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# Country Update

THE WORLD BANK GROUP IN AFGHANISTAN

**“ WEE-RDP supports COVID-19 measures with awareness activities and initiatives to cushion the impacts on beneficiaries and their enterprises. ”**

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## NEW SUPPORT TO MITIGATE COVID-19 IMPACTS

**\$100.4 MILLION IDA GRANT FOR THE AFGHANISTAN COVID-19 EMERGENCY RESPONSE AND HEALTH SYSTEMS PREPAREDNESS PROJECT** to reinforce essential health services to slow the spread of COVID-19 cases, and support those infected and at risk, as well as medical and emergency personnel and facilities, and national health agencies. The grant includes \$19.4 million from the World Bank's COVID-19 Fast-Track Facility.

**\$400 MILLION** to help Afghanistan manage its revenue shortfalls, promote private sector investment, and implement civil service reforms. The grant comprises \$160 million from IDA and \$240 million from the ARTF.

**\$200 MILLION FOR THE AFGHANISTAN COVID-19 RESPONSE DEVELOPMENT POLICY GRANT** to support the government embark on a faster recovery and keep basic utilities such as water, electricity, and telecommunications afloat and running. The grant comprises \$100 million from IDA and \$100 million from the ARTF.

**\$280 MILLION TO THE COVID-19 RELIEF EFFORT FOR AFGHAN COMMUNITIES AND HOUSEHOLDS PROJECT** to cushion the economic impact of the pandemic on Afghan households. The project will benefit some 2.9 million households. The grant comprises \$155 million from IDA and \$125 million from the ARTF.

**\$100 MILLION FOR THE EMERGENCY AGRICULTURE AND FOOD SUPPLY PROJECT** to improve food security by increasing local food production and strengthening critical commercial food supply chains. The grant comprises \$55 million from IDA and \$45 million from the ARTF.

## NEWS



### COVID-19: AN UNMATCHED TEST OF AFGHANISTAN'S RESILIENCE

Afghanistan has faced an unprecedented challenge since February 2020 when it recorded its first COVID-19 case in Herat province. According to the Ministry of Public Health official tally, COVID-19 cases have reached over 38,000 with some 1,400 deaths as of mid-September.

Widespread instability, a weak economy, and fragile health system have made it difficult for the country to tackle the coronavirus outbreak. Nevertheless, the Afghan government took a bold decision to impose lockdowns in major cities and border closures to slow the virus spread. With more than half of the population living under the poverty line, implementing these measures have severely disrupted livelihoods.

A World Bank analysis of the most recent household survey data to estimate the poverty impacts of the COVID-19 crisis showed that almost 15 million Afghans are particularly vulnerable to the economic restrictions. They live in households largely dependent on incomes from shopkeeping, market or street sales, or daily labor. Many also rely on remittances from Iran and Pakistan, which have been similarly affected economically.

The analysis also shows that poverty impacts are unevenly distributed. While impacts are significant in both urban and rural areas, the laboring poor in urban centers are especially worse off because of their dependence on casual work. Households displaced due to conflict or returned from refuge are also more adversely affected.

The World Bank and the Afghanistan Reconstruction Trust Fund (ARTF) have responded swiftly to help Afghanistan cushion the impacts on government systems, households, and individuals. Together, they have approved grants of over \$1 billion since the onset of the outbreak to sustain Afghanistan through the COVID-19 crisis and to shore up the foundation for a quick recovery (see arrow).

This support underlines the need to maintain robust policy actions and reforms to alleviate the poverty impact of the crisis and protect Afghanistan's development gains. "As one of Afghanistan's major development partners, the World Bank remains committed to helping the country in the fight against COVID-19," said Henry Kerali, World Bank Country Director for Afghanistan, "and to standing by the Afghan people, who remain resilient through these uncertain and difficult times." (see page 11)

## WORLD BANK GROUP SUPPORT

### World Bank projects and programs

Since April 2002, the World Bank's International Development Association (IDA) has committed over \$5.1 billion for development and emergency reconstruction projects, and eight budget support operations in Afghanistan. This support comprises over \$4.7 billion in grants and \$436.4 million in no-interest loans known as "credits". As of August 30, 2020, the Bank has 11 active IDA-only projects (\$840 million) and 17 projects jointly funded with the Afghanistan Reconstruction Trust Fund, with net commitment value of over \$1.4 billion from IDA.

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

The Bank has actively supported key re-

forms, particularly in the fiscal and public administration spheres, and through its budget support operations. It has advocated building capacity and legitimacy of the state, and channeling donor resources through the government to ensure investments are aligned with national priorities. To this end, the World Bank works closely with other multilateral and bilateral agencies across a number of sectors where aid coordination and government ownership are most critical.

⇒ *For information about completed projects:*  
[www.worldbank.org.af](http://www.worldbank.org.af) – Projects & Programs.

### International Finance Corporation

The International Finance Corporation (IFC), the World Bank Group's private sector arm, is supporting economic development in Afghanistan by providing a broad suite of investment services to the private sector, particularly in the infrastructure, finance, agribusiness, and services sectors.

The investment program is supported by advisory services, including access to finance, food safety management, financial system management, strengthening horticulture export, access to renewable energy, and investment climate reforms, for both public

and private sectors, to strengthen the environment for private sector investment and promote private sector-led growth.

IFC's current cumulative committed investment portfolio stands at over \$300 million and its advisory services portfolio stands currently at \$11.3 million. IFC's investment portfolio includes investments in the telecommunication sector, agribusiness, and financial markets. The investment pipeline looks promising and includes investments in the power and education sectors.

⇒ *For more information: see page 42.*

### Multilateral Investment Guarantee Agency

The Multilateral Investment Guarantee Agency (MIGA) has \$116.5 million of gross exposure for two projects in dairy and cashmere production.

Among MIGA's global priorities for FY 2018–2021 are support for foreign direct investment with high developmental impact in IDA countries and fragile and conflict affected situations. Afghanistan is a key country for MIGA to deliver on these objectives.

In 2013, MIGA launched its "Conflict Affected and Fragile Economies Facility" that uses

### COUNTRY PARTNERSHIP FRAMEWORK, 2017–2020

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

The World Bank Group strategy aims to help Afghanistan:

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

donor partner contributions and guarantees as well as MIGA guarantees to provide an initial loss layer to insure investment projects in difficult contexts. This facility could be used to boost the agencies' exposure in Afghanistan.

### Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and the Government of the Islamic Republic of Afghanistan (GoIRA) to improve effectiveness of the reconstruction effort. As of May 20, 2020, 34 donors have contributed over \$12.3 billion, making the ARTF the largest contributor to the Afghan budget—for both operating costs and development programs.

The ARTF's support for National Priority Programs, government operations, and the policy reform agenda is contributing to the achievement of the ANPDF goals. More than \$5.9 billion has been disbursed to the government to help cover civilian recurrent operating costs, such as civil servants' salaries, and over \$5.7 billion had been made available, both for closed and active investment projects. As of August 30, 2020, there

are seven active ARTF-only (\$549 million) projects, while 17 projects are financed jointly with IDA (\$2.2 billion), with net commitment value of \$2.7 billion..

⇒ *For more information: see page 44.*

### Japan Social Development Fund

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

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

As of January 2019, JSDF's total commitment had reached \$85 million. A number of JSDF-financed projects have been completed.

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

## ONGOING OPERATIONS

### / EDUCATION AND TRAINING

## Afghanistan Second Skills Development Project (ASDP II)

⇒ IDA GRANT \$55 MILLION

The project supports the Government of Afghanistan in its strategy to build market relevant vocational and technical skills for economic growth and development. Building on the former Afghanistan Skills Development Project, this program will continue to strengthen the Technical Vocational Education and Training (TVET) institutional system, improve performance of TVET schools and institutes, and improve teacher competencies.

The project was recently restructured to respond to the closure of TVET schools and institutes due to COVID-19 measures by developing an Alternative Learning Program through distance learning. The restructuring also places strong emphasis on implementation of an action plan for addressing issues associated with Gender-Based Violence.

To streamline institutional capacity to deliver on the human capital development agenda, GoIRA established a standalone TVET Authority (TVETA) based on Presidential Decree No. 11, dated April 21, 2018. The mandate for vocational education has been transferred from the Ministry of Education and Deputy Minister for TVET to the TVETA, which has been tasked to oversee the coordination and implementation of TVET policy. The TVETA was recently endorsed as an independent government entity by parliament.

Upon request of the TVETA, the World Bank completed an institutional and capacity assessment of the Authority to improve its efficiency and capacity in service delivery. An action plan with concrete steps for improving TVETA's implementation capacity has been developed.

In 2019, a comprehensive five-year TVET strategy (2020–2024) was developed and

endorsed by the Human Capital Council. The strategy provides a roadmap for the development and expansion of the TVET sector over the next five years to cover formal, non-formal, and informal TVET on a common strategic platform. The new strategy will form the basis for a new TVET operation that will support the sector after the current project closes in 2021.

Among other achievements, ASDP II has developed and supported the concept of a select number of lead institutes located in Herat, Kabul, and Nangarhar for targeted support and capacity building to serve as hubs for teacher training and curriculum development. The project also supports an in-service Technical Teacher Training Institute.

The curricula for seven priority trades of information and communications technology (ICT), accounting, business administration, construction, auto-repair, agronomy, and horticulture have been redeveloped to respond to market needs.

ASPD II is financing an academic partnership contract with Pune University in India. In addition, TVET teachers are pursuing Master's degrees in one-year technical programs at the Universities of Reva and Sam Higginbottom in India.

## EQRA

⇒ IDA GRANT \$100 MILLION

⇒ ARTF GRANT \$100 MILLION

⇒ GLOBAL PARTNERSHIP FOR EDUCATION  
\$98 MILLION

EQRA will be implemented over the course of five years from 2018 to 2023. The project's objective is to increase equitable access to primary and secondary education in selected lagging provinces, particularly for girls, and to improve learning conditions in Afghanistan.

Primary beneficiaries are students in general education, out-of-school children in lagging provinces (never enrolled or dropped out), teachers, principals, and Ministry of Education (MoE) staff. The system-level improvements in management will benefit all



An Alternative Learning Program through distance learning has been developed under ASDP II in response to the closure of TVET schools and institutes due to COVID-19 measures.

existing students as well as out-of-school children who will be brought into school. The project is expected to benefit about 7 million children who are attending school regularly from direct project interventions over the five-year implementation period.

Constraints that limit school participation in Afghanistan, such as deteriorating security, cultural norms that undervalue education, opportunity costs to attending school, distance to school, lack of gender-segregated latrines, and lack of female teachers, will be addressed through key interventions. These include (i) improving school infrastructure, which will be implemented by the Ministry of Rural Rehabilitation and Development (MRRD); (ii) providing school grants; and (iii) establishing community-based education classes.

EQRA is in its second year of implementation. In the first half of 2019, MoE was primarily focused on building the necessary foundation to ensure that project activities will be properly implemented by developing detailed implementation procedures and identifying annual work programs for each subcomponent and major activity.

The project achieved three out of the four Disbursement Linked Indicators (DLI) for the year 2018 and all of its DLIs for 2019. The achievement of these DLIs will be verified by a Third Party Verification Agency hired by the Ministry of Finance through EQRA support.

The civil works program under EQRA implemented by MRRD in targeted provinces is progressing with some delays. Technical proposals for school construction have been



approved for around 68 percent of the total 2,647 schools targeted under the project. Of these, nearly 70 percent are now under construction. Construction of 459 schools (318 new school buildings and 141 schools with missing facilities) has been completed.

## Strengthening Women's Economic Empowerment Project (SWEEP)

⇒ JSDF GRANT \$2.7 MILLION

SWEEP is a three-year pilot project implemented by the Aga Khan Foundation-Afghanistan in close coordination with the Ministry of Labor and Social Affairs. SWEEP

was requested by the government to develop tools and methods and provide a platform to share experiences to inform the Women's Economic Empowerment National Priority Program (see page 58).

The main beneficiaries are poor women in select rural and peri-urban areas. SWEEP supports the development and capacity building of clusters (self-help groups comprising community-based savings groups, CBSGs), and provides them with training, business development services, and access to finance.

A baseline survey was completed in October 2018, followed by project implementation in November 2018. An endline survey is planned for beginning of 2021. Additionally, a qualitative study will be rolled out in the last quarter of 2020.

Since December 2018, a total of 45 clusters

EQRA works to increase equitable access to education in selected lagging provinces, particularly for girls, and to improve learning conditions. It will address constraints that limit school participation, such as cultural norms that undervalue education, lack of gender-segregated latrines, and lack of female teachers, through key interventions.

have been formed in four provinces, regular monthly cluster meetings have been held, and subcommittees formed. Cluster members are being trained. Revolving loan funds have been disbursed to CBSGs since the beginning of 2020. Clusters are expected to receive additional business and soft skills training in the last quarter of 2020.

## / FINANCIAL SECTOR

### Access to Finance Project

⇒ IDA GRANT \$50 MILLION

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

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

Under component 1, MISFA has initiated a series of activities, including expanding the Targeting the Ultra Poor (TUP) program in six provinces (Balkh, Kabul, Kandahar, Kunar, Laghman, and Takhar), where it has been successful in targeting and initiating meaningful improvements in the well-being of ultra-poor beneficiaries.

An impact evaluation of the program, carried out jointly with the Development Impact Evaluation, was completed in Balkh province,

tracking households from before the interventions started to one year after the program ended. The baseline survey showed that the TUP selection process was effective in identifying households that—across a range of dimensions—were worse off than the average resident in target areas, and arguably more in need of support to help shift them closer to sustainable livelihoods.

The results of the impact evaluation published in June 2019 show that the TUP program in Balkh led to a significant reduction in the incidence of extreme poverty, increased consumption, and improved food security among the beneficiaries, over 90 percent of whom are women.

A fifth of participating households in Balkh moved above the national poverty line (roughly equivalent to \$1 per person per day). Their spending was up by a third. Psychological well-being, the number of hours spent working, financial inclusion, and the empowerment of women all rose too.

A follow-up survey will be undertaken in 2020 to measure long-term consumption impact and other dimensions.

Based on the success of the program, the TUP was scaled up in 2019 to reach close to 4,000 households in two more provinces (Parwan and Nangarhar). With the COVID-19 crisis, the TUP was expanded to cover an additional 1,100 households in these two provinces. These TUP projects are expected to be completed at end-June 2021.

**Component 2:** Improving access to financial services for small and medium enterprises (SMEs). Through support to the expansion of the Afghanistan Credit Guarantee Facility and technical assistance to financial institutions to strengthen their SME lending capacity, this component aims to increase commercial bank and microfinance institution lending to SMEs and thus facilitate their access to financial services. Component 2 supports the provision of credit guarantees for SMEs.

Implementation of component 2 started in June 2017, after an implementation partnership agreement was signed between the



“As one of Afghanistan’s major development partners, the World Bank remains committed to helping the country in the fight against COVID-19, and standing by the Afghan people, who remain resilient through these uncertain and difficult times.”

—Henry Kerali, World Bank Country Director for Afghanistan

## STRENGTHENING AFGHANISTAN’S FIGHT against COVID-19

By Henry Kerali

When Afghanistan recorded its first case of COVID-19 in February in Herat province, the government was focused on many other pressing priorities—forming a new government and implementing a peace deal just signed between the Taliban and the United States.

As infection numbers soared throughout March in Herat, the country had difficulty tracking, testing, and isolating new cases. Despite the lockdown in major population centers, the number of cases continued to surge upwards.

Impacted by mounting political and security uncertainties even before the pandemic, COVID-19 has hit Afghanistan hard. Economic growth is expected to decline sharply during 2020, and a vast majority of the country’s population is expected to fall under the poverty line due to the severe impacts of the pandemic on incomes and jobs.

Aware of the threats of the coronavirus outbreak on the fragile health system and the economy, the World Bank moved quickly, fast tracking a \$100-million emergency grant on April 2, to help Afghanistan strengthen its public health preparedness.

This support enabled the Afghan government to reinforce health care services, detect and isolate COVID-19 cases, improve testing capabilities, and stock up on critical medical supplies and equipment.

### Fighting misinformation

While COVID-19 cases spread across the country, misinformation about the disease spread even faster. Social media played an important role in promoting precautionary measures, but was also filled with an avalanche of misconceptions and unfounded evidence.

To tackle this spread of misinformation, the Ministry of Public Health, with World Bank support, implemented awareness campaigns disseminating lifesaving messages.

### Support to economy

The COVID-19 pandemic and subsequent containment measures have had a significant negative impact on the already fragile Afghan economy. The lockdown and border closures have led to massive disruptions of economic activity and consumption.

To help Afghanistan maintain its reform momentum and provide vital financial support to manage revenue shortfalls, the World Bank approved a second grant of \$160 million in May. Together with a \$240-million grant



from the ARTF, this \$400-million support sustains a range of key economic and public finance reforms to improve business regulation and encourage private investment, expand social inclusion, and support civil service reforms.

The World Bank also provided in early July a \$200 million grant to help provide relief to vulnerable people and businesses. This package will support the government strengthen policies that promote faster recovery and keep basic infrastructure such as water, electricity, and telecommunications afloat and running.

### Securing livelihoods for the poorest

The worst impact of the COVID-19 crisis, however, has been on the livelihoods of the poorest and most vulnerable.

A new \$280 million grant will provide Relief to Afghan Communities and Households (REACH) through grants to Community Development Councils, for purchasing food and sanitation packages. The project is expected to benefit almost 2.9 million households across Afghanistan.

The World Bank also approved a \$100 million grant to increase agricultural production and strengthen critical commercial food supply chains, especially wheat.

Henry Kerali is the World Bank Country Director for Afghanistan.

➡ This is an abridged version of a blog available at <https://blogs.worldbank.org/endpovertyinsouthasia/strengthening-afghanistans-fight-against-covid-19>

Ministry of Finance and the Afghanistan Credit Guarantee Foundation (ACGF).

As of end-June 2020, the ACGF outstanding guaranteed SME loan portfolio with four partner financial institutions is \$14.1 million, down from \$19.6 million at the end of September 2019. This is explained by the political context of 2019 and the COVID-19 outbreak in early 2020, which affected the operating environment, investment decisions of and ensuing demand for loans by SMEs, as well as the risk appetite of financial institutions.

To support the recovery of SMEs, an additional \$1 million will be allocated to ACGF toward the provision of credit guarantees and technical assistance to partner financial institutions. The revised project closing date is June 30, 2021.

## Afghanistan Incentive Program Development Policy Grant (IP-DPG)

⇒ IDA GRANT \$160 MILLION  
⇒ ARTF GRANT \$240 MILLION

The IP-DPG operation supports continued progress on key reforms under the Afghanistan National Peace and Development Framework. The operation will provide up to \$400 million of recurrent cost support to the Government of Afghanistan to support vital services, mobilized against a series of high priority policy and institutional reforms.

This is the third of three planned operations aligned with the government's current three year program of policy reforms. Supported reforms are organized under two pillars: (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.

The IP-DPG focuses on reforms to address corruption, improve the management of public resources, and manage current economic and political risks. Reforms under the first pillar support development of e-payments, civil

service reforms, access to finance, power sector reform, land titling, and water productivity. Reforms under the second pillar support an improved public investment management system, tax administration, and accountability of public finances.

## Afghanistan: Public-Private Partnerships and Public Investment Advisory Project (PPIAP)

⇒ IDA GRANT \$20 MILLION (\$11 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)  
⇒ ARTF GRANT \$25 MILLION (\$10 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

PPIAP works with the government and, in particular, the Central Partnerships Authority in the Ministry of Finance to develop a pipeline of feasible privately and publicly funded projects.

The project, effective since July 2018, is organized around three complementary investment components:

- Strengthening institutional and technical capacity of relevant institutions and supporting the development of a Public Investment Management–Public-Private Partnership framework;
- Supporting the establishment and operation of an Investment Project Preparation Facility, including the development of its governance structure, institutional roles, and responsibilities; and
- Project management.

As part of the country's portfolio-level COVID-19 response, \$11 million from IDA and \$10 million from the ARTF were cancelled and reallocated in June 2020. This is in addition to the \$5 million cancelled from the ARTF in April 2020 on account of misprocurement for one procurement package.

The project is being restructured to reprogram existing resources until the project closing date in June 2023.



Downsizing the scope of FSP activities because of fund reallocation to the government's COVID-19 response will not substantially impact the project's ability to achieve its objectives. Improved public financial management and revenue generation remain central to the government's self-sufficiency agenda.

## Fiscal Performance Improvement Support Project (FSP)

⇒ IDA GRANT \$25 MILLION  
⇒ ARTF GRANT \$75 MILLION (\$40 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)  
⇒ GOVERNMENT OF AFGHANISTAN \$100 MILLION (\$40 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

FSP is designed to improve management of public finances in Afghanistan by strengthening the capacity of the Ministry of Finance (MoF), National Procurement Authority (NPA), and Supreme Audit Office. It supports the implementation of the Afghanistan Fiscal Performance Improvement Plan (FPIP)

through recipient-executed investment financing.

FSP, which came into effect in January 2018, provides strategic support at a critical moment in Afghanistan's development. The project aims to improve domestic revenue mobilization and public expenditure management, and to reinforce a performance-oriented management culture in MoF.

The Mid-Term Review of the project was conducted in June–July 2020, focusing on formalization of the reduced scope of financing in line with the omnibus portfolio cancellation and restructuring requests for reallocation of \$40 million from the ARTF grant to the COVID-19 crisis response operations.

Downsizing the scope of project components and activities will not substantially impact FSP's ability to achieve its objectives.

Improved public financial management and revenue generation remain central to the government's self-sufficiency agenda.

FSP focuses on four key result areas: (i) improved development budget execution rate; (ii) increased domestic revenue as a percentage of GDP; (iii) increased compliance with audit recommendations; and, (iv) improvement in core institutional capacity, represented by a reduction in the number of long-term technical assistants.

The overall implementation progress and progress toward achievement of project objectives are currently rated as "Moderately Satisfactory". Key implementation developments secured to date include:

**Component 1:** Budget as Tool for Development. Implementation by MoF of key enhancements to the budget process through a revised budget circular and budget submission template; introducing strategic screening; and improved costing information in budget submissions.

**Component 2:** Revenue Mobilization. Implementation by the Afghanistan Revenue Department of key reorganization and modernization measures and of electronic filing; and supporting preparations for the implementation of value-added tax. Continued roll-out of the Automated Systems for Customs Data (ASYCUDA) system, with all customs offices connected, except for six having an active ASYCUDA connection; and supporting preparations for the implementation of the National Single Window.

**Component 3:** Treasury Management, Accountability, and Transparency. Development of five key Electronic Government Procurement (eGP) modules by the NPA, alongside complementary advances in Open Contracting Partnership and Open Contract Data Standards implementation.

**Component 4:** Institutional Capacity Building and Performance Management. Development and launch by the MoF Performance Management Team of a publicly accessible web-based Afghanistan Performance Management Information System, alongside rollout of FPIP to 140 teams across MoF, NPA, and Supreme Audit Office.

## Modernizing Afghan State-Owned Banks Project

⇒ IDA GRANT \$40 MILLION MILLION (\$28 MILLION REALLOCATED TO GoIRA COVID-19 RESPONSE)

The project aims to strengthen corporate governance and enhance operational efficiency of state-owned banks. The project, implemented by the Ministry of Finance, contributes to the modernization, transparency, and efficiency of the three Afghan state-owned banks: New Kabul Bank, Bank-e-Millie Afghan, and Pashtany Bank.

To support GoIRA's response to the COVID-19 pandemic, 70 percent of project resources were cancelled and reallocated. This will result in scaling down project activities, while focusing on the proposed merger of Bank-e-Millie Afghan and New Kabul Bank.

The project, effective since April 2018, has supported initial corporate governance reforms at the state-owned banks. In particular, MoF has developed an ownership policy, established an ownership unit, and defined the terms of reference of the supervisory boards by means of a presidential decree that was issued in December 2018. The supervisory boards have been subsequently established.

In addition, the project has supported modernization of critical IT infrastructure at the state-owned banks. The next phase in project implementation includes support of the planned merger.

## Payments Automation and Integration of Salaries in Afghanistan (PAISA) Project

⇒ IDA GRANT \$10 MILLION  
⇒ ARTF GRANT \$35 MILLION

The project objective is to support the development of digital government-to-person (G2P) payments in Afghanistan. Advisory assistance to the recipient's Ministry of

Finance, Da Afghanistan Bank, and beneficiary entities on improved legal and regulatory frameworks and operational processes will complement investments in physical IT infrastructure as well as incentives to spur private-sector-led delivery of financial services.

The project comprises four components: (i) supporting a biometric identification system for civil servants and pensioners; (ii) integrating the identification, verification, and payment systems; (iii) expanding financial services and access points for digital cash out and cashless payments; and (iv) project management.



PAISA supports the development of digital government-to-person payments in Afghanistan, including creating a biometric identification system for civil servants and pensioners, and expanding financial services and access points for digital cash out and cashless payments.

The project was approved by the World Bank Board on April 25, 2019, and became effective on September 25, 2019.

Ongoing procurement under the project aims to support the interoperability of all licensed financial institutions through the national payment switch operated by the Afghanistan Payment System (APS).

Key upcoming priority activities are the recruitment of a legal advisor for the development of a legal and regulatory framework related to identification, as well as critical upgrades to the APS infrastructure.



## / HEALTH

## Afghanistan Sehatmandi (Health) Project

⇒ IDA GRANT \$140 MILLION  
⇒ ARTF GRANT \$425 MILLION  
⇒ GLOBAL FINANCING FACILITY  
GRANT \$35 MILLION

The project aims to increase the utilization and quality of health, nutrition, and family planning services across Afghanistan.

The project comprises three components:

**Component 1:** To improve service delivery, this component will finance performance-based contracts to deliver the Basic Package of Health Services and Essential Package of Hospital Services across the country.

**Component 2:** To strengthen the health system and its performance, this component will support a systematic organized approach to establish a performance management culture in the Ministry of Public Health (MoPH) and among stakeholders.

**Component 3:** To strengthen demand and community accountability for key health services, the third component will finance a range of activities, including communication campaigns aimed at raising overall awareness of health rights as well as specific health behaviors to support MoPH and service providers to be more responsive to community health needs.

The Afghan health system has made considerable progress during the past decade thanks to strong government leadership, sound public health policies, innovative service delivery, careful program monitoring and evaluation, and development assistance. Data from household surveys (between 2003 and 2018) show significant declines in maternal and child mortality.

Despite significant improvements in the coverage and quality of health services, as well as a drop in maternal, infant, and under-five mortality, Afghanistan health indicators are still worse than the average for low-income countries, indicating a need to further

decrease barriers for women in accessing services.

Afghanistan also has one of the highest levels of child malnutrition in the world. About 36.6 percent of children under five suffer from chronic malnutrition, and both women and children suffer from high levels of vitamin and mineral deficiencies.

The Maternal Mortality Ratio (MMR) fell significantly from 1,600 per 100,000 live births in 2002 to 638 per 100,000 live births in 2017, according to estimates of the United Nations Inter-Agency Working Group for Estimation of Maternal Mortality.



PENTA3 immunization coverage (a combination of five vaccines) has more than doubled, from 29 percent to 61 percent, among children aged 12 to 23 months in the lowest income quintile as a result of government health programs over the years, including Sehatmandi.

### HEALTH INDICATORS ON POSITIVE TREND

**UNDER-FIVE MORTALITY RATE DROPPED** from 191 to 50 per 1,000 live births from 2006 to 2018.

**NEWBORN MORTALITY RATE FELL** from 53 to 23 per 1,000 live births from 2003 to 2018.

**NUMBER OF FUNCTIONING HEALTH FACILITIES INCREASED** to more than 2,800 in 2018 from 496 in 2002, while at the same time the proportion of facilities with female staff increased.

**BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL AMONG THE LOWEST INCOME QUINTILE INCREASED** to 58.8 percent from 14.9 percent.

**PENTA3 IMMUNIZATION COVERAGE MORE THAN DOUBLED** (a combination of five vaccines in one covering diphtheria, Pertussis, tetanus, *haemophilus influenzae* type b, and hepatitis B) from 29 percent to 61 percent among children age 12 to 23 months in the lowest income quintile.

**CONTRACEPTIVE PREVALENCE RATE INCREASED** (using any modern method) from 5.3 percent to 17.4 percent between 2000 and 2018.

## / INFRASTRUCTURE

## Afghanistan Digital CASA 1 Project

⇒ IDA GRANT \$51 MILLION

The project, which came into effect in March 2018, aims to increase access to affordable internet, attract private investors to the sector, and improve the government's capacity to deliver digital government services by supporting a regionally integrated digital infrastructure and creating an enabling environment. The Ministry of Communications and Information Technology is the implementing agency.

## Afghanistan Strategic Grain Reserve Project

⇒ IDA GRANT \$20.3 MILLION

⇒ JSDF GRANT \$9.7 MILLION

CLOSED ON AUGUST 31, 2020

The project was designed to enable the Ministry of Agriculture, Irrigation and Livestock to establish a strategic wheat reserve to be available to Afghan households to meet their needs following any unforeseen emergency situation that affected access to wheat for their consumption, and to improve the efficiency of grain storage management.

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

For the storage of grains, the project was designed to upgrade two existing storage facilities, build four new large facilities, as well as build national capacity in human resources to operate these facilities according to international standards.

However, the project did not witness any substantive implementation progress, neither on the construction and rehabilitation of the grain silos, which was delayed because of procurement-related issues, nor on the establishment of the state-owned corporation.

It was mutually agreed to close the project

on August 31, 2020, ahead of the original closing date of July 1, 2022, after discussions between the World Bank and GoIRA on the refocusing and repurposing of the Bank's current portfolio of projects to respond to the COVID-19 pandemic. As such, all project activities and related procurements have stopped.

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

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

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

The total project cost is estimated at \$1.17 billion, to which the World Bank has contributed \$526.5 million in loans and grants to the four countries. Several other development partners are also providing financing for CASA-1000, including the Islamic Development Bank, European Bank for Reconstruction and Development, United States Government, United Kingdom Department for International Development, and United States Agency for International Development.

CASA-1000 will build more than 1,200 kilometers (km) of electricity transmission lines to transmit excess summer hydropower energy from existing power plants (such as the Toktogul power plant in Kyrgyz Republic and Nurek power plant in Tajikistan) to Pakistan and Afghanistan.

At approval, CASA-1000 included the engineering design, construction, and commissioning of high voltage alternating current (HVAC) transmission lines and associated substation in Kyrgyz Republic and Tajikistan; high voltage direct current (HVDC) trans-



The CASA-1000 project is making good progress to build more than 1,200 kilometers of electricity transmission lines to transmit excess summer hydropower energy from existing power plants in Kyrgyz Republic and Tajikistan to Pakistan and Afghanistan.

mission lines from Tajikistan to Pakistan via Afghanistan; and three new HVDC converter stations in Tajikistan, Pakistan, and Afghanistan. However, in 2016, the four countries restructured the project, in which the converter station in Kabul was dropped.

Of the total project financing, Afghanistan has received \$316.5 million in the form of an IDA grant. The grant will support construction of about 560 km of an overhead HVDC transmission line from Sangtuda converter station in Tajikistan to Nowshera converter station in Pakistan. In addition, Afghanistan has received a \$40 million grant from the ARTF for the CASA Community Support Program (see page 47).

Afghanistan is expected to receive 300

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

CASA-1000 came into effect in January 2018. Three contracts for the HVDC transmission line in Afghanistan were signed in December 2017. Progress has been made under the three contracts for design, supply, and installation of the HVDC transmission

line (Engineering Procurement Construction contracts), which started implementation on February 1, 2018.

The detailed surveys and route alignments for all three contracts (Lot 1–3) have been approved by the concerned provincial authorities and the National Security Council. The design and engineering for all three lots have also been completed. While in Lot 1, 100 percent of the route survey has been conducted, only 92 percent of the route (177 km out of 190 km) in Lot 2 have been surveyed, and 98 percent (182 km out of 185 km) of the route surveyed in Lot 3.

The contracts for preparation of the country-specific Environmental and Social Impact Assessment and the Resettlement Action Plan for the HVDC transmission line also have been completed, with both approved and disclosed in January 2020. A contract for a Project Owner's Engineer for the HVDC components was awarded in November 2018.

Procurement for all 10 key infrastructure packages under CASA-1000 in all CASA countries has also been completed, including the procurement for the two convertor stations in Tajikistan and Pakistan for which the contracts were signed in September 2018. The last procurement of the HVDC transmission line from the Afghanistan border to Nowshera in Pakistan was signed on May 20, 2020.

## Herat Electrification Project

⇒ IDA GRANT \$60 MILLION

The project aims to support DABS provide new or improved electricity services to over 230,000 people and 1,600 institutions and businesses in selected areas in Herat province.

The project comprises three components:

**Component 1:** 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 Chesht, Karokh, Obe, and Pashtun-Zarghoon districts.

**Component 2:** Grid densification, extension and off-grid pilots in Herat province: This component supports investment for supply and installation of a capacitor bank at 24-Hoot substation to improve the voltage profile of the existing network of Herat city, including the industrial park. Component 2 also supports extension of a 220 kV transmission line, construction of a substation at Pol-e-Hashimi, and upgradation of the distribution network. It also covers piloting a solar mini-grid.

**Component 3:** Technical assistance: This component will finance project management and implementation support to ensure timely and quality compilation of the project. It also supports the review of existing standards and procedures, and the preparation of a grid code for the Afghanistan power system.

Contracts have been awarded for the construction of the 110 kV transmission line, the four 110/20 kV substations, and electrification of the four districts. Major equipment for the 110 kV transmission line to Karokh is on-site and installation is in progress. Boundary walls and structural work of control rooms have been completed and work on the switchyard is in progress. Supply of distribution equipment for electrification of the four districts has been completed and installation work is underway.

Contract for supply and installation of the capacitor bank in 24-Hoot substation has been signed and the contract for the 220 kV transmission line and Pol-e-Hashimi substation approved by the National Procurement Committee.

Bids for the solar mini-grid project are under evaluation and the tender for smart meters has been advertised. There has been progress in preparing the grid code, with the first draft under review.

As a remarkable accomplishment during the COVID 19 pandemic, the project successfully supplied and installed solar back-up systems for 10 hospitals designated for COVID-19 patients in Herat province.



Among many other achievements, IRDP has rehabilitated 200 irrigation schemes, covering over 280,000 hectares of irrigation command area, benefiting well over 500,000 farmers. The restored canals have made irrigation more efficient, extending the growing season. Farmers are seeing better harvests, greater crop diversity, and increased incomes.

## Irrigation Restoration and Development Project (IRDP)

⇒ IDA GRANT \$97.8 MILLION (\$2 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

⇒ ARTF GRANT \$118.4 MILLION (\$10 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

⇒ GOVERNMENT OF AFGHANISTAN \$3.5 MILLION

The project builds upon and scales up activities supported under the completed World Bank-financed Emergency Irrigation Rehabilitation Project, closed in December 2011.

After project restructuring and additional financing in July 2016, IRDP envisages support to rehabilitate irrigation systems serving

some 215,000 hectares of land and design of a limited number of small multi-purpose dams and related works, while establishing hydro-meteorological facilities and services.

As part of a portfolio-wide restructuring because of the COVID-19 crisis approved by GoIRA, \$12 million from the project fund was cancelled and reallocated on June 15, 2020.

Progress has been made in all areas of the project. In the irrigation component, a total of 200 irrigation schemes have been rehabilitated, covering 284,940 hectares of irrigation command area and 521,300 farmers (compared to the end target of 215,000 hectares and over 425,000 farmers). A total of 25.68 kilometers (out of 58.26 kilometers end target) of critical river basin erosion protection in various part of the country have been completed so far.



In the small dam component, a prefeasibility review of 22 small dams resulted in a feasibility study being conducted on the six best ranked dams in the northern river basin (which is not on international rivers). A letter has been received from MoF for dropping the detailed social and environmental study from the project because the government will finance the detailed design and construction of those six best ranked dams in the feasibility study.

Further, minor repair works for Qargha dam in Kabul have been completed, while Darunta dam in Jalalabad is in progress. Dam safety guidelines for Afghanistan have been developed and completed under the project. Dam Safety Inspection reports have been prepared for 10 existing dams in various parts of the country.

In the hydro-met component, installation of 127 hydrological stations and 56 snow and meteorological stations located in various locations on the five river basins in the country is completed and operations and maintenance (O&M) work is ongoing. In addition, 40 cableway stations for flow measurement at selected hydrology stations have been installed and installation of 30 cableways are ongoing. Further, a national O&M team has been established to take care of O&M mobile teams of all hydrological stations.

As a result of the delay in the procurement process, the Basin Development Plan for the Upper Kabul and Panj-Amu River Master Plan was cancelled.

Hydrogeology drilling test wells and the geophysical survey for Jalalabad city have been completed, while the survey for eight

Like thousands of rural families who have benefited from ARAP's work, residents in this village have seen a great improvement to their quality of life. "Now that the road is wider, it has made things easier for us," says a resident. "My children now go by bicycle or on foot to school. It takes them five minutes unlike 30 minutes in the past on the bad road."

other cities (Farah, Helmand, Herat, Kabul, Kandahar, Khost, Mazar, and Zaranj) are ongoing. Hydrogeological maps have been prepared for the Preliminary National Ground Water Potential Map and National Data Availability/Well Depth-Water Level/Water Quality Maps.

The project will be completed as scheduled on December 31, 2020. The current project focus is to complete the 56 ongoing contracts by the project closing date. The National Water Affairs Regulation Authority is working to prepare the project exit strategy and work plan to complete the ongoing contracts.

#### / RURAL DEVELOPMENT

### Afghanistan Rural Access Project (ARAP)

⇒ IDA GRANT \$125 MILLION

⇒ ARTF GRANT \$312 MILLION

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

As of January 31, 2020, construction of 850 km of secondary gravel roads, 280 km of secondary asphalt roads, and 1,500 km of tertiary roads has been completed. In addition, 1,480 linear meters of secondary bridges and 1,980 linear meters of tertiary bridges have been built.

Routine and periodic maintenance of 670 km of secondary roads has been undertaken as well as routine and periodic maintenance of 3,500 km of tertiary roads.

Rollout of the first nationwide inventory and condition survey of rural roads has been completed and over 90 percent of inventory for secondary roads and above have been completed for 32 out of 34 provinces.

ARAP has successfully achieved all its planned objectives and will close on schedule on December 31, 2020.

### Citizens' Charter Afghanistan Project (CCAP)

⇒ IDA GRANT \$227.7 MILLION

⇒ ARTF GRANT \$444.3 MILLION

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

⇒ GOVERNMENT OF AFGHANISTAN \$128 MILLION

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

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

The project has been set up as a multisectoral and interministerial program that delivers a range of basic services and builds trust between citizens and the state. CCAP has established a robust implementation machinery, combining the use of national technical assistant contractual staff and the outsourcing of service delivery and social mobilization functions to non-governmental organizations as "facilitating partners".

CCAP supports the first of three phases of GoIRA's 10-year Citizens' Charter National Program and targets one third of the country. The first phase of the program covers 850 urban communities in four major regional hubs.

In the context of the World Bank's COVID-19 relief response in Afghanistan, the fourth ARTF tranche of \$100 million was redeployed in May 2020 toward providing emergency household assistance in the form of food/cash in CCAP communities.

A parallel emergency project recently approved by the World Bank Board of

Executive Directors—Relief Effort for Afghan Communities and Households (REACH)—will provide similar household support to the rest of the country not currently covered under CCAP.

The diversion of ARTF funds creates a large financing gap for the main project, which makes the second CCAP Additional Financing (AF) more urgent.

Given the COVID-19 crisis and the continuous demands from communities for more and larger subprojects, CCAP will scale up faster than expected—with a second AF expected as soon as REACH and COVID-19 CCAP efforts are underway in the last quarter of 2020.

The AF under preparation will expand the geographic coverage of the Urban Areas Block Grants in 10 more cities and redirect resources to areas recently freed from anti-government elements, including Kunar, Laghman, and Nangahar, as well as 300 rural CDCs across 10 districts.

The AF will also introduce new activities—in particular, a new subcomponent to support nomadic Kuchi populations, as well as codify several changes in the implementation, project management, and monitoring and evaluation arrangements of the project. The estimated AF need is \$178 million.

### Main Project Components

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

(1a) Rural Areas Service Standards Grants. The Ministry of Rural Rehabilitation and Development (MRRD) has overall responsibility for the implementation of the grants. This subcomponent supports delivery of minimum service standards on rural infrastructure. Allocations per community will be needs-based and based on an initial gap and needs assessment against the minimum service standards. The investments include water supply and a choice between basic road access, electricity, or small-scale irrigation.

(1b) Urban Areas Block Grants. The

Independent Directorate of Local Governance (IDLG)—the project's urban implementing agency—has overall responsibility for the grants to 600 urban CDCs and 120 *Guzars* (neighborhoods) in four major cities (Herat, Jalalabad, Kandahar, and Mazar-e-Sharif) to fund small infrastructure works. The menu of options includes street upgrading, parks, lighting, provision of potable water, solid waste management arrangements, and women's economic activities. This subcomponent supports service delivery linkages between the CDC, cluster/*Guzar*, urban district, and municipality.

**Component 2:** Institution Building. This component supports capacity building, technical assistance, and community facilitation services. In rural areas, MRRD works with



CCAP continues to work, albeit under COVID-19 precautionary measures. For example, ongoing and completed projects have created jobs for 15,000 internally displaced persons and 7,000 returnees. The program has provided emergency support to over 2,200 communities with a high number of internally displaced persons/returnees.

14 facilitating partners (FPs) in undertaking capacity building and training of provincial and district staff to oversee, monitor, and report on project progress, as well as Social Organizers. The ministry provides engineering and technical support to communities across all 34 provinces.

In urban areas, IDLG works with UN Habitat, which serves as an Oversight Consultant, as well as four FPs on capacity building and training of municipality staff to supervise, monitor, and report on project progress.

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

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

**Component 5 (new under Additional Financing):** Social Inclusion and Maintenance and Construction Cash Grants (MCCGs). This component will provide emergency short-term employment opportunities through labor-intensive public works, as well as support for collective action activities beyond public works that are aimed to foster greater social inclusion and protect the ultra-poor/vulnerable in communities.

### EXPECTED CITIZENS' CHARTER RESULTS

Results expected under the first phase include :

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



“ During the campaign, we learned that we had to take the danger of the coronavirus seriously. One of the ways to protect against and combat this deadly contagious disease is wearing masks. ”

– Shukria, resident, Nakarabad, Jawzjan province.

## AWARENESS CAMPAIGNS HELP prevent COVID-19 in Afghanistan

- Afghanistan has redeployed two leading development programs to promote health recommendations to fight COVID-19 in thousands of communities.
- The awareness campaigns have helped dispel misinformation about the coronavirus while promoting precautionary measures like frequent handwashing and mask wearing.
- In several Afghan provinces, women who attended awareness sessions have turned to producing masks for their communities to help prevent COVID-19 outbreaks.

**S**hukria sews about 100 masks a day to help prevent the coronavirus (COVID-19) from spreading to Nakarabad, her hometown of about 1,700 people located in northern Afghanistan's Jawzjan province.

The 24-year-old woman is part of a growing cohort of women across Afghanistan who have turned to producing masks to meet the demand triggered by the threat of the virus in their communities. What convinced Shukria to take action was an awareness campaign about the coronavirus that the Citizens' Charter, Afghanistan's flagship development program, organized in her village.

“During the campaign, we learned that we had to take the danger of the coronavirus seriously,” she says. “One of the ways to protect against and combat this deadly contagious disease is wearing masks.”

On realizing masks were in short supply, Shukria and four other villagers decided to sew and give away masks to residents in the village. So far, she has distributed nearly 1,000 masks to villagers who cannot afford to buy protective equipment. Shukria intends to train more women in the village to stitch and sew their way to helping defeat the coronavirus.

COVID-19 has hit Afghanistan hard. Low education levels; limited access to information, water, and sanitation; and a weak health system make it difficult for the country to control the rapid spread of the virus. The government of Afghanistan has redeployed two key development programs to curb the impact of the virus in rural and urban communities.

The Citizens' Charter (CCAP) and the Women's Economic Empowerment – Rural Development Project (WEE-RDP) are at the forefront of running public awareness campaigns in rural areas. The Independent Directorate of Local Governance is responsible for the CCAP campaigns in cities and urban areas. The public awareness campaigns are one of several measures supported by a World Bank grant to assist Afghanistan in its response to the COVID-19 crisis.



### Disseminating life-saving messages

The campaigns have helped dispel misinformation while promoting health recommendations and medical guidelines set by the Ministry of Public Health.

CCAP has held public awareness sessions for Community Development Council members and mullahs in some 12,000 communities in 124 districts, who in turn share the life-saving information.

“We have communicated to people to refrain from shaking hands, kissing, and hugging for the safety of their loved ones, family members, and the broader community, as these measures will help us defeat this global pandemic,” says Haji Momand Shah Faqiri, who heads a neighborhood council in Mazar-e-Sharif, the provincial capital of Balkh province.

In addition, WEE-RDP, which helps empower poor rural women, has sent female staff to villages and individual homes to deliver prevention guidelines, especially to residents with no access to the media. Women canvassers have reached over 4,000 self-help groups in eight provinces. They also use video messages on health and hygiene that have proved effective with poor and mostly illiterate communities.

There are two subcomponents:

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

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

The Kuchies Development Sub-Program (KDSP) is an additional sub-program to the Citizens’ Charter. The sub-program was officially launched in April 2019 and aims to reach semi-nomadic and fully nomadic Kuchi communities in Afghanistan. It adheres equally to the principles of equity, inclusion, participation, accountability, and transparency. KDSP is expected to comply with the guidelines described in the Citizens’ Charter.

KDSP will support the provision of development services to the Kuchi communities in the areas of health, education, road construction, safe drinking water, electricity, and drainage system. Additionally, the sectoral menu for KDSP will include specific services tailored to the unique development needs of the nomadic communities, which include electricity through solar or biogas systems and modernization of water reservoirs.

#### Implementation Progress

The Mid-Term Review conducted in February 2020 confirmed that the project objectives are valid and concluded that CCAP is on track to achieve almost all targets in the Project Results Framework.

Since January 23, 2017, CCAP has implemented over 4,000 subprojects and reached

The pace of social mobilization under WEE-RDP has been remarkably high and more than 422,000 SHGs have been established. Although the COVID-10 pandemic has affected progress, efforts are being made to support affected groups with awareness activities on the coronavirus and for measures to cushion the impacts on beneficiaries and their enterprises.



more than 12,000 communities and 13 million beneficiaries. While the level and quality of women’s participation vary by province, CCAP has achieved almost 50 percent female membership in urban CDCs and 40 percent in rural CDCs, which is a significant increase from the 35 percent female membership under NSP.

**In rural areas:** As of May 15, 2020, over 11,400 new CDCs have been elected, more than 2,100 Cluster CDCs have been registered, and almost 11,800 CDCs completed Community Development Plans (CDPs). In terms of subproject implementation, 2,880 subprojects have been completed and more than 6,300 projects are underway. There are also 28 joint projects that are ongoing across 92 communities.

**In urban areas:** Implementation have been rolled out in all 850 communities and *Guzars*, with a total of 850 community profiles completed and 850 CDCs elected, of which 749 have initiated subprojects. As of May 15, 2020, 506 urban subprojects have been completed and 815 subprojects are ongoing.

**The Regional Displacement Response:** MCCGs have been rolled out in 1,169 out of 2,396 targeted communities, totaling \$36.3 million in disbursements. A total of 2,114 MCCG subprojects have been designed, of which 851 subprojects have been completed and 1,263 are ongoing. A sum of 1.75 million workdays has been generated for 42,621 workers, with an average of each worker working 41 days.

The ongoing and completed projects have created jobs for 15,000 internally displaced persons (IDPs) and 7,000 returnees (Rs). The program provided emergency support to over 2,200 communities with a high number of internally displaced persons/returnees. Overall, some 39,000 IDP/R households have received benefits under the AF.

Additionally, over \$1.5 million in Social Inclusion matching grants has been disbursed to over 9,700 communities, establishing grain banks and reaching 65,000 vulnerable households.

## Women’s Economic Empowerment Rural Development Project (WEE-RDP)

⇒ IDA GRANT \$25 MILLION

⇒ ARTF GRANT \$75 MILLION

WEE-RDP aims to increase social and economic empowerment of poor rural women in selected communities. It is the flagship operation under the Women’s Economic Empowerment National Priority Program (see page 58) and builds upon the closed Afghanistan Rural Enterprise Development Project (AREDP).

WEE-RDP has engaged communities in 76 districts, covering over 2,100 CDCs in all 34 provinces across Afghanistan. It is working in close collaboration with several other rural development programs in the country, including the CCAP, Ministry of Rural Rehabilitation and Development projects, National Horticulture and Livestock Project, Access to Finance Project, and microfinance institutions.

WEE-RDP will provide support to community-level women’s institutions through seed capital and technical assistance and link them to formal financial institutions and markets to enable economic empowerment.

The project has three components:

**Component 1:** Community Mobilization and Institution Development. It comprises (i) providing technical assistance to support community mobilization for establishing self-help groups (SHGs) and federating them into Village Loan and Savings Associations (VLSAs), and Enterprise Groups (EGs) and



**“AREDP was a good program as their support improved our work and enabled us to compete in the Balkh market.”**

— Soraya Ahmadi, entrepreneur, Balkh province

## SMALL ENTERPRISES TRANSFORM WITH *new knowledge and skills*

- Over 100 small enterprises in Balkh province grew after receiving training and support that helped them better manage their businesses and promote their products.
- This was one of many successful results of the Afghanistan Rural Enterprise Development Program that closed in June 2018.
- The government program helped transform businesses, including a company dealing in carpets and another in tailoring.

**O**n an early morning, Fazluddin Nazari, 30, sat in his store examining new carpet designs to decide which ones to approve for weaving. The store was filled with neatly stacked colorful carpets.

Later, Fazluddin explained to a customer: “All our carpets are hand woven by Afghans from Afghan wool. The quality is great.” His 56-year-old father, Haji Mohammad Nazar, inherited the business from his forefathers. For more than 20 years, his father worked to keep the business going, but did not have enough customers or a strategy to resolve their marketing and financial management issues.

“Our business was small,” recalled Fazluddin, “we had only a few customers from Kabul and some provinces of Afghanistan and we did not know how to expand our work.” Their business transformed after receiving support from the Afghanistan Rural Enterprise Development Program (AREDP) in 2011. “AREDP support helped us expand our carpet store into a company,” he said.

Fazluddin and his father ran their company in Mazar-e-Sharif city, Balkh province, in northern Afghanistan. Over 300 people worked in the company—a significant increase to the 50 people they employed previously.

In supporting established enterprises in the cities, such as Fazluddin’s, AREDP, which closed in June 2018, helped ensure employment opportunities in the rural areas. “Helping us means helping the farmers and people living in rural areas, because they are the people who weave the carpets for us,” Fazluddin pointed out.

AREDP was active in five provinces: Balkh, Bamyán, Herat, Nangarhar, and Parwan. Fazluddin’s company was one of 144 SMEs that received AREDP support in Balkh province.

### Building Business Relations

Soraya Ahmadi, 40, was another entrepreneur from Balkh province who benefited from AREDP support. She



was given opportunities that allowed her to establish business relations and improve her business. “The project sent me to exhibitions in India where I learned how I should work on new designs and standardize my products,” she said.

Soraya ran Durukhshan Shamal Handicraft, a registered business. “AREDP was a good program as their support improved our work and enabled us to compete in the Balkh market,” said Soraya, who started a small sewing business in her house more than 10 years ago. She expanded her business, after applying the technical training she received through AREDP.

“There were many projects in Balkh that came to help us, but only AREDP did what they promised,” said the mother of five. She worked with more than 50 women producing handicraft in their homes and employed 15 women, most of whom were tailors. She received many contracts from local hospitals, schools, Balkh Municipality, and other businesses, sewing uniforms and clothes.



federating them into Producer Associations (PAs); and (ii) carrying out a program of activities to strengthen capacity, quality, and financial performance of SHGs, VSLAs, EGs, and PAs.

**Component 2: Access to Finance.** It comprises (i) providing seed grants to eligible SHGs and VSLAs to establish long-term revolving funds; and (ii) facilitating access to financial services for rural women through partnerships with microfinance institutions and commercial banks to promote financial inclusion of women groups; developing relevant financial products and services with commercial banks and microfinance institutions; eliminating institutional constraints on women's access to formal financial services; exploring feasibility of piloting a system, enabled by information technology, for delivery of financial products; and financial capacity building.

**Component 3: Enterprise Development and Market Linkages.** It comprises (i) providing technical assistance and supporting promotional activities to strengthen the capacity of EGs, PAs, and individual women entrepreneurs to access markets and manage their businesses; (ii) providing catalytic funds to eligible EGs and PAs; and (iii) supporting EGs, PAs, and/or individual women entrepreneurs through facilitating their partnerships with business enterprises to improve the supply of business development services and access to markets.

The pace of social mobilization under WEE-RDP has been remarkably high and more than 422,000 SHGs have been established as of August 2020, of which 80 percent are women's groups. Further, 721 VSLAs have been established, with credit functions for their members.

Overall, 78 percent of SHG members belong to the "poor" and "poorest" categories, according to the Well-Being Analysis carried out by the CCAP, which WEE-RDP uses to identify target beneficiaries.

The SHGs have cumulatively saved over \$406,000 and opened bank accounts for

about 285 VSLAs with women as signatories. WEE-RDP has a gross loan portfolio of over 25 million afghanis (about \$336,892), in which almost 84 percent of borrowers are women, with 87 percent of loanable funds in circulation and repayment rates as high as 69 percent.

Unfortunately, the COVID-19 pandemic and resulting policy measures have reduced the progress of the project significantly. Efforts are being made to support the affected groups with awareness activities on the coronavirus and for measures to cushion the impacts on beneficiaries and their enterprises.

## Trans-Hindukush Road Connectivity Project

⇒ IDA GRANT \$250 MILLION (\$100 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

The project aims to support the government's efforts to improve road transport links across the Hindukush mountain range, including the rehabilitation of the Salang road and tunnel. It will develop existing mountain crossings into dependable, all-season roads that will allow the vital transport of passengers and goods to cross the Hindukush mountain range throughout the year.

In support of the response to the COVID-19 pandemic, \$100 million from the project fund has been cancelled and reallocated to the emergency measures. This has impacted the overall scope of the project and resulted in suspension of the civil work activities on the Salang corridor. However, these activities may resume once adequate project funding is available.

The project is being restructured to incorporate the changes and lessons learned from the implementation so far. It will continue to carry out civil works for the upgrading of the Baghlan to Bamiyan (B2B) road (152 km) into a paved road as planned.

As of July 31, 2020, four out of the six seg-

ments along the B2B road are under construction, namely segments 1, 2, 5, and 6. The procurement process of segments 3, 4a, and 4b has been postponed due to the project restructuring and fund cancellation, but will be resumed shortly.

The Construction Supervision Unit of the Ministry of Public Work is supervising the implementation of the segments under construction. Physical progress on segment 1 and segment 6 stands at roughly 35 percent and 20 percent of the work, respectively.

The design consultancy for the Salang Tunnel rehabilitation has advanced and is scheduled to be completed by December 31, 2020.



Civil works for the upgrading of the Baghlan to Bamiyan road will continue as planned under the Trans-Hindukush Road Connectivity Project, while civil works on the Salang corridor have been suspended until funding is available again, as the scope of the project has been affected by the fund reallocation to government COVID-10 measures.

## / SERVICE DELIVERY

## Afghanistan Land Administration System Project (ALASP)

⇒ IDA GRANT \$25 MILLION  
 ⇒ ARTF GRANT \$10 MILLION  
 (\$10 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

The project's objective is to support the development of the Afghanistan land administration system, and provide the population in selected areas with improved land registration services, including issuance of titles and occupancy certificates (OCs).

The project was restructured following a GoIRA request in June 2020 to cancel \$10 million from the project financing and redirect it to support the government's response to the COVID-19 pandemic.

ALASP aims to (i) establish an effective land administration system in Afghanistan that provides transparent land services, contributing to stability and growth; (ii) help close gaps in further develop the policy, legal, and institutional framework for land administration; (iii) provide the building blocks for a modern land administration system in Afghanistan; and (iv) support capacity building of the Ministry of Urban Development and Land (MUDL) and improving its governance structure to enhance institutional effectiveness and accountability.

The project also focuses on women's economic empowerment through policy development to enhance female ownership and inheritance of land and other family assets.

ALASP has progressed specifically in the following activities: (a) advancing the transition to an administrative form of deeds issuance, with the signing of the protocol for transferring deeds transaction from the Supreme Court to MUDL, starting in Herat and then Kabul. As part of this process, Deeds Automation Regulation and Procedures have

been approved, a deed automation test software developed, and the Deed Automation Office opened in Herat; (b) preparation of the Administrative, Legal and Technical Implementation Approach Document for Occupancy Certificate Issuance under the project, taking into consideration lessons learnt and challenges; (c) preparing a five-year Strategy for Women Empowerment and Gender Equity; (d) developing anti-harassment procedures; (e) approving a Women Land Rights Task Force (WRLTF) proposal; (f) holding the first meeting of the WRLTF; (g) recruiting important positions for achieving project objectives, such as Gender focal points, Special Desk Gender officers, a Senior Procurement Specialist, and a Social Safeguards Officer; and (h) drafting technical specifications, evaluations and needs analyses on Geodesy, Photogrammetry, and the Land Information System.

## Eshteghal Zaiee – Karmondena Project (EZ-Kar)

⇒ IDA GRANT \$150 MILLION  
 ⇒ ARTF GRANT \$50 MILLION (\$6.25 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

EZ-Kar aims at strengthening the enabling environment for economic opportunities in cities where there is a high influx of displaced people. The project objective will be pursued by increasing returnees' access to civil documents, providing short-term employment opportunities, improving market-enabling infrastructure, and supporting investor-friendly regulatory reforms.

The project targets Afghan refugees living in Pakistan and in 13 Afghan provincial capital cities with the highest influx of recent returnees. The 13 cities are Asadabad, Firozkoh, Herat, Jalalabad, Kabul, Kandahar, Khost, Kunduz, Maimana, Mihtarlam, Paroon, Puli Khumri, and Taloqan. The project has five components:



EZ-Kar focuses on Afghan refugees living in Pakistan and in 13 Afghan provincial capital cities with the highest influx of recent returnees. It is working to mobilize communities to implement labor-intensive public works and market-enabling subprojects through Community Development Councils and neighborhood and local business councils.

**Component 1:** Regional and national integration of displaced persons. The component is implemented by the Ministry of Foreign Affairs.

**Component 2:** Short-term employment opportunities, reforms, and market enabling infrastructure and municipal-level regulatory reforms in 12 cities implemented by the Independent Directorate of Local Governance (IDLG).

**Component 3:** Prioritized urban investments in four provincial capital cities—Herat, Jalalabad, Kandahar, and Khost—implemented by IDLG.

**Component 4:** Market-enabling infrastructure and regulatory reforms for Kabul Municipality implemented by Kabul Municipality.

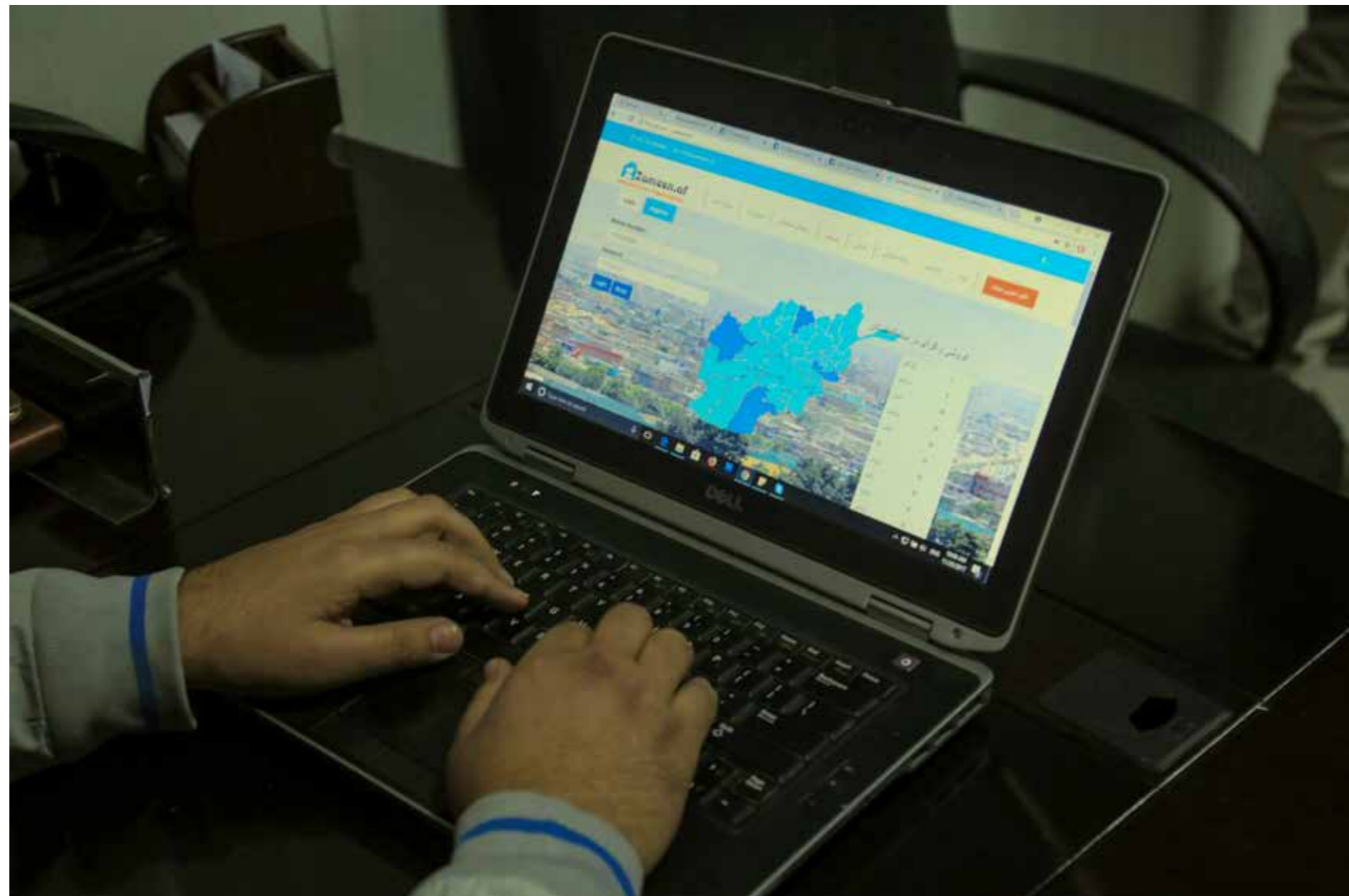
**Component 5:** Red carpet, project coordination, and national-level regulatory reforms implemented by the Ministry of Economy, which is also responsible for overall project coordination.

The project was launched in February 2019, but experienced delays in implementation mainly due to the COVID-19 crisis, which generated challenges in recruitment, procurement, and planning. However, the project is starting to gradually resume activities.

As part of the country's portfolio-level COVID-19 response, \$6.25 million out of the \$50 million financed by the ARTF has been cancelled and reallocated.

As of August 2020, the project is finalizing the procurement of facilitating partners to mobilize communities to implement labor-intensive public works and market-enabling subprojects through Community Development Councils, *Guzars*, and Business *Guzars*.

At the municipal level, prioritized urban projects for infrastructure development are being identified and planned in Kabul Municipality and the four target provincial capital cities. As part of support for business-friendly regulatory reforms, construction permits regulatory reform action plans will be implemented in the municipalities of Herat, Jalalabad, Kabul, and Kandahar.



TAGHIR assists the government to deliver on its main policy priorities by having more qualified and competent key civil servants in 16 line ministries. It also supports the government to set up an effective human resources management information system in the Afghan Civil Service.

## Tackling Afghanistan's Government HRM [Human Resource Management] and Institutional Reforms (TAGHIR)

⇒ IDA GRANT \$25 MILLION  
⇒ ARTF GRANT \$50 MILLION

TAGHIR is a follow-on to the Capacity Building for Results (CBR) Facility. It assists the Government of Afghanistan to deliver on its key policy priorities by having more qualified and competent civil servants in key positions and administrative reforms in 16 line ministries.

The project supports up to a total of 1,100 civil service positions to enable the ministries to meet objectives and deliver on their priorities. These positions include around 600 legacy positions from CBR. The Independent Administrative Reform and Civil Service Commission (IARCSC) leads the project implementation.

TAGHIR will also help the government establish and operationalize a functional Human Resources Management Information System (HRMIS) for over 400,000 civil servants in the Afghan Civil Service.

Progress toward achievement of the project objective and overall project implementation is currently rated as "Satisfactory". Key implementation developments secured to date include:

**Component 1:** Human Resource Capacity Injection. The Cabinet approved up to 1,143 TAGHIR positions identified as strategically relevant to key higher-level objectives, which has since been revised to 950 positions to reflect adjustments to Line Ministries and Independent Agencies (LMAs) staffing structures (*Tashkeel*) and merger of some LMAs. These include both "legacy" positions recruited under CBR that were fully transitioned to TAGHIR upon their effectiveness, and new po-



CIP supports COVID-19 recovery efforts in five provincial capital cities, including creating short-term, labor-intensive “Emergency Projects”, which are designed to provide rapid employment opportunities to daily laborers who lost their livelihoods due to the pandemic.

## / URBAN DEVELOPMENT

### Cities Investment Program (CIP)

⇒ IDA GRANT \$25 MILLION  
 ⇒ ARTF GRANT \$25 MILLION  
 (\$15 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

CIP has been restructured in response to the COVID-19 pandemic, with \$15 million in financing cancelled as part of portfolio-wide resource reallocations for immediate response. The restructuring enables the project to contribute to COVID-19 recovery efforts in Afghanistan.

The project’s revised objective is to introduce improved municipal finance and management systems, rehabilitate municipal infrastructure, and support COVID-19 recovery efforts in the five participating provincial capital cities—Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif.

The project includes short-term, labor-intensive “Emergency Projects”, which are designed to provide rapid employment opportunities to daily laborers who have lost their livelihoods due to the pandemic.

The restructured project has strengthened the involvement of municipalities in labor-intensive works, and used this opportunity to strengthen their capacity in procurement, financial management, engineering design, and supervision. Labor-intensive subprojects consist of activities like the construction or rehabilitation of gravel roads, pavement of tertiary streets, canal/drain cleaning, and other activities as identified by municipal counterparts.

The project has shown good progress in the last six months despite the recent challenges posed by the COVID-19 outbreak. The Project Implementation Unit, in collaboration with the municipalities, is preparing a pipeline of 40+ “Emergency Projects”. A total of 18 “Priority Projects” have been prepared and civil works have started for seven of those, while others are at advanced stages of procurement.

There has also been progress in preparing

sitions to support the surge in capacity across targeted “pockets of effectiveness” within TAGHIR-priority LMAs.

To date, a total of 582 positions are in place (contracted), including 67 women (12 percent) and 285 positions at the subnational level (49 percent). Their Pay and Grading base pay is directly financed on core government budget, in line with TAGHIR’s financing strategy and partnership. These posts have adopted improved terms of reference developed for TAGHIR, which include up to five key deliverables to measure individual performance of TAGHIR appointees and their contribution to LMA benchmarks.

**Component 2:** Personnel and Payroll

Management. IARCSC has completed the development of seven key HRMIS modules. The development of a payroll module is in progress; biometric and biographic data have been collected for a total of 322,411 civil servants across all LMAs (with the exception of 15 districts because of insecurity and five budgetary units, such as the Ministry of Foreign Affairs and the administrative staff of the Attorney General’s Office), all of which have been entered into the HRMIS system

**Component 3:** Support to Administrative Reforms. Following its amendment of the Civil Servants Law and its approval by Cabinet in March 2018, IARCSC has advanced in developing and enacting critical subsidiary poli-

cies, regulations, and procedures required to support implementation of the amended law. These include a Civil Service Pay Policy; a Policy for Increasing Women’s Inclusion; customs, human resources, and procurement cadre regulations; a mass recruitment general procedure; and a Deputy Ministers recruitment regulation.

IARCSC also has developed a new five-year strategic plan and is conducting functional reviews of three line ministries and an independent agency (the Ministry of Education; Ministry of Agriculture, Irrigation and Livestock; Ministry of Communications and Information Technology; and the Supreme Audit Office).

the groundwork for technical assistance. An Own Source Revenue consultancy and an AFMIS baseline assessment have been advertised. CIP has also prepared a draft assessment of options for the Municipal Incentive Fund. The project is keeping the municipal finance reform agenda intact as per the original design after restructuring.

## Urban Development Support Project

⇨ IDA GRANT \$11.47 MILLION

The project will support the Ministry of Urban Development and Housing (MUDH) to create an enabling policy framework and enhance urban policymaking capacity in relevant agencies at the national level, as well as strengthen city planning, management, and service delivery capacity in five selected provincial capital cities (PCCs). These cities are Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif.

The project consists of the following components:

**Component 1:** Urban Information: An Urban Management Information System. Technical assistance for the government to create a database and web architecture for key statistics, maps, and geographic information system data to facilitate better urban planning and results monitoring. Building a municipal finance performance database to support implementation of the Municipal Incentive Fund.

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

management; affordable housing; urban regeneration; and municipal finance.

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

**Component 4:** Urban Investments: Feasibility and Design Studies for Urban Infrastructure. Preparation of a pipeline of priority projects (no regret, quick-win projects) in the five PCCs, including detailed feasibility and design studies.



Support from the Urban Development Support Project will enhance urban policymaking capacity at the national level, as well as strengthen city planning, management, and service delivery capacity in Herat, Jalalabad, Kandahar, Khost, and Mazar-e-Sharif.

## INTERNATIONAL FINANCE CORPORATION

*The International Finance Corporation's key prong of engagement has been through advisory support focused on improving the investment climate and building capacity, while supporting selective investments in sectors with high development impact and job creation. IFC's current strategy is aligned with the ongoing World Bank Group's Country Partnership Framework, 2017 to FY 2020 (extended to FY 2022).*

### Investment Portfolio

IFC provides a mix of investments services in Afghanistan, with a focus on financial inclusion, telecommunications, agribusiness, and infrastructure. IFC's current cumulative committed portfolio stands at over \$300 million, including investment in Roshan Telecom, First Microfinance Bank (FMFB), Afghanistan International Bank (AIB), Mazar Independent Power Producer Gas-to-Power, and Afghan Processing Plant (Rikweda).

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

The investment pipeline looks promising and includes further investments in the power sector and an investment in the education sector.

### / ADVISORY PROJECTS WITH THE PRIVATE SECTOR

#### Afghanistan Agribusiness Mapping

The goal of the mapping exercise is to develop a list of companies with potential for growth, as IFC is planning to build on its agribusiness program and scale up its existing

interventions through upstream work identifying, developing, and promoting investment opportunities in the agriculture sector.

#### Afghanistan Raisins Supply Chain Development

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

#### Corporate Governance (CG)

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

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

#### Strengthening Afghanistan Horticulture Exports

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

### / ADVISORY PROJECTS WITH GOIRA

#### Investment Climate

The program is designed to tackle business and investment climate challenges of the country.

It aims to improve the quality of business regulations, strengthen mechanisms for trade facilitation and export promotion, and enhance mechanisms for investment attraction and retention to reduce private sector's cost of compliance (cost savings) in Afghanistan.

IFC is currently working to support the government in promoting an investment and business climate that is conducive to private sector growth through the investment climate program's subprojects:

##### (i) Business Enabling Environment Project

The focus of the project is on catalyzing Doing Business reforms in Afghanistan, with emphasis on areas with the greatest potential to contribute to improving the investment climate and investment facilitation.

The project objectives are to (i) streamline the legal and regulatory framework for doing business reforms; and (ii) strengthen inter-agency coordination mechanisms on investment climate reforms and establish effective public-private dialogue mechanisms.

##### (ii) Afghanistan Export Competitiveness Project

The project focuses on boosting Afghanistan's exports in the dried fruits and nuts and fresh fruits and vegetables value chains. It aims to address regulatory and procedural hurdles to expedite the export process; identify, promote, and facilitate investment opportunities into agribusiness and industrial parks; and develop a market intelligence system to target top priority markets.



#### Scaling Solar

Scaling Solar is a "one stop shop" program for governments to rapidly mobilize privately funded grid connected solar projects at competitive tariffs. The program brings together a suite of World Bank Group services under a single engagement based on a template approach to create viable markets for solar power in each client country.

GoIRA has engaged IFC, acting through its Public Private Partnership Transaction Advisory Services division, to act as lead transaction advisor to invite private sector developers to compete for the right to develop, finance, construct, operate, maintain, and transfer an independent utility-scale solar photovoltaic power project in Afghanistan of up to 40MW.

The first Scaling Solar project is located in Herat province (40 MW) and, being the largest renewable plant in the country, will have a significant impact on the energy landscape as Afghanistan currently relies on imported electricity.

## AFGHANISTAN RECONSTRUCTION TRUST FUND

*The Afghanistan Reconstruction Trust Fund (ARTF) was established in 2002 to provide a coordinated financing mechanism for GoIRA's budget and national investment projects. Since its inception, 34 donors have contributed over \$12.3 billion to the ARTF, making it the largest single source of on-budget financing for Afghanistan's development.*

*The ARTF's support of the government's priority programs, policy reform agenda, and the non-security operating costs of government operations contributes to the achievement of Afghanistan's national strategic goals.*

### Management

The ARTF has a three-tier governance framework (Steering Committee, Management Committee and Administrator) and three working groups (Strategy Group, Incentive Program Working Group, and Gender Working Group). Its sound framework has enabled the ARTF to adapt to changing circumstances and development priorities with consistency and consensus. The World Bank is the administrator of the trust fund.

The Steering Committee sets a multiyear financing strategy for the ARTF every 3–4 years, which is updated annually. The committee is made up of all ARTF donors, the World Bank, and Ministry of Finance, with other Management Committee members participating as observers.

The Management Committee consists of the World Bank, Islamic Development Bank, Asian Development Bank, United Nations Development Programme, Ministry of Finance, and United Nations Assistance Mission in Afghanistan as an observer. The Management Committee meets regularly in Kabul to review ARTF finances and approve funding proposals.

The ARTF Strategy Group, consisting of donors and MoF, meets monthly to review the implementation of the ARTF program and to discuss strategic issues. The Incentive

Program Working Group and the Gender Working Group also meet regularly to hold technical discussions.

### How the ARTF works

Donors contribute funds into a single account held by the World Bank in the USA. The ARTF Management Committee makes decisions on proposed allocations at its regular meetings, and those decisions are translated into funds through Grant Agreements signed between the World Bank as administrator of the trust fund and GoIRA. Management Committee decisions are guided by the multi-year Partnership Framework and Financing Program developed by the Strategy Group and endorsed by the Steering Committee.

ARTF allocations are made through four “windows”: (i) Recurrent Cost Window; (ii) Investment Window; (iii) Advisory Services, Implementation Support, Technical Assistance (ASIST); and (iv) Anti-Corruption and Results Monitoring Action Program (ACReMAP).

The Recurrent Cost Window reimburses the government for a portion of eligible and non-security related operating expenditure every year based on the government's achievement of policy benchmarks discussed and agreed in the Incentive Program Working Group. The Investment Window provides grant financing for national development programs in the development budget.

ASIST was developed in response to GoIRA's request to the World Bank to provide more direct hands-on advisory services, implementation support, and technical assistance to ensure more effective implementation of ARTF programs and strengthening of government institutions and capacity in the development and execution of national priority programs.

The “window” to fund ARReMAP is a redoubling of the World Bank's commitment to further ramp up its efforts on anti-corruption and results monitoring in Afghanistan, where the Bank had already applied a more stringent set of oversight mechanisms than

elsewhere. The World Bank, as a trustee and administrator of the ARTF, is committed to strengthening its fiduciary oversight of ARTF-financed projects both to minimize risks of fraud, corruption, and misuse of funds and to maximize the fund's development impact.

### Donor Contributions

Over the last few years the “preferred” portion of donor contributions has been the main factor driving growth. The agreed ARTF rule is that donors may not “prefer” more than half of their annual contributions. This rule is to ensure that the ARTF has sufficient funding to finance the Recurrent Cost Window and that it retains some flexibility in the approval of projects in support of government priorities.

### The Recurrent Cost Window (RCW)

**GRANT \$5.9 BILLION — \$5.1 BILLION (RECURRENT AND CAPITAL COST) AND \$850 MILLION (DEVELOPMENT POLICY GRANTS)**

The RCW was established in 2002 to provide a coordinated and incentive-driven financing mechanism, enabling predictable and transparent operating budget support related to salaries and wages of civil servants, and non-security related government operating and maintenance expenditures.

Though it began as a means of providing unconditioned, baseline, fiscal support to the government's civilian budget, over time, the proportion of RCW support conditioned on the government achieving concrete progress in the reform agenda.

The RCW has historically included three modalities:

**1. Incentive Program:** Incentive-oriented program that finances government efforts in strengthening the policy framework to support state effectiveness, private investment, and social inclusion as well as improving the policy and institutional framework for public financial management.

**2. Baseline recurrent cost financing (closed):** Funds under the baseline were not conditionalized. Baseline financing was usually



## AFGHANISTAN RECONSTRUCTION TRUST FUND

The objectives of the ARTF are to:

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

transferred to the government in quarterly tranches. Over time, as the proportion of support conditioned on policy commitments increased, unconditioned baseline support decreased. Since 2018, 100 percent of RCW financing has been incentivized.

**3. AHP: Ad Hoc Payments (closed):** The AHP allowed for development partners' ad hoc contributions to be channeled through the ARTF. These contributions were based on agreements between bilateral donors and Ministry of Finance, to which the Administrator was not privy. AHP contributions were subject to the same fiduciary controls and monitoring arrangements as the RCW. The AHP closed at the end of 2019.

Expenses claimed by the government under the RCW must meet a set of eligibility criteria, established by the World Bank, and be verified by an independent, international, third-party monitoring agent (TPMA). A TPMA has been in place since 2002 to carefully monitor the entire civilian operating budget and ensure all expenditures financed from the RCW are eligible.

To date, the ARTF has disbursed \$5.9 billion, including recurrent cost financing and Ad Hoc Payments, through the government's non-security operating budget. Domestic revenues continue to be insufficient to cover the costs of government. The RCW has therefore ensured the basic functioning of government, including the delivery of services such as health care and education.

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



CASA-CSP, which aims to support communities close to the route of the CASA-1000 transmission line in Afghanistan, has reached out to over 670 communities. CSP social mobilizers in communities covered by the CCAP have focused on subproject implementation and building support for the transmission line, satisfactorily communicating the additional benefits provided by CSP to the targeted communities.

## / ONGOING PROJECTS

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

GRANT \$40 MILLION (\$10 MILLION REALLOCATED TO GoIRA COVID-19 RESPONSE)

CASA-CSP supports communities along the CASA-1000 transmission line in Afghanistan. The project was restructured in 2019 and is now being implemented in alignment with the Citizens' Charter Afghanistan Project and in close collaboration with the CASA-1000 Energy Project.

The CASA-CSP project team carried out a successful joint Mid-Term Review of the pro-

ject's progress with the CASA-1000 Energy Project team from the Energy Global Practice in July 2020. Due to COVID-19 travel restrictions, the mission was carried out remotely via WebEx.

ject's progress with the CASA-1000 Energy Project team from the Energy Global Practice in July 2020. Due to COVID-19 travel restrictions, the mission was carried out remotely via WebEx.

The Mid-Term Review determined that a second project restructuring would take place in the third quarter of 2020 to reallocate \$10 million of the current budget to finance the government's COVID-19 response, and to adjust project activities and amend the Project Results Framework accordingly.

Project interventions cover communities within the four-kilometer wide "corridor of influence" (Col) along the CASA-1000 transmission line, which was finalized in February 2019. After the route was approved, the Ministry of Rural Rehabilitation and Development (MRRD) carried out an initial mapping of the communities along the

Col and 461 communities were identified. Although CSP has started mobilization activities and verification of communities along the Col, project implementation has faced challenges as the route has required targeted adjustments due to terrain issues and there were more communities than expected during the physical verification of the CASA-1000 transmission line.

After receiving the GPS points from CASA-1000 contractors, CSP engineers conducted a physical verification of the communities along the Col and initially identified 638 communities as a result. Due to the changes required in the transmission line's path because of difficult terrain and the presence of communities near transmission line towers, the projected number of communities rose from 638 to 696 after MRRD engineers and social organizers on the ground identified more communities than expected along the CASA-1000 Col.

Since the Mid-Term Review, there continues to be minor route alignment changes proposed for the transmission line. Overall, project implementation has continued, procurement processes have been revised, and implementation and disbursement plans have been submitted to the World Bank.

MRRD has filled 172 (60 percent) of 289 positions for CSP and has also begun the recruitment process for a dedicated project manager and senior gender specialist to address persistent gender inclusion and implementation issues.

While CSP has faced delays due to the approval and verification of the official CASA-1000 transmission line, along with recent travel restrictions owing to the COVID-19 pandemic, project implementation efforts have, nonetheless, made important progress and social mobilization is well underway.

To date, CSP has reached about 678 communities (434 non-CCAP communities and 244 CCAP overlapping communities). In the CCAP overlapping communities, CSP social mobilizers have focused on subproject implementation and building support for the transmission line, satisfactorily communicating the additional benefits provided by CSP to the targeted communities.



## DABS Planning and Capacity Support Project

GRANT \$6 MILLION

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

This project has two components:

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

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

The project is supporting the preparation and implementation of annual O&M plans for six major load centers using new procedures based on good international practice adjusted for local conditions. The project-supported training and a new training center are expected to improve skills of 90 percent of DABS planning and O&M staff.

The project provided internship opportunity for new women engineering graduates to work in DABS. Twelve female engineers were hired as interns in DABS and assigned to different departments.

A contract with a consultancy firm for staff capacity building was signed in May 2019 and most of the training has been completed. The contract for construction of the training center was awarded in June 2019, and construction activities were completed by the end of July 2020. Procurement of equipment for the training center, which was delayed due to an unsuccessful bidding process, has been completed and the equipment supplied.

## Higher Education Development Project (HEDP)

GRANT \$55 MILLION

HEDP aims to increase access to higher education in Afghanistan, as well as improve its quality and relevance. HEDP, which started in 2015, uses an Investment Project Financing instrument based on the Results-based Financing modality.

Under component one, project funds are being disbursed against selected line items in the annual budget of the Ministry of Higher Education (MoHE) up to capped amounts, and on condition that the agreed set of disbursement-linked indicators (DLIs) are achieved.

The DLIs reflect the priorities for development. These include intermediate outcomes that build cumulatively over the lifespan of HEDP to improve access to the higher education system and raise its quality and relevance. This component supports the reforms initiated through the National Higher Education Strategic Plan II and focuses on outcomes and results rather than inputs.

MoHE has developed a policy and by-law for the practice of e-learning. This will support gradual introduction of blended learning, incorporating e-learning into the university curriculum, as well as recognition of blended learning toward program credits. An e-learning technical committee has been established at ministry level to facilitate the gradual implementation of e-learning and blended learning.

MoHE is in the process of updating its five-year sectoral strategic plan with technical assistance from the project as well as the World Bank.

The project received additional financing of \$5 million in 2018 and extended its closing date to December 21, 2022, mainly to expand the following successful project interventions



HEDP is integrating distance and blended learning as an integral component of Outcome-Based Education and Student-Centered Learning. This is in keeping with the Ministry of Higher Education policy for e-learning, which will support gradual introduction of blended learning, incorporating e-learning into university curriculum, and recognition of blended learning toward program credits.

to scale up project impact and development effectiveness: (i) provision of faculty scholarships (150 postgraduate scholarships to public university academics in priority disciplines with one third allocated to female academics); (ii) support to public universities to prepare and implement Strategic Institutional Development Plans; (iii) training of teaching faculty in Outcome-Based Education (OBE) and Student-Centered Learning (SCL); and (iv) grants to support individual and group research projects at universities.

The project is currently being restructured to integrate distance and blended learning as an integral component of OBE and SCL.



## BETTER ROAD INFRASTRUCTURE IMPROVES *living conditions in Kabul neighborhoods*

- Until recently, residents in two Kabul neighborhoods faced daily challenges reaching their destinations because of the poor state of their neighborhood streets.
- They now enjoy clean streets, less air pollution, and lower transport costs thanks to the efforts of Kabul Municipality under the Kabul Municipality Development Program.
- The better road infrastructure has benefited about 19,000 residents through improved municipal service delivery and access to essential services.

**W**ith 34 years of experience as an educator, school principal Zohra Wares, 52, knows her students face many barriers to education, including the problem of poor road conditions that can limit physical access to school.

Bibi Zainab Kobra School sits on Dashayee Jabar street in District 13, on Kabul city's west side, where the majority of the neighborhood's workforce are day laborers, and many families are impoverished.

Before the street was paved, Zohra said the students faced many problems. "In the spring, the giant puddles of water and mud made it difficult for the girls to reach the [school] gates," she explained. "We've had cases of the younger students so covered in grime from the street that they would miss school."

Students and school staff also suffered from air pollution caused by the poor street conditions. "In the summer, clouds of dust billowed into the classrooms every time a vehicle or motorcycle passed, disturbing class and causing health problems for the girls who coughed because of the dust," said Zohra.

Conditions improved after Kabul Municipality asphalted the street in January 2018. The work was financed through the Kabul Municipality Development Program (KMDP). Altogether, the municipality carried out work on about 21 kilometers of streets in Dashayee Jabar Khan and Sarak Azam neighborhoods, including installing drainage systems and streetlights.

### Cheaper Transport

In these neighborhoods alone, roughly 19,000 residents have benefited from KMDP. Abdul Saboor Ebadie, a KMDP contract manager, said benefits have included lower rates of illness, less pollution, lower transportation costs, improved access to potable water, and reduced travel time.

Everyday activities have become easier and neighborhood residents live more comfortably as a result of the



improvements. Residents confirmed that travel times have been cut by 10 to 20 minutes, taxi prices have almost halved, and cars are plentiful in their neighborhoods.

Better road conditions have also improved municipal service delivery and access to essential and emergency services. "When someone was sick, we used to have to carry the person on our backs to the main road and only there could we get a car to the hospital," said Allahyar Qurbani, 47, a Dashayee Jabar Khan resident and stone salesman.

