



## COUNTRY SNAPSHOT

# AFGHANISTAN

Afghanistan	2017
Population, million	33.4
GDP, current US\$ billion	19.7
GDP per capita, current US\$	590
Poverty Rate, % (national definition, 2013/14)	39.1

Afghanistan's Government continued to pursue its ambitious reform agenda. In October 2016, the Government presented the new Afghanistan National Peace and Development Framework (ANPDF) at the Brussels Conference on Afghanistan (BCA). At the conference, attended by representatives of around 70 countries and 30 international organizations, development aid of \$3.8 billion per year was pledged for the next four years. In addition, at the NATO Warsaw Summit in July 2016, security funding of \$4.5 billion per year was pledged for the same period.

## RECENT ECONOMIC DEVELOPMENTS

Insecurity is taking a heavy toll on private investment and consumer demand. Business sentiment shows no sign of recovery. Growth is projected at 2.6 percent in 2017, only slightly higher than the 2.2-percent achieved in 2016. Inflation rose slightly in the first half of 2017, edging up to 5.1 percent in July from 4.5 percent in December 2016, driven by higher food prices—particularly for fruit and vegetables. The annual trade deficit of around 33 percent of GDP is financed by foreign aid inflows. Gross foreign exchange reserves remain unchanged at around \$7 billion—equivalent to nearly 10 months of imports.

The fiscal position remained strong in the first half of 2017, with aid being disbursed as planned and domestic revenues maintained around the targeted levels. Revenue collection showed



The Second Education Quality Improvement Program (EQUIP) has helped increase equitable access to quality basic education, especially for girls. It is implemented by the Ministry of Education. In its next phase the program will seek to continue progress by supporting stronger governance in the education sector.

## AT-A-GLANCE

- Economic recovery is slow as continued insecurity curtails private investment and consumer demand. Growth remains principally driven by agriculture. The fiscal position remained strong in the first half of 2017. Poverty has increased since the start of the international troop withdrawal in 2011 and amid the resulting decline in economic growth.
- Afghanistan faces numerous political challenges as it fights the insurgency. On August 21, the US announced its new strategy for Afghanistan, calling for a modest increase in troops and a stronger regional approach. Parliamentary and district council elections are scheduled for July 07, 2018.
- World Bank Group engagement pursues a programmatic approach to support the Afghanistan National Peace and Development Framework (ANPDF). Advisory work and operations focus on macro-fiscal management and institution building, stimulating private investments and growth, governance and anti-corruption, human development and service delivery, citizen engagement and gender equality, and urbanization, infrastructure and connectivity.

## COUNTRY CONTEXT

The security situation has worsened. Civilian casualties are at their highest since 2002, with an unprecedented level of conflict-induced displacement. In 2017 alone, more than 202,000 Afghans were internally displaced by conflict and 44,000 others were displaced by natural disasters. A surge in returnees from Iran and Pakistan (over 296,000 in 2017) has brought mounting pressure on humanitarian assistance.

about a 10 percent increase from the same period last year. Expenditures remained close to the previous year's level over the same period.

Because of the sluggish economic growth and the deteriorating security situation since 2011, the poverty rate increased to 39.1 percent in 2013-14 (latest available survey data), up from 36 percent in 2011-12, meaning that 1.3 million people fell into poverty over this period. Rural areas, where most of the population lives, saw the biggest increase, from 38.3 to 43.6 percent. Labor demand in the off-farm sector declined. Most of the jobs created in the service sector during the pre-transition phase were lost.

The most recent household survey (ALCS 2016-17) showed an increase of about 1 percentage point in the unemployment rate over the past two years. In 2013/14, the unemployment rate stood at 22.6 percent, with the female unemployment rate two and half times higher than the male rate. Unemployment is particularly severe amongst low-skilled, illiterate workers, who historically are at the greatest risk of falling into poverty.

## ECONOMIC OUTLOOK

Growth is expected to increase from 2.6 percent in 2017 to 3.4 percent in 2018, assuming political stability and no further deterioration in security. However, with an average annual population growth rate of 3 percent and 400,000 Afghans entering the labor market each year, living conditions may further deteriorate.

Afghanistan's fiscal position is improving. Domestic revenues are projected to increase marginally from 10.5 percent in 2016 to 10.8 percent of GDP by end-year. Over the medium-term, there will be growing fiscal challenges. Development spending needs and security costs are expected to increase, yet resources will remain tight. Any delay or shortfall in the disbursement of pledged aid would also strain fiscal positions.

Long-term, sustained economic growth requires a structural economic transformation and new sources of growth. Increased human capital investment and improved agriculture productivity could provide significant opportunities. Development of the extractives sector could help generate domestic revenues and foreign exchange earnings against a possible decline in future aid flows.

**TABLE: Afghanistan Macro Outlook Indicators (annual percent change unless otherwise noted)**

Afghanistan	2014	2015	2016 e	2017ff	2018 f	2019 f
<b>REAL GDP Growth, at Constant Market Price</b>	1.3	1.1	2.2	2.6	3.4	3.1
Private Consumption	3.4	2.5	1.2	1.5	1.8	2.0
Government Consumption	3.2	3.0	6.4	9.3	6.5	4.9
Gross Fixed Capital Investment	-4.3	3.0	5.8	2.6	2.8	2.6
Exports, Goods and Services	-19.7	-2.5	5.0	7.0	8.0	8.0
Imports, Goods and Services	-4.2	5.0	5.0	8.0	5.0	5.0
<b>REAL GDP Growth, at Constant Basic Prices</b>	1.8	0.8	2.0	2.6	3.4	3.0
Agriculture	-0.1	-5.7	6.0	1.5	2.5	2.0
Industry	2.4	4.2	-0.8	2.0	3.0	2.5
Services	2.2	1.6	1.9	3.3	3.8	3.7
<b>Inflation (Consumer Price index)</b>	4.6	-1.5	2.2	5.5	5.0	5.0
<b>Current Account Balance (% of GDP)</b>	8.0	5.4	7.1	5.0	1.6	-0.5
<b>Fiscal Balance (% of GDP)</b>	-1.8	-1.2	-0.7	-0.5	0.2	-0.4
<b>Debt (% of GDP)</b>	6.5	6.2	6.4	6.3	6.0	5.9

Source: Central Statistics Organization; Ministry of Finance; IMF staff estimates; World Bank staff for forecasts.

## THE WORLD BANK GROUP AND AFGHANISTAN

The World Bank Group's program in Afghanistