may be required in this regard.

**MAIN ISSUE:** the need for MOF to continue to play a leadership role in coordinating, tracking, reporting on and ensuring completion of policy actions to ensure full disbursement during a difficult year. The Minister's continued strong engagement to ensure that policy actions are completed would be greatly appreciated.

### **BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS** and close as planned followed by the 2019 IP DPG round. Required high-level interventions in the end to meet benchmarks. Ensure proper mechanism is in place for the 2019 IP DPG.



## PILLAR 1: GOVERNANCE AND STATE EFFECTIVENESS -- EFFECTIVE GOVERNANCE NPP

### TACKLING AFGHANISTAN'S GOVERNMENT HRM AND INSTITUTIONAL REFORMS (P166978)

#### KEY DATES:

Approved: December 19, 2018

Closing: December 31, 2021

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	50	50
IDA	25	25
Other	0	0
Total Financing	75	75

#### BACKGROUND AND OBJECTIVES:

TAGHIR supports the government's public administration reform agenda. Following its predecessor Capacity Building for Results (CBR) Facility, TAGHIR will continue to provide financing for meritocratic recruitment of qualified civil servants in senior and technical posts across government, helping to address the institutional and fiscal sustainability challenges posed by the heavy reliance on donor-financed project consultants ('parallel civil service'). In addition, the project includes other key initiatives for public administration reform. For example, TAGHIR foresees the development of HRMIS/Payroll to support improved personnel and payroll management, and technical assistance to civil service professionalization efforts through the introduction of key cadre groups.

The Project Development Objective (PDO) is **"TO STRENGTHEN THE CAPACITY OF SELECTED LINE MINISTRIES AND AGENCIES THROUGH MERIT-BASED RECRUITMENT OF KEY POSITIONS, IMPROVED PERSONNEL MANAGEMENT, AND BETTER HR PLANNING"**.

The project consists of the following three components:

- **HUMAN RESOURCE CAPACITY INJECTION:** This component will provide financing for a capacity 'surge' to support the government in the delivery of its key policy priorities. The component will support a total of up to 1,500 new (TAGHIR) and 'legacy' (CBR) civil servant positions at any one time. These positions will be concentrated within 16 priority LMAs that have been pre-determined by the Independent Administrative Reform and Civil Service Commission (IARCSC) and endorsed by the Cabinet of the Government of the Islamic Republic of Afghanistan (GoIRA) based on their direct contribution to key higher-level government objectives.
- **PERSONNEL AND PAYROLL MANAGEMENT:** This component will strengthen establishment, control and personnel management and contribute to more reliable payroll management. The key activity for which financing will be provided is building a functional HRMIS, grounded in business process review. The HRMIS will be integrated with biometric civil servant enrollment, payroll, AFMIS, and e-Payment Systems.
- **SUPPORT TO ADMINISTRATIVE REFORMS:** This component is intended as a flexible technical assistance (TA) facility for IARCSC. The component will avail discrete, specialized and primarily international consultant led technical assistance activities in support of key administrative reforms on a just-in-time basis. Technical assistance activities are foreseen around functional reviews, establishment control and personnel management, pay structure and policy, cadres' development, and strategic management of national and international TA.

#### KEY RESULTS EXPECTED:

- Support capacity 'surge' to the government in the delivery of its key policy priorities,
- Strengthen control and personnel management system and contribute to more reliable payroll management.

#### KEY PARTNERS:

Independent Administrative Reform and Civil Service Commission (IARCSC)

#### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

While at this stage of early implementation there are no issues that can be characterized as bottlenecks but there are a number of strategic priorities that are herewith highlighted for the reference of key policy makers and for which momentum should be maintained for the benefit of smooth project implementation:

- **STRATEGIC STAFFING PLANS:** Staffing plan templates have now been completed and submitted by majority of priority LMAs. These submitted staffing plans are currently in process of vetting by IARCSC. Staffing plans will also require

World Bank prior review as well as higher level government endorsement through the relevant High Council. It is important that this process be expedited to ensure commencement of new priority line ministry recruitments and that these recruitments align with the higher-level objectives that government intends TAGHIR capacity injection to contribute towards.

- **CONTRACT TEMPLATE:** IARCSC has finalized TAGHIR contracts for 'legacy' CBR appointees using the new contract template developed for TAGHIR. It is important that these contracts separate base pay (Pay & Grading) and top up amounts and that per the project legal agreement, government directly covers the base pay of all appointees. This will ensure continued project financing of top up amounts for the subject appointees.
- **PROCUREMENT OF THIRD-PARTY VERIFICATION AGENCY:** IARCSC advanced procurement of the services of a third-party verification agency to provide quality assurance of TAGHIR recruitment. The process has however proven slow, partly as a result of delays in securing NPA approvals. At present, the procurement process is at RFP stage and it will be important to ensure that this stage and the remainder of the procurement process proceeds in a timely manner given that the agency is required to be in place ahead of commencement of new TAGHIR recruitments.
- **TAGHIR 'SOCIALIZATION':** It is critical that both IARCSC and the Bank continue socialization to beneficiaries, relevant partners and affected line ministries and civil servants of the new TAGHIR approach and its linkage to broader administrative reform processes, including on civil servant pay and professionalization etc.
- **HRMIS/PAYROLL:** It was agreed during project preparation that an adequacy testing of the overall 'fit for purpose' (readiness, functionality, and integrate-ability) of the bespoke web-based HRMIS solution currently being developed by IARCSC would be carried out in January/February 2019. Investments in the current system and its roll-out by the project or deciding to shift to alternatives such as an off-the-shelf solution would be predicated on the findings of this testing process. It is therefore imperative that the testing process be initiated immediately and while planned to be financed through TAGHIR, the Bank can work closely with IARCSC to identify appropriate technical expertise for this assignment. The Bank will also continue to work with IARCSC to ensure coordination of efforts with the EQRA and PAISA projects and with other relevant initiatives/counterparts.

**BOTTOM LINE RECOMMENDATION:**

**INITIATE IMPLEMENTATION AS APPROVED.** No scale up envisaged at this moment.



## FISCAL PERFORMANCE IMPROVEMENT SUPPORT PROJECT (P159655)

### KEY DATES:

Approved: December 19, 2017

Closing: December 28, 2022

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	75	72
IDA	25	11
Other	0	0
Total Financing	100	83

### BACKGROUND AND OBJECTIVES:

FSP supports the government's PFM reform agenda. The project constitutes the implementation arm of the government's comprehensive PFM Road Map that provides significant opportunities to increase revenue, reduce corruption, decentralize/improve service delivery while moving the responsibility of all key functions to core government staff. The Road Map is underpinned by a set of detailed five-year operational plans, referred to as the Fiscal Performance Improvement Plan (FPIP). These plans are focused on sustainability, capacity building, and government leadership. In supporting implementation of the FPIP, the FSP reaches beyond core PFM functions, including revenue administration and policy, human resources reform, macro-fiscal policy analysis, and improved performance of State-Owned Enterprises. The implementation of FPIP will directly support the delivery of the 2017-2021 ANPDF.

The Project Development Objective (PDO) is **“TO CONTRIBUTE TO THE IMPROVEMENT OF DOMESTIC REVENUE MOBILIZATION AND PUBLIC EXPENDITURES MANAGEMENT, AND OF REINFORCING A PERFORMANCE-ORIENTED MANAGEMENT CULTURE IN THE MINISTRY OF FINANCE”**.

The project consists of the following three components:

- **BUDGET AS TOOL FOR DEVELOPMENT:** This component 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:** This component is designed to strengthen capacities of various revenue administration departments to increase tax compliance and facilitate timely filing and payment. It further aims to enhance Government's capacity to effectively regulate Afghanistan's minerals and hydrocarbon resources sector.
- **TREASURY MANAGEMENT, ACCOUNTABILITY, AND TRANSPARENCY:** This component aims to consolidate basic core PFM functions to underpin more ambitious aspects of planned PFM and budget reforms.
- **INSTITUTIONAL CAPACITY BUILDING AND PERFORMANCE MANAGEMENT:** This component aims to build capacity of MOF staff and the requisite systems for effective functioning of the ministry, and to reinforce overall performance management and coordination of the FPIP.

### KEY RESULTS EXPECTED:

- Budget Processes; Fiscal Policy; and Development Policy. MoF has successfully implemented reforms to the budget process through a revised budget circular and budget submission template.
- Tax Administration: The IMF estimate of 2018 revenue/GDP ratio is 11.8 percent, exceeding the Year 1 FSP target. Implementation of the Afghanistan Revenue Department (ARD) Value-Added Tax (VAT), Communication, and Single Large Taxpayer Office (SLTO) implementation plans is underway.
- Automated Systems for Customs Data (ASYCUDA) roll-out continues, with 18 Customs offices connected. Additional modules are also being added.
- The NPA has advanced its piloting of Electronic Government Procurement (eGP), with each of the following modular systems now fully developed and in various stages of implementation and information on these provided to the public via the NPA's website.
- As part of GoA's shift to a “Tashkeel first” agenda, National Technical Assistance (NTA) migration has commenced across all FSP entities (MoF, NPA, SAO).

## KEY PARTNERS:

Ministry of Finance

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

The CPPR provided a progress update on remedial actions agreed during the FPIP Workshop (September 21-22, 2018) to address FSP implementation issues and challenges. These issues are summarized below, with the key decision points highlighted:

- **DISCONNECT BETWEEN FSP AND FPIP:** This primarily resulted from delays in 2018 FPIP plans' preparation and lack of internalization of the FPIP which manifested in lack of prioritization of FSP investments and continued ad hoc requests. Agreed Action: Starting 2019, MoF agreed to synchronize FSP planning and implementation with FPIP plans, cross-referencing FSP financing requests with reform priorities and core business activities.
- **COMMITTED FSP EXPENDITURE:** FSP's expenditure plan for the first 12-18 months is over-inflated with 42 percent of total project financing committed during this period. This is partly due to high expenditure requests from legacy teams, including automatic carry-over in many cases of sub-optimal or misaligned PFMR-II expenditure. High expenditure on IOC is of particular concern. Agreed Action: MoF agreed to validate the proposed level of expenditure of each project component in relation to its total project allocation.
- **SLOW IMPLEMENTATION (RELATIVE TO COMMITTED EXPENDITURE LEVELS):** FSP implementation remains slow despite the large upfront fund allocation. As of September 2018, only 26 among 126 procurement packages commenced implementation after almost half of the implementation period (18 months).
- **QUALITY OF EXPENDITURE:** It is currently difficult to see the reform-linkage of FSP in the composition of committed expenditures. As of September 2018, more than 80 percent of expenditure was on contracted staff and travel. Expenditure on contracted staff is especially problematic given the intention of FSP to strengthen core functions. Procurement Plan expenditure commitments include US\$4 million of IT equipment, US\$380K electronic equipment, and US\$400K furniture.
- **HIGH RELIANCE ON NATIONAL CONTRACTED STAFF:** The 2017 FPIP underscored the importance of gradually reducing the reliance on National Technical Assistants (NTA). The FSP accordingly targets 50 percent reduction in the number of NTAs over five years.
- **LACK OF COSTING AND FUNDING OF PLANS:** Lack of costing in FPIP plans places a significant burden on FSP. FSP implementation planning made in the absence of identification of costing and funding sources of FPIP plans results in unfunded FPIP activities and over or duplicate funding of other lower priority activities.
- **DONOR COORDINATION:** There are multiple donor TA assistance programs planned in support of FPIP/PFM reforms. FPIP originally envisioned to consolidate all donor TA into one single program.

## BOTTOM LINE RECOMMENDATION:

There are two separate issues which may necessitate a future Level 1 restructuring of the FSP. These relate to:

- The desire by some newly appointed Deputy Ministers and Director Generals that were not involved in FSP project preparation for recalibration of some of the FSP's Results Indicators; and
- The desire of both MoF and the Ministry of Mines and Petroleum (MoMP) to provide the latter with financial management and procurement autonomy (separate implementation entity status) under the FSP. This is intended to ease administration of AEITI Secretariat activities financed under the FSP with the Secretariat now having moved from MoF to MoMP.

The CPPR requested further consideration and clarity from MoF on the above for which at present, no formal project restructuring requests have been received by the Bank.

**RESTRUCTURE (LEVEL 2) TO** accommodate recent changes (in the EITI component and the revised Results Framework) and review for potential cost savings. Decision on such restructuring will be made by end-February 2019.

## KEY DATES:

Approved: June 27, 2018

Closing: June 28, 2023

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	33	30
IDA	20	19
Other	0	0
Total Financing	53	49

## BACKGROUND AND OBJECTIVES:

PPIAP is aimed at enhancing resources for development investment projects. It meets two urgent imperatives of the Government: (1) Improve public financial management via an integrated Public Investment Management (PIM) framework which is integrated with Public-Private Partnerships (PPP); and (2) Leverage private investment through the country's PPP program.

PPIAP will support the planning, budgeting, and preparation of development investment projects to ensure strategic prioritization and successful implementation.

The Project Development Objective (PDO) is “**TO DEVELOP A PIPELINE OF FEASIBLE PRIVATE AND PUBLICLY FUNDED PROJECTS**”.

The project consists of the following three components:

- **STRENGTHENING INSTITUTIONAL AND TECHNICAL CAPACITY:** Strengthening the capacity of relevant institutions and supporting development of a PIM-PPP Framework.
- **INFRASTRUCTURE PROJECT PREPARATION FACILITY (IPPF):** Supporting establishment and operation of an IPPF, including development of its governance structure, institutional roles and responsibilities.
- **PROJECT MANAGEMENT:** This component will support the operation of the Project Management Unit (PMU) to carry out its monitoring, management, and implementation obligations under the project until it is mainstreamed into the Afghan civil service.

## KEY RESULTS EXPECTED:

- 10 feasibility studies that lead to tendered projects are conducted
- PPP Policy and Regulations operationally applied
- 5 Number of PPP projects tendered

## KEY PARTNERS:

- Ministry of Finance of the Islamic Republic of Afghanistan,
- Australian Department for Foreign Affairs and Trade,
- The U.K. Department for International Development (DfID),
- United States Agency for International Development (USAID) and,
- The Asian Development Bank (ADB).

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

Bottlenecks faced by the project team are:

- Procurement of other advisory firms to be expedited by PMU with WB support,
- Staffing: CPA/PMU to resolve NTA issues with MoF and conclude recruitment of key staff in line with the agreed staffing plan.

## BOTTOM LINE RECOMMENDATION:

**CONTINUE AS IS.** The Project has made satisfactory progress on early implementation. Inter-ministerial coordination and delays in PEC's decision-making on project approval are potential issues. Procurement of firms needs to be further expedited so the IPPF-supported subprojects can commence on-ground preparation.

## JUSTICE AND LEGAL SECTOR REFORM NPP



**KEY DATES:**

Approved: June 11, 2016

Closing: June 30, 2019

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	5	2.1
IDA	0	25
Other	0	0
Total Financing	5	2.1

**BACKGROUND AND OBJECTIVES:**

The Afghanistan land sector is plagued by a multitude of problems linked to weak governance, corruption and lack of capacity. There are competing claims to land, widespread conflicts, resultant landlessness and poverty. Other issues are limited availability of undisputed farmland, difficulties in accessing grazing lands and many disputes over pasture lands. These issues are exacerbated by conflicting land ownership systems, insecure land tenure and registration, weak land governance environment and uncertain and incomplete legal frameworks.

Through this project, the Bank is providing Technical Assistance to ARAZI (now MUDL) to develop the policy and regulatory framework and build capacity to deliver transparent, pro-poor land services.

The Project Development Objective (PDO) is **“TO SUPPORT THE AFGHAN GOVERNMENT TO DEVELOP THE POLICY AND REGULATORY FRAMEWORK AND BUILD CAPACITY TO DELIVER TRANSPARENT, PRO-POOR LAND SERVICES, THROUGH (A) RAISING PUBLIC AWARENESS, KNOWLEDGE AND UNDERSTANDING ABOUT LAWS AND REGULATIONS GOVERNING THE LAND SECTOR; (B) DEVELOPING PROCESSES AND SERVICE STANDARDS FOR MUDL’S CORE FUNCTIONS”**.

**KEY RESULTS EXPECTED:**

- Updating Land Policy Paper for consultation with stakeholders
- Work on the Afghanistan Land Pricing System (ALPIS) has commenced in Herat and Kabul and will be rolled out to 33 other locations over the coming months.
- An MoU has been signed with the Kabul Polytechnic University for trainings and the establishment of an ARAZI Technical Training Institute.

**KEY PARTNERS:**

- The implementing agency would be the Deputy Ministry of Land at the Ministry of Urban Development and Land (MUDL), erstwhile ARAZI.

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The key bottleneck relates to institutional capacity. ARAZI (now the Ministry of Urban Development and Land) is a new body with a wide mandate. The Bank has, however, been working closely with ARAZI and now MUDL for ALASP preparation and for activities under the PPG.

**BOTTOM LINE RECOMMENDATION:**

**RETAIN AS PROPOSED.** The closing date for the PPG has been extended to June 30, 2019 by when it is expected that ALASP project will be effective. The Deputy Ministry of Land (DyML) of MUDL has used the Project Preparation Grant effectively to prepare itself for ALASP project implementation. ALASP has the potential to help DyML establish a strong foundation for land administration in the country—a fundamental requirement for good land governance.

EQRA (P159378)

KEY DATES:

Approved: September 28, 2018

Closing: October 23, 2023

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	100	100
IDA	100	100
Other	98	98
Total Financing	298	298

**BACKGROUND AND OBJECTIVES:**

EQRA will focus on the 17 most lagging provinces in terms of girls' attendance in schools through building around 2000 schools and providing 7000 missing components, provision of school grants to innovate local solutions to barrier to girl's education and community-based education. EQRA will also support the training of subject knowledge to those teachers who teach against their area of expertise and pilot classroom observation to be able to better diagnose the training or coaching needs of teacher. Under component 3 the focus of EQRA is on strengthening the governance of general education to improve the service delivery transparently and strengthen accountability, an area which was not supported systematically under the previous operations such as data quality of EMIS, reporting between center and provincial offices and coordination between on and off budget spending.

The Project Development Objective (PDO) is **"TO INCREASE EQUITABLE ACCESS TO PRIMARY AND SECONDARY EDUCATION, PARTICULARLY FOR GIRLS, IN SELECTED LAGGING PROVINCES, AND TO IMPROVE LEARNING CONDITIONS IN AFGHANISTAN"**.

The project consists of the following three components:

- **EQUITABLE ACCESS TO BASIC EDUCATION:** Improving school infrastructure in rural areas in selected provinces; providing School Grants to eligible schools to finance and supporting Community Based Education
- **IMPROVING LEARNING CONDITIONS:** Supporting subject knowledge training of teachers of selected grades and developing standardized examination for TTCs; supporting a pilot program, including its evaluation, to strengthen coaching and training of teachers and classroom observation; supporting development of new curriculum and relevant learning materials for schools; and delivery of textbooks from provincial education departments to schools.
- **STRENGTHENING EDUCATION SECTOR PLANNING CAPACITY AND TRANSPARENCY:** Improving EMIS via: (i) refining datasets; (ii) integrating fragmented systems, and; (iii) strengthening data verification processes through; improving teacher recruitment and management via: (i) establishing a personnel database; and (ii) supporting MoE in developing a Teacher Policy to improve relevant regulations, policies, guidelines, norms, and targets and improving budget planning and introducing results-based reporting via: (i) developing norms for the annual O&M budget allocation for provinces; and (ii) introducing a basic performance management system for PEDs and DEDs.
- **TECHNICAL ASSISTANCE: SUPPORTING:** (i) technical assistance to strengthen MOE's capacity; (ii) a pilot of early childhood education; and (iii) third party verification

**KEY RESULTS EXPECTED:**

- Improving school infrastructure in rural areas in selected provinces
- Improving Learning Conditions
- Strengthening Education Sector Planning Capacity and Transparency

**KEY PARTNERS:**

- Ministry of Education and,
- Ministry of Rural Rehabilitation and Development

#### **SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

- EQRA is still in the stage of getting ready for implementation. All the major activities are expected to have started implementation by end of February. The Project faces the following issues to be resolved:
- 
- MoE's leadership to reach consensus on developing an implementation plan for the recently signed MoU between MoE and CSC. This is important for MOE to initiate their workplan to achieving the DLI under EQRA (Personnel Database which would be the backbone for the HRMIS)
- 
- MoE to speed up its process for developing the workplan to initiate subject knowledge training of teachers

#### **BOTTOM LINE RECOMMENDATION:**

**INITIATE IMPLEMENTATION AS APPROVED.** Potential for scale up. High-risk and high-profile project which requires greater attention. The current focus is to gear up implementation readiness through the completion of all implementation manuals.



## KEY DATES:

Approved: March 19, 2013

Closing: June 30, 2020

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	55	18
Other	0	0
Total Financing	55	18

**BACKGROUND AND OBJECTIVES:**

Technical Vocational Education and Training (TVET) Authority is seen as a critical area for human capital development with the aim to strengthen the relevant skills required for employability, higher income and growth. The newly restructured project (October 2018) is fully in compliance and aligned to government priorities in formal TVET sub-sector and National Priority Program for Human Capital Development. The project progress and its implementation are directly reported to the Human Capital Council chaired by the President of GoIRA for its outcomes. The project was restructured to respond to a new mandate resulting from the transformation of the Deputy Ministry for TVET, Ministry of Education to an Independent TVET Authority (TVETA).

The Project Development Objective (PDO) is **“TO IMPROVE TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING TEACHER COMPETENCIES AND CURRICULUM IN SELECTED PRIORITY TRADES”**.

**KEY RESULTS EXPECTED:**

- Key progress has been made in area of revising the curricula of the priority trades, completion of the teacher competencies assessment, partnerships with overseas universities for long and short-term study/training programs for TVETA faculty in priority areas, completion of the first draft of the teacher management policy framework and selection and assessment of four national hubs for domestic teacher training and curriculum development.

**KEY PARTNERS:**

- Independent TVET Authority,
- Human Capital Council and,
- Ministry of Finance.

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The project is progressing steadily toward its overall development objectives. Key progress has been highlighted in the attached snapshot. Progress is measured through a number of key interventions organized under six DLIs. However, the following issues need to be resolved:

- Need MOF's support in facilitating a closer dialogue between TVETA and IARCSC to finalize and endorse the draft teacher management policy framework,
- TVETA to work on a sustainability plan within of the key activities initiated and financed under ASDP II,
- MoF and TVETA to follow up on how the latter can access the DLI revenues disbursed by the project. This will require a high-level discussion and agreement between the MOF and TVETA leaderships by March 1, 2019. Meanwhile, TVETA will draw a plan on utilization of the DLI funds.

**BOTTOM LINE RECOMMENDATION:**

**RESTRUCTURE** (level 2) to bring in activities under the Youth PASA. No other changes otherwise, continue implementation and close as planned





## KEY DATES:

Approved: July 7, 2015

Closing: December 31, 2022

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	55	28
IDA	0	25
Other	0	0
Total Financing	55	28

**BACKGROUND AND OBJECTIVES:**

The project is fully aligned with the Second National Higher Education Strategic Plan (NHESP II) and supports the sector priorities in increasing access to higher education (especially for women) in priority disciplines for economic development, strengthening relevance of higher education to the economic and employment needs, and improving the quality of teaching and learning. It also aims to strengthen the capacity of MOHE and universities to implement the reforms of the NHESP II.

The Project Development Objective (PDO) is “to increase access to, and improve the quality and relevance of, higher education in Afghanistan”.

The project consists of the following components:

- **COMPONENT 1:** This component supports the implementation of NHESP II through a Results-Based Financing Modality associated with Disbursement Linked Indicators (DLIs). It focuses on a set of strategic interventions organized under five key themes, i) increasing access to priority degree programs for economic development, ii) modernizing and enhancing the quality of teaching and learning, iii) improving the qualifications and skills of university staff members, iv) strengthening governance, quality assurance and accreditation, and v) stimulating development-oriented research.
- **COMPONENT 2:** This component supports coordination, capacity building, innovations, monitoring and evaluation, research and communication. The technical assistance and capacity building activities of this component will assist the MOHE to implement the development initiatives of the NHESP II.

**KEY RESULTS EXPECTED:**

- Enrollment in priority degree programs has risen from 2014 baseline of 64,200 students to 81,900.
- The number of universities with strategic development plans has increased from the 0 to 13.
- The number of university academics in the priority degree programs with at least a master’s degree has increased from the baseline of 700 to 1,360.
- The number of staff practicing outcome-based education and student-centered learning has risen from zero to 750.
- Fifty-three research projects have been completed so far as a result of the Project.

**KEY PARTNERS:**

- Ministry of Finance,
- Ministry of Higher Education
- USAID

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

MoHE will ensure the timely recruitment of positions endorsed under their current structure/Tashkeel. MoHE will work with MoF on the longer-term sustainability and institutionalization of some of the key activity areas initiated under the project. The option for MOF to hire and manage the Third-Party Verification process of the DLIs for HEDP and other projects in the education portfolio will be looked at in the future.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS.** Need to review implementation and how it supports women empowerment efforts. Another restructuring with AF would be contingent on resolving safeguards and design issues as well as making progress in the construction of girls’ dormitories planned in the current financing.



## KEY DATES:

Approved: March 28, 2018

Closing: June 30, 2021

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	425	372
IDA	140	115
Other	35	35
Total Financing	600	522

## BACKGROUND AND OBJECTIVES:

Despite increasing insecurity since 2005, Afghanistan has made notable progress in improving key indicators in the areas of maternal and child health, nutrition, and health service delivery. The Demographic and Health Survey (DHS) shows a sharp reduction in the under-five mortality rate from 97 per 1,000 live births in 2010 to 55 in 2015. Sehatmandi project is designed in line with the recommendations of the Presidential Summit on Health held in June 2017, and lesson learnt for the last 15 years. The project is fully in line with sustainable development goal (SDG) Goal 3: Ensure healthy lives and promote well-being for all at all ages.

The Project Development Objective (PDO) is **“TO INCREASE THE UTILIZATION AND QUALITY OF HEALTH, NUTRITION, AND FAMILY PLANNING SERVICES”**.

The project consists of the following components:

- **IMPROVING SERVICE DELIVERY:** This component finances performance-based contracts to deliver the basic package of health service (BPHS) and essential package of hospital services (EPHS).
- **STRENGTHENING THE HEALTH SYSTEM AND ITS PERFORMANCE:** This component supports a systematic organized approach to establish a performance management culture in the MOPH and among stakeholders.
- **STRENGTHENING DEMAND AND COMMUNITY ACCOUNTABILITY FOR KEY HEALTH SERVICES:** This component finances a range of activities from communication campaigns aimed at raising overall awareness of health rights as well as specific health behaviors to support the MOPH and service providers to be more responsive to community health needs. In addition to improving better accountability of the Government toward community in the delivery of health services, the component also supports the implementation of the MOPH's anti-corruption strategy.

## KEY RESULTS EXPECTED:

- In line with recommendations of the Presidential Health Summit held in June 2017, the project designed performance-based contracts for service providers. Additionally, the project designed a tariff for each service and indicators which are linked to payments to service providers.
- The project completed procurement of 23 consultancy package and awarded contracts to BPHS/EPHS service providers. Furthermore, 8 Non-Consultancy Services (NCS) packages have been cleared by the Bank and sent to NPA for approval.
- The recruitment of TPM Firm for the project is under progress.
- The MoPH has made good progress in developing the Standard Operating Procedure (SOP) for Performance Management. The Bank has reviewed the final draft of SOP and shared its comments.

## KEY PARTNERS:

- Ministry of Finance,
- Ministry of Public Health
- USAID, EU, Canada, and UN Agencies

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

## BOTTOM LINE RECOMMENDATION:

**CONTINUE AS APPROVED.** Potential for scale up as part of the post-settlement package and to take on board the new expanded health services package adopted by MoPH. High-risk and high-profile project which requires greater attention.



## KEY DATES:

Approved: August 16, 2018

Closing: August 31, 2019

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	1.5	1.39
IDA	0	0
Other	0	0
Total Financing	1.5	1.39

## BACKGROUND AND OBJECTIVES:

Afghanistan faces several key labor market challenges contributing to the persistent poverty in the country. Unemployment and underemployment rates remain high. Around 39.5% of Afghans are not gainfully employed as they are either unemployed (23.9%) or underemployed (15.6%) working less than 40 hours per week. Employment quality is characterized by the fact that some 40% of all employment is in the agriculture sector where the boundary between stable income generating employment and unpaid family work is blurred; even the more established rural labor market participants are exposed to the inherent cyclicalities of agricultural production, conflict, and natural hazards.

A combination of demand, supply and labor market intermediation issues have been constraining the realization of better labor market outcomes; mainly poor macroeconomic demand in the environment of persistent conflict and the resulting suboptimal job creation from the demand side, lack of adequate skills (including all important labor market participation related soft skills) from the supply side, and finally lacking formal institutions assisting employer – jobseeker matches to happen. Managed International Labor Migration, i.e. migration based on the agreement of the labor sending and receiving countries arguably providing access to better wages and worker protection at the destination market than irregular labor migration, currently does not exist from Afghanistan. The GoIRA and the UAE signed a Bilateral Labor MoU in May 2018, which is a precondition for MILM to commence from Afghanistan initially to the UAE.

The Project Development Objective (PDO) is **“TO PREPARE THE US\$ 50 MILLION PIPELINE PROJECT EXPECTED TO IMPROVE LABOR MARKET CONDITIONS AND ADDRESS THE NEEDS OF YOUTH BY: (A) ESTABLISHING A LABOR CONTRACT MANAGEMENT UNIT AT MoLSA, (B) ESTABLISHING A STREAMLINED AND EFFICIENT ‘EXIT PROCEDURE’ FOR JOBSEEKERS LEAVING AFGHANISTAN THROUGH MANAGED LABOR MIGRATION, AND (C.) DEVELOPING THE NECESSARY SAFEGUARDS INSTRUMENTS AND IMPLEMENTATION MANUALS FOR THE PROPOSED PROJECT”**.

The project consists of the following components:

- **LABOR CONTRACT MANAGEMENT UNIT AT MoLSA.** MoLSA has recruited a team responsible for designing, procuring, contracting, monitoring and contract managing labor programs both for Managed International Labor Migration (MILM) and domestic labor market intermediation. The World Bank will support the establishment of and will provide capacity building for this team in the form of strong collaboration towards on-the-job action learning.
- **FUNCTIONAL EXIT PROCEDURE FOR MANAGED INTERNATIONAL LABOR MIGRATION.** The MoLSA labor contract management team (PLACED team) in collaboration with other relevant government institutions and the World Bank's technical experts will carry out process mapping of the existing procedures for MILM that were developed in absence of actual MILM flows, and it will design a new streamlined exit procedure keeping the duration and the associated cost of the process low. Following this process mapping, the team will begin consultations with relevant Ministries identified in the process mapping on the design of a one stop shop bringing all exit processes into one place. Upon obtaining their agreement, the team will conduct the necessary background assessment and design work for its implementation.
- **DEVELOPING SAFEGUARDS INSTRUMENTS & PROJECT IMPLEMENTATION MANUALS.** MoLSA with the support of the World Bank technical team will develop all the necessary safeguards instruments and project implementation manuals necessary for the subsequent project tailored towards the risks, and related mitigation measures, surrounding Afghan workers in the UAE.



**KEY RESULTS EXPECTED:**

- Labor Contract Management Unit at MoLSA is established and its capacity is being built
- Process mapping of the existing MILM procedures conducted and new streamlined exit procedures are being designed
- The required social and environmental safeguards assessment is conducted, and the related document are being developed

**KEY PARTNERS:**

- Ministry of Finance,
- Ministry of Labor and Social Affairs
- Afghan Embassy in UAE
- USAID
- EU
- Canada
- UN Agencies

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED****BOTTOM LINE RECOMMENDATION:**

**CLOSE WHEN THE PIPELINE PROJECT IS EFFECTIVE.**

## WOMEN'S ECONOMIC EMPOWERMENT RURAL DEVELOPMENT PROGRAM (P164443)

## KEY DATES:

Approved: September 28, 2018

Closing: June 30, 2023

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	75	75
IDA	25	25
Other		
Total Financing	100	100

## BACKGROUND AND OBJECTIVES:

The project operates in the Agricultural and Rural development sector and offers a national framework for women's economic empowerment under the National Priority Program for women (WEE-NPP). It starts at the community level with an explicit targeting of poor rural women. Most successful women's empowerment programs are built on a community platform which also provides access to basic services and enables trust. The Women Economic Empowerment-Rural Development Program (WEE-RDP) intends to increase social and economic empowerment of rural poor women in selected communities during a five-year period. It would work in 5000 villages and 76 districts in 34 provinces across Afghanistan in close collaboration with Citizen Charter (CC). It will also ensure a working synergy with other MRRD projects, NHLP project of MAIL, Access to Finance project (Targeting Ultra Poor) of World Bank along with close coordination with Micro Finance Institutions (MFIs) and other stakeholders. The integration of women in the formal financial sector activities creates much larger socio-economic impacts at the society level.

The Project Development Objective (PDO) is **"TO INCREASE SOCIAL AND ECONOMIC EMPOWERMENT OF POOR RURAL WOMEN IN SELECTED COMMUNITIES"**.

The project consists of the following components:

- **COMMUNITY MOBILIZATION AND INSTITUTION DEVELOPMENT.** This aims to build sustainable community institutions through social and economic mobilization of rural women. This is perhaps the most critical component of the project, since it lays the institutional foundation on top of which the rest of the activities will depend. The formation of sustainable institutions would build the social capital of women in the rural areas and serve as the first stage of their economic empowerment. The core community institutional framework envisaged under the project are women's savings groups (simply called Self Help groups (SHGs)) which would be federated into VLSAs. From these would emerge community level enterprise groups (EG) which in turn would be aggregated to producer associations (PAs).
- **BUILDING ACCESS TO FINANCE AND LINKAGES WITH FINANCIAL INSTITUTIONS.** The second component will facilitate empowering of both community institutions i.e. SGs/VSLAs and its members to develop as sustainable financial institutions at the community level and eventually establish direct linkages with financial service providers including MFIs and commercial banks. Evidence from past experiences in Afghanistan as well as other countries demonstrates that this is a long-term process that has to be approached in phases. The key focus of WEE-RDP would be to strengthen the 'demand side' by creating an ecosystem of women savings groups that are built on mutual trust and respect to support their livelihoods and federate to VSLAs for sustainability.
- **PROVIDING TECHNICAL ASSISTANCE AND IMPROVED ACCESS TO MARKETS:** This component aims to finance common assets of public goods nature based on business needs and assessment of market failures using the 'maximizing finance for development' (MFD) cascade principle to provide catalytic support for the growth of viable economic activities and leveraging more private sector investments.
- **PROJECT MANAGEMENT AND KNOWLEDGE MANAGEMENT:** Under this Component, the project will finance salaries of project staff, consultancies, training programs, office equipment, and incremental operational costs of set up under MRRD and provincial units. The component will also support project coordination, implementation, monitoring and evaluation (M&E) at the national and provincial levels.

## KEY RESULTS EXPECTED:

- In line with recommendations of the Presidential Health Summit held in June 2017, the project designed The program is in its first year of operation and started by mobilizing communities into self-help groups. It has also produced several manuals and documents to guide operations. Such documents include: Operation Manual to promote Self-help Group and VSLA, Community Procurement Manual, High Risk Areas Implementation Strategy, VFs Recruitment Guidelines, Budget Plan for CMID, and Capacity building manual. The manuals will help and guide SHG facilitators (SOs) to mobilize community into Self-help groups, form SHGs, nurture SHGs, extend necessary inputs at desired stage and grow learning appetite of practitioners.
- Interested community members were facilitated by SOs to form Self-help Groups after a series of visits across all provinces. A total of 560 SHGs (441 Female SHGs) are established. These groups were further supported to select office bearers, develop group norms around savings, set-up group meetings and to keep group records, etc. The Social Organizers (SOs) made regular visits to the villages to support groups to organize group activities and to help the SHGs establish procedures.
- As such, the project promoted 20% men and 80% women SHGs, not mixed but separate groups. The team promoted women SHGs on priority for mainstreaming gender in the program but has recognized the need for male SHGs as well to facilitate access and acceptability in rural communities. As a result, about 560 SHGs were formed of which 441 were female SHGs across 5 provinces. The project has also initiated the recruitment process of Facilitating Partners (FPs) in selected provinces.

## KEY PARTNERS:

- Ministry of Finance,
- Ministry of Rural Rehabilitation and Development,
- Ministry of Agriculture, Irrigation and Livestock,
- Ministry of Labor and Social Affairs
- Microfinance Investment Support Facility for Afghanistan (MISFA)
- Da Afghanistan Breshna Sherkat (DABS)
- Facilitating Partners (NGOs)

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

Currently, the project is in its initial implementation stage and the ongoing Implementation Support Mission will determine the progress and performance made by the project towards achieving the PDO. However, there have been various bottlenecks in the project as followings:

- **Staffing and Mobilization:** As the project only became effective on October 23, 2018, the key focus right now is on mobilization of staff. Four of the new Regional Managers have been hired and are on board. The international advisors for program management and for MIS need to be hired urgently,
- **Procurement:** There are procurement delays in recruiting the facilitating partners (FPs) for community mobilization and the Consultant for MIS revision. Additional procurement staff are also being recruited for support according to the HR plan of the project. The key procurement to watch are the FPs as half of the district roll out will be pending till they are on board,
- **MOUs with Commercial Banks:** The process of Bank account opening of the Women groups with formal commercial banks is slow and need the political push of MRRD and DAB for support. The Bank team is facilitating this process so that conditions for account opening can be agreed upon and the process enhanced.
- **MIS:** The updating of the MIS for WEE-RDP to link with the FM system and provide more standard reporting on the VSLAs is a disbursement condition for the release of community grants. It is important for the consultants and firm for MIS upgrade be hired quickly so that this process can be finalized in the next 3-4 months, else it will impact disbursements

## BOTTOM LINE RECOMMENDATION:

**INITIATE IMPLEMENTATION AS APPROVED.** Programming to be reviewed to ensure linkage to NHLP, MoF and MRRD to urgently tackle potential delay in the FP recruitment and meeting the disbursement condition on and integrated MIS



KEY DATES:

Approved: August 22, 2017

Closing: July 31, 2020

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	5	4.5
IDA	0	0
Other	0	0
Total Financing	5	4.5

**BACKGROUND AND OBJECTIVES:**

The Women's Economic Empowerment National Priority Program (WEE-NPP) is a whole-of-government commitment that aims to improve the economic operating environment for poor women in Afghanistan.

On the request of the government, the Bank supported the government with WEE-NPP preparation grant (PPG) to assist the Ministry of Labor, Social Affairs (MoLSA) in mobilizing a core coordination team and establishing an umbrella program that will finance technical assistance, capacity building and analytical work at the MoLSA and in all the key line ministries and institutions that fall under the WEE-NPP Strategy.

The Project Development Objective (PDO) is **"TO SUPPORT THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN (GOIRA) TO ESTABLISH A NATIONAL PRIORITY PROGRAM ON WOMEN'S ECONOMIC EMPOWERMENT (WEE-NPP) THAT ADVANCES WOMEN'S ACCESS TO ECONOMIC ASSETS AND OPPORTUNITIES"**.

The project consists of the following components:

- **WEE-NPP COORDINATION AND PROGRAM MANAGEMENT:** this component finances the establishment of a WEE-NPP Program Coordination Office (PCO) to: (i) management and coordination of all WEE-NPP activities across the key line ministries; (ii) establishment of a functioning inter-ministerial steering committee; (iii) engaging in regular dialogue with civil society, the private sector and donors; (iv) establishing a monitoring system to report, track and inform strategies, policy and operations that can improve the development impact on women's economic empowerment; and (v) an innovation fund management.
- **TECHNICAL ASSISTANCE, ANALYTIC WORK AND CAPACITY BUILDING:** The objective of this component is to deepen the integration of WEE into the programs and operations across all key line Ministries to improve the impact of ongoing and new development investments on women's lives.
- **INNOVATION FUND:** to establish WEE-NPP innovation fund to seek, promote and test new ideas of engagement from civil society, private sector etc. that will improve Afghan women's capacity to strengthen the economy of their household and community.

**KEY RESULTS EXPECTED:**

- Improving Gender Statistics: Good coordination between WEE-NPP and NSIA developed.
- Removing legal barriers to WEE: Joint meeting of MoWA, MoJ, MoF and the PCO were held to discuss the 22 legal barriers identified by the Women, Business and the Law 2016 study. The ministries are currently working on the Family Law, Inheritance Policy, and a number of other reforms to remove the identified barriers.
- Training and Skills Building: A total of 2674 teachers have been hired (2585 in 2017 and another 189 in 2018). This is far below the initial target of 5000 (3000 in 2017 and 2000 in 2018) that had originally been included under the WEE-NPP activity and budget matrix.
- Improving Access to Finance: The PCO has begun coordination with MISFA. MISFA is currently looking at how interest rate regulations in Commercial Banks and MFIs may impede women's access to finance.
- Establishment of the Steering Committee, co-chaired by MoLSA and MoWA that is meeting regularly, and the establishment of Coordination Office, and recruitment of the key staff.



**KEY PARTNERS:**

- Ministry of Finance and other line ministries,
- Ministry of Labor and Social Affairs,
- National Statistics and Information Authority,
- Microfinance Investment Support Facility for Afghanistan (MISFA)

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

- Line Ministries (LM) Annual Plans/Targets and M&E framework – One of the GMAF indicators is around confirming the annual work plans (AWPs) of different LMs and also their target indicators, which can then be summarized in an overall M&E framework for the WEENPP. This is a critical deliverable that will require push from the PCO, but also the MoF and all LM leaderships.
- Alignment with budget process – Following from above, many of the WEENPP target activities (which are not linked to specific donor projects) will need to be aligned with the budget process so that they are funded adequately. An important example is the MoE program on contract teacher recruitment which is severely underfunded.
- Procurement and disbursement – The last ISM picked up issues around the overall procurement under the program (which is managed by MoLSA's central procurement). These need to be addressed. Likewise, the disbursement/budget execution rate of the program must be brought up as it is lagging behind.
- PCO Location – Given that the functions of the PCO are like those for the NPP coordinating unit in MoF, there is a case to reconsider whether the WEENPP PCO should be shifted to MOF in the medium term. This is a strategic/political decision the GoIRA will need to take.
- Overall Leadership – While the WEENPP got off to an enthusiastic start, since then the high-level leadership of the program has not been sustained. Therefore, there is a need to get high-level attention from the President's Office and MoF on the program so that greater ownership and commitment from the different line ministries (LMs) under the program can be fostered

**BOTTOM LINE RECOMMENDATION:**

**CLOSE** and fold into MoF Policy Unit - not strategically placed at MoLSA to meet its strategic goal and perform its coordination mandate.



## CITIZENS' CHARTER AFGHANISTAN PROJECT (P160567)

## KEY DATES:

Approved: October 27, 2016

Closing: October 31, 2021

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	244	74
IDA	227	149
Other	0	0
Total Financing	471	223

## BACKGROUND AND OBJECTIVES:

The Citizens' Charter Afghanistan Project (CCAP) is the flagship Program proposed for a period of 10 years, starting January 2017. The CCAP builds upon the 14 years of experience from the National Solidarity Program (NSP) and other community development projects in the country and extensive experience of the World Bank in Community Driven Development (CDD) approaches internationally. The Charter is a commitment to provide every village in Afghanistan with basic services, based on community's own prioritization. The Charter will promote inclusive development and accountability at all levels. It will give a voice to vulnerable groups such as women, returnees, and the poor. A key feature distinguishing CCAP from NSP is the incorporation of the Minimum Service Standards (MSS) in the delivery of services and basic infrastructure project. CCAP development approach extends across different sectors of education, energy and extractives, social protection, transportation water sanitation and waste-management.

The Project Development Objective (PDO) is **"TO IMPROVE THE DELIVERY OF CORE INFRASTRUCTURE, EMERGENCY SUPPORT, AND SOCIAL SERVICES TO PARTICIPATING COMMUNITIES THROUGH STRENGTHENED COMMUNITY DEVELOPMENT COUNCILS (CDCs)".**

The project consists of the following components:

- **SERVICE STANDARD GRANTS:** This component includes Rural Area Service Standard (RSS) Grants and Urban Area Block (UAB) Grants, which would be disbursed for community-prioritized resilient, public infrastructure sub-projects that fall under the CCAP Minimum Service Standards for rural areas and permissible menu for urban sub-projects.
- **INSTITUTION BUILDING:** This component supports capacity building and facilitation of CDCs/CCDCs/GAs and their sub-committees, through Facilitating Partners (FPs) and Oversight Consultants (OC); and the Project Implementation Unit (PIU) and the General Directorate (GD) of the IDLG and MRRD.
- **M&E, KNOWLEDGE LEARNING:** This component includes learning activities from village to national levels, exchange visits across communities, especially for women, and support for thematic studies and evaluations. It covers three sub-components of (a) citizens' monitoring and score cards, (b) studies and evaluations, (c) enhanced displacement data collection and coordination support.
- **PROJECT IMPLEMENTATION AND MANAGEMENT:** This component supports the management and oversight of CCAP at the national, provincial and district levels in rural areas and, in the urban areas, the municipal management units in the four regional hub cities.
- **MCCG AND SI GRANTS:** This component will include two newly introduced sub-programs, the Maintenance and Construction Cash Grants (MCCG) and the Social Inclusion Grants (SIG).

## KEY RESULTS EXPECTED:

- Community Development Councils (CDC) and Guzar Assemblies (GAs): Total of 769 CDCs and 129 Guzar Assemblies have been established in urban areas.



- A total of 640 transportation, 28 power plans and 42 water sub-project plans have been approved
- Over 10,178 Community Profiles (CPs) completed indicating 80% progress
- Over 9,951 CDC elections completed indicating 79% progress
- Over 8,748 Community Development Plans completed indicating 69% progress.
- Total of 7,827 ongoing sub-projects with a total budget of USD 185,096,751
- Total of 6374 sub-projects financed with a total budget of USD 145,283,656
- Over 3.9 million labor days created benefiting 13,600 IDP and 6,700 Returnee households.
- 1,070,630 food and non-food items mobilized through 4,142 established Grain-Banks with a total of USD 687,884 SIG Matching Grants.
- From a total of 2808 staff 2023 have been recruited indicating 72% progress
- 241 positions are ready for offer, 146 under recruitment and 398 to be recruited

#### KEY PARTNERS:

- Ministry of Finance
- Ministry of Rural Rehabilitation and Development,
- Independent Directorate of Local Governance,
- Ministry of Education,
- Ministry of Agriculture, Irrigation and Livestock,
- Ministry of Public Health,
- Da Afghanistan Breshna Sherkat.

#### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

Overall the CCAP achieved considerable progress towards implementation, with regards to the CDC roll-outs, completion of Community Profiles and CDC elections, with close to 50% women participation. The project has significant progress in budget execution.

- **MRRD STAFFING:** The recent removal of MRRD CCAP Director General (DG) has adversely affected project implementation. In addition to the absence of a DG, MRRD-CCAP is heavily under-staffed, while key-management positions, including 4 Unit Head positions, are vacant. Irregularities have also been reported in recruitment of engineers for MRRD-CCAP. The planned capacity building exam from current CCAP employees has negatively impacted staff morale.
- **INFRASTRUCTURE QUALITY:** Overall third-party monitoring reports suggest several deviations in the quality of infrastructure being constructed under CCAP which need to be urgently followed up. There is also an issue of harmonization/inconsistency between the standards and quality measure for infrastructure project between CCAP and other MRRD programs, such as WATSIP and NRAP.
- **RESTRUCTURING AND PEACE:** A restructuring of CCAP is planned to accommodate an additional program for Kuchi populations as well as additions to the menu of services being offered. Additionally, CCAP is being considered as a platform for Post Peace initiatives which makes the restructuring of the program as well as addressing of staffing issue in MRRD-CCAP very urgent.
- **COUNTERPART FUNDS:** Counterpart-funds have not been released, while as per legal agreement, annual tranches of counterpart funds were meant to be included in the budget and work plan. The non-release of counterpart funding is hence a breach of the CCAP legal agreement.
- **ANNUAL WORK PLAN:** The Bank has not received the Annual Work Plan (AWP) for the project.

To address the critical issues stated above it is strongly recommended that the below steps should be taken:

- MRRD to launch an investigation to look at the causes of the irregularities in the recruitment of engineers,
- MRRD should reconsider its decision of taking the capacity assessment exam or to postpone the exam to a later suitable date.
- MoF to urgently provide for counterpart funding (ideally 1/3 of the funding) as part of FY1398 budget.
- MRRD to align its quality assurance mechanism and measures with other relevant program and develop a unified approach for the O&M of infrastructure project.

#### BOTTOM LINE RECOMMENDATION:

**RESTRUCTURE**, once protracted staffing issues have been resolved, to bring in rural schools and Kuchi components. Potential for scale-up. High-risk and high-profile project which require greater attention.



## AFGHANISTAN: ESHTEGHAL ZAIEE – KARMONDENA PROJECT (P166127)

## KEY DATES:

Approved: December 19, 2018

Closing: December 31, 2023

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	244	74
IDA	227	149
Other	0	0
Total Financing	471	223

## BACKGROUND AND OBJECTIVES:

The project was conceived in response to the large influx of returnees and an increase in the number of IDPs in Afghanistan. More than 2.5 million Afghans returned to Afghanistan since 2015 (as of August 2018), and over 1.7 million Afghans remain internally displaced (as of August 2018). Large influx of returnees and IDPs has put enormous pressure on economic and physical infrastructure of host communities, while Provincial Capital Cities in Afghanistan face unprecedented economic, demographic, fiscal, and environmental challenges. Basic services and economic opportunities need to be improved, not only for the displaced, but also for the host communities. However, poor market infrastructure and complex regulations are constraining the enabling environment for business activity, challenging private sector led sustainable job creation.

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The Project Development Objective (PDO) is **“TO STRENGTHEN THE ENABLING ENVIRONMENT FOR ECONOMIC OPPORTUNITIES IN CITIES WHERE THERE IS A HIGH INFLUX OF DISPLACED PEOPLE”**.

The project consists of the following components:

- **REGIONAL AND NATIONAL INTEGRATION OF DISPLACED PERSONS:** MoFA & MoRR in collaboration with UNHCR to enhance MoFA's capacity to meet the documentation requirements of Afghan refugees in Pakistan and provide information to Afghan refugees in Pakistan,
- **SHORT TERM EMPLOYMENT OPPORTUNITIES AND MARKET ENABLING INFRASTRUCTURE:** IDLG to provide short term employment opportunities through market enabling infrastructure—Gozar & Business Gozar grants, support for municipal level regulatory and process reforms,
- **PRIORITIZED URBAN INVESTMENTS IN FOUR PROVINCIAL CAPITAL CITIES:** Support IDLG to provide prioritized urban investments and project preparation support.
- **MARKET ENABLING INFRASTRUCTURE AND REFORMS FOR KABUL MUNICIPALITY:** Support Kabul Municipality to provide regulatory and process reforms, and prioritized urban investments
- **NATIONAL REGULATORY REFORMS AND PROGRAM COORDINATION:** Support MoEc to provide national level regulatory reforms and program coordination activities.

## KEY RESULTS EXPECTED:

- Increase the returnees' access to civil documents,
- Help providing short-term employment
- Develop opportunities, improving market enabling infrastructure, and supporting investor friendly regulatory reforms.

**KEY PARTNERS:**

- Ministry of Urban Development and Land,
- Afghanistan Urban Water Supply and Sewerage Corporation (AUWSSC),
- Da Afghanistan Bank,
- Da Afghanistan Breshna Sherkat,
- Displacement and Returnees Executive Committee (DiREC),
- Executive Committee on Private Sector Development (PRISEC).
- UN Agencies

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

- Preparation of Component Operations Manual as a disbursement condition for each implementing agency
- Procurement of firms by March 2019 for (a) FM capacity needs assessment and capacity building planning across the implementing agencies; and (b) a chartered accounting firm for internal auditing.
- Establishment of the Project Steering Committee and its launch by February 2019.
- Recruitment of key PIU staff for all PIUs by March 2019.

**BOTTOM LINE RECOMMENDATION:**

**INITIATE IMPLEMENTATION AS APPROVED.** Potential for scale-up. High-risk and high-profile project which requires greater attention.



## KEY DATES:

Approved: March 24, 2014

Closing: June 22, 2022

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	40	40
IDA	0	0
Other	0	0
Total Financing	40	40

## BACKGROUND AND OBJECTIVES:

The design of Central Asia South Asia Electricity Transmission and Trade (CASA 1000) in Afghanistan includes a Community Support Program (CSP) to increase the shared prosperity associated with the project for communities along the CASA-1000 corridor. This includes individuals and communities located within the 4 km wide and 562 km long (1,124 square km) transmission line corridor in Afghanistan, who will be affected during the design, construction, and operation and maintenance of the transmission line, but who will not be able to access electricity directly from the CASA 1000 transmission line. The CSP is designed to provide: (a) community support activities and feasible power projects from alternate sources to the affected communities without access to power supply; and (b) other development projects with a socio-economic impact to communities that already have access to power. The CSP aims to garner support from these communities for the larger CASA-1000 project, including for protecting the project during and after its construction.

The Project Development Objective (PDO) is **“TO PROVIDE ACCESS TO ELECTRICITY OR OTHER SOCIAL AND ECONOMIC INFRASTRUCTURE SERVICES TO COMMUNITIES IN THE PROJECT AREA IN ORDER TO STRENGTHEN COMMUNITY SUPPORT FOR CASA-1000 TRANSMISSION LINE”**.

The project consists of the following components:

- **COMMUNITY SERVICE STANDARDS GRANTS:** The component will provide grants directly to communities to fund economic infrastructure and socio-economic sub-projects. A Minimum Service Standard (MSS) will apply pursuant to the rural area service standards grants under CCAP and priority will be to provide the community with electricity wherever feasible, with power-grid, off-grid or renewable energy type projects. Where not feasible or already available, the community can opt for another subproject from the minimum service standards of CCAP (road access, irrigation, etc.).
- **COMMUNITY MOBILIZATION:** The objective of this component is to engage communities to increase the shared prosperity associated with the CASA-1000 transmission line which will pass through their villages, by facilitating community participation in sub-project planning, implementation and Operations and Maintenance. Community mobilization related aspects will be carried out either by existing Facilitating Partners who are working with the CCAP Community Development Councils (CDC) at the time of CSP implementation or by MRRD staff.
- **PROJECT IMPLEMENTATION SUPPORT:** CSP will adopt a cost sharing mechanism with CCAP, with regards to operational expenditures. The CSP will use the CCAP's General Directorate and the CCAP systems for all management functions including oversight, implementation support, technical assistance, monitoring and reporting. This component also includes a third-party monitoring component.
- **COMMUNICATIONS & OUTREACH:** This component will finance a strong communications campaign and information-sharing activities directed to relevant stakeholders within the Provinces with a special emphasis on outreach to communities in the project areas. To ensure that CSP communities living in the CASA-1000 corridor are effectively reached, the communications strategy will take into account their infrastructure access, literacy rates, and language.

## KEY RESULTS EXPECTED:

Implementation of activities which includes social mobilization has started only in January 2019 in 128 communities since the route of the CASA 1000 transmission line is only being finalized now hence there is no reporting on the results framework.

- All communities within the CoI are mobilized and support the transmission line.
- Half of communities within the CoI are provided with access to electricity through the CSP grant funded subprojects;
- Majority of communities in project areas, have improved access to social and economic infrastructure services;



**KEY PARTNERS:**

- Da Afghanistan Breshna Sherkat (DABS),
- Ministry of Energy and Water (MoEW),

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

As noted in the CPPR assessment, now the project needs to start implementation since the transmission line route is almost finalized and any delays would be responsibility of MRRD and not related to the CASA 1000 project. The following two immediate actions need to be addressed:

- MRRD needs to finalize recruitment of main Electrical Engineer as well 36 field engineers and 36 Social Mobilizers. The candidates for all the positions have been shortlisted, interviewed and selected but offers still must be made to them pending signature of MRRD and authorization of MRRD management to provide the offers to the selected candidates.
- While there is social mobilization happening in 126 communities overlapping with CCAP, subprojects and grant disbursement as well full staffing must happen before the end of the WB's fiscal year (June 30, 2019). Disbursement will not be possible until the time it takes for the Ministry to receive budget from MoF.

**BOTTOM LINE RECOMMENDATION:**

**RESTRUCTURE**, to scale down financing commensurate to the number of identified and confirmed beneficiary communities, and realistic implementation rate by current closing date. Commitment to CSP will be renewed with further progress in the construction of the transmission and identification of additional communities.



## PILLAR 3: ECONOMIC GROWTH AND JOB CREATION

### COMPREHENSIVE AGRICULTURAL DEVELOPMENT NPP

#### ON FARM WATER MANAGEMENT PROJECT (P120398)

##### KEY DATES:

Approved: February 16, 2011

Closing: December 31, 2019

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	70	09
IDA	0	0
Other	0	0
Total Financing	471	223

### BACKGROUND AND OBJECTIVES:

Inefficient irrigation conveyance and water distribution systems, coupled with poor on-farm water management are critical constraints facing the irrigated areas resulting in low land water productivity and farm income. Improving traditional irrigation schemes and introducing good on-farm water management technologies and practices enhance farm productivity and incomes. This also improves water use efficiency and facilitates stabilizing irrigation water access to all command areas particularly at the tail of schemes.

To capitalize on these opportunities, the OFWMP Project with total budget of US\$ 70 million seeks to improve agricultural productivity in selected areas by enhancing the efficiency of water used. The Project implementation begun on March 16, 2011, initially as a three 3-year Operations. After successful implementation of its first, it received an additional financing in 2015, and accordingly its closing date was extended to December 31, 2019. The objective is largely achieved by rehabilitating selected irrigation schemes in 23 provinces and introducing farmers with improved agronomic practices and technologies including: land laser leveling, high efficiency irrigation systems, and System of Rice intensification (SRI). The Project also supports the institutional side of the issue by establishing and strengthening scheme-based irrigation associations to improve coordination and governance at the local level while ensuring transfer of knowledge and sustainability.

The Project Development Objective (PDO) is **“TO IMPROVE AGRICULTURAL PRODUCTIVITY IN PROJECT AREAS BY ENHANCING THE EFFICIENCY OF WATER USED”**.

The project consists of the following components:

- **IRRIGATION REHABILITATION AND MANAGEMENT IN THE FIVE REGIONS.** This component supports the physical rehabilitation and the associated institutional support to strengthen and establish irrigation associations.
- **SUPPORT FOR ENHANCING PRODUCTIVITY.** Objective of this component is to enhance agriculture and water productivity in project areas through support by the General Directorate of Agricultural Education and Development DGAED. The specific activities implemented under this component include (a) promotion of laser land leveling and high-efficiency irrigation systems; (b) training and capacity building for IAs and farmers in various agronomic practices, farm management techniques, and integrated pest management; (c) operation of demonstration sites; and (d) establishment of farmers' information service centers linked with internet and mobile phone services.
- **INSTITUTIONAL STRENGTHENING AND CAPACITY BUILDING OF THE MAIL.** This component supports the strengthening of the Irrigation Directorate in: (a) investment planning, (b) technical design standards, (c) oversight on construction works, (e) monitoring and providing technical support to IAs, (f) overall sector M&E, (g) FM, and (h) safeguards and social development (including gender). In addition, under this component support in development of irrigation law is provided to the irrigation directorate.
- **PROJECT MANAGEMENT, COORDINATION, AND MONITORING AND EVALUATION.** This component is supporting the incremental operating cost, project staff cost, logistics (vehicles), and critical office equipment pertaining to project implementation so as to ensure sound management of the Project. This component also includes TA to be provided by the FAO.



### KEY RESULTS ACHIEVED:

- The Project progresses well while achieving several targets ahead of schedule. The disbursement rate stands at 87% of the total grant proceeds and the project is on track for a full disbursement by its closing date.
- To date, over 519 km of canals (against a cumulative target of 186 Km) serving around 58,004 ha of land have been rehabilitated, and 614 irrigation associations against the cumulative target of 500 have been established.
- The team continued to work with the Extension Directorate to showcase improved water management techniques and practices in target areas. In collaboration with the Government extension agents, 48 demonstration plots, including for System Rice Intensification (SRI) and 111 Farmer's Field Schools (FFSs) have been established. These plots have thus far been visited by 3,118 farmers for learning and knowledge exchange purposes.
- The Project has also established 9 high efficiency demonstration plots in Kabul, Kunar, Laghman, Nangarhar, Herat, Balkh, Baghlan, and Samangan provinces, while ground work for establishing 40 additional plots is underway. The land leveling activity has also started on a commercial basis and to date, over 700 ha of land have been laser leveled in Nangarhar, Herat and Balkh provinces.
- The Farmer Call Center (FCC) has now become fully functional, and to date nearly 13,000 farmers, and herders have shared their issues through this facility with experts and received technical advices and instructions.

### KEY PARTNERS:

- Ministry of Agriculture, Irrigation and Livestock

### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

The Project continues to be on course both in terms of achieving targets and disbursing the grant proceeds. The project will be fully disbursed by its closing date while achieving its key agreed targets. The following issues were discussed during the CPPR meeting:

- The Bank team raised concerns about turnover of the key Project staff because of various reasons. The Project team clarified the most recently several individuals have accepted better opportunities elsewhere particularly in the view the Project is ending in the next few months. The Bank team stressed the point that there should be a plan on how the created capacity will be retained by MAIL beyond life of the operations.
- The team also expressed concerns about asset management system and weakness in the assessment of section of the Project and asked that the team provide a report to the Bank on implementation recommendations of the last mission.

### BOTTOM LINE RECOMMENDATION:

**CONTINUE AS IS** and close on schedule with clearly articulated transition for a follow-on engagement. The latter will involve consolidation of IRDP and OFWMP with the proposed Agro-Water Management and Climate Resilience.



## KEY DATES:

Approved: June 17, 2013

Closing: June 30, 2019

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	67	33
IDA	0	0
Other	0	0
Total Financing	67	33

## BACKGROUND AND OBJECTIVES:

Limited access to quality inputs at affordable prices is a key constraint to higher agricultural productivity. Agrochemicals (pesticides, fungicides, herbicides etc.) are nearly entirely imported in Afghanistan - but are mostly of unreliable quality. However, the country currently lacks the legal and regulatory frameworks, as well as the infrastructure and human resources to exercise and enforce quality control for fertilizers and other agro-chemicals. Besides potentially damaging farmers' crops, the unreliable quality of most agrochemicals leads to hazardous situations for human health and the environment (in particular soil and water resources). In addition, absence of functional quarantine network has limited the country's ability to produce reliable phytosanitary certificates to facilitate access to higher paying export markets, and to discourage entry of quarantine pests and diseases.

In order to address these fundamental issues, the Afghanistan Agricultural Inputs Project seeks to build the institutional capacity in the Government particularly the Ministry of Agriculture, Livestock and Irrigation (MAIL) to carry out their public mandate in seed production chain, inputs regulations and phytosanitary arrangements. First, the project seeks to improve the technical and economic efficiency of the value chain of certified wheat seed. Second, building on the legal and regulatory framework the project develops the necessary accredited facilities for plant quarantine networks and quality control of agro-chemicals. Third, the Project has designed and piloted a voucher system for wheat seed distribution to test different distribution mechanism for wheat that can potentially substitute the government's inefficient distribution mechanism.

The Project Development Objective (PDO) is **"TO STRENGTHEN INSTITUTIONAL CAPACITY FOR SAFETY AND RELIABILITY OF AGRICULTURAL INPUTS AND SUSTAINABLE PRODUCTION OF CERTIFIED WHEAT SEED"**.

The project consists of the following components:

- **IRRIGATION REHABILITATION AND MANAGEMENT IN THE FIVE REGIONS.** This component supports the physical rehabilitation and the associated institutional support to strengthen and establish irrigation associations.
- **IMPROVED WHEAT SEED PRODUCTION.** Establishment of a commercially viable and technically efficient seed production and certification system to improve the currently unsustainable production system of certified wheat seed.
- **PLANT QUARANTINE NETWORKS AND QUALITY CONTROL OF AGRO-CHEMICALS.** Improving safety and reliability of agricultural inputs through building and strengthening the institutional capacity and physical infrastructure for quality control of agrochemicals and plant quarantine in order to prevent marketing of banned, hazardous, sub-standard, and unreliable pesticides and fertilizers and lower the risk of introduction and spread of quarantine pests into the country.
- **COMPONENT ON PILOTTED VOUCHER SYSTEM FOR WHEAT SEED.**
- **PROJECT MANAGEMENT AND MONITORING.** Comprises an Implementation Management Support Team (IMST) in MAIL tasked with M&E, MIS, Procurement, FM, implementation of ESMF and PMP.
- **PROJECT MANAGEMENT, COORDINATION, AND MONITORING AND EVALUATION.** This component is supporting the incremental operating cost, project staff cost, logistics (vehicles), and critical office equipment pertaining to project implementation so as to ensure sound management of the Project. This component also includes TA to be provided by the FAO.



**KEY RESULTS ACHIEVED:**

- The Agricultural Research Institute of Afghanistan (ARIA) managed to release officially seven wheat varieties against the accumulative target of five.
- Civil works contracts for refurbishing eight research and seed production farms have now been completed.
- Conducted short-term and long-term trainings for over 500 government staff from different research stations, which included Master and PhD education programs among others.
- The work on the Nation-wide Pest and Disease Survey is progressing with over 100,000 sample of pest and diseases collected from different regions.
- 830 additional Government technical staff, agrochemicals traders and farmers are trained in five provinces, and 20 pesticides and quarantine department staff have taken overseas study tours.
- The Project has continued to support the development of the regulatory framework for the control of pesticides, fertilizers, plant protection and quarantine.
- The Civil works contracts for nine border quarantine stations and a laboratory complex have been completed.

**KEY PARTNERS:**

- Ministry of Agriculture, Irrigation and Livestock

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

After restructuring in June 2017, project implementation has turned around, demonstrating a positive trend, both in terms of achieving the targets and disbursing the grant proceeds. The disbursement rate has increased from 23 % before restructuring in 2017 to nearly 55 % now. However, the Project will not fully disburse by its current closing date of June 30, 2019 and will not complete all the planned tasks. The Project must ensure the following:

- The Project should ensure completion of the equipping the lab and quarantine stations as well as completion of the on-going construction work before the grant agreement comes to an end
- An exit strategy that delineates sustainability arrangements and steps forward needs to be developed and shared with the MoF.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS**, and close on schedule. There will be no extension of the closing date. Other vehicles such as NHLP and off-budget funding available to substitute for the engagement.



## KEY DATES:

Approved: June 13, 2013

Closing: June 01, 2022

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	20.3	19
IDA	0	0
Other	9.7	10
Total Financing	30	29

**BACKGROUND AND OBJECTIVES:**

Afghanistan has the highest rate of consumption of wheat per capita worldwide, the country depends on imports to address around 30 – 40 percent annual requirement of wheat. However, the storage capacity within the country is quite limited, and the condition of the available facilities are below standards. Accordingly, there were several shocks to the supply of wheat due to unforeseen situations like adverse climate conditions, which resulted in significant increase in market prices of wheat.

This project comes to address this issue, through establishing a strategic grain reserve of around 200,000 Metric Tons, that can be sufficient for the consumption of two million Afghans for six months.

The Project Development Objective (PDO) is **“TO ESTABLISH A WHEAT STRATEGIC RESERVE TO BE AVAILABLE TO AFGHAN HOUSEHOLDS TO MEET THEIR NEEDS FOLLOWING EMERGENCY SITUATIONS AND IMPROVE THE EFFICIENCY OF THE GRAIN STORAGE MANAGEMENT”**.

The project consists of the following components:

- Developing the institutional infrastructure for managing the grain reserve of the country, through the establishment of a State-Owned Corporation, to be fully responsible for managing the reserve in terms of receiving wheat through purchase and international donations, and the release of wheat at time of need.
- Covers the engineering work related to the construction of three new large storage silos in Kabul, Kandahar, and Herat, and a warehouse in Badakhshan. It also covers the rehabilitation of two silos in Balkh, and Baghlan.
- Covers activities related to the implementation of the project, coordination, capacity building and training, and knowledge transfer.

**KEY RESULTS ACHIEVED:**

- Structure and charter of the State-Owned Corporation to manage the reserve is completed,
- Locations of the new silos in Kabul, Kandahar, and Herat have been identified,
- Design work of the new silos is in progress.

**KEY PARTNERS:**

- Ministry of Agriculture, Irrigation and Livestock
- The World Food Program

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

Identification of reliable construction companies to carry out the construction of the new silos is an issue. The recommendation provided to the project is to conduct market analysis to identify potential companies in the region prior to the start the procurement process and invite them to a one-day workshop to provide details about the project and the assignment. Once they understand requirement, obtain their expression of interest. This is coordinated with the Bank's procurement team.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS**, with minor tweaks as needed.





## KEY DATES:

Approved: April 12, 2013

Closing: December 31, 2020

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	190	45
IDA	0	0
Other	0	0
Total Financing	30	29

## BACKGROUND AND OBJECTIVES:

Although the agriculture sector in Afghanistan is crucial to the economy, providing jobs for almost 80 percent of its work force, and contributing more than quarter of the country's GDP, it remains to be outdated, and lacking the use of modern technology. Accordingly, productivity rates for both horticultural and livestock sub-sector are low, and the country depends heavily on imported food items.

The project aims to introduce new agriculture practices and modern technology to help farmers through conducting training events, field days, and distribution of tools. The project also works on supporting the ultra-poor especially women through the productive package, such as poultry, to help them generate income. The project has recently started giving more attention to farmers' access to markets, through farmers aggregation in production and marketing groups, which will be eventually linked to potential buyers.

The Project Development Objective (PDO) is **"TO PROMOTE ADOPTION OF IMPROVED PRODUCTION PRACTICES BY TARGET FARMERS, WITH GRADUAL ROLLOUT OF FARMER-CENTRIC AGRICULTURAL SERVICES SYSTEMS AND INVESTMENT SUPPORT"**.

The project consists of the following components:

- **HORTICULTURE PRODUCTION:** Helping farmers improve their knowledge about new horticulture practices and providing them with the required tool including high yielding seeds and saplings.
- **ANIMAL HEALTH AND PRODUCTION:** Providing farmers with animal health, and animal production services. Animal health services includes vaccinations, and veterinary services provided through the private sector Veterinary Field Units (VFU). Activities also include the distribution of high quality breeds of poultry, and livestock, with recommendations on herds managing practices.
- **IMPLEMENTATION MANAGEMENT AND TECHNICAL ASSISTANCE SUPPORT:** Focuses on project implementation, financial management, procurement and training and knowledge transfer.

## KEY RESULTS ACHIEVED:

- More than 615,000 farmers reached including around 220,000 women
- 6300 hectares of new orchards established, and more than 5000 hectares of old orchard rehabilitated.
- 27,000 kitchen garden schemes established and owned by women.
- 42,785 farmers field schools held.

## KEY PARTNERS:

- Ministry of Agriculture, Irrigation and Livestock
- European Union
- GIZ

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

The main issue hampering the project implementation delays in procurement. The centralized procurement practice introduced in MAIL has shocked the system because NHLP staff are involved in all MAIL projects, and therefore, they are overloaded and cannot address NHLP related procurements on time. To address this issue, in a recent mission, both the Bank and the MAIL agreed to hold a half-day workshop to look into the current structure of the procurement directorate under the centralization process at MAIL and provide recommendations on prioritization and tasks distribution. This will cover all WB portfolio with MAIL, however, NHLP will take the lead, considering its scale and experience of staff.

## BOTTOM LINE RECOMMENDATION:

**CONTINUE AS IS.** Key part of the Agri-business Charter. Potential for scale-up. High-risk and high-profile project which requires greater attention. Procurement delays hamper implementation.





## AFGHANISTAN EXTRACTIVE FOR DEVELOPMENT PROJECT- PROJECT PREPARATION GRANT (PPG)

## KEY DATES:

Approved: May 1, 2017

Closing: April 30, 2019

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	7.3	2.5
IDA	0	0
Other	0	0
Total Financing	7.3	2.5

**BACKGROUND AND OBJECTIVES:**

The proposed PPG is aimed at: (i) providing the Government of Afghanistan with the support necessary to allow them to continue to implement several activities that are critical to the development of the oil, gas and mining sectors, and (ii) to prepare for the implementation of the proposed Afghanistan Extractives Industries for Development (AE4D) Project with revised name Afghanistan Extractive Sector Development Project (AESD), which is expected to be submitted for board approval around August 2019.

The Project Development Objective (PDO) is **“TO ENHANCE ADMINISTRATION OF EXTRACTIVE RESOURCE DEVELOPMENT BY STRENGTHENING THE CAPACITIES OF KEY GOVERNMENT INSTITUTIONS AND THEIR STAFF AND SUPPORTING SECTOR INVESTMENT OPPORTUNITIES”**.

The PPG consists of the following components:

- This Physical cultural Heritage Management and Extractive Industry Phase II (UNESCO)
- Support to Afghanistan Extractive Transparency Initiative implementation
- Broader Support of Afghanistan extractive industry development

**KEY RESULTS ACHIEVED:**

- Archaeological screening completed in the six selected mining sites. GIS platform created; more than 800 new sites discovered;
- Management plans for heritage sites commenced: prioritized areas selected; framework for compiling the plans established;
- The data-base of heritage sites in Afghanistan prepared. An updatable digital platform created; more than 2,000 sites inventoried, including the ones newly discovered through the archaeological screening;
- Revision of the current Law completed.
- Created a joint Technical Working Group for the Project's continuation in Mes Aynak. The collection of available archaeological documentation on Mes Aynak has been completed.
- A pilot project for the site MA045 has been completed, thus providing the Afghan authorities with both a practical example and a methodological reference to produce an archaeological project, including timeframe, budget/ personnel required.
- During the PPG period, the MoIC has begun the process of preparing the relevant safeguard instruments such as the Environmental and Social Management Plan (ESMP) for Mes Aynak and the draft CHMP.
- AEITI Work Program. The AEITI Multi-Stakeholder Group (MSG) and Secretariat has drafted a new country work plan along with finalization of the BO definition and its roadmap and Recommendations' Matrix i.e. planning and distribution of tasks within different stakeholders to bring major reforms within the extractive sector including but not limited to transparency.
- Strategy Development and Analytical Work. With support from the PPG, the MoMP was able to prepare several sector strategies, including: i) MoMP Mining Sector Road Map and reform strategy; ii) anti-Corruption strategy; iii) completion of Talc industry value chain analysis; iv) business plan for Coal and Jabul-Seraj Cement of State owned industry (SOEs);
- Updated Environmental & Social Management Framework (ESMF), Resettlement Policy Framework (RPF) and drafted Supplementary Resettlement Action Plan (S-RAP)

**KEY PARTNERS:**

- Ministry of Mines and Petroleum (MoMP)
- Afghanistan Extractive Industry Transparency Initiative, MoF
- Ministry of Information and Culture (MoIC)

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

- Enhance Project budget planning
- Avoid Payment delays
- Lags in procurement process
- Establish Environmental and Social capacity under new ESF
- Approval of Retroactive Financing budget
- Gas Supply Fund request letter (Submitted to MoF in Dec 2019)

**BOTTOM LINE RECOMMENDATION:**

EXTEND THE PPG UNTIL THE NEW PROJECT IS EFFECTIVE: Given that the current PPG will close on the 30th April 2019 while activities in Mes Aynak need to be continued, especially in light of the very positive steps undertaken under the current project, both Ministries are requesting for the extension of the PPG for one more year from the current closing date of 30th April 2019 to the 30th April 2020 or upon AESD effectiveness.

## DABS PLANNING AND CAPACITY SUPPORT PROJECT (P131228)

### KEY DATES:

Approved: February 10, 2016

Closing: July 31, 2023

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	6	4.7
IDA	0	0
Other	0	0
Total Financing	6	4.7

### BACKGROUND AND OBJECTIVES:

The Afghan power system is small, fragmented and underdeveloped but demand is growing rapidly. Despite considerable progress in building power infrastructure over the last decade, the estimated grid-based electricity covers only about 34 percent of the population, mainly in the urban areas and along a few transmission corridors. Rural areas remain practically unserved with less than 10 percent of rural areas connected to the grid. Sector institutions are evolving, with a gradual separation of policy and operations. The main government department responsible for the power sector in Afghanistan is the Ministry of Energy and Water (MEW). It is mainly responsible on policy, strategy, and planning. DABS is responsible for operations and investment of power network. After its separation from MEW in 2009, DABS has been able to establish itself as a financially independent and commercially viable entity while remaining under state ownership. However, DABS needs to improve its capacity to plan and manage new investments. Most DABS' staff lack the appropriate level of technical qualification to run a modern power system. This makes planning and implementation of new investments, and reliable operation and maintenance of the system a critical part of the capacity building needs, which this project aims to address. Support to build DABS' capacity in planning and O&M of distribution system has remained a critical gap that this project aims to fill. This project contributes to several important higher-level objectives, particularly economic growth and human development. Access to improved electricity services is not only critical for improving livelihoods but also key in spurring private sector growth. The Project especially targets a specific gap in the donor community's wider support to Afghanistan's energy sector, which is the capacity of DABS to sustainably maintain and expand the distribution network.

The Project Development Objective (PDO) is **“TO IMPROVE DABS CAPACITY IN DISTRIBUTION INVESTMENT PLANNING, IMPLEMENTATION, OPERATION AND MAINTENANCE. THE PROJECT HAS TWO COMPONENTS AS FOLLOW”**.

The Project consists of the following components:

- The objective of this component is to support DABS' capacity to plan and implement new investments in distribution systems and to operate and maintain the investments properly. A consulting firm will be hired under this component to carry out a training program consisting of a mix of classroom and on-the-job trainings. The trainings will particularly focus on engaging DABS planning staff including female engineers in preparation of feasibility studies through longer term on-the-job trainings. DABS planning staff will work closely with the trainers daily to carry out a pre-feasibility and/or feasibility study and prepare a US\$50 million distribution system investment project as part of this training using their newly acquired skills, as an outcome of this component. DABS's O&M staff will also receive identified trainings in planning and implementation of safe operation and maintenance of the network.
- This component supports development of a training center in Kabul. Currently DABS does not have any training facility for its staff, and this has been identified as a critical gap in its overall capacity building efforts. Under this component DABS will hire a consulting firm to design the training center based on the scope of work already identified. A contractor will be hired to build and furnish the training center which is expected to take about two years. Until then, DABS will use a temporary space for the training to be carried out under Component 1. The training center will also be equipped with specialized office and training equipment.

**KEY RESULTS ACHIEVED:**

- 12 female engineering student/graduate interns have been hired and are working and receiving mentorship in different engineering department of DABS
- DABS planning department personnel has received training in feasibility study of new transmission line project and prepared another feasibility study for a transmission line by themselves with the assistance of ECG (Electric Company of Ghana).
- ETAP; Electrical Power System Analysis software has been purchased for the planning department of DABS and two training is provided for planning department personnel of DABS
- DABS Finance department personnel has received 6 series of financial analysis training and prepared a comprehensive financial analysis model for DABS
- Safety equipment, office equipment, and part of IT equipment for conducting the training and for the training center has been purchased and delivered to site
- Training center design is completed and selection of contractor for construction of training center is in procurement stage
- Consultant for staff capacity building training is in final stage of procurement

**KEY PARTNERS:**

- Da Afghanistan Breshna Sherkat

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

- Enhance Project budget planning
- Avoid Payment delays
- Lags in procurement process
- Establish Environmental and Social capacity under new ESF
- Approval of Retroactive Financing budget
- Gas Supply Fund request letter (Submitted to MoF in Dec 2019)

**BOTTOM LINE RECOMMENDATION:**

As the project snapshot shows, the project progress is relatively good. Though major envisaged activities are in procurement stage, the project achieved some important objectives. For example, planning department personnel is trained on conducting feasibility study and prepared feasibility study for one transmission line project. Planning software is purchased, and planning department of DABS is trained on how to use it. Finance department personnel is trained on financial analysis and financial analysis model is built for DABS. 12 female engineering student/graduates have been hired and trained. Main issue is delay in procurement process. Procurement department of DABS should prepare a procurement manual and the manual should be enforce strictly

**CONTINUE AS IS** but use the findings of the forthcoming Mid-Term Review to initiate - if needed - a level 2 restructuring to address implementation issues or evolving needs. Trainings to the project should be channeled through TVETA. DABS and TVETA to work on transfer of training from DABS to TVETA.

## KEY DATES:

Approved: December 14, 2015

Closing: September 30, 2022

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	83	66
IDA	0	0
Other	0	0
Total Financing	83	66

## BACKGROUND AND OBJECTIVES:

The project supports delivery of electricity and is inscribed in the energy sector. Through its various activities, the project aims to increase indigenous power generation by rehabilitating and overhauling of Naghlu Hydropower Plant (NHPP), by improving dam safety of NHPP, by building capacity of power plant personal in operation and maintenance of Hydro-plants, and by increasing electrification around the area of NHPP.

The Project Development Objective (PDO) is “**TO IMPROVE DAM SAFETY AND TO INCREASE THE SUPPLY OF ELECTRICITY AT THE NAGHLU HYDROPOWER PLANT**”.

The Project consists of the following components:

- **MECHANICAL, ELECTRICAL, AND ELECTROMECHANICAL WORKS.** This component complements the rehabilitation of the electrical and electromechanical parts of the plant previously undertaken at NHPP and ensures their sustainable operation. It consists of two subcomponents:
- **REHABILITATION OF UNIT 1 AND UNIT 3, AND BALANCE OF PLANT.** This included the completion of electromechanical rehabilitation work of Unit 1 and Unit 3 turbines, with focus on (i) testing of the existing bent rotor shaft of Unit 1 followed by replacement; (ii) rehabilitation of Unit 3, and (ii) maintenance/overhaul of Units 2 and 4.
- **ENHANCING MAINTENANCE OF THE POWERHOUSE.** Other units of the powerhouse need regular maintenance to ensure that NHPP will not again fall into disrepair. This will also include advisory services to put in place a sustainable mechanism that will ensure O&M is undertaken per required technical standards, and that any emerging technical issues can be remedied quickly. An example is Unit 3 overhaul. Unit 3 has been running for over 20,000 hours and should have been overhauled at 7,000 hours of operation. Similarly, pipes, valves, and pumps for inlet valve control have been in service for over 45 years and need immediate attention. This subcomponent will also support the provision of spare parts and consumables for three to five years to ensure the sustainable operation and normal maintenance of the existing plant as well as the development of warehouses to provide secure storage for equipment.
- **DAM SAFETY AND POWER GENERATION IMPROVEMENT.** This component aims to ensure the safe operation of the dam through the two subcomponents:
- **SUPPORTING TECHNICAL ASSISTANCE FOR DAM SAFETY IMPROVEMENT** including (i) audit of the dam's structural and operational safety; (ii) preparation of plans and bidding documents for works to improve safety to acceptable standards, focused on reactivating the bottom outlet, adequacy of auxiliary power and other systems, improvements to the head gates closing system, installation of instrumentation, and clearance of the UXOS from the dam structure; (iii) studies on structural and operational safety considering updated hydrological and seismic data and following relevant international/national standards/guidelines; and (iv) flood routing through Naghlu Dam to Surobi Dam, including adequacy of its spilling arrangements.
- **OPTIMIZATION OF POWER GENERATION.** This component aims to examine the potential for increasing power generation at the NHPP. This will identify options for sustainable sediment management and for increasing the amount of electricity produced by the dam. It consists of two activities as follows:
- **FEASIBILITY STUDY:** This study examines the feasibility of various options to increase power generation, including but not limited to (i) appropriate dam operation and better management; (ii) additional storage upstream of the dam; (iii) additional siphon spillway/floating barge mechanism for controlled flushing of sediments; (iv) raising the dam crest; and (v) catchment area treatment. and



- **DETAILED DESIGN:** This supports the preparation of detailed designs should the feasibility study return a positive result and will be closely guided by the findings of the Environmental and Social Impact Assessment (ESIA), resettlement and livelihoods restoration, environment and social management plans (ESMPs), health, and other related action plans.
- **ENVIRONMENTAL AND SOCIAL SUSTAINABILITY, PROJECT MANAGEMENT SUPPORT, AND FUTURE PROJECT PREPARATION.** This component includes two subcomponents.
- **PROJECT MANAGEMENT SUPPORT AND FUTURE PROJECT PREPARATION.** This subcomponent aims to ensure that the DABS receives advice on good international practices and supports future hydropower project preparation.

#### KEY RESULTS ACHIEVED:

Overall progress on plant rehabilitation has been very good, but implementation of the dam safety component is lagging due to delays in procurement. Results in detail:

- Rehabilitation of Units 1 and 3 of Naghlu Hydropower plant is complete, revitalizing 50 MW capacity of the plant. Procurement for rehabilitation of Units 2 and 4 is underway.
- A new warehouse has been built inside the Naghlu Plant for storage of spare parts and consumables, and warehouse management has visibly improved, following several site visits to NHPP.
- A social survey has been completed which identified needs of the dam surrounding villages.
- Electrification of 18 villages in Sorobi District is near completion.
- A new 10 MVA Sorobi Substation is near completion. The substation will improve power quality of existing users and supply power to the remainder of villages around Naghlu Dam.
- Submersible pumps are installed in dam the drainage gallery that relieves pressure from the bottom part of the dam, thus enhancing the dam's safety.
- DABS procurement department relocation and reform is supported by the project
- Preparation of Kajaki Hydropower Plant addition is being support under the project ETAP;

#### KEY PARTNERS:

- Da Afghanistan Breshna Sherkat
- Ministry of Energy and Water

#### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

Since the project effectiveness, the project has made a significant progress as indicated above. However major delays in the procurement have stalled the progress of the project towards achieving the PDO.

- Proper monitoring of the project progress in the DABS is a major bottleneck,
- The preparation of procurement manual for WB projects under DABS has been delayed. The manual is expected to improve the procurement pace for the WB projects implemented by DABS. The recent procurement reforms have been supported by the project however any tangible results from the reforms are not observed under the project.

#### BOTTOM LINE RECOMMENDATION:

**RESTRUCTURE** (level 2) to include Darunta Dam rehabilitation. Proceed with single source bidding for a firm/individual for dam safety



## KEY DATES:

Approved: June 13, 2017

Closing: January 31, 2022

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	60	56
IDA	0	0
Other	0	0
Total Financing	60	56

## BACKGROUND AND OBJECTIVES:

Power supply in Afghanistan is delivered through a combination of grid-based systems, mini-grids and stand-alone facilities. While 89 percent of households reported having access to electricity in the 2013-2014 ALCS, only 29.7 percent received their power from the grid, primarily in urban areas. According to Afghanistan's Power Sector Masterplan (2013), overall electrification of the country will reach 65 percent by 2032. Grid supply dominates for urban households with 89 percent reporting grid access, but it represents the primary supply source for only 11 percent of electrified rural households. This Project targets Herat Province for the following reasons: Firstly, it is the Province in Afghanistan with the second highest combined commercial and technical losses just following Kabul Province. Any improvement in the Herat system will positively affect the overall viability of DABS as a power utility. Secondly, Herat is a microcosm in terms of electricity network that within its own borders combines all challenges that the overall electricity network in Afghanistan experiences, such as a large dependency from imports and challenges of interconnecting the domestic (hydro-based) generation with the international system. While focusing on electrification of four distinct districts, the Project is also a test case for how electrification can be sustainably undertaken, including through off-grid pilots, and how an electricity network can be made to grow together over time.

The Project Development Objective (PDO) is **“TO PROVIDE ACCESS TO ELECTRICITY TO HOUSEHOLDS, INSTITUTIONS, AND BUSINESSES IN SELECTED AREAS OF HERAT PROVINCE, AFGHANISTAN”**.

The Project consists of the following components:

- **ELECTRIFICATION OF FOUR DISTRICTS IN HERAT PROVINCE.** This component supports investments for building a new 110 kV transmission line, and four 110/20 kV substations and medium and low voltage distribution networks in four districts of Herat Province: Chesht, Obe, Karokh and Pashtun-Zarghoon of Herat Province.
- **GRID DENSIFICATION, EXTENSION, AND OFF-GRID PILOTS IN HERAT PROVINCE.** This component will extend grid as well as intensify and upgrade the existing grid to provide access to new or improved electricity service to other parts of Herat Province. Additionally, solar mini-grids and solar-hybrid mini-grids would be piloted in villages that are unlikely to obtain grid electricity in less than five years and where it is technically and economically justifiable. Specific subprojects will be identified and appraised during project implementation. Subprojects to provide electricity to Internally Displaced People (IDPs) and returnees will also be considered under Component 2
- **TECHNICAL ASSISTANCE.** This component will finance technical assistance (TA) to ensure timely and quality completion of the Project, to enhance DABS capacity in procurement, engineering studies and project management, to enhance financial planning for the utility, and to prepare a foundation for further extension and integration of the grid in Herat Province. The overall scope of this component includes:
  - Assistance to DABS for Project Implementation;
  - Supervision Consultant;
  - Environmental and Social Safeguards Measures;
  - Institutional Strengthening for DABS;
  - Studies for further Grid Extension;
  - Development of a Grid Code;
  - Financial Modelling for DABS;

**KEY RESULTS ACHIEVED:**

The proposed Project is expected to contribute to the Bank's overall objectives of alleviating poverty and ensuring inclusivity of access to benefit all segments of the population. It is closely aligned with the 2016 Country Partnership Framework (CPF) for Afghanistan covering the period from 2017 to 2020, especially with the second of three pillars of the Framework, 'Supporting Inclusive Growth'. Increasing power generation and access to electricity is one of five objectives under this pillar, and outcome indicators include increasing generation from domestic sources, increasing the supply of grid electricity, and increasing the number of households with access to the grid. The Project is also consistent with the first and third pillars – 'Building Strong and Accountable Institutions' which aims to build the capacity and self-reliance of government institutions and improve service delivery, and 'Social Inclusion' which is aimed at reducing differences among the population in terms of access to services and vulnerability to shocks.

**KEY PARTNERS:**

- Da Afghanistan Breshna Sherkat

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The project is making a steady progress towards achieving the PDO. Now with the International Safeguards consultant is on board, the progress on the preparation of the ESIA is expected to accelerate. The project is still facing some delays related to the implementation of the Component 1 and Component 2. However, under the Component 3, the procurement of the Grid Code for Afghanistan is under finalization.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS** and review cost breakdown and implementation progress.

## KEY DATES:

Approved: April 28, 2011

Closing: December 31, 2020

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	118	65
IDA	98	7
Other	0	0
Total Financing	216	72

## BACKGROUND AND OBJECTIVES:

Agriculture is one of the most important sectors in the Afghanistan's economy and irrigation is a vital factor for agricultural development. Currently, agriculture accounts for about one fourth of the GNP and contributed half of the 2.3 real GDP growth in 2016. Irrigated agriculture accounts for roughly 80 percent of the total production. Agriculture is by far the largest user of water, accounting for about 90 percent of water use in the country. While other sectors such as mining, and services are emerging, at least for the medium term, the agricultural sector will remain the key sector for employment and poverty alleviation. About 70 percent of the population lives and works in rural areas, mostly on farms, and 61 percent of all households derive income from agriculture. Of off-farm employment, including in urban and peri-urban areas, a large share of employment is in agriculture-related sectors and food processing, and agricultural industry accounts for most of the exports and about 41 percent of manufacturing. A challenge for Afghanistan's agricultural sector is the high degree of spatial and temporal variations in water availability. Water resource management should be responsive to this variation, and therefore requires new practices and investments in WRM, including changes in technology, management and institutions. The IRDP project will improve access to water and irrigation services and contribute to WRM development through rehabilitating irrigation schemes, restoring hydromet services, improving project management and building the capacity of MEW departments.

The Project Development Objective (PDO) is **“TO IMPROVE ACCESS TO IRRIGATION IN TARGETED AREAS AND STRENGTHEN THE CAPACITY FOR WATER RESOURCES MANAGEMENT”**.

The Project consists of the following components:

- **COMPONENT A:** Rehabilitation of Irrigation Systems and River Bank Protection. Rehabilitation of existing irrigation schemes to restore irrigation services and critical river bank erosion protection in various part of the country.
- **COMPONENT B:** Support for Dam Development, Operation and Maintenance. This component supports dam safety works, including preparation of a Dam Safety Guidelines and Manual, and assessment, operation and maintenance works for existing dams.
- **COMPONENT C:** Water Resource Management and Development; C1-Improvement of Hydromet Services; technical capacity building for hydromet data analysis, development of user oriented hydromet services, and strengthening ground water monitoring capacity; C2- Support for Legal and Institutional Framework for WRM and River Basin Planning, review of the Water Law.
- **COMPONENT D:** Project Management and Capacity Building. Provision of implementation support to assist MEW in implementation and management of the project.

## KEY RESULTS ACHIEVED:

The project is currently making Satisfactory progress towards achievement of its PDO.

1. To date 220 out of 230 proposed irrigation schemes costing \$147.8 m and covering 292,000 hectares of land have been approved. Out of these, 184 schemes, costing \$72.0 m and covering 67,000 hectares of land are completed, 31 schemes are under implementation and five to be awarded imminently.
2. Contracts for the 10 remaining irrigation schemes are expected to be awarded by May 2019.
3. For the first time Dam Safety Guidelines and Manual for Afghanistan has been prepared. This was discussed in a two-day workshop January 21-22, 2019 with the stakeholders and is now being finalized.



4. Under the legal and framework development for WRM, review of Water Law review has completed by the Government assigned review committees under the chairmanship of MoF, the draft amendment version of the Water Law is completed in December 2018 and it is submitted to MoJ for further approval process as per the government procedures.
5. Minor dam repairs of two existing dams (Qargha and Darunta) are ongoing, and dam assessment reports for nine other dams in various part of the country are completed. Dam break analysis for the two mentioned dams are completed and are in progress for the remaining dams

**KEY PARTNERS:**

- The Ministry of Energy and Water (MEW)

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

Total area provided with irrigation is 202,700 hectares against the target of 215,000 hectares. A total length of 36.7 km river bank protection works costing \$17.3m has been awarded in 50 locations in various part of the country, out of which 11.6 km work in 18 locations are completed (against a 26.3 km target).

In the discussion with the Government emphasize to ensure allocation of the \$3.5m which was agreed to be paid from the Government fund for the operation and maintenance of hydro-met Stations, the amount should be allocated for future O&M of the Hydrology station for the following years at least starting from (FY 1398)

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS** with minor tweaks as needed, and close on schedule with clearly articulated transition for a follow-on engagement. Consider folding into Agro-Water Management and Climate Resilience.





## KEY DATES:

Approved: October 20, 2015

Closing: December 31, 2022

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	250	229
Other	0	0
Total Financing	250	229

## BACKGROUND AND OBJECTIVES:

Trans-Hindukush supports the government key priority of keeping the north-south connectivity to ensure the socio-economic activities are maintained. The project includes the rehabilitation of Salang corridor including the Salang Tunnel and upgrading the Baghlan to Bamyan (B2B) road into a full highway standard road to serve as a bypass to Salang corridor. The project is aligned with overall government's objective to provide transportation service to the population and also improve regional connectivity by connecting regional countries namely South Asia with Central Asian countries.

The Project Development Objective (PDO) is **“TO IMPROVE ROAD TRANSPORT CONNECTIVITY ACROSS THE HINDUKUSH MOUNTAIN RANGE. THE PROJECT HAS TWO COMPONENTS”**.

The Project consists of the following components:

- **ROAD CONSTRUCTION AND REHABILITATION.** This component will be the main deliverable during the first half of the project lifecycle and it will include (i) civil works for the construction of the Baghlan to Bamyan (B2B) road and the rehabilitation of the Salang road and tunnel, (ii) consulting services, including for the supervision of civil works and for regular technical audits by an independent international auditor to verify that road works have been executed in compliance with the technical specifications, and (iii) goods, which will include a small number of equipment items which MPW may need to keep the two roads open during the project period.
- **INSTITUTIONAL SUPPORT AND PROJECT MANAGEMENT.** This component will include multiple subcomponents such as: a) Road Safety, b) Definition and implementation of asset management arrangements for the trans-Hindukush roads, c) Community engagement, d) Training, capacity building and institutional development and e) Project management support, including the cost of the Project Management Team (PMT).

## KEY RESULTS ACHIEVED:

The project is at early stage of implementation and there is no major result achieved as of now, however, the project is expected to rehabilitate the Salang tunnel, reduces average travel time for trucks, construct 152 km of road, rehabilitate 30 km of road and install fiber optic cables along the Baghlan to Bamyan road.

## KEY PARTNERS:

- Ministry of Public Works (or after recent merger Ministry of Transport)
- Asian Development Bank,
- USAID
- Islamic Development Bank through off-budget initiatives.

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

As per the recent assessment, the rating of progress towards achieving of the PDO is “Moderately Satisfactory” and the rating for Implementation Progress (IP) is Moderately Unsatisfactory due to the delays in procuring the civil works and very limited physical progress towards completing the B2B road construction. The desk work is progressing well, and the project is expected to commit at least 70% of the total fund by June 2019. Disbursement stands at 12%.

- During CPPR, it was discussed that THRCP PMT will submit to the World Bank and Ministry of Finance the detailed plan for completion of land acquisition for B2B road;
- The PMT will complete the procurement of remaining civil work contracts for B2B roads by start of next construction season and improve coordination with NPA to avoid potential delays;
- The issue of tranche budgeting is a clear breach of the financing agreement. MPW should avoid this and in will prepare an annual work plan linked with projected disbursement and submit it to the World Bank for approval.

## BOTTOM LINE RECOMMENDATION:

**UNDER-PERFORMING.** Team to review implementation at the Mid-Term Review schedule in June or earlier and restructure the project as needed.



## KEY DATES:

Approved: March 28, 2018

Closing: March 31, 2023

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	51	51
Other	0	0
Total Financing	51	51

## BACKGROUND AND OBJECTIVES:

Digital CASA Afghanistan is part of the Digital CASA Regional Program, which is structured as a Series of Projects (SOP) across landlocked countries in Central Asia and parts of South Asia. Afghanistan and the Kyrgyz Republic were first to be approved in March 2018, and Uzbekistan is expected to join in 2019/2020. Kazakhstan and Tajikistan may join in subsequent phases depending on its interest and readiness. Further, the program also remains open to other neighboring countries in the region.

The goal is to integrate the countries into the global and regional digital economy. The program adopts a Maximizing Finance for Development (MFD) with the intention to use public investments to crowd-in private sector investments and support a competitive market. A variety of public-private partnership (PPP) arrangements and innovative financing mechanisms are being considered for both the connectivity and e-Government components. The Program will deliver: (i) lower prices for international connectivity and improved geographic reach and reliability of broadband networks; (ii) enhanced government efficiency and transparency through expanded availability of digital infrastructure and services; and (iii) increased role and improved competitiveness of the private sector made possible by applying a new financing mechanism and a variety of public-private partnership (PPP) arrangements. The project will explore the possibility of private sector-driven regional cloud computing data center including disaster backup recovery functions.

The Project Development Objective (PDO) is **“TO INCREASE ACCESS TO MORE AFFORDABLE INTERNET, CROWD-IN PRIVATE INVESTMENT IN THE ICT SECTOR, AND IMPROVE THE GOVERNMENT’S CAPACITY TO DELIVER DIGITAL GOVERNMENT SERVICES IN AFGHANISTAN BY CONTRIBUTING TO THE DEVELOPMENT OF A REGIONALLY INTEGRATED DIGITAL INFRASTRUCTURE AND ENABLING ENVIRONMENT”**.

The Project consists of the following components:

- **COMPONENT A:** Regional and Domestic Connectivity promoting more affordable, high-quality Internet access for citizens, businesses, and Government by incentivizing private sector network infrastructure development and service provision at the regional and national level
- **COMPONENT B:** e-Government supporting cloud-based shared data center infrastructure and platforms for the Government to securely deliver better services to citizens;
- **COMPONENT C:** Enabling Environment (Policy and Regulatory Frameworks) strengthening laws and regulations related to the ICT sector, and development of relevant policies and strategies; and
- **COMPONENT D:** Project Management and Institutional Strengthening to support effective project activities and strong delivery of results, as well as institutional strengthening for the government.

## KEY RESULTS ACHIEVED:

Results have been limited due to slow progress. Currently:

- Five consultancies totaling \$550,000 are ongoing and 7 consultancies, including four key technical feasibility studies for the connectivity component and e-Government components, totaling \$2.47 million are at advanced stages of procurement. The procurement of these consultancies is expected to be completed by March 2019.
- The selection of a consultant to assist with the preparation of the right of way guidelines remains ongoing. At the end of the contracts draft regulations and guidelines would be prepared, which ATRA would be responsible for issuance for lifting the disbursement conditions.

The PPG closed on December 31, 2018 and all remaining preparatory activities are in the process of being rolled over to the main project. Disbursements from the IDA Grant is expected to accelerate starting from May 2019 after the PPG grace period completes.



**KEY PARTNERS:**

- Ministry of Finance – Digital CASA Steering Committee (to be established as per Financing Agreement)
- Ministry of Communication and Information Technology (MoCIT) – Implementing agency
- Telecom Regulatory Authority of Afghanistan (ATRA) – Regulatory issues
- Ministry of Economy – Cross-sector infrastructure sharing issues

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The open access policy approved in 2016 opened the market for wholesale fiber optic connectivity. In early 2018, four private wholesale optical fiber operators were offered optical fiber licenses, of which three were existing mobile operators - Etisalat, AWCC and Roshan. The fourth licensee is the Asia Consulting Group (ACG), a new entrant. The concern is that all of the operators are focusing on international optical fiber connectivity and unless domestic connectivity is also strengthened, it will be difficult to increase broadband connectivity in Afghanistan and also to make Afghanistan as a transit hub for regional internet traffic.

- **DISBURSEMENT CONDITIONS:** Three out of four consultancies that are directly linked to disbursement conditions under categories (1) (a) and (1) (b) in the Financing Agreement (pre-purchase of International bandwidth and capital subsidies) are ongoing and expected to complete by March/April 2019.
- **TECHNICAL FEASIBILITY STUDIES:** MoCIT is urged to finalize the procurement of four key feasibility studies and preparation of bidding documents for the connectivity component (Internet Exchange Points, Indefeasible right of use of bandwidth & Government Network and e-Government (portal & e-services, cloud computing).
- **PROJECT STAFFING – PROJECT IMPLEMENTATION UNIT (PIU):** There is an urgent need to expedite staffing of the PIU. A PIU Director, Procurement Officer, Contract Management Specialist, Senior FM Specialist, and a Senior PR/ Communications Officer are on board. Previous high turnovers of the Senior Procurement Specialist's position had significantly impeded project progress since the project became effective in May 2018.
- **PROJECT MANUAL:** Adoption of a project manual, within 90 days from the Project's effectiveness date, is required under the Financing Agreement (Schedule 2. Section I.B (a)). A draft was prepared during project preparation to which the World Bank team provided comments. However, a final version is yet to be submitted. MoCIT is urged to submit a final version to the World Bank team by January 31, 2019.
- **STEERING COMMITTEE:** Establishment of a Steering Committee, led by the Ministry of Finance that includes representatives from the other stakeholders, is stipulated in the Financing Agreement (Schedule 2: Section I.A (1) (a)). However, this has not taken place. The MoF and MoCIT are urged to establish the Committee by January 31, 2019.

**BOTTOM LINE RECOMMENDATION:**

**UNDER-PERFORMING.** Take stock by end-June 2019 and decide on level 2 restructuring to address implementation issues or evolving needs. Trans-Euroasian Information Super-Highway to become part of it.

Seek financing under the ASIST window to bring in needed expertise, which will also require restructuring to scale down related funds in the Project.





## KEY DATES:

Approved: June 26, 2012

Closing: March 15, 2020

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	312	0
IDA	125	0
Other	0	0
Total Financing	437	0

## BACKGROUND AND OBJECTIVES:

Two decades of civil war did severe damage to the Afghan road network at all levels: regional and national highways, provincial roads and local access roads. As the nation started to emerge from the conflict in 2001, only a very small part of the road network was in good condition.

Formulated in 2002, the National Emergency Employment Program (NEEP) funded short-term employment through restoration of the dilapidated rural infrastructure. NEEP evolved into the National Rural Access Program (NRAP) from 2005 until now, with a strong focus on provision of year-round rural access to basic social services. More than 11,000 km of rural roads and related drainage structures have been upgraded or rehabilitated under NEEP/NRAP through four projects financed through IDA, ARTF and other funds. Rural access has been central to the second pillar of the Bank's Interim Strategy Note (ISN) for 2009-2011 of "promoting growth of the rural economy and improving rural livelihoods". Improving rural access will also enhance the livelihoods of a great many communities, reducing poverty, the key mission of the Bank. Afghanistan Rural Access Project supports the construction and maintenance of secondary and tertiary roads including the bridges. It is implemented by Ministry of Public Works (MPW) and MRRD coordinated by MoF.

The Project Development Objective (PDO) is **"TO ENABLE RURAL COMMUNITIES TO BENEFIT FROM ALL SEASON ROAD ACCESS TO BASIC SERVICES AND FACILITIES. THE PROJECT HAS THREE COMPONENTS"**.

The Project consists of the following components:

- **COMPONENT 1:** This component includes improvement and maintenance of secondary roads; (1000 km of gravel roads, 250 km of asphalt road, and 1000 linear meter of bridges)
- **COMPONENT 2:** This component includes improvement and maintenance of tertiary roads; and, (1385km of gravel road, 2000 linear meter of bridges)
- **COMPONENT 3:** This component includes program planning and development; institutional strengthening; and program coordination support.

## KEY RESULTS ACHIEVED:

- Population living within 2 km of an all season road within the project villages increased from 58% to 89%;
- Travel time between the village to district centers, provincial centers and other social and economic centers reduced by 50%
- Construction of 650 km of secondary gravel roads, 250 km of secondary asphalt roads and 1400 linear meters of secondary bridges;
- Construction of 1500 km of tertiary roads and 1900 linear meters of tertiary bridges;
- Routine maintenance of 1500 secondary road and period maintenance of 650 km of secondary road;
- Routine maintenance of 3000 km of tertiary road and period maintenance of 1500 km of tertiary road;
- Establishment of new GIS based network planning;
- Roll out of first nationwide inventory and condition survey of rural roads;

## KEY PARTNERS:

- Ministry of Finance, Ministry of Rural Rehabilitation and Development (MRRD),
- Ministry of Public Works (MPW),
- ARTF Donors

## SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

The project is progressing well with PDO rated Satisfactory and Implementation progress rated as Moderately Satisfactory.

- Since the project is closing on March 15th, 2020 only one construction season has left. It is important for the ministries to complete all procurement activities to allow sufficient time for implementation. This action is more relevant to MPW as it still has uncommitted fund to be procured.
- The procurement process for the two consultancies under the project, Alternative analysis and preliminary design of Torkham-Jalalabad-Kabul highway and Social and Environmental Assessment of the same highway is yet to be completed. MPW and NPA should take necessary step to finalize the procurement of these consultancies as soon as possible.
- Both entities, MRRD and MPW, should provide supporting documents for the questionable expenditures identified during transaction review.

### BOTTOM LINE RECOMMENDATION:

**CONTINUE AS IS** close as scheduled. Potential to scale up the secondary roads component under a follow-on project, but no plans for the follow-up for the secondary roads component now. The tertiary roads component to be folded into CCAP which will take in relevant ARAP staff and capacity, instead of duplicating such capacity.



## KEY DATES:

Approved: March 27, 2014

Closing: March 31, 2023

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	316	274
Other	0	0
Total Financing	316	274

**BACKGROUND AND OBJECTIVES:**

The Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000) aims to facilitate electricity trade between hydropower surplus countries in Central Asia and electricity deficient countries in South Asia by putting in place the commercial and institutional arrangements and the transmission infrastructure required for this trade. The four countries participating in the project – Afghanistan, Kyrgyz Republic, Pakistan and Tajikistan – are of considerable geostrategic importance by virtue of their location at the crossroads of China, India, Russia and the Middle East. Sustained efforts to promote institutional development and socioeconomic prosperity in the CASA-1000 countries are therefore a very high priority, not only for the countries themselves, but also for the stability of the Central and South Asia regions more broadly. The CASA-1000 countries vary significantly in terms of population numbers, economic size and development trajectories, but also share several key characteristics and have complementary development needs and goals, especially in the energy sector, which forms the basis for CASA -1000 project.

The project is seen as a “win-win” proposition by all the four countries involved, with its robust economic viability derived from not needing to set up any new generation capacity in exploiting a currently missed opportunity for regional energy trade. Furthermore, by establishing an “open access” regime, the Project enables other suppliers (for example in neighboring countries) to avail of unutilized transmission capacity to access electricity markets in the CASA-1000 countries. The project is, therefore, expected to: (i) alleviate summer electricity shortages in Pakistan and Afghanistan and/or reduce their dependence on costly and polluting oil-based generation; (ii) establish an additional, steady source of revenues to Tajikistan and the Kyrgyz Republic; (iii) help strengthen Afghanistan's role as a viable transit country, leveraging a key comparative advantage and enhancing its growth prospects; and (iv) set the stage for expanded energy trade between Central Asia and South Asia..

The Project Development Objective (PDO) is “**TO CREATE THE CONDITIONS FOR SUSTAINABLE ELECTRICITY TRADE BETWEEN THE CENTRAL ASIAN COUNTRIES OF TAJIKISTAN AND KYRGYZ REPUBLIC AND THE SOUTH ASIAN COUNTRIES OF AFGHANISTAN AND PAKISTAN**”.

The Project consists of the following components:

- **COMPONENT A:** High Voltage Transmission Infrastructure
- **COMPONENT B:** Technical Assistance and Project Implementation Support
- **COMPONENT C:** Community Support Program

**KEY RESULTS ACHIEVED:**

- Transmission lines constructed under the Project
- Commercial framework between the countries is established and operational
- Trade initiated between the participating countries

**KEY PARTNERS:**

- Ministry of Finance,
- Ministry of Energy and Water
- De Afghanistan Breshna Sherkat

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The project toward achievement of PDO is satisfactory. The current implementation status of the project is rated as Moderately Satisfactory due to the project initial delays. Currently, three contracts for construction of HVDC transmission lines are signed and under implementation. The first advance payments of 3 % of the contract value were paid to the HVDC transmission line contractors. Theroute survey of all three contracts have been completed. The contract for



Owner's Engineer (OE) was also signed and under implementation. The OE has been reviewing the project design and drawings submitted by the contractors. Consultants for preparation of the country specific ESIA and RAP have been awarded and consulting firms started their work to prepare the reports.

- Since the project is closing on March 15th, 2020 only one construction season has left. It is important for the ministries to complete all procurement activities to allow sufficient time for implementation. This action is more relevant to MPW as it still has uncommitted fund to be procured.
- Approval of HVDC transmission line routes by the National Security Council. The final route alignment was finalized after survey work by the contractors, reviewed and agreed with DABS and concerning authorities along the route. DABS submitted the route alignment to NSC on December 4, 2018 with expectation that it would approve it by end of December 2019, but it is still pending. The route alignment approval is needed for contractors to proceed with the next stage of contract implementation and for CSP to launch the activities. The revised deadline for finalization of the route is February 17, we suggest PIU to elevate the issue to higher management and resolve the issue within the revised deadline.
- Pending second advance payment of 17 % of contract values to the contractor: MoF has allocated USD 20 million for FY 1398, while DABS need at least USD 40 million. DABS has submitted a request letter to MoF to increase current budget allocation for CASA project and allow DABS to process 17 % advance payment to the contractors. Meanwhile DABS has submitted request to MOF for opening LC for all 3 Lots of HVDC TL contracts and it is under process in MOF. Advance payment and opening of LC are part of the effectiveness condition of contracts. We hope MoF could help DABS in process of these requests make CASA HVDC transmission line contracts effective. The due date is now is February 20, 2019.
- Protracted Contract amendment to include taxes and duties: the contracts for 3 Lots HVDC transmission line contracts were signed exclusive of taxes and duties. DABS is working to prepare contract amendment to include taxes and duties in the contracts since June 2018 and expected to finalize by December 2018 but so far not yet completed. We understand that DABS had several meetings with MOF and contractors to calculate the amount of taxes and duties to be included in the contract, but this process took longer than expected period. this is one of the major issue which can cause implementation of the project.
- Signing of the MOU between DABS and MRRD on coordination for CASA and CASA CSP. The MOU was drafted to outline principles of coordination and cooperation between DABS and MRRD for CASA and CASA CSP, including cooperation for on-grid electrification of communities in the CASA Corridor of Influence. The MOU was expected to be signed by January 31, 2019.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS.** High-risk and high-profile project which requires greater attention.



## KABUL URBAN TRANSPORT EFFICIENCY IMPROVEMENT PROJECT (P131864)

## KEY DATES:

Approved: April 03, 2014

Closing: December 31, 2019

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	90	29
IDA	0	0
Other	0	0
Total Financing	6	4.7

**BACKGROUND AND OBJECTIVES:**

The project is consistent with all three pillars of the World Bank's Interim Strategy Note (ISN) for the Islamic Republic of Afghanistan (IRoA) for 2012-2014: (i) building legitimacy of institutions: the project will build KM's legitimacy in the eyes of the residents by expanding and improving the road network and its efficiency which will in turn improve the city urban productivity; (ii) providing equitable service delivery: by bringing about network wide improvements that are important for mobility, the project will improve services for rich and poor alike as a reduction in travel time and cost will accrue to all citizens; (iii) inclusive growth and jobs: mobility improvements will enable improved access to jobs and social services and create a more inclusive city.

The Project Development Objective (PDO) is **"TO IMPROVE ROAD CONDITIONS AND TRAFFIC FLOWS IN SELECTED CORRIDORS OF KABUL CITY. THE PROJECT HAS THE FOLLOWING THREE COMPONENTS"**.

The Project consists of the following components:

- **ROAD INFRASTRUCTURE:** This component will finance the improvements of select segments of roads in four priority corridors. It will include the rehabilitation of road surfaces, pedestrian walkways, installation of street lights, implementation of road safety and traffic control measures (e.g. junction channelization, signalization, etc.) and rehabilitation of roadside drains.
- **CAPACITY BUILDING:** This component will provide Technical Assistance for the following subcomponents: (i) Priority interventions for city center accessibility, including detailed designs for interventions such as fly overs, junction channelization, signalization for alleviating congestion at the city center; (ii) Public transport studies, including feasibility studies for potential high capacity public transport corridors; (iii) Traffic management and road safety capacity building targeted at KM's design department to improve their capacity for traffic engineering; (iv) O&M productivity increase through the procurement of road maintenance equipment, training for KM's O&M department technical staff, and establishing a financial management and supervision mechanism to improve the efficiency of O&M; and (v) other relevant studies.
- **PROJECT MANAGEMENT SUPPORT:** This component will finance (i) Consultancy services for design review and site supervision; (ii) Consultancy services to enhance KM's human resource capacity for KUTEI project management and implementation, and the provision for on-the-job training; (iii) Knowledge sharing through seminars, workshops and studies; and (iv) Incremental operating costs for project management.

**KEY RESULTS ACHIEVED:**

The overall progress towards achieving the project development objectives (PDO) is Satisfactory, while the rating for the overall implementation progress is Moderately Satisfactory due to some delays in activities under component B. The Procurement and Finance Management performances are also satisfactory. However, due to compliance rate of social and environmental safeguards, the rating is kept as Moderately Satisfactory.

- As of January 31, 2019, eight road infrastructure contracts have been completed for a total of 31 km, and roads are opened to the traffic.

- The construction of 6.95 km drainage canal was awarded on February 04, 2018, with an expected completion date of May 03, 2019. The implementation progress stands at 65%. On-site supervision by the Bank highlights that civil works have been executed in high quality.

The Consultancy for Area Accessibility & Street Function Optimization in Kabul City Center is in the last stages of procurement and the contract is expected to be awarded by March 2019.

**KEY PARTNERS:**

- Kabul Municipality

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The project has made savings from the procurement of civil works and consultancy services. During the Mid Term Review (MTR), it was agreed that the Project will finance rehabilitation of few additional roads under component A. KM has already identified 6.75km of priority roads. The procurement process has been almost finalized, and the contracts are expected to be awarded by end of February 2019. The Consultancy for Design & Review of 40 Km Roads in Kabul has been awarded and roads are identified. The consultant is already onboard. The design work is progressing well and by June 2019 the designs for 40km of roads would be ready.

- One of the civil works for road contraction contract under the project is pending for approval. Initial submission of the package has been rejected. The procurement of the package should be completed within the guidelines of the World Bank procurement.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS** and close on schedule



## KEY DATES:

Approved: April 03, 2014

Closing: June 30, 2021

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	110	41
IDA	0	0
Other	0	0
Total Financing	110	41

**BACKGROUND AND OBJECTIVES:**

The Kabul Municipal Development Program (KMDP) was approved soon after closing of the previous urban upgrading project called Kabul Urban Reconstruction Project (KURP) which demonstrated the viability of area wide upgrading of informal or unplanned settlements as an important tool to deliver basic services to a large and growing under-served population. It established a cost-effective methodology that integrates planned and unplanned areas of the city through the delivery of targeted trunk infrastructure, while at the same time strengthening the social capital of beneficiary communities by laying the groundwork for socially and gender inclusive community participation in decision making over public expenditure for service delivery that directly impacts the urban community. KMDP was deliberately conceived and processed concurrently with the Kabul Urban Transport Efficiency Improvement Project (KUTEI) which finances trunk roads, with KMDP financing upgrading of settlements that are complemented by the trunk roads.

The KMDP's 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 Development Objective (PDO) is **"TO (i) INCREASE ACCESS TO BASIC MUNICIPAL SERVICES IN SELECTED RESIDENTIAL AREAS OF KABUL CITY; (ii) REDESIGN KM'S FINANCIAL MANAGEMENT SYSTEM TO SUPPORT BETTER SERVICE DELIVERY; AND (iii) ENABLE EARLY RESPONSE IN THE EVENT OF AN ELIGIBLE EMERGENCY"**.

The Project consists of the following components:

- **INFRASTRUCTURE UPGRADING PROGRAM:** This component is expected to deliver welfare and human development benefits to approximately 1.05 million people through services provided in 3020 hectares of government owned land, of which 73 percent is occupied by unplanned settlements and 27 percent by planned settlements
- **REDESIGN KM'S FINANCIAL MANAGEMENT SYSTEM:** This component will enable KM to present on its website financial statements as per international standards and a report providing expenditure details by type of services provided by the end of the project.
- **PROJECT MANAGEMENT, WORKS DESIGN AND SUPERVISION:** This component supports the cost of KMDP management, design and supervision, monitoring and reporting; short-term individual consultants for specific tasks as needed; and professional training, workshops, and knowledge sharing events.
- **CONTINGENCY EMERGENCY RESPONSE:** This component will allow for a rapid response following an adverse natural or man-made event that causes a major disaster, through the reallocation of project funds. It could also be used to channel additional funds for emergency response should they become available.

**KEY RESULTS ACHIEVED:**

- Around 85 works contracts for upgrading 2,481.0 hectares (82 % of end-of-project target area of 3020 hectares).
- More than 485 km of community roads, 592 km of community drains, 49.7 km footpaths/sidewalks, 27 km of water supply pipes and 35.7 km trunk roads have been built. A total of 1.15 million people have benefited from the Project (70% of them women and children) - 843,480 direct beneficiaries and 306,460 indirect beneficiaries from upgrading of gozars.
- Additionally, 113,000 residents of Macrorayan residential blocks are benefiting from improved water supply.
- Almost 800,000 have benefited from area upgrading.
- Temporary Employment: 2.6 million man-days of temporary employment has so far been created, with 27% of the contract amounts being labor costs.



**KEY PARTNERS:**

- Kabul Municipality

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

Performance towards development objectives continues to be satisfactory. 78% of the overall Grant proceeds are committed. 82% of end-of-project target area of upgrading 3020 hectares of settlements has been achieved. The number of targeted beneficiaries by end-of-project of 1.05 million people has been met, with actual beneficiaries from area upgrading being 1.15 million.

A sustained risk to KMDP implementation has been staffing and leadership changes at KM.

These risks are further amplified with additional recruitment planned for the implementation of the EZ-KAR Project (for which identification, feasibility studies, and commencement of engineering design preparation will begin after effectiveness of EZ-KAR and the recruitment of additional staff). This merger will bring the total staffing to be managed by the KMDP Team Leader to 82. Risks are further magnified as the staffing will be split in 2 geographical locations stretching the already weak implementation capacity of Kabul Municipality to coordinate with another implementing agency which has no experience with IDA project implementation.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS.** Watch for potential fiduciary issues





## KEY DATES:

Approved: December 20, 2019

Closing: June 30, 2020

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	25	25
IDA	25	25
Other	0	0
Total Financing	50	50

## BACKGROUND AND OBJECTIVES:

CIP design is based on a recognition that short-term, one-off interventions are not sufficient to sustain the policy and institutional reforms necessary in the sector. Consistent with findings of the literature on institutional development, CIP's programmatic approach offers an opportunity to unpack the complexity of these institutional development challenges in stages by incrementally introducing reform efforts and establishing performance standards and systems that can sustain these reforms over time (CIP Components 2 and 3). Such reform measures, however, need to be coupled with incentives, in the form of financial resources for investments that provide a tangible improvement in municipal services (Component 1).

The CIP Program Development Objective (PRDO) is to improve the sustainability and livability of nine regionally-balanced Provincial Capital Cities (PCCs). The CIP is first series of projects.

The Project Development Objective (PDO) is **“TO FOR THE FIRST IN THE SERIES OF PROJECTS (SOP I) IS TO INTRODUCE SUSTAINABLE MUNICIPAL FINANCE AND MANAGEMENT SYSTEMS IN NINE PARTICIPATING PCCs AND REHABILITATE MUNICIPAL INFRASTRUCTURE IN FIVE PARTICIPATING PCCs. (PDO) FOR SOP II IS TO ROLLOUT SUSTAINABLE MUNICIPAL FINANCE AND MANAGEMENT SYSTEMS AND EXPAND MUNICIPAL INFRASTRUCTURE AND SERVICE COVERAGE IN NINE PARTICIPATING PCCs”**.

The Project consists of the following components:

- **REHABILITATE MUNICIPAL INFRASTRUCTURE:** This component would provide financing on a performance basis to support five participating PCCs (Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif) in the rehabilitation of urgently-needed basic municipal infrastructure.
- **STRENGTHEN THE MUNICIPAL FINANCE FRAMEWORK:** In line with the Municipal Law, issued by Presidential Decree, this component will support GoIRA and 9 participating PCCs in building municipal capacity for improved own source revenue (OSR) collection and design of a system for performance-based fiscal allocations. The Component will be implemented by IDLG and would comprise technical assistance, systems development, and training aimed at: (i) developing custom-designed OSR Enhancement Strategies and Plans for 9 participating PCCs; (ii) supporting IDLG and MOF in designing an institutionalized performance-based fiscal allocation to municipalities; and (iii) designing and integrating a Municipal Finance Database. This assistance would be provided to IDLG, MOF and nine PCCs
- **IMPROVE THE MUNICIPAL MANAGEMENT FRAMEWORK:** This component would provide support for strengthening municipal planning and management at 9 PCCs through technical assistance, training, and the supply of urgently needed equipment and software. This component will be implemented by IDLG and will be comprised of the following subcomponents:
- **PROJECT IMPLEMENTATION UNIT:** This component would support IDLG in managing the implementation of the CIP in coordination with the participating PCCs and MUDH.

## KEY RESULTS ACHIEVED:

Investment packages under CIP have already been identified with support from ongoing Urban Development Support (P147147). Key areas of engagements have been discussed with MoF and IDLG including participating cities and some of the activities for readiness are advancing.

**KEY PARTNERS:**

- Ministry of Urban Development and Land
- Ministry of Finance,
- Independent Directorate of Local Governance

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

Investment packages under CIP has already been identified with support from ongoing Urban Development Support (P147147). Key areas of engagements have been discussed with Ministry of Finance and IDLG including participating cities and some of the activates for readiness are advancing.

**BOTTOM LINE RECOMMENDATION:****INITIATE IMPLEMENTATION AS APPROVED**

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## KEY DATES:

Approved: January 13, 2017

Closing: June 30, 2020

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	5	17
IDA	20	5
Other	0	0
Total Financing	25	22

**BACKGROUND AND OBJECTIVES:**

Urban Development Support Program (UDSP), IDA financed support to the Government of Islamic Republic of Afghanistan (GOIRA), the project is currently providing technical assistance, capacity building, and systems to two central government institutions: (i) the Ministry of Urban Development and Land (MUDL); and (ii) the office of the Deputy Ministry of Municipalities (DMM) at the Independent Directorate of Local Governance (IDLG). Also, at the sub-national level, technical assistance for institutional capacity building is provided by UDSP to five participating municipalities including Khost, Mazar, Herat, Kandahar, and Jalalabad.

The Project Development Objective (PDO) is **“TO CREATE AN ENABLING POLICY FRAMEWORK AND ENHANCE URBAN POLICY MAKING CAPACITY IN RELEVANT AGENCIES AT THE NATIONAL LEVEL; AND STRENGTHEN CITY PLANNING, MANAGEMENT AND SERVICE DELIVERY CAPACITY IN FIVE PROVINCIAL CAPITAL CITIES (PCCs)”**.

The Project consists of the following components:

- **URBAN INFORMATION:** Building an Urban Management Information System; This component would support national and local government agencies in fulfilling their mandated functions, supported by accurate and timely urban data and information. This will be achieved through the establishment of a national urban database at MUDL to support policy formulation and the monitoring of policy implementation and sector performance over time. At the local level, the Project would assist Provincial Capital Cities (PCCs) and regional branch offices of MUDL.
- **URBAN INSTITUTIONS:** Institutional and Capacity Development for MUDL and the five participating PCCs; This Component is designed to strengthen MUDL and participating PCC capacities to articulate and implement clear and coherent urban policies that have tangible impact in improving the functioning of cities in providing services and overseeing orderly and efficient urban development. Work will be carried out under four Policy and Institutional work streams:
- **URBAN INTEGRATION:** Strengthening Urban Planning at National and Local Levels; This component, is executed by MUDL, supports integrated approaches to urban planning through the formulation of an appropriate urban planning framework, the development of an academic curriculum for urban planning and the preparation of local strategic development plans for five participating PCCs. The component covers the following activities.
- **URBAN INVESTMENTS:** Feasibility and Design Studies for Urban Infrastructure; This Component is implemented by MUDL in coordination with IDLG and the five participating PCCs to support the preparation of feasibility studies for both priority and catalytic projects in the five participating PCCs. Priority investments, identified during the strategic development planning process in consultation with local citizens and businesses, would help address the infrastructure deficit and improve the quality of life in the targeted cities. Catalytic investments will also help attract productive investments to the cities, aimed at supporting economic development and job creation. These will support the establishment of productive agglomeration economies and vibrant urban economic zones.
- **PROJECT MANAGEMENT AND ADMINISTRATION:** This Component provides financing for project management staff, upgrading of computers and office equipment and furnishings, project vehicles, internet services, and incremental operating costs to improve the efficiency of MUDL operations generally and ensure efficient operation of the PCT.

**KEY RESULTS ACHIEVED:**

The progress is made in all five components of the project. The project implementation is moving smoothly and according to predetermined plan for the project.

- Ministry of Urban Development and Land concluded the procurement of consultants to provide support on scoping and design of an Urban Management Information System (UMIS). Assignment is underway, and reports are submitted to MUDL for reviews.
- Housing demand: Procurement of consultants completed, and the inception report submitted by consultants to MUDL.
- Housing supply: The final version of the Inception report (first deliverable) was submitted by August 27th, 2018 by IPE Global and the No Objection of MUDL and World Bank was received on September 7th, 2018.
- Urban Planning Functional Review of MUDL has been awarded. While significant progress has been made on the procurement of SDF. The Contract will be awarded to the successful consultant.

**KEY PARTNERS:**

- Ministry of Urban Development and Land
- Ministry of Finance,
- Independent Directorate of Local Governance
- Ministry of Justice
- USAID
- UN-Habitat

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The project is making a steady progress towards achieving the PDO. During the midterm review in the Spring, discussions will be held to improve the disbursement rate of the project.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS**, and close on schedule. Potential to consolidate projects in the urban sector.





## ACCESS TO FINANCE PROJECT (P128048)

## KEY DATES:

Approved: November 26, 2013

Closing: June 30, 2021

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	50	21
Other	0	0
Total Financing	50	21

## BACKGROUND AND OBJECTIVES:

The project supports the overall financial sector, with particular emphasis on the microfinance sector. In the context of overall very low levels of financial inclusion in Afghanistan (even more so for women), this project works with microfinance institutions to strengthen their operations but also supports innovations to improve access to innovative financial services. With regards to SME finance, which is cited by Afghan firms among the top 5 constraints for their businesses, the project aims to contribute to enhanced access to loans through a partial credit guarantee scheme for eligible financial institutions.

The Project Development Objective (PDO) is **“TO SUPPORT ACCESS TO FINANCE FOR MICRO, SMALL AND MEDIUM ENTERPRISES, AND ULTRA-POOR HOUSEHOLDS IN SELECTED COMMUNITIES”**.

The Project consists of the following components:

- **IMPROVING ACCESS TO FINANCIAL SERVICES FOR MICRO AND SMALL ENTERPRISES:** This component supports: (i) the strengthening of the microfinance sector through MISFA, (ii) the scale up of the Targeting the Ultra Poor (TUP) Program and (iii) further strengthening of MISFA to support the implementation of its new business plan and project implementation.
- **IMPROVING ACCESS TO FINANCIAL SERVICES FOR SMALL AND MEDIUM ENTERPRISES:** This component supports (i) technical assistance to financial institutions to strengthen their SME lending capacity and (ii) equity funding into the Afghan Credit Guarantee foundation to expand coverage of the guarantee scheme.

## KEY RESULTS ACHIEVED:

The project is on track to achieve the PDO. Progress is Satisfactory on four accounts:

- The A2F project has successfully completed the 6 planned TUP projects in 6 provinces (7,500 TUP beneficiary households and an estimated 52,000 household members) with an average graduation rate of greater than 85 percent. This means that, at the completion of the TUP projects, more than 6,500 TUP households are able to sustain income-generating activities that lift them out of poverty. In addition, the gender impact is substantial. In Kabul and Kandahar for example, all 2,500 beneficiaries were women. In total, through the project, close to 6,200 women have benefited directly from all the TUP projects implemented to date (82% participation rate).
- The A2F project supported access to financial services for all (financial education including on the importance of savings), and at the completion of the TUP projects, half of the beneficiaries were linked with formal financial institutions, or savings group and actively save. The TUP project also helps them with market linkages, to expand their economic opportunities.
- The A2F project has supported a 25% increase of the guarantee portfolio for SME loans, corresponding to a 4.3 million increase in SME loans, by working with 2 commercial banks and 1 microfinance institution (MFI) to date. The guarantee is now reaching smaller SMEs which are generally the more financially-constrained (50% of loans went to SMEs of 10 employees or less; an additional 45% of loans to those with 11-50 employees), but also supporting smaller financial institutions to be less risk-averse and lend for longer periods (60% of loans more than 1 year). Recently the ACFG guarantees have been recognized by the central bank which means that partner institutions should require overtime lower collateral compared to other financial institutions.

- At institutional level, the A2F project has supported financial institutions in developing financial products and services, for entrepreneurs and households. The Capacity Building fund has financed
  - FINCA and OXUS to set up dedicated SME departments. They have thus become eligible for the credit guarantee facility and grow their SME business. OXUS exceeded its SME loan growth targets in the first year.
  - Development of sharia compliant MFI loan products for Mutahid and OXUS
  - FMFB to provide technical assistance to clients for housing which supported the expansion of lending for housing needs
  - Systems strengthening to enable MFIs to more efficiently operate, and ultimately be able to provide access to financial services in more remote areas

#### **KEY PARTNERS:**

- Implementing agencies are MISFA (component 1) and,
- ACGF (component 2)

#### **SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The CPPR assessment concurred on the importance of this project, given its target beneficiaries. Achievements summarized in the above table are notable, and progress towards the achievement is multidimensional: not only in terms of volume of funding, number of beneficiaries, but also in terms of increased capacity which will help sustain the achievements to date. The recently completed project restructuring is welcome in (i) scaling up activities with high impact with the addition of 2 TUP projects and (ii) allocating funding to focus around key priorities: financial inclusion for women, agriculture finance, and digital finance for greater outreach of financial services.

The procurement for the TUP projects has been initiated for a launch in July 2019; the proposals from MFIs with regards to the topics is being reviewed with the lens of greater outreach of financial services. The main and urgent bottleneck for this project currently relates to disbursements under the component 2, and ensuing impact on TA activities. After a US\$6.3 million was disbursed between May 2017 and October 2018, the MoF announced to ACGF that the pending TA Q22018 reimbursement (about \$0.4 million as of end-June) and all following reimbursement requests could not be further processed, due to a missing budget line for this project component 2. The budget line for component 1 (MISFA) was created as soon as project was effective. However, due to the 3-year delay in starting component 2, the budget line for that component was not created.

#### **BOTTOM LINE RECOMMENDATION:** **CONTINUE AS IS.**



## KEY DATES:

Approved: August 25, 2011

Closing: October 31, 2019

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	46	22
Other	0	0
Total Financing	46	22

**BACKGROUND AND OBJECTIVES:**

The Financial Sector Rapid Response Project (FSRRP) was approved by the Bank's Board in August 2011 with a commitment amount of SDR 11.9 million (US\$19 million equivalent). The project has faced several implementation challenges since it became effective in September 2011, ranging from deteriorating security conditions, limited project management and implementation capacity in the implementing agencies - particularly on procurement within the MoF and DAB to the protracted political transitions in government. These challenges had resulted in significant delays in project implementation, delays in procurement of goods and services, and slow disbursement. The pace of project implementation has picked up over time, with considerable momentum in the various components and clearance of pending procurement packages.

The Project Development Objective (PDO) is **“TO ASSIST DAB TO DEVELOP ACTIONS PLANS FOR IMPROVED BANKING SUPERVISION AND IMPLEMENT A MODERN NATIONAL PAYMENT SYSTEM FOR EFFICIENT AND TRANSPARENT PAYMENT TRANSACTIONS”**.

The project was also restructured along with the AF – the PDO was revised to cover additional activities relating to banking supervision and financial infrastructure, and the original closing date was extended from June 2014 to June 2016. As part of this restructuring, the project was re-designed to include four components:

- Strengthening of DAB's capacity;
- Development of the Financial Sector Infrastructure;
- Support to the Afghanistan Institute of Banking and Finance; and
- Technical Assistance and Training for Project Implementation.

**KEY RESULTS ACHIEVED:**

Many key activities and objectives of the project was achieved, including the finalization of the audit of the largest banks in the sector, setting up the APS (payment switch) for retail payments as well as the transfer switch including the interbank network, central securities depository and the automatic clearing house.

**KEY PARTNERS:**

- De Afghanistan Bank

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

While many of the key objectives were met, the remaining activities relating to the TA for the financial supervision department's TA that is closely monitored by the World Bank and IMF as well as the replacing the central Bank's – currently out of life cycle - core banking system remains critical for managing the sector's risk and ensuring the central bank's ability to function and perform its mandate. The change in DAB's leadership in July 2015 has provided new impetus to the project. Most recently, the World Bank's board approved a second additional financing in October 2016 for amount of SDR 14.4 million (USD 20 million equivalent). The second additional financing included extending the scope of activities under various components of the project.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS**, and close on schedule. Given the age of the project, useful to consolidate the remaining critical component on core banking systems with new initiatives such as risk-sharing engagement.



## KEY DATES:

Approved: March 28, 2018

Closing: March 28, 2023

## FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	40	37
Other	0	0
Total Financing	40	37

**BACKGROUND AND OBJECTIVES:**

Afghanistan's financial sector remains in need of major reforms. Access to finance is dramatically low. SBs are systemically important for the Afghan economy because of their outreach and widespread retail presence and the potential to play a larger, catalytic role in financing the Afghan economy.

The government has embarked on a major reform agenda for SBs to mitigate macro risks, strengthen the financial sector and enhance financial intermediation. Afghan authorities have approved a long-term strategy for SBs, which was approved by the High Economic Council in December 2017 as a commitment under the ECF program. The Strategy outlines the vision and the overall objective of the State's presence in the financial sector, and the strategic business and operating frameworks for the institutions over the next five years (referred to as the Strategy). As the Strategy is operationalized, strengthening the governance and management systems of SBs, upgrading their operations (processes, policies, and systems), building staff capacity and enhancing the oversight function of the owner (MoF) will be necessary to ensure greater efficiency, accountability, transparency and ultimately competition in the banking sector.

The project aims to strengthen the institutional framework and capacity of the financial sector for enhanced support to inclusive economic growth and job generation in Afghanistan. As SBs start to operate on commercially-viable terms and under financially sustainable business models, their operations will reflect and complement GoIRA's efforts to foster private sector development.

The Project Development Objective (PDO) is **"TO ENHANCE THE CORPORATE GOVERNANCE AND OPERATIONAL EFFICIENCY OF THE SUPPORTED AFGHAN STATE-OWNED BANKS, THEREBY CONTRIBUTING TO THEIR IMPROVED FINANCIAL SOUNDNESS AND OUTREACH"**.

The Project consists of the following components:

- **THIS COMPONENT A:** Improving MoF's ownership role and corporate governance of state-owned banks,
- **COMPONENT B:** Institutional Development, Business Strategy, and Information Technology of state-owned banks,
- **COMPONENT C:** Implementation and Monitoring

**KEY RESULTS ACHIEVED:**

- The project team in close coordination with MoF and DAB supported the fulfillment of the IMF's ECF benchmark for state owned banks in December 2017 (during project preparation) and in December 2018 (during project implementation).
- This included reforming the corporate governance framework for the state-owned banks through a Presidential Order followed by a Ministerial Order both issued in November and December 2018 to define the shareholders and supervisory boards; functions and duties and responsibilities.
- Many critical equipment for banking functionality was already procured and delivered particularly to Pashtany Bank that was suffering serious obsolesces (and still) in its IT infrastructure. More is on the way for NKB that is on the verge of system failure.
- These critical IT upgrades and enhancement were carefully assessed jointly by the banks and the project team with support of MoF on the prioritization of these requests.



**KEY PARTNERS:**

- Ministry of Finance

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

This project is critical to mitigate fiscal risks associated with weak state banks governance and infrastructure. Efforts are needed to build capacity in MoF (owner), as well as in each bank to mitigate various risks and strengthen these banks ability to sustain and support inclusive growth.

**BOTTOM LINE RECOMMENDATION:**

**CONTINUE AS IS.** Potential for scaling down - to review the costing of components.

## A5

PIPELINE  
SNAPSHOT

## INCENTIVE PROGRAM DEVELOPMENT POLICY GRANT (P168446)

## KEY DATES:

Approved (Tentative): June 20, 2019

Closing: May 30, 2020

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	300	300
IDA	100	100
Other	0	0
Total Financing	400	400

## BACKGROUND AND OBJECTIVES:

The World Bank, as the administrator of the Afghanistan Reconstruction Trust Fund (ARTF), has been providing recurrent cost support to Government since 2002. Government remains heavily reliant on grants to finance its operations. Resources provided to meet recurrent costs have accounted for around 20 percent of non-security recurrent expenditures, and between US\$250 million and US\$350 million per year since 2013. In 2018, recurrent cost support was provided through a standard Development Policy Financing operation for the first time, with the first of a non-programmatic series of three development policy operations approved by the Board in June 2018. The proposed operation builds on the gains achieved under the 2018 IP-DPG, focusing on reforms under the same pillars and critical implementation steps for legislative and policy reforms supported under the previous operation.

The proposed operation has a similar design to the 2018 IP-DPG operation. Innovative design elements in the design of the 2018 IP-DPG have proven successful with all Tranche Release Conditions met by the specified completion date and the full allocated ARTF financing amount disbursed.

These design elements are retained under the proposed operation. The operation will be composed of 11 tranches. The first tranche of US\$100 million of IDA resources is associated with four prior actions. Ten tranches of US\$30 million each of ARTF resources are associated with tranche release conditions that are expected to be fulfilled by a specified Completion Date (November 15, 2019). Disbursement amounts associated with tranche release conditions will be timing dependent. The tranche associated with four prior actions will be released immediately and in full after the effectiveness conditions are met. The remaining ten tranches will be released upon the fulfilment of each tranche release condition. Tranches will decrement in amount if fulfilment of the tranche release conditions extends past the targeted Completion Date, providing continued incentives for the fulfilment of agreed reforms by Government.

At the request of Government and ARTF Partners, the program has been broadened slightly to include additional policy areas to reflect: i) increased resources being allocated through the Development Policy Operation (US\$400 million compared to US\$300 million in 2018); and ii) the need to manage elevated fiscal risks over the period of presidential elections.

The Project Development Objective (PDO) is **“TO STRENGTHENING THE POLICY FRAMEWORK TO SUPPORT STATE EFFECTIVENESS, PRIVATE INVESTMENT, AND SOCIAL INCLUSION; AND IMPROVING THE POLICY AND INSTITUTIONAL FRAMEWORK FOR PUBLIC FINANCIAL MANAGEMENT”**.

## KEY RESULTS ACHIEVED:

- Support private sector development through improved access to credit,
- Improve land administration, the Supreme Court and MUDL sign a protocol transferring responsibility for deed registration to MUDL in at least one province,
- Improve public investment management,
- Improve tax administration, fast-track tax filing is made mandatory for banking and telecommunication sectors in LTO and available for optional use in MTO

**KEY PARTNERS:**

- Ministry of Finance PACT team (coordinating the operation and tracking progress against policy actions)
- Ministry of Finance (implementation responsibility for PFM and tax reforms)
- Ministry of Agriculture (implementation of water related reforms)
- DABS (implementation of energy reforms)
- DAB (implementation of e-money and access to finance reforms)
- Civil Service Commission (Implementation of civil service reforms)

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The CPPR review showed the following:

- Broad support for the program and appreciation for the role of MOF in both implementing and coordinating other agencies around the policy actions supported by the operation.
- Recognition that 2019 will be an important year for the incentive program, given the potential fiscal risks associated with the election period, and the need to ensure smooth implementation of supported policy reforms to mobilize associated budget support
- Recognition that ARTF partners are concerned about back-sliding against reforms supported under previous Incentive Program series – donors do not consider implementation of new actions is sufficient if we do not continue to achieve progress against areas supported in previous years. Further monitoring may be required in this regard.

**MAIN ISSUE:** the need for MOF to continue to play a leadership role in coordinating, tracking, reporting on and ensuring completion of policy actions to ensure full disbursement during a difficult year. The Minister's continued strong engagement to ensure that policy actions are completed would be greatly appreciated.

**BOTTOM LINE RECOMMENDATION:**

**RETAIN AS PROPOSED.**



## PILLAR 1: GOVERNANCE AND STATE EFFECTIVENESS

### EFFECTIVE GOVERNANCE NPP

#### PAYMENTS AUTOMATION AND INTEGRATION OF SALARIES IN AFGHANISTAN (P168266)

##### KEY DATES:

Approved (Tentative): June 20, 2019

Closing: May 30, 2020

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	40	40
IDA	10	10
Other	0	0
<b>TOTAL FINANCING</b>	<b>50</b>	<b>50</b>

##### BACKGROUND AND OBJECTIVES:

Financial inclusion remains a remarkable challenge in Afghanistan and is constrained by the limited intermediation channels. Penetration of digital finance is similarly very low, compared with peer countries, both in terms of access and usage. Recourse to technology for the provision of financial services can help overcome the main barriers to access and usage of transaction accounts in Afghanistan. The availability of digital payments represents an opportunity to induce the Afghan population to obtain transaction accounts, by increasing the value of owning such accounts.

The integration of large-volume, recurrent payment streams, such as government-to-person payments (G2P) into the digital financial space provides ample opportunity to scale-up the usage of digital payments in Afghanistan, in line with international experience. Salaries of civil servants and pension payments make up the most of G2P payments and will therefore be the primary focus of this operation. The proposed operation requires strong coordination within government and fits within a broader civil service reform agenda (including the Tackling Afghanistan's Government HRM and Institutional reforms project (TAGHIR, P166978) and the Fiscal Stability Facility (FSF, P168274)).

The Project Development Objective (PDO) is **“TO SUPPORT THE DEVELOPMENT OF DIGITAL GOVERNMENT-TO-PERSON PAYMENTS IN AFGHANISTAN”**.

The Project will have the following components:

- Component 1: Biometric identification system
- Component 2: Integration of the Identification, Verification and Payment Systems
- Component 3: Expansion of financial services and access points
- Component 4: Project management

##### KEY RESULTS EXPECTED:

**THE PAISA PROJECT ATTEMPTS TO INTRODUCE A GOVERNMENT-WIDE COMPREHENSIVE FRAMEWORK FOR DIGITAL PAYMENT OF SALARIES.** This proposed approach consists of:

- Establishing a biometric identification system for civil servants and pensioners, which could be extended to other recipients of government transfers such as Martyrs and Disabled,
- Integrating the identification system with the verification and payment systems – AFMIS and HRMIS – to achieve straight-through processing of salary and pension payment instructions,
- Providing support and incentives for the expansion of financial access points (cash-out and payment locations), as a move away from single-channel G2P payment delivery.

##### KEY PARTNERS:

- Ministry of Finance (MoF – including for Pensions)
- National Statistics and Information Authority (NSIA)
- Central Bank - Da Afghanistan Bank (DAB)
- CSC – for liaison with TAGHIR (HRMIS)



#### **SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

During the CPPR assessment meeting as well as the parallel meetings with MoF and DAB leaderships during the pre-appraisal mission, it was emphasized that the project is in line with Government's priorities to foster governance and transparency of public financial management as well as foster financial inclusion.

For smooth project preparation, the team recommends the appointment of the Project Director at MoF and the designation of focal points at MoF, DAB and NSIA as part of the Implementation Team. The preparation of the Operational Manual should also proceed, as we proceed further in project preparation.

#### **BOTTOM LINE RECOMMENDATION:**

**RETAIN AS PROPOSED** and review costing for possible cost saving. The project design fills a critical gap in the national payments architecture and – in its current design- reflects deep discussions and agreements across key Government agencies.

**AFGHANISTAN LAND ADMINISTRATION SYSTEM PROJECT (P164762)**
**KEY DATES:**

Approved (Tentative): April 25, 2019

Closing: March 31, 2024

**FINANCING (in million US dollars)**

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	10	10
IDA	25	25
Other	0	0
<b>TOTAL FINANCING</b>	<b>35</b>	<b>35</b>

**BACKGROUND AND OBJECTIVES:**

The Project is designed within a programmatic framework, considering the land administration challenges faced by the country. There is a need to build a clearer and comprehensive policy and legal enabling framework, institutional and technical capacity, professional knowledge and experience, technology and systems, as well as adequate cadaster and property registry information. This would contribute towards addressing the weaknesses in Afghanistan's land governance environment which are a major source of conflict and poverty. Drawing on the overall framework of the Government's Institutional Development Program for Land Administration (IDPL), the project will focus on critical building blocks required to develop a modern land administration system in the country, while allowing DyML/MUDL and other relevant stakeholders, including municipalities and local communities, to gain experience in implementing land survey, registration and other land sector-related activities in two of the IDPL's selected cities, namely Kabul and Herat.

Building upon the work led by UN Habitat, the project will also support the issuance of land Occupancy Certificates (OCs) to informal urban population ensuring a systematic approach to land tenure rights. Emphasizing modern technological approaches and global good practices suitable to the Afghan context, subsequent phases would help expand systematic land survey and registration to other urban, and eventually rural areas, as DyML/MUDL capacity is strengthened at the provincial level and new land policies and laws are made operational. In addition, the transition from deed to title registration will continue as well as the development of national capacity for land survey and valuation. Subsequently, the Land Information System (LIS) would be made fully interoperable with other relevant information systems in the country, leading in time to the eventual establishment of a National Spatial Data Infrastructure (NSDI).

The Project Development Objective (PDO) is **"TO SUPPORT THE DEVELOPMENT OF THE AFGHANISTAN LAND ADMINISTRATION SYSTEM; AND (B) TO PROVIDE THE POPULATION IN SELECTED AREAS WITH IMPROVED LAND REGISTRATION SERVICES, INCLUDING ISSUANCE OF TITLES AND OCCUPANCY CERTIFICATES. THE PROJECT INCLUDES THREE COMPONENTS"**.

The Project consists of the following components:

- **LAND POLICY AND INSTITUTIONAL STRENGTHENING:** This Component's objective is to help consolidate and develop the policy, legal and institutional framework for land administration in Afghanistan. It will focus on the critical aspects of this framework to establish in the medium term an enabling environment for DyML/MUDL to meet its institutional mandate. The support for preparation and consultation of new laws, regulations and policies will contribute to the objective of developing a National Land Code (NLC). In general, activities under this component will require provision of consultancy and technical services, office and other equipment, and small works. Accordingly, Component 1 will comprise the following subcomponents and activities:
- **DEVELOPING TECHNOLOGICAL CAPACITY, INFORMATION AND SYSTEMS FOR LAND ADMINISTRATION:** The objective of Component 2 is to provide the building blocks for a modern land administration system in Afghanistan. In part, this will be achieved by supporting the development of geo-information infrastructure, the design and implementation of a Land Information System (LIS), and cadastral surveying and land registration within the Project area. This component will also support the transformation of the court-based deed registration system to an administrative function and the move from deed registration to title registration system. Overall, activities under this component will require the provision of technical assistance, acquisition of high resolution imagery from satellites and aerial platforms, training, software and hardware, office and other equipment, vehicles, and civil works.

- **PROJECT MANAGEMENT, MONITORING AND EVALUATION:** The objective of this component is to ensure adequate capacity for project implementation and oversight, monitoring and evaluation, compliance with fiduciary requirements, social and environmental safeguards, as well as adequate project risk monitoring and inter-institutional coordination. To achieve this objective, the Project will support the PIU personnel and related project management and M&E costs.

The project will cover the following selected areas: (a) the cadastral surveying and land registration will focus on urban districts of Kabul and Herat. Kabul covers 22 districts with a total population of 4 million people, while Herat covers 12 districts with a total population of 1 million people; and (b) issuance of OCs in informal settlements, building on the survey and validation work carried out by UN Habitat, will focus on 8 cities, including in addition to Kabul and Herat, the cities of Jalalabad, Kandahar, Mazhar e Sharif, Nili, Farah and Bamyan.

#### **KEY RESULTS EXPECTED:**

- Land Information System (LIS) is operational and available to use centrally and in the Project's selected areas
- Standard Operating Procedures (SOPs) and uniform service standards for DyML/MUDL are adopted and effectively implemented through its everyday operations
- Number of households benefiting from systematic land registration and issuance of Occupancy Certificates
- Number of women benefitting from systematic land registration and issuance of Occupancy Certificates
- Level of satisfaction of target population with land registry services (disaggregated by gender)

#### **KEY RESULTS ACHIEVED:**

- Ministry of Urban Development and Land
- Independent Directorate of Land Governance
- National Statistics and Information Authority
- Kabul Polytechnic University
- Ministry of Finance
- Ministry of Energy and Water
- Ministry of Agriculture, Irrigation and Livestock
- National Environmental Protection Agency

#### **KEY PARTNERS:**

- Ministry of Finance PACT team (coordinating the operation and tracking progress against policy actions)
- Ministry of Finance (implementation responsibility for PFM and tax reforms)
- Ministry of Agriculture (implementation of water related reforms)
- DABS (implementation of energy reforms)
- DAB (implementation of e-money and access to finance reforms)
- Civil Service Commission (Implementation of civil service reforms)

#### **SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The key bottleneck relates to enhancing institutional capacity for establishing the foundations of Land Administration in the country. ARAZI (now the Deputy Ministry of Land (DyML)) is part of a restructured Ministry of Urban Development and Land. The Bank has, however, been working closely with ARAZI and now DyML in the land sector in general and ALASP preparation, through the Project Preparation Grant. The detailed Implementation Plan, Operations Manual and Procurement Plan would aid the project implementation.

Regarding OC program implementation, absence of clear supporting procedures has been a challenge. Bank team is supporting the development of procedures and draft procedures are now ready.

The Deputy Ministry of Land (DyML) of MUDL has used the Project Preparation Grant effectively to prepare itself for ALASP project implementation. ALASP has the potential to help DyML establish a strong foundation for land administration in the country—a fundamental requirement for good land governance.

#### **BOTTOM LINE RECOMMENDATION:**

**RETAIN AS PROPOSED.** Review costing for possible cost saving. The Project has the potential to help DyML establish a strong foundation for land administration in the country.

## PILLAR 2: POVERTY REDUCTION, SERVICE DELIVERY, CITIZEN'S ENGAGEMENT AND SOCIAL INCLUSION HUMAN CAPITAL DEVELOPMENT NPP

### AFGHANISTAN PLACING LABOR ABROAD AND CONNECTING TO EMPLOYMENT DOMESTICALLY (P161728)

#### KEY DATES:

Approved (Tentative): April 25, 2019

Closing:

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	40	40
IDA	10	10
Other	0	0
Total Financing	50	50

#### BACKGROUND AND OBJECTIVES:

The economy of Afghanistan, burdened by persistent security challenges, is not able to absorb the approximately 400,000 new labor market entrants expected annually over the next two decades. Approximately three-quarters of the population is below 30 years of age and roughly 25 percent are between the ages of 15 and 30; 46 percent of them still reach working age without basic literacy.

In addition to reducing labor market pressures, Managed International Labor Migration (MILM) is a highly promising development avenue for Afghanistan. Beyond providing employment opportunities for Afghans who may otherwise not have them, wage differentials between Afghanistan and key destination markets offer significant potential for poverty reduction. On the side of domestic employment, high unemployment and underemployment are in part driven by the lack of functioning labor intermediation services which enable productive employee-employer matches. Currently there is no functioning Public Employment Service (PES) in Afghanistan, and the private employment services are limited to sourcing workers for high-skill jobs. The predominant means of finding jobs or filling vacancies is through personal networks with inherent biases constraining the formation of most productive employee-employer matches. The proposed Placing Labor Abroad and Connecting to Employment Domestically (PLACED) project will address unemployment issue through both managed international labor migration and domestic employment. Furthermore, the National Labor Migration Strategy (NLMS) was approved in November 2018 and informs the international labor migration related activities of the proposed project.

The Project Development Objective (PDO) is **“TO ASSIST AFGHAN JOBSEEKERS TO ACCESS AND SUSTAIN JOBS THROUGH MANAGED INTERNATIONAL LABOR MIGRATION AND LABOR MARKET INTERMEDIATION SERVICES DOMESTICALLY”**.

The Project will have the following components:

- **PLACING LABOR ABROAD: TOWARDS A MIGRATION MANAGEMENT SYSTEM (MMS):** The objective of this component is to connect Afghan jobseekers with safe, sustained employment overseas and development of a Migration Management System.
- **CONNECTING TO EMPLOYMENT DOMESTICALLY:** Towards a National Employment Services System (NESS): The objective of this component is to connect Afghan jobseekers with safe, sustained employment within Afghanistan. In doing so, the project intends to develop effective labor market intermediation services in order to facilitate matching of labor supply and demand in the absence of effective Public Employment Services.

#### KEY RESULTS EXPECTED:

- Afghan men placed in jobs in the UAE sustain their employment;
- Afghan men and women placed in jobs in Afghanistan sustain their employment;
- Established labor migration corridor to the UAE;
- Intermediation system connecting jobseekers to employers created in Afghanistan;
- Foundation set for a National Employment Support Services System (NESS)
- A robust Migration Management System (MMS) set up for Afghanistan;



**KEY PARTNERS:**

- Ministry of Labor and Social Affairs
- Ministry of Foreign Affairs
- International Labor Organization,
- International Organization for Migration

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

The development objectives of the PLACED PPG and the PLACED project align with the development priorities of the government; employment is in the core of development for Afghanistan. The project is at its preparation stage with strong support from MoLSA, MoF and development partners present at the CPPR discussion.

- The regulation on sending labor abroad will need to be amended for successful implementation of the PLACED project. MoLSA has prepared the draft amendment; it is currently with the Ministry of Justice. There might be a need to interfere for timely scheduling of the amendment on the Cabinet's agenda. MoF supports the related MoLSA efforts and is willing to interfere with MoJ as needed.
- As the PLA component of the project will have activities in a country, the UAE, which is not party to the project's legal agreement, a letter of support from the Ministry of Human Resources and Emiratization (MoHRE) of the UAE needs to be acquired. MoHRE is overall strongly supportive of the project; the wording of the letter is being negotiated so that will be consistent with granting project specific compliance monitoring for MoLSA, and its project supervisory role for the World Bank, in the UAE, but in a manner that it does not take sovereign labor market management, supervision and inspection roles away from MoHRE. This evolution of the process will be monitored by MoLSA and the World Bank; should higher political level communication be necessary towards the Emirati authorities, MoF will be supportive to pursue that with priority.

**BOTTOM LINE RECOMMENDATION:**

**RETAIN AS PROPOSED.** Review costing for possible cost saving.

## PILLAR 3: ECONOMIC GROWTH AND JOB CREATION

### COMPREHENSIVE AGRICULTURAL DEVELOPMENT NPP

#### OPPORTUNITY FOR MAXIMIZING AGRIBUSINESS INVESTMENTS AND DEVELOPMENT PROJECT (P168179)

##### KEY DATES:

Approved (Tentative): June 14, 2020

Closing: July 2025

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	150	150
IDA	25	25
Other	0	0
Total Financing	175	175

##### BACKGROUND AND OBJECTIVES:

Long-term, sustained economic growth in Afghanistan requires a structural economic transformation and new sources of growth. Afghanistan's economy is poorly diversified and relies heavily on foreign aid and public expenditure. To contribute to stimulating economic growth, the Government of Afghanistan, prepared the "Afghanistan Agribusiness Charter".

The proposed OMAID project is an integral part of the Agribusiness Charter. It supports establishing the Charter's overarching governance structure for effective coordination and implementation of its activities to bring impact at scale. It also supports key public and private sector actors to develop innovative approaches to address systemic bottlenecks hindering real change in the agribusiness sector.

The Project Development Objective (PDO) is **"TO IMPROVE AGRIBUSINESS VALUE-CHAIN INFRASTRUCTURE AND INCREASE VALUE ADDITION IN AFGHANISTAN. THIS OBJECTIVE IS FULLY ALIGNED WITH, AND CONTRIBUTES TO, THE AGRIBUSINESS CHARTER'S VISION WHICH AIMS AT ACHIEVING A SUSTAINABLE AND COMPETITIVE AGRIBUSINESS SECTOR, GENERATING ECONOMIC GROWTH, DIVERSIFYING MARKETS, AND CREATING EMPLOYMENT OPPORTUNITIES"**.

Project components: The proposed project is designed as the "umbrella" for the effective coordination and implementation of the Agribusiness Charter and clusters its activities around the following components: Component 1: support for the overall governance and implementation of the Agribusiness Charter; Component 2: addressing food safety and sanitary and phytosanitary issues; Component 3: support to private investments through agri-spatial solutions; and Component 4: project coordination and monitoring and evaluation and crisis Management. These are summarized below.

##### KEY RESULTS EXPECTED:

##### KEY PARTNERS:

- Ministry of Commerce and Industry.
- Ministry of Agriculture, Irrigation and Livestock.
- Ministry of Finance.

##### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

- Request of PPG Grant
- Recruitment of a firm to conduct ESME, RPF and PMP
- Initiate the feasibility studies for the agri-food parks (Herat, Balkh and Barikab) under PPIAP
- Prepare ToRs for the various staff to be hired for the Agribusiness Executive Secretariat

The OMAID project has been designed as part of the Agribusiness Charter and will serve as the "umbrella" for the charter's investments coordination, implementation, and monitoring. The OMAID project contributes to the three strategic areas of focus for the Government of Afghanistan: (i) enable the state to create an enabling environment for the private sector - by supporting the development of strong public institutions to deliver agribusiness-oriented services and by promoting policies and regulations that can foster a competitive and sustainable upgrade of the agribusiness sector in

Afghanistan. (ii) support investments in integrated agri-food parks in different provinces. These parks are expected to diversify job opportunities and facilitate inclusion of small-scale actors (farmers and agri-enterprises) by offering an enabling environment that facilitate access to serviced industrial land and modern technology. (iii) social inclusion through improved human development outcomes and reduced vulnerability amongst the poorest sections of society” – by expanding the vulnerable groups (women and youth) access to economic resources through agro-processing and related services.

**BOTTOM LINE RECOMMENDATION:**

**RETAIN AS PROPOSED.** Project coordination and working arrangement between the three relevant line ministries need to be further worked out.

## AFGHANISTAN EXTRACTIVE SECTOR DEVELOPMENT PROJECT (P170179)

### KEY DATES:

Approved (Tentative): June 24, 2019

Closing:

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	5	5
IDA	65	65
Other	0	0
Total Financing	70	70

### BACKGROUND AND OBJECTIVES:

The proposed AESD is a third-generation technical assistance project in the extractives sector and will continue to provide support to the Government of the Islamic Republic of Afghanistan (GoIRA) for advisory services and capacity building, focusing on strengthening administrative capacities and developing investment opportunities on the mining and gas sectors.

The Project Development Objective (PDO) is **“TO ENHANCE ADMINISTRATION OF EXTRACTIVE RESOURCE DEVELOPMENT BY STRENGTHENING THE CAPACITIES OF KEY GOVERNMENT INSTITUTIONS AND SUPPORTING PRIVATE SECTOR INVESTMENT OPPORTUNITIES”**.

The proposed project incorporates those priorities highlighted in the MoMP sector Roadmap aimed at facilitating institution strengthening and regulatory restructuring and building technical skills for resource development. The project design relies heavily upon citizen engagement and investor input through preparation of a comprehensive Strategic Environmental and Social Assessment (SESA, 2014), and project safeguard documents over the past year. Moreover, the project design relies on a programmatic approach that also includes Bank executed activities to further strengthen technical capacities and deployment of good international practices.

The Project will have the following components:

- Supporting Mining Transactions; Component
- Sustaining Gas Supply;
- Strengthening Policy and Regulatory Institutions; and
- Project Management.

### KEY RESULTS EXPECTED:

- Strengthen MoMP' capacity to lead on transparent, non-discretionary licensing,
- Reform of Afghanistan Gas Enterprise (AGE), to sustain gas production, processing and gas transport, necessary for increased energy access through IPPs.
- MoMP and MoIC are guided by good international practices on resettlement and heritage protection,
- Increased capacity of NEPA, AOGRA and MoMP (later AMA) to inspect and regulate HSE and contractual performance of the medium and large-scale mining and hydrocarbon operations.

### KEY PARTNERS:

- Ministry of Mines and Petroleum
- Ministry of Information and Culture
- Afghanistan Oil & Gas Authority
- Afghanistan Gas Enterprises

### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

**REVIEW PROJECT CONCEPT** to ensure the project will focus on revenue generating activities and financing plan is realistic.



## TECHNICAL ASSISTANCE TO AFGHANISTAN TRANSPORT SECTOR (P165979)

### KEY DATES:

Approved (Tentative): March 28, 2018

Closing: June 30, 2019

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	5	5
IDA	65	65
Other	0	0
Total Financing	175	175

### BACKGROUND AND OBJECTIVES:

Landlocked Afghanistan suffers from the poor transport infrastructure in the country which constitutes barriers to economic development and regional trade. The existing transport infrastructure does not enable the country to take full advantage of its geographic location as a potential regional transit country linking East to West Asia, and South to Central Asia. The Afghan government embarked an ambitious program to develop regional economic corridors mainly by targeting the transport infrastructure such as highways, railways, airports, and dry ports considering the socio-economic viability which will open new windows for regional trade and transport connectivity. In the past 50 years, although significant efforts have been made to expand and improve the roads sector with an emphasis on developing the ring road, the railway infrastructure development has not taken off. The only existing railway link in Afghanistan, the 75 km Hairatan to Mazar-e-Sharif railway line, was completed in 2011. It handled about 100 million ton-km, or about 1.3 million net tons of cargo in 2014-2015. However, this short line or any other short links will not be economically and financially viable without links to a larger national and regional rail network.

Building an extensive railway network has become the government's priority and ambition. A well-designed railway program could enable the country to tap the potential of its rich mineral resources, in addition to the benefits expected from international transit traffic if the operational and institutional prerequisites and network effects can be met. The Bank held discussions with the various Transport authorities, including Ministry of Public Works (MoPW), Afghanistan Railways Authority (ARA), Ministry of Transport (MoT), Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) with the aim of identifying urgently needed transport infrastructure. One of the identified areas, is the potential Bank support in identifying and appraising the investments need along the country's key transit and trade corridors, including in the railway infrastructure, to help reduce the transport cost and delays and unleash its economic potential as a trade hub and land bridge linking South to Central Asia and China to the Middle East and the Indian Ocean.

One of the key economic corridors identified, is the Mazar-Sharif to Herat, presenting a high potential trade and transit, serving Northern Afghanistan, as well as the neighboring countries of Iran and Uzbekistan, to develop through the construction of railway link between the two cities, and connect the with the existing Iranian and Uzbek rail networks. To help develop and implement the project, it was agreed that the Bank, in collaboration other donors and the ARA, will prepare as part of this ASA a pre-feasibility study to assess the potential project development impacts, and organize wide consultations with stakeholders. An Advisory Group was established to support the Afghanistan Government on Railway Sector Development, Jan. 2018. Members of the Advisory Group: chaired by Afghanistan Railway Authority and is comprised of a consortium of development partners (ADB is the Lead Coordinator for the first year, members include World Bank, AIIB, USAID etc.).

The Project Development Objective (PDO) is **“TO PROVIDE TECHNICAL ASSISTANCE AND POLICY RECOMMENDATIONS TO THE AFGHANISTAN RAILWAYS AUTHORITY (ARA) IN RAILWAY INFRASTRUCTURE DEVELOPMENT AND OPERATIONS, AND CONDUCT PRE-FEASIBILITY STUDY FOR THE PROPOSED MAZAR-E-SHARIF TO HERAT NORTHERN RAILWAY LINE”**.

The TA is to conduct pre-feasibility study for the proposed Mazar-e-Sharif to Herat northern railway line. It entails the following activities:

- Activity 1: A Market Demand Forecasting for the Mazar-e-Sharif to Herat Railway Line at Regional and National Level.
- Activity 2: A Review of the Mazar-e-Sharif Railway Corridor Characteristics (Physical and Operational).
- Activity 3: A Review of Implementation Environment at the Regional and National Level.
- Activity 4: A Pre-feasibility Study of Mazar-e-Sharif to Herat Railway Line.
- Activity 5: Consultation to Validate the Study Findings and Promote the Project Ownership.

### KEY RESULTS EXPECTED:

This ASA has facilitated the preparation of the proposed Mazar-e-Sharif to Herat northern railway line:

- The draft Final Report has been delivered to Afghan Government and other donors in the Advisory Group.
- The Report confirms the economic viability of the Project from the regional perspective. However, the Project is not financially viable but private sector financing may be possible in a secondary or brownfield stage when construction risks are limited and when demand, including for iron ores, has firmed up.
- Consequently, the funding source for the Project during the first phase will be largely public. The FAGAS recommends regional participation led by Afghanistan and neighboring countries in the Project, both in terms of risk sharing and funding.
- This is an important milestone for analyzing the project engineering feasibility, economic and social benefits, bankability and for attracting funding to its implementation.

It provides technical assistance and policy recommendations to the government of Afghanistan to decide on the future steps including carrying out regional dialogues, and the development partners can also make investment decisions.

### KEY PARTNERS:

- Afghanistan Railways Authority (ARA),
- Ministry of Finance (MoF),
- Ministry of Public Works (MoPW),
- Asian Development Bank (ADB) and,
- Asian Infrastructure Investment Bank (AIIB).

### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

- **ECONOMIC VIABILITY:** As currently proposed and structured, the FAGAS assessed that the MSHR project is not economically viable as a standalone project for Afghanistan, even when including potential iron ore traffic. The FAGAS shows the project is only economically viable at regional level, assuming strong funding commitment would be secured from regional stakeholders. The economic analysis shows that the key regional beneficiaries include Uzbekistan, Kazakhstan, China, Tajikistan, Kyrgyzstan, Turkmenistan, and Iran.
- **FINANCIAL VIABILITY:** The financial analysis concludes that fiscal support will be needed for the project's CAPEX and OPEX at least during the first years of operations, given the security threats that will likely limit appetite for private sector investment. Consequently, the likely funding source for the project would be public equity, making it a publicly financed project. Considering the benefits, the project would generate, regional participation is recommended both in terms of funding (equity) and of risk sharing.
- **UNCERTAINTIES:** The pessimistic option of exploiting the iron ore mine around Herat, the current fragile security situation along the proposed railway, competition with existing railway corridors, and the challenges to obtain strong political and financial commitment from multi-stakeholders across countries, capacity of ARA, constitute the main uncertainties.

### BOTTOM LINE RECOMMENDATION:

#### RETAIN AS PROPOSED.

- The Afghan Government will lead the regional discussion. Bank will support the organization of the regional workshop including technical and funding support, through the Advisory Group;
- If the proposed regional workshops are concluded with a consensus or interests by the countries, the team will continue working to help formalizing an MoU for the involvement of regional parties. The Advisory Group will continue supporting project preparation through undertaking a full feasibility study, including looking at regional consortium structures and analytical work to support the government in regional deliberations.
- In the long-term action plan: Assist the government to tackle the uncertainties which could not be resolved at this moment, and ensure prerequisites defined in the FAGAS are met to develop the project as a regional project.

## SHEBERGHAN GAS TO POWER PROJECT (P166405)

### KEY DATES:

Approved (Tentative): May 21, 2019

Closing: TBD

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	13	13
Other	0	0
Total Financing	13	13

### BACKGROUND AND OBJECTIVES:

Sheberghan Gas to Power Project is aiming to increase domestic generation capacity in Afghanistan and to leverage private financing for the country's energy sector.

The Project Development Objective (PDO) is **"TO INCREASE THE AMOUNT OF ELECTRICITY GENERATED IN AFGHANISTAN AND TO LEVERAGE PRIVATE FINANCING FOR THE COUNTRY'S ENERGY SECTOR"**.

### KEY RESULTS EXPECTED:

- Generation capacity of the plant constructed under the proposed Project (MW);
- Amount of indigenous electricity in NEPS-Turkmen segment increased (%); and
- Private sector capital mobilized (USD).

### KEY PARTNERS:

- Da Afghanistan Breshna Sherkat (DABS)
- Ministry of Energy and Water
- Ministry of Mine and Petroleum
- Afghanistan Oil and Gas Authority
- Afghanistan Gas Enterprise
- Ministry of Finance
- Bayat Power

### SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED

As per the general discussions, in order to ensure in time preparation of the operation for the planned board date, two key bottlenecks should be resolved in time; 1) in time submission and completion of Safeguards instruments prior to the project approval such as ESIA's; and 2) the Grid integration and connection to the mobile power plant. The team is working closely with Project company and DABS to address above mentioned bottlenecks. The detailed Milestone Matrix and Implementation Plan is regularly followed via various stakeholder coordination meetings.

The Ministry of Energy and Water has used the Project Preparation Grant effectively to prepare to build ministry's capacity and ensure the project meets all requirements to meet the board date.

### BOTTOM LINE RECOMMENDATION:

**RETAIN AS PROPOSED** to provide IDA Partial Risk Guarantee for the power generation PPP.

**KEY DATES:**

Approved (Tentative): May 16, 2019

Closing: TBD

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	25	25
Other	0	0
Total Financing	25	25

**BACKGROUND AND OBJECTIVES:**

The project supports (i) participation of private sector in indigenous power generation and (ii) development of a 50MW green-field gas-to-power plant located Mazar-e-Sharif. The project was developed through IFC advisory services in 2014. It would be the first Independent Power Producer (IPP) in Afghanistan and is expected to serve as model for future project of similar nature. The project company – Afghan Power Plant Ltd, owned by Ghazanfar (60 %) and METKA (40%) is responsible for financing, design, construction and operation of the power plant and associated interconnection facility, while Afghan Gas Enterprise, state-owned gas facility operating under Ministry of Mines and Petroleum is responsible for Gas supply under the Gas Supply Agreement and Da Afghanistan Breshna Sherkat (DABS) under a 20 years Power Purchase Agreement is the sole off-taker of the produced power.

IFC is equity financier of the project and will also provide debt financing subject to IFC credit and board approval. IDA supports MOMP in gas availability for the plant, DABS to enhance downstream capacity to offtake the produced power, and IDA partial risk guarantee will support off taker's payment obligation up to US\$ 10 million. MIGA will provide political risk insurance that will help de-risk the project.

The Project Development Objective (PDO) is **“TO INCREASE THE AMOUNT OF RELIABLE INDIGENOUS ELECTRICITY GENERATED AND TO MOBILIZE PRIVATE CAPITAL IN AFGHANISTAN”**.

The Project comprises the development, financing, design, construction and operation of a 50 MW green-field gas-to-power plant on an Independent Power Producer (IPP) basis. It will be implemented by Afghanistan Power Plant Ltd (“Project Company”), a company which has been established under the country law. The IPP represents the first of its kind in Afghanistan and is expected to potentially serve as model for future and possibly larger projects of the same nature. The PPG support Ministry of Energy and Water in preparation and supervision of the project by establishing project management unit in the Ministry to supervise and coordinate project preparation with different stakeholder. It also finances hiring of transaction advisory services to work with MEW, MOMP, DABS, AGE, and MOF and help in technical, commercial and legal aspect of the project during preparation and implementation phases. The PPG also supports MOMP and AGE in ensuring gas availability for the power plant. It finances hiring of a supervision engineers to (i) Supervise, assess quality and integrity and provide technical support for the construction of a new 94.5 Km gas pipeline from Shebergahn to Mazar that is being constructed by AGE and (ii) assess effective deliverability of Gas fields.

**KEY RESULTS EXPECTED:**

- Project management unit has been hired that coordinates project preparation amongst stakeholders, provides project management support for hiring of transaction advisory and supervision engineers, and supervising project preparation.
- International technical expert is hired by the project to support AGE and MOMP.
- Implementation agreement is signed between Ministry of Energy and Water and the project company
- Gas Supply agreement is signed between MOMP and the project company
- Power purchase agreement is signed between DABS and project company
- Grid impact study has been prepared by the project company and approved by bank and DABS
- ESIA has been drafted by project company, reviewed by Bank Group, and is under revision
- Technical specification for the power plant has been developed by project company and reviewed by DABS
- Project company has finalized selection of EPC contractor for construction of the power plant and soon the contract will be signed.
- DABS have prepared bidding document for construction of switching station and 12 Km transmission line to connect the power plant into the grid.



**KEY PARTNERS:**

- Ministry of Energy and Water
- Ministry of Mines and Petroleum
- Ministry of Finance
- Da Afghanistan Breshna Sherkat
- Afghanistan Gas Enterprise
- Project Company

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

Based on the general discussions and strategic matters, listed issues needs attention of the policy makers; a) Lack of Security in the site (on the rout of gas pipeline); b) Delay in procurement process and not meeting Milestones by the stakeholder; c) Coordination among various stakeholders; and d) Grid integration and connection. Currently, the project team is working closely with MEW and MoMP to address above mentioned bottlenecks through the Project Preparation Grant. The detailed Milestone Matrix and Implementation Plan is regularly followed via various stakeholder coordination meetings. The team has also organized project Management, Contract Management and procurement management training to enhance capacity and overcome challenges over due time.

**REVIEW PROJECT CONCEPT** to provide IDA Partial Risk Guarantee for the power generation PPP.

**KEY DATES:**

Approved (Tentative): October 14, 2019

Closing: December 1, 2023

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	0	0
IDA	15	15
Other	0	0
Total Financing	15	15

**BACKGROUND AND OBJECTIVES:**

The proposed Kajaki Hydropower Addition constitutes the completion of the existing Kajaki hydropower plant under Phase II with an implementation schedule of 24 months and a total estimated cost of US\$100 million under a public private partnership (PPP) scheme with 77 Construction as the implementing private partner. The completion involves (phase-II) the installation of a second power house which will increase the installed capacity at KHP from 57 MW to 151 MW and increase the electricity generated from the dam to 770 GWh; and (phase-III) completion of an ungated additional emergency spillway which is not covered under this project. The Power Purchase Agreement between 77 Construction and DABS was signed on 5 March 2018, while the Implementation Agreement between 77 Construction and the Government of Afghanistan was signed on 24 July 2018. The Government of Afghanistan has requested the World Bank to provide IDA Partial Risk Guarantee (PRG) for PPP to complete 2nd phase of Kajaki Dam project, which should have significant development impact. In other words, a payment guarantee to protect the private sponsor from non-payment of electricity bills and to cover termination payments.

The Project Development Objective (PDO) is “**TO INCREASE THE SUPPLY OF DOMESTICALLY GENERATED HYDROELECTRICITY AT THE KAJAKI HYDROELECTRIC PLANT (KHP)**”.

**KEY RESULTS EXPECTED:**

- 100 MW of additional energy generation capacity constructed.
- 770 GWh of electricity generated and dispatched to the provinces of Helmand and Kandahar on an annual basis.

**KEY PARTNERS:**

- Ministry of Energy and Water as implementing agency
- Power Purchase Agreement

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

ADB is the process of hiring a firm that will responsible to complete the ESIA and RAP. Since the new ESF standards would be applied for the project; therefore, WB needs to agree on an approach which should be followed by funding agencies and the borrower. As per the ESF, Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies, the Bank will cooperate with such agencies and the Borrower in order to agree on a common approach for the assessment and management of environmental and social risks and impacts of the project. The capacity at the project level is also of a concern.

**REVIEW PROJECT CONCEPT** to provide IDA Partial Risk Guarantee for the power generation PPP.

**KEY DATES:**

Approved (Tentative): March 31, 2020

Closing: TBD

FINANCING (in million US dollars)

FINANCING SOURCE	AMOUNT	UNDISBURSED BALANCE
ARTF	150	150
IDA	50	50
Other	0	0
Total Financing	200	200

**BACKGROUND AND OBJECTIVES:**

The Project Development Objective (PDO) is **“TO (i) IMPROVE COVERAGE AND QUALITY OF WATER SUPPLY AND SANITATION SERVICES IN SELECTED AREAS IN AFGHANISTAN; AND (ii) STRENGTHEN THE AFGHANISTAN WATER SERVICES INSTITUTIONS FOR BETTER SERVICES”**.

**KEY RESULTS EXPECTED:**

- Program in identification stage. Key results to be determined

**KEY PARTNERS:**

- Program in identification stage. Key results to be determined

**SUMMARY OF CPPR ASSESSMENT: BOTTLENECKS AND ISSUES IDENTIFIED**

Since the project is going to be prepared in partnership with Asian Development Bank, it is important to ensure that the safeguards instruments are being prepared on time by the partner organization to ensure on time delivery.

**BOTTOM LINE RECOMMENDATION:**

**RETAIN AS PROPOSED.**



## INTRODUCTION

1. This section describes selected portfolio wide issues which, if addressed, could significantly improve the impact of ARTF-IDA funded programs. In addition to the issues discussed in more details in this note, there is a need to watch the implications of the ongoing mergers of line ministries on project implementing arrangements. Consolidation, restructuring, or renaming of implementing ministries/institutions may in some cases have implications for legal agreements governing ARTF and IDA financed projects. World Bank teams will discuss such changes with our Legal department and will inform GoIRA if amendments to the legal agreements are required.

## PROCUREMENT CHALLENGES

### ISSUE

2. Procurement under Bank-financed projects are planned as per the unique requirements and market situation for each project and implemented through Procurement Plans developed for the project life period using an electronic system STEP (Systematic Tracking of Exchanges in Procurement). Despite such an extensive advance scheduling and planning, procurement is often subject to long delays and repeat bids resulting in nugatory outcomes. A length of 9-12 months is typical, and delays of several years are not uncommon. Factors like low capacity in procurement entities, poor security situation leading to lack of interest among qualified bidders within the country and outside and perceived integrity concerns, etc. are being addressed by the Government through many initiatives under NPA and NPC including the recent efforts for centralizing procurement above a certain threshold. However, procurement performance in Bank supported projects can be improved by adhering to the Procurement Regulations/Guidelines as per the legal agreements and to the expected timelines for procurement as per STEP.
3. Some of the specific areas that need attention are delays caused from centralization of procurement from Project Implementing Units to Procurement Directorates; time taken in approval of evaluation reports and award recommendations at Project Director, Ministerial and NPA/NPC level; dissimilar understanding of the Bank procurement process and evaluation methodology applied between different stakeholders leading to protracted exchanges; and unavailability of evaluation committee members as required. Integrity of the process also need to be enhanced, as it is observed that leakage of information during procurement process leads to frivolous complaints and unwarranted efforts to influence the outcome. Some of the measures that can make positive

influences to enhance procurement performance under Bank projects include:

- Publication of all bidding opportunities in NPA's website for electronic procurement so that all registered suppliers and contractors are informed off all opportunities
- Better coordination between Projects PIUs, Procurement Directorates NPA and Bank, particularly for those procurement activities that need review and approval of National Procurement Committee (NPC). This is expected to develop a common ground among all stakeholders about the process and rules for fully informed review of cases on its entirety and clearance
- Better appreciation of NPC that for procurement undertaken under World Bank supported projects need to adhere to World Bank Procurement Regulations and/or Guidelines as per the legal agreements and as provided so, in the Afghanistan Procurement Law. This is expected to reduce NPC rejecting BERs or making recommendations based on national procurement law not consistent with Bank Procurement Framework.
- Regular follow up of contract implementation and adhering to timely remedy measures in case of delays and other issues including poor quality of work

### PROPOSED ACTION PLAN

4. GoIRA and the Bank will clarify relevant policies and guidelines for procurement under Bank-financed projects, and will strengthen the coordination between NPA, NPC Secretariat and the Bank. Specifically, the actions in the table below are agreed upon and will be carried out.



WHAT	WHO	WHEN
Bimonthly coordination meeting between NPA, NPC Secretariat when required, PEs and World Bank.	Bank (procurement team) and NPC to prepare agenda and host meetings in turn.	Immediate and recurrent on a bi-monthly basis (twice a month).
Weekly report addressed to the Bank procurement team on contracts in the agenda of the NPC, and any pending questions or issues to be handled prior to the NPC meeting.	NPC Secretariat.	Immediate and recurrent on a weekly basis.
Implement NPA's web-based tracking system for monitoring the procurement process for identifying bottlenecks and addressing them. Publication of all Bidding Opportunities in Afghanistan electronic open Government Procurement system	Bank, in coordination with the NPA Facilitation Directorate.  All Project Authorities and NPA	February 28, 2019.  March 1, 2019 onwards
Undertake a value chain analysis of procurement processes within PIUs, Procurement Directorates and NPA/ NPC to shorten steps for enhancing efficiency. Develop Service Standards for review at different levels	NPA/ Directors for Procurement Facilitation in Ministries/PIUs	April 30, 2019.
Training NPA/Procurement Directorates staff on World Bank Procurement Framework As a pilot, implement the Decree 100 on centralisation of procurement by NPA for 2-3 selected Bank supported projects under preparation Establish a committee for progress review every 2 months of top 5 contracts in the critical path of each Bank project	Bank to organise programs, NPA to identify and nominate staff  Bank and NPA to select 2-3 projects in consultation with Ministries/Project Authorities  MoF to chair with NPA, and Bank to coordinate and establish review committee. Projects to participate as needed	March 31, 2019 and continuing  April 30, 2019  April 30, 2019 onwards
Implement NPA's electronic Contract Management system for all Bank financed contracts above defined thresholds to check progress, time and cost overruns, delays in payments, etc.	NPA and Project Implementation Authorities	April 30, 2019 onwards

## FINANCIAL MANAGEMENT

### ISSUE

5. **LATE PAYMENT OF CONTRACTORS.** The issue of non-payment or delayed payment of contractors after services have been delivered to government line ministries/agencies on Bank financed projects. This issue is pervasive across the portfolio and is usually brought to light when consultants/contractors complain to the Bank. Payment delays can range from a few months to two years.
6. The following systemic FM issues were evidence from the audit reports:
  - Fixed Assets Management: records not updated, physical verification not carried out, project assets not always used by relevant Government staff.
  - Contract Management: multiple contract amendments and some without Bank NOL, payments made when works or services not fully delivered, excess payments made, insurance not obtained.
  - Petty Cash and Advance: extensive use of cash, large payments made in cash, procurements made through petty cash, delays in settlement, records not properly maintained.
  - HR Management: proper HR records not maintained, employee credentials not verified, hiring without competitive process, excessive overtime payments, salaries above NTA scales.

- 7. COMPETENCY OF CONTROLLERS:** At each line ministry, MOF has appointed controllers to pre-audit all payments of recurrent and development budget before they are presented to Treasury for payment. This is an important control to ensure compliance with the applicable regulations but is not working and is the key reason for the ineligibility in RCW and development projects. At present, the controller is a clerical low-grade position and the MOF has been unable to employ qualified candidates. Most of the controllers do not have a bachelor's degree, and their command of English do not allow them to properly audit the payments vouchers of IDA and ARTF projects where the contracts and supporting documents and in English. Furthermore, there is not rotation policy and most controllers have been working with the same ministries for many years, and therefore identify as line ministry employee rather than an independent pre-auditor.
- 8. ORDERLY PROJECT CLOSURE, ASSET TRANSFER AND DOCUMENT RETENTION:** As the IDA/ARTF financing is not available during the grace period, project staff leave the project and we face issues in filing of withdrawal application, handover of assets and availability of subsequent audits. In some project, the staff left even with project laptops and records were not available. Another issue is about the period of document retention. The government policy is to retain records of 5 years whereas IDA general conditions require record to be maintained for the past 10 years. The legal agreements now include a covenant to retain all procurement records 7.5 years after the project closing date.
- 9. AFMIS:** There are issues of integration between budget and treasury as the budget department is using a separate bespoke software. Also, while AFMIS has been rolled to Kabul Municipality for accounting and reporting, the plans to implement additional modules and extend AFMIS to all districts, municipalities and embassies are stalled because of questions on the software to use in the medium to long term. The Bank has hired an international techno-functional consultant to help MOF resolving the software issues. During the FSF review, MOF confirmed that there was almost no downtime since September 2018, an issue that was recurrent in 2017 but has largely been resolved. It seems that most of the system issues are due to lack of capacity within MOF to manage the system.

## PROPOSED ACTION PLAN

WHAT	WHO	WHEN
At the time of submission of withdrawal application to Treasury, each project should submit documentation showing date of receipt of invoice, and the date of payment for the period covered by the withdrawal application.	Line Ministry/MoF	From March 1st onwards
Checking the receipt and payment dates and seek explanations from the line ministries for payments made 45 days or more after the receipt of invoice.	Ministry of Finance Treasury Department	From March 1st onwards
Monitor payment dates during the processing of M16 Forms (payment vouchers) and in case of delay of 45 days or more, written explanation from the DM of the relevant line ministry should be attached to the M16. Payments should not be processed until this documentation is submitted.	Ministry of Finance Treasury Department	From March 1st onwards

WHAT	WHO	WHEN
AFMIS. Establish and train a core group of specialists through an advanced level (5-6 weeks) to be provided by FreeBalance company in Canada.	DM Finance (MOF)	By December 2019.
Improve controls by introducing electronic submission of large payment vouchers in a system for pre-audit	DM Finance, MOF	June 30, 2020.
Strengthen the independence of controllers by establishing and implementing a rotation policy.	DM Finance, MOF	June 30, 2019: a new rotation policy is approved December 21, 2019: the rotation policy is implemented.
Strengthen the competency of Controllers through training planned in the 2019 FPIP.	DG Treasury, MOF	April 30, 2019 onwards
Orderly Project Closure, Asset Transfer and Document Retention: MOF to issue a notification to all projects and ministries to retain records of the IDA and ARTF projects in accordance with legal agreements and general conditions. MOF to issue a notification for orderly project closure and asset transfer. MOF to finance required activities during the grace period.	MOF and Implementing Agencies	March 2019.
Enforce compliance with the FM Manual at the time of approving payments: Link to FM Manual	DM Finance, MOF	Immediate

## OPERATING IN INSECURE AND HIGH RISKS AREAS

### ISSUE

1. Insecurity is widespread in Afghanistan, and implementation of Bank-financed projects entails significant safety risks in most of the country. Sadly, many Government employees and projects staff have been victims of kidnapping or killing throughout the years. Beyond the personal risks to civil servants and projects staff, the development risk is also very high as failure to adapt to the circumstances in highly insecure areas may lead to withdrawal or suspension of services delivery, thus contributing to widening the access gap across Afghanistan. To prevent such gaps, there should be a deliberate, systematic and transparent effort to deliver services to communities in areas that are insecure and do so in a way that is consistent across the portfolio.
2. Given the security situation in the country, it has also increasingly become difficult for GoIRA to attract qualified international consultants in the absence of an adequate duty of care.<sup>1</sup> As a result, critical activities have long been stalled across the portfolio, from the selection of owners' engineers, to safeguards specialists or dam safety specialists, which in turn have crippled projects implementation. For locally recruited project staffs and consultants, life losses while carrying out project activities do not consistently lead to compensation for the survived household members, adding welfare costs to deep personal distress.

### PROPOSED ACTION PLANS

3. Two project teams have devised steps to addressing some aspects of the issues above: the Citizens Charter Afghanistan Project (CCAP) and the Fiscal Performance Improvement Program (FPIP).
4. Under the CCAP, a High-Risk Areas Implementation Strategy (HRAIS) was developed, that acknowledge the risks inherent in operating in insecure areas, and still stresses the imperative of services delivery to underprivileged communities while maintaining proper oversight and fiduciary controls. Key features of the HRAIS to ensure service delivery in insecure areas include specific operational policies and mechanisms that will allow certain flexibilities in implementation, such as:

- A certain degree of flexibility in the application of standards for program delivery as defined in the program

<sup>1</sup> Delays in paying their salaries and other compensations have further complicated the situation. To a large extent, the issue of timely payment of international consultants will be addressing by ensuring that relevant expenditures are listed in the budget law and paying these consultants will not require lengthy budget amendments.

- implementation policies;
  - A certain degree of flexibility in implementation approaches applied based on experimentation, best-fit practices and lessons learned;
  - Enhanced decentralization of decision-making to local program personnel to ensure a timely response to community needs based on local knowledge;
  - Partnering with existing local structures (formal/informal) to ensure security for community representatives and program personnel.
5. Under the Fiscal Performance Improvement Program (FPIP), MoF and the Bank have worked together worked together to put in place specific arrangements to make it easier for MoF to attract high caliber ITAs. These include: (a) developing a dedicated MoF international consultant fee scale and allowance policy which is much higher than usual; (b) building-in security insurance as a reimbursable for international consultants; (c) arranging a corporate framework agreement with Serena Hotel to house and secure MoF international consultants; and (d) clearing procurement of 6 armored vehicles on the FSP Procurement Plan. That said, in some cases, MoF has requested that ITAs be hired directly by the Bank under the FPIP Advisory Facility because of speed of recruitment and/or duty of care. While the FPIP Advisory Facility can be used to provide just-in-time support, this has to be decided case-by-case based on the topics and teams' dialogues. The time needed for SSAFE training and mobility restrictions imposed on Bank STCs must also be considered.
6. It is proposed to roll out these arrangements by CCAP and FPIP across the GoIRA's portfolio financed by the Bank. In addition to safety and conditions for project staff and consultants, and therefore improving the availability of critical skills for projects implementation and development outcomes, the rollout will be more cost-effective as it will allow economies of scale and more efficient uses of security assets. For instance, not every project in the portfolio may need to procure and maintain a large fleet of armored vehicles if they can access a pooled fleet on a need basis.

WHAT	WHO	WHEN
<b>OPERATING IN HIGH RISK AREAS</b>		
Develop a generic High-Risk Area Implementation Strategy (HRAIS) applicable across the portfolio, and which will be complemented by sector specific clauses for each project of the portfolio. The HRAIS provides strategic guidance on how to implement projects in insecure areas.	MoF	February 28, 2019
<b>DUTY OF CARE FOR LOCALLY RECRUITED PROJECT STAFF</b>		
Explore the possibility of "Group Life Insurance" for NTA staff. Amend contract template to include security insurance and allowance to surviving families in case of accidental deaths during project-related activities.	MoF	February 28, 2019.
Explore the possibility of "Group Life Insurance" for NTA staff. Amend contract template to include security insurance and allowance to surviving families in case of accidental deaths during project-related activities.	MoF	February 28, 2019.
Amend Disbursement Letters to make the expenditures above eligible.	MoF and Bank	March 31, 2019
Ensure that Facilitating Partner/firm contracts have mandatory provisions for staff security embedded within them.	Line ministries	



WHAT	WHO	WHEN
<b>DUTY OF CARE FOR INTERNATIONAL CONSULTANTS</b>		
Develop an international consultant fee scale and allowance policy applicable across Bank-financed projects.	MoF	March 31, 2019
Amend contract template to include security insurance as a reimbursable for international consultants.	MoF	March 31, 2019
Sign corporate framework agreements with safe hotels and safe compounds in the Green Zone, to house and secure international consultants hired under Bank financed projects.	MoF	March 31, 2019.
Setting up and Managing a pool of armored vehicles <sup>1</sup> to be rented to Bank-financed projects on a need basis, in support to the transportation of internationally recruited consultants.	MoF	March 31, 2019.
Design a charge back mechanism for safety services to Bank-financed projects, such as secured accommodations, rental of armoured vehicles etc.	MoF	February 28, 2019.
Amend relevant disbursement letters across the portfolio to allow charge back for security services.	Bank and MoF	March 31, 2019.
Given that MoF has a \$100m TA Facility (FSP) available, if there are still problems attracting or quickly contracting consultants through the FSP, the first order of work would be for MoF and the Bank to explore any additional measures that can be taken to further improve arrangements. Similarly, the Bank can support MoF in streamlining backbone processes, including those related to hiring international and national TAs. The Bank has worked with HRD to incorporate this into their 2018 FPIP plan and a package to support MoF backbone business process re-engineering has been cleared as part of the FSP Procurement Plan (although implementation has not yet commenced).		

## MAXIMIZING IMPACT OF THIRD-PARTY MONITORING BY STRENGTHENING FOLLOW-UP

### ISSUE

1. GoIRA, ARTF partners and the Bank have initiated since 2011 a TPM program initially starting with 5 investment projects in the ARTF portfolio<sup>2</sup>. The scope of this TPM (the Supervisory Agent) has evolved over time from an initial focus on infrastructure to now include environmental, gender and social safeguard monitoring.

<sup>1</sup> The vehicles will be procured by MoF with own resources or through donations by international organizations

<sup>2</sup> Thirteen most recently, with APSDP (power), AAIP, ASDPII, HEDP, EQRA, NHLP, Sehatmandi, WEE-RDP joining the initial 5 projects comprising of ARAP (roads), EQUIP (schools), IRDP (canals), NSP/CCAP (multiple infrastructure), and OFWMP (canals).

2. Through a combination of diverse monitoring approaches, from direct field visits by subject matter experts to participatory monitoring and remote monitoring<sup>3</sup>, the TPM has provided GoIRA, ARTF partners and the Bank with verifiable evidence that ARTF-funded projects have been implemented as intended.
3. The TPM agent (the Monitoring Agent) for the ARTF Recurrent Cost Window (RCW) was introduced in 2005. The MA is an international firm of chartered accountants (currently BDO UK) that is tasked with monitoring, supporting, and reporting on the efficient and effective implementation of the RCW.
4. Under the ARTF 2018-2020 PFFP, GoIRA, ARTF partners and the Bank are bringing a renewed emphasis on monitoring, performance and value-for-money through an Anti-Corruption and Results Monitoring Action Plan (ACReMAP). The ACReMAP significantly expands the scope of the TPM to eventually cover all ARTF-funded projects. In turn, this massive undertaking stresses the importance of ensuring findings by the TPM result in concrete follow-up actions.

#### PROPOSED ACTION PLAN FOR BETTER UTILIZATION OF TPM FINDINGS

5. The CPPR offers the opportunity to agree on new mechanisms and workflow to ensure systematic and comprehensive follow-up on the findings of the TPM. The essence of the new mechanism would be a greater involvement of Ministry of Finance and ARTF Partners, and formal linkages to other institutional monitoring tools such as the implementation status and results reports (ISR), the CPPR and POSR.

WHAT	WHO	WHEN
Minister of Finance to inform Ministers, DM's of line ministries at the CPPR wrap up meetings on actions to be taken for better utilisation of the SA monitoring findings, with a request for each ministry to have a focal point (potentially M&E Specialists of the individual projects) and core team for the TPM work.	Minister of Finance	February 2019
A team is identified in the Ministry of Finance potentially under the leadership of the DG for Policy Analysis and Program Implementation to be the focal points for receipt of TPM reports and on follow-up to recommendations.	MoF	February 28, 2019.
MoF to share names and contacts of their TPM team with the Bank and the SA team. SA to share with MoF and Bank the names and contacts of their Knowledge Managers currently working with line ministries on the TPM program.	MoF, SA	March 1, 2019
SA to provide access to their online file sharing system to the MoF TPM team, and alert them when new reports are available.	SA	March 5, 2019
Orientation workshop for the MoF TPM team, key personnel of line ministries, and Bank program leaders, and technical teams new to the TPM program. This will ensure mutual understanding of the program, how it works, and expected actions for all stakeholders.	SA, MoF, line ministries, World Bank team (including environmental and social safeguards, program leaders)	March 2019.

<sup>3</sup> Low cost sensors, satellite imagery and UAVs

WHAT	WHO	WHEN
SA to include a summary table in quarterly reports of corrective actions agreed and actions taken as a tracking tool.	SA, MoF, Bank teams.	From April 2019.
SA/Bank team to share final quarterly and annual reports with the MoF TPM team and the line ministries.	SA with support of the Bank.	From March 2019.
SA to keep track of meetings, discussions with line ministries on monitoring findings. Share quarterly summary with the MoF TPM team and the Bank.	SA	From April 2019.
Include a summary of the most recent TPM findings in the relevant project ISR.	Bank TTL	Immediate.
Capture TPM findings, recommendations and corrective actions taken in the POSR and CPPR, to ensure discussion during regular portfolio performance reviews.	MoF and Bank	Immediate

### PROJECT STAFFING/NTA ISSUES

- Donor technical assistance has been integral to the stabilization of state capacity but is becoming increasingly difficult to sustain, whilst also creating many perverse incentives. In the context of weak public sector capacity, many donor-funded programs have hired non-civil service staff (known as a “parallel civil service”) to address short-term capacity gaps and support urgent development objectives. Approximately 20,141 National Technical Assistance (NTA) contracted staff and advisors are employed by government through on-budget donor financing and from its’ own development budget. With NTA salaries generally between 8-10 times higher than comparable grades in the core civil service<sup>1</sup> this form of assistance has contributed to luring talented professionals away from civil service positions. The GoIRA with the support of partners continues its efforts to address this challenge.

### PROPOSED ACTION PLAN FOR ADDRESSING NTA AND STAFFING CHALLENGES

- The section below outlines some proposed actions to further address the situation.

WHAT	WHO	WHEN
Development of updated NTA Registry/Database	MoF	June 30, 2019
Development of Phase-Out Action Plan based on comprehensive NTA Assessment	MoF	September 30, 2019.
Utilize project preparation, MTR, restructuring to explore opportunities for adopting ‘best practice’ (see below principles)	MoF and Bank	Ongoing

<sup>1</sup> According to AFMIS data, on-budget NTA (equal to just 5 percent of the entire non-uniform civil service) cost (US\$212 million) more than a quarter of the annual cost of the core civil service (US\$800 million) in 2017 and roughly comparable to the total base salaries for teachers (US\$256 million).

## BEST PRACTICE PRINCIPLES AT IMPLEMENTING ENTITY/TASK TEAM LEVEL

3. There is no one-size fits all solution. An expenditure cap on NTAs would not be prudent as implementing entity and project specifics vary and need to be considered on a case by case basis. However, some overall portfolio wide principles can be considered during project preparation, mid-term review, and or restructuring. These are as follows:
  1. Use of country systems should always be the first resort. This requires thorough upfront assessment of implementing entity capacity to directly implement project interventions and to manage related fiduciary and safeguards. In this regard, Government efforts on civil service professionalization, including the establishment of common function cadre, should also be relied upon to buttress implementing entity capacity.
  2. Where parallel/external capacity injection is deemed necessary i.e. where critical gap areas exist within existing core capacity:
    - I. **FINANCING OF THIS SUPPORT SHOULD BE ‘REGULARIZED’.** Where feasible, this external support should be financed on Government’s core operational budget (Code 21) where control and scrutiny are much higher than is the case on the development budget. This principle could be applied to Incremental Operating Cost (IOC) expenditure more broadly to: (a) support rationalization of operational expenditure while increasing opportunities for resource pooling (e.g. staffing, vehicles, office space etc.); and (b) enhancing the efficiency of the development budget, maximizing project financing for development/reform interventions.
    - II. **OPPORTUNITIES FOR RESOURCE POOLING SHOULD BE EXPLORED.** Establishing multiple PIUs in a single implementing entity must be avoided and existing implementing entity PIU staff should be used as a common resource especially in the areas of fiduciary and safeguards. Similarly, where projects operate across multiple implementing entities, the use of single PIUs and/or pooling of PIU staff and resources should be prioritized.
    - III. **PROJECT-FINANCED STAFF SHOULD BE RESTRICTED TO PROJECT RELATED ACTIVITIES.** Where external capacity injection is required, this should be limited to directly supporting project implementation. Broader implementation entity staffing, and advisory needs should not be financed through projects. This type of support substitutes Tashkeel and renders such capacity out of reach of the core civil service. In these instances, task teams should work with implementing entities to ensure these Tashkeel needs are met. TAGHIR and cadre recruitment provide additional core civil service capacity injection options that can be explored for this category of staffing.
    - IV. **PROJECT-FINANCED STAFF SHOULD BE TRANSITIONAL/PROVISIONAL.** Contracting terms should be limited to a maximum of 18 months, to allow sufficient time for requisite core capacity to be built up either through capacity development and/or recruitment. Project-financed positions and their incumbent staff should accordingly be periodically evaluated to determine which are no longer required at contract-end and which merit placement on the track for transition to Tashkeel or other forms of core staffing. To support this process, appropriate transitional measures should be built into TORs.
    - V. **INTERNATIONAL (INDIVIDUAL) CONSULTANT ASSIGNMENTS SHOULD BE CAPPED AT 6 MONTHS, AND IF REQUIRED FOR LONGER, SHOULD BE OUTPUT AS OPPOSED TO TIME-BASED.** This will help to ensure accountability and to enhance value-for-money, in addition to providing a clear exit strategy. These assignments are also required to adhere to the guidance of the President of the GoIRA on a three-year maximum limit for international consultants. For international consultant firms, transitional measures (knowledge transfer and exit strategy) are required to be built in to TORs and contracts, with output-based payment utilized to overcome perverse incentives.

## CENTRAL (MoF/IARCSC) LEVEL ACTIONS

1. MoF could significantly assist this process through a comprehensive and systematic assessment and phase-out action plan for NTAs.
  - a. Data Collection: The starting point for this assessment would be the collection of updated and disaggregated data on all NTAs. Data to be collected includes: name, title, department, grade, step, salary, years of employment, contract end-date, etc. This information, which is currently unavailable, would be developed into an NTA registry that would be periodically updated and help to guide NTA rationalization efforts.
  - b. Scope of Assessment: Accordingly, the assessment would examine the overall Tashkeel (including CBR/TAGHIR appointees, Super Skills etc.), and the number and type of TAs within each line ministry/independent agency – including those positions financed directly by the implementing entity, World Bank projects and other on-budget projects, and through off-budget bilateral donor support. This comprehensive assessment would help to inform a realistic rationalization and transition (“phase out”) plan for NTAs, that utilizes the entry points provided by the Government’s new Civil Servant Pay Policy.
  - c. Linkage to TAGHIR/IARCSC efforts: This exercise could be directly supported by IARCSC and the TAGHIR project. Through TAGHIR, IARCSC has built-in line ministry/independent agency NTA rationalization targets through which capacity injection (recruitment) is contingent. TAGHIR also foresees technical and advisory assistance to the development of a comprehensive NTA registry.



## MANAGING ENVIRONMENTAL AND SOCIAL RISKS – SYSTEMIC RISKS AND CHALLENGES

24. The ARTF and IDA portfolio and pipeline are complex from a safeguards perspective, with several projects classified in the highest risk category for environmental issues and multiple projects involving resettlement, which requires tailored social safeguards measures. Grievance Redress Mechanisms (GRMs) that provide a vehicle for beneficiaries to voice concerns are not always fully functional.
25. Line ministries and project implementation units (PIUs) face institutional and capacity constraints in meeting safeguards requirements during project development and implementation. Ownership and prioritization of safeguards issues by ministerial, PIU and Bank staff vary significantly across sectors and projects with safeguards activities tending to be viewed as a constraining factor and subservient to technical or other needs. Ministries tend not to have dedicated safeguards staff to oversee activities. This hampers communications to Ministerial decision-makers on major safeguards bottlenecks and capacity constraints, and limits opportunities to identify solutions despite multiple projects operating in some ministries. Several projects face challenges in filling or retaining PIU staff for key functions. Some projects face issues in identifying local and/ or international consulting firms with adequate capacity to prepare environmental and social safeguards assessments and plans, or willingness to engage in Afghanistan due to security concerns.
26. Security concerns also limit field-based supervision by Bank staff and consultants. A third-party monitor (TPM) has been engaged to support supervision of several ARTF projects in the portfolio, but this does not provide full coverage of ARTF and IDA projects with high safeguards risk. An October 2018 extension to the TPM contract includes additional provisions and guidance in the consulting firm's terms of reference to strengthen the quality of safeguards supervision.
27. Adding to the complexity, the World Bank launched a new Environmental and Social Framework (ESF) that applies to new investment project financing after October 1, 2018. The ESF makes important advances in areas such as transparency, non-discrimination, public participation, and accountability – including expanded roles for GRMs. While ESF training was provided to ministry staff and PIUs in July 2018, there will undoubtedly be a period of transition as staff and government counterparts transition to this new Framework, especially given the current capacity constraints.
28. In late October 2018, the ACRemap concept was expanded to include a fourth Pillar for “Strengthening Safeguards Management”. This Pillar is designed to address issues that are cross-cutting as well as those at the project-level over the coming three years. It focuses on three main issues:
  - a. First, strengthening safeguards implementation at the project level by improving coordination between line ministries and project teams; communicating better across teams on safeguards good practices and innovations; and, assessing the gaps between requirements in the new ESF and country systems and developing a plan to address them.
  - b. Second, strengthening the capacity of National Environmental Protection Agency (NEPA), Ministry of Urban Development and Land (MUDL)/ARAZI, responsible for government-wide safeguards policies related to environment and land administration, and line ministries for safeguards management at the policy/ strategic and project level; and continuing with training on the new ESF for key stakeholders.
  - c. Third, establishing a process to proactively manage safeguards risks and bottlenecks in the pipeline and portfolio; and, strengthening the process for third party monitoring of safeguards results and corrective actions.

## PROPOSED ACTION PLAN FOR BETTER MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS

29. The CPPR offers the opportunity to agree on new mechanisms and workflow to ensure systematic and comprehensive management of environmental and social risks across the portfolio. This is particularly an opportune moment given the new World Bank Environmental and Social Framework that came into effect in October 2018.
30. In addition to capacity building support provided through ACRemap, mentioned above, two tools have been developed to support pro-active management of safeguards risks in the portfolio:
  - Risk management matrix (draft) – this routinely updated matrix provides an overview of the safeguards risks for all projects in the portfolio and pipeline and status of actions to address these risks. The matrix aims to support a management level discussion on safeguards risk management, unblock issues before they become bottlenecks, and flag priority concerns across the portfolio/ pipeline. It could form the basis for a quarterly meeting between the government and Bank teams.
  - Standard operating procedures, SOPs (draft), see Annex 1 – these draft SOPs propose a series of measures (with consequences if not implemented in a timely fashion) that could be taken by government and the World Bank to address systemic issues affecting safeguards management of projects such as: ownership of safeguards issues, safeguards staffing, and implementation.

## ANNEX 1: DRAFT SAFEGUARDS STANDARD OPERATING PROCEDURES

CONCERN	PROJECT RISK CLASSIFICATION	ACTION	BY WHEN	CONSEQUENCE FOR NON-COMPLIANCE	COMMENTS
<b>ISSUE: OWNERSHIP</b>					
TTLs/ Project Directors don't take safeguards seriously, and often don't participate in safeguards discussions	All	All missions to include safeguards discussion with participation of TTL and Project Director	All missions	Elevate to CMU	Note - core project teams should follow up on agreed actions (or issues flagged in third party monitoring reports) between missions and elevate any concerns to the CMU that cannot be resolved or is likely to result in project delays.
		Report on safeguards status, bottlenecks, and next steps to Minister/ Deputy Minister	Mission wrap up meetings	Elevate to CMU	
Inability to resolve conflicts between safeguards and technical requirements	All	Where technical and safeguards standards or timelines conflict and can't be resolved at a working level	Ongoing	Elevate to CMU early	E.g., elevate if issue is resulting in project delays or resolution is pending from one mission to the next
<b>ISSUE: STAFFING</b>					
No government counterpart or ownership of safeguards issues	High or Substantial Risk/ Cat A	Discuss with counterpart to establish 'safeguards cell' to oversee design and implementation of projects safeguards issues.	By PCN review		In Ministries with more than one WB funded project and several PIUs, a quick solution could be to establish a single safeguards unit where safeguards specialists for different projects work closely together under the direction of a dedicated staff member from the Ministry.
		Dedicated counterpart(s) identified within ministry as a focal point for safeguards with responsibility to establish a 'safeguards cell' at a timeline agreed with the team under the ESCP when warranted by the project.	By decision meeting	No authorization to appraise	

CONCERN	PROJECT RISK CLASSIFICATION	ACTION	BY WHEN	CONSEQUENCE FOR NON-COMPLIANCE	COMMENTS
Safeguards staff are not recruited to PIU/ PMUs in a timely manner	High or Substantial Risk/ Cat A	Safeguards PIU/ PMU staffing plan agreed with ministry (including minimum needs by appraisal)	By PCN review		Note: (i) this should include gender expertise where there are high/ significant GBV risks; (ii) this is linked with the structural arrangements agreed for the ministry ('safeguards cell') and may be addressed through those arrangements.
		Minimum PIU/ PMU safeguards staffing in place.	By decision meeting	No authorization to appraise	
Weak capacity of PIU/ PMU staff, government agencies, and consultants hired by government.	All	Agree project-tailored capacity building plan with budget support	By decision meeting	No authorization to appraise	NOTE - (i) teams should be open to considering retroactive finance requests to cover such support if requested by counterparts; (ii) It is important to keep a record of who has been trained, and on what, so these staff can be a resource to other projects, and staff don't receive the same training multiple times. Consider train-the-trainer approaches.
Inability to recruit safeguards staff in a timely manner	All	Key safeguards positions that remain vacant during implementation should be flagged to the CMU.	When positions are advertised and do not result in eligible candidates	Escalate to CMU. Consider disbursement suspension of issues are not resolved.	
Safeguards staff being fired when raising issues	All	All safeguards positions to be subject to prior review by the World Bank	When positions are reviewed	Escalate to CMU concerns that cannot be resolved regarding TOR/ shortlist	
		World Bank safeguards team member to participate in interviews for key safeguards positions as an observer	When positions are reviewed	Escalate to CMU concerns that cannot be resolved regarding process	
		Exit interview for staff vacating PIU/ PMU safeguards positions	On exit	Escalate any concerns to the CMU	

CONCERN	PROJECT RISK CLASSIFICATION	ACTION	BY WHEN	CONSEQUENCE FOR NON-COMPLIANCE	COMMENTS
<b>ISSUE: IMPLEMENTATION</b>					
GRM is not functional	High or Substantial Risk/ Cat A	Functional GRM in place (i.e., GRM manual, database, integrated IMS).	By decision meeting	No authorization to appraise	NOTE - GRM should be established at the project level, but where possible this should be integrated into a ministerial level GRM. The aim is to transition to ministerial GRMs for all ministries over time. Additionally, where there are more than 100,000 beneficiaries the GRM will need to be complemented by other citizen engagement tools and beneficiary feedback mechanisms.
		Staff to administer the GRM are in place	Before starting physical works		
		GRM committee established	Before starting physical works	TBC	
		Quarterly progress reporting on GRM to be reflected in ISR	After mission	non-concurrence of ISR by CMU	
Inability to monitor safeguards implementation	Full RAP (more than 200 PAPs) or Cat A (environment assessment)	Client commits to engage an independent safeguard monitoring agent. Reflected in the Environmental and Social Commitment Plan or project implementation arrangements for projects not under ESF.	By decision meeting	No authorization to appraise	
		TOR for independent safeguards monitoring agent to be reviewed by World Bank (and cleared by RSA/ assigned PM)	TBC - if this is prior or post review	Escalate to CMU concerns that cannot be resolved regarding TOR	
		Independent monitoring agent in place	Before physical works?	Escalate to CMU if not in place.	



**ADDITIONAL MONITORING TOOLS:**

Safeguards risk monitoring matrix	monthly update and review	CMU/ GP discussion and actions
Safeguards risk rating (IRT)	Prior to submission of ISR for each project	Completed by Env/ Soc GP. Flagged to RSA
Quarterly progress reporting on GRM to be reflected in ISR	After mission	non-concurrence of ISR by CMU

CONCERN	PROJECT RISK CLASSIFICATION	ACTION	BY WHEN	CONSEQUENCE FOR NON-COMPLIANCE	COMMENTS
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**ADDITIONAL ACTIONS TO CONSIDER:**

Consider pre-selected shortlist of safeguards firms to address capacity constraints and reduce timelines for ESIA/ RAP preparation