"Life has become easier, and the children and elders are especially happy because of this. We can tell that the municipality has worked hard to build the streets to a high standard," Allahyar said.

Dawlat Hussain, 46, a shopkeeper and a member of the Dashayee Jabar Khan Community Development Council, believed that as a result of the roadworks by the municipality and the professionalism of KMDP staff, trust in the government had increased considerably in his community, which had misgivings previously about government projects.

**“***Life has become easier, and the children and elders are especially happy because of this. We can tell that the municipality has worked hard to build the streets to a high standard.***”**

—Allahyar Qurbani, resident, Dashayee Jabar Khan neighborhood, Kabul city

## Kabul Municipal Development Program (KMDP)

GRANT \$110 MILLION

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

KMDP is expected to deliver welfare and human development benefits to over 1 million people through services provided in 3,171 hectares of private land. The project also supported development of a plan to improve the municipality's financial management and planning capacity to deliver improved services. The implementation of the plan is underway, which will enhance Kabul Municipality's institutional capacity.

To date, about \$80.1 million has been disbursed. Nearly 1.5 million people (about 73 percent women and children) have benefited from the construction of about 590 kilometers of neighborhood roads, 770 kilometers of community drains, and 36 kilometers trunk roads. However, construction progress has been delayed due to the lockdown during the COVID-19 outbreak.

Under project component B, the World Bank supported Kabul Municipality to implement institutional reforms, including the rollout of the AFMIS core financial module and purchasing module that covers budget control, accounting, commitment and payment management, bank reconciliations, and reporting functions of government financial management.

Moreover, Kabul Municipality has also implemented payroll management and fixed asset and inventory management applications developed by MoF, and streamlined the development of a comprehensive revenue management module.

Kabul Municipality is hiring a consultancy firm to develop a case management system for monitoring and timely follow up on citizen complaints and a document management system to track, manage, and store documents. The firm will also develop an IT strategy to support the needs and long-term objectives of Kabul Municipality. In addition, the firm will facilitate capacity building of the municipality's finance and administration staff.

Temporary employment of some 2.9 million people has been generated through the execution of contracts with labor intensive work at an investment of \$223/person per month. Durable infrastructure will generate secondary employment in the years ahead.

Importantly, KMDP has established a strong foundation for gender inclusive community participation in decision-making over public expenditures in *Guzars* (neighborhood councils).

## Kabul Urban Transport Efficiency Improvement Project (KUTEI)

GRANT \$90.5 MILLION

KUTEI aims to improve road conditions and traffic flow on select corridors of Kabul city. The project will focus on improving road infrastructure and providing technical assistance to Kabul Municipality in specific areas.

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

Project objectives will be measured against the following indicators: (i) traffic capacity improvements, measured by average vehi-



Under KMDP, some 2.9 million people have benefited from temporary employment generated through the execution of contracts with labor intensive work at an investment of \$223/person per month. Durable infrastructure will generate secondary employment in the years ahead.

cle speed during off-peak hours; (ii) people (within a 500-meter range) in urban areas provided access to all-season roads; and (iii) percentage of Kabul city's trunk road network in at least "fair" condition.

Project implementation is progressing well and all planned civil works contracts have been awarded and scheduled to be completed by the project closing date, December 31, 2020. To date, 11 civil works contracts, totaling 40 kilometers of roadway, have been completed and the roads opened to traffic. Implementation of the remaining two civil works contracts started early this year and are expected to be completed by the project closing date.

## Naghlu Hydropower Rehabilitation Project (NHRP)

GRANT \$83 MILLION

NHRP aims to improve dam safety and sustainability of hydropower and to increase the supply of electricity at the Naghlu Hydropower Plant (NHPP). NHPP is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity.

**Component 1** of the project aims to rehabilitate the electrical and electromechanical parts of NHPP and ensure its sustainable operation. It covers rehabilitation of specific units in NHPP and enhancing the plant's maintenance. In November 2018, NHPP started operating at full capacity (100 MW) after the rehabilitation of turbine units 1 and 3. Unit 2 also requires overhauling as it has operated continuously without any major overhaul for more than 40,000 hours. Procurement of a contractor to overhaul this unit is in progress.

NHRP will support provision of spare parts 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. It will also provide advisory and training services to ensure proper operation and maintenance (O&M) of the plant.

Procurement of consultancy services for NHPP staff training is in an advanced stage, while the procurement of supply of spare parts and consumables for five years for O&M is expected to start shortly.

**Component 2** of the project aims to ensure safe operation of the dam through a dam safety audit, implementation of safety improvement measures, and optimization of power generation. Work on dam safety enhancement is underway. Submersible water pumps have been installed inside the dam's drainage gallery to release upward water pressure. Two additional turbine type pumps required to completely drain both galleries were installed in August 2020. The drainage

galleries have been emptied and are ready for further inspection.

The procurement of consultancy services to carry out a dam safety and hydromechanical audit is in its final stage. A bathymetric survey of the Naghlu dam reservoir was performed by DABS personnel with support from the Ministry of Energy and Water and Food and Agriculture Organization team. Following procurement of an eco-sounder, the DABS team provided training for conducting a bathymetric survey in January 2020. A bathymetric survey of the section of the Naghlu reservoir near the face of the dam was conducted in April 2020.

DABS also performed an internal interim sediment assessment and prepared a limited environmental and social assessment report. Sediment samples were delivered to GSG laboratory in India and the result of the interim sediment assessment was provided in June. Selective sediment removal will start upon finalization of the limited environmental and social assessment report.

**Component 3** of the project aims to ensure environmental and social sustainability of the dam through (i) supporting activities to improve environmental and social management; and (ii) local development assistance. This component also aims to improve project management in DABS and support future hydropower project preparation.

The consultant to carry out the environmental and social impact assessment (ESIA) in the dam safety audit and implementation is on board and the assessment is in an initial stage.

As part of local development assistance, NHRP envisages providing electrification in the areas close to Naghlu dam. Construction of the Sorobi 20 MW substation was completed in April 2019. Extension of the distribution system to 18 villages in Sorobi district has been completed. The design and bidding document for electrification of the Tagab villages close to the Naghlu dam have been finalized and the procurement will start soon.

This component also supports preparation work of the Kajaki dam addition. The project management team is under recruitment at the National Water Affairs Regulation



A dam safety and hydromechanical audit is underway under NHRP, which aims to ensure safe operation of the Naghlu dam through the audit, implementation of safety improvement measures, and optimization of power generation. The Naghlu Hydropower Plant is of strategic importance to Afghanistan's power generation portfolio as it provides more than half of Kabul's electricity.

Authority. The procurement of the consultancy service firm to develop the ESIA and Resettlement Action Plan for phase 2 of the Kajaki addition is at the request for proposal stage.

Following a formal request from MoF, NHRP will be restructured to include the rehabilitation and renovation of the Darunta Hydropower Plant and the closing date of the project will be extended. Three units will be renewed, and an administrative building and warehouse will be constructed inside the power plant. Procurement of this activity has been finalized based on World Bank procurement guidelines and the contract was scheduled to be signed in September 2020.

### RESULTS EXPECTED UNDER THE NHRP

- Revived 50 MW of previously nonoperational capacity of Naghlu Hydropower Plant by rehabilitating Unit 1 and Unit 3.
- Improved routine operation and maintenance of the power plant for five years.
- Improvement of Naghlu Dam safety measures and re-activation of the dam bottom outlet / flash out gate.
- Enhanced staff capacity to operate and maintain the power plant.
- Residents living near NHPP connected to electricity and facilitated NHPP extension services, i.e., poultry farming, kitchen gardening, and establishment of orchards.
- Enhanced security and safety measures of the NHPP.
- Renovate and revive full capacity of Darunta Hydropower Plant.
- Preparation of ESIA and RAP for Kajaki II project.

## National Horticulture and Livestock Project (NHLP)

GRANT \$190 MILLION (\$12.5 MILLION REALLOCATED TO GOIRA COVID-19 RESPONSE)

AFGHAN FARMERS' CONTRIBUTION

\$28.2 MILLION

NHLP aims to promote the adoption of improved production and post-harvest practices and technologies by target farmers in the horticultural sector and to support the livestock sector, with gradual rollout of farmer-centric agricultural services systems and investment support.

The project has three components: (i) horticultural production; (ii) animal production and health; and (iii) implementation management and technical assistance support. These activities were initially implemented in 120 focus districts in 23 target provinces.

The original budget of the project was \$100 million, but based on the high demand for NHLP services, the project received an additional financing of \$90 million to allow expansion of its work programs to more farmers and add new activities.

However, as part of the adjustment of the Bank's project portfolio in Afghanistan for COVID-19 response, \$12.5 million of NHLP financing has been cancelled and reallocated. The work program has been adjusted to facilitate priority activities that can be completed by the project closing date on December 31, 2020.

The project covers 291 districts in all 34 provinces, and, so far, has reached over 580,000 farmers/beneficiaries, including around 242,000 women.

The project continues to deliver against its targets. With a national coverage despite the enduring security challenges, the project continued to support farmers and herders on improved horticulture and livestock practices and technologies during 2019.

Overall, over 80 percent of the targeted clients were satisfied with the agricultural services against 75 percent end target; almost 55 percent of the targeted farmers (against 75 percent end target) have adopted elements of the horticulture technology packages promoted by NHLP; about 83,000 producers have been provided with improved post production facilities, tools, and market access out of an end target of 181,140; and about 55 percent of target farmers (against 70 percent end target) have adopted elements of livestock technology/practices promoted by NHLP.

Under component A, over 37,000 hectares (ha) of new orchards, including pistachios, have been established against the project target of 19,000 ha. In addition, over 36,000 ha of existing orchards have been rehabilitated.

NHLP has established demonstrations on 404 ha of high-density orchards intended to significantly increase return per unit of land while contributing to substituting import.

Furthermore, NHLP supported construction of 1,353 small water harvesting structures through Community Development Councils and successfully established over 2,000 raisin drying houses to improve added value at farm level.

On women-focused activities under the horticulture component, NHLP has established more than 150,000 kitchen gardening plots and saffron demonstrations against the target of 90,000 schemes in 28 provinces.

Under component B, in line with the agreed targets, NHLP supported establishment of 25,000 backyard and 3,000 small-scale poultry production units for 28,000 women. Work for construction of 25 dairy collection centers has been completed, while work for three centers is well underway.

On animal health, the major focus has continued to be on zoonotic diseases namely, the National Brucellosis Control Program and Sanitary Mandate Contracting Scheme (SMCS). Under the National Brucellosis Control Program, over, 791,000 young female



calves and some 14 million young female sheep and goats have been vaccinated in close coordination with General Directorate of Animal Health and Production (GDAHP).

Under SMCS, NHLP followed the agreed exit strategy, handing over 26 provinces to the Ministry of Agriculture, Irrigation and Livestock (MAIL). It is expected that by project closure all program activities will be carried out by GDAHP. In the months leading to project closure, NHLP will decrease its contribution while MAIL will increase its ownership.

Under NHLP, over 150,000 kitchen gardening schemes focused on women, including improved post-harvest practices, have been set up in 28 provinces. About 40 percent of the over 580,000 NHLP beneficiaries are women.



WEE-NPP continues to make good progress, although the change in leadership and staff turnover have impacted the pace of progress. A potential phase 2 of the project will offer an opportunity to redesign the program to make it more effective.

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

GRANT \$5 MILLION

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

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

The three-year Project Preparation Grant (PPG) has three components: (i) coordination and program management; (ii) provide technical assistance and capacity building for line ministries carrying out WEE activities

and conduct relevant analytic work; and (iii) establish and operate an Innovation Fund to support women's economic activities.

The WEE-NPP Coordination Support PPG continues to make good progress, although the change in MoF leadership and staff turnover have impacted the pace of progress. The Monitoring and Results Framework has still not been approved by the WEE-NPP Steering Committee.

The closing date of the PPG has been extended to June 30, 2021, in consideration of the delay in implementation due to several factors, including the transition of the PCO from the Ministry of Labor and Social Affairs to MoF. It is expected that the one-year extension will be used to hold discussions among different stakeholders on the design of a potential phase 2 of the WEE-NPP.

The program has faced numerous challenges during implementation, including frequent staff turnover, slow progress, and a complex design for evidence-based budgeting and coordination across line ministries that was never came to fruition. A second phase would offer a chance to redesign the program by (i) streamlining its scope; (ii) adding new activities to be directly financed by the program; and (iii) creating more effective incentives for line ministries to deliver on their WEE-NPP commitments.

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

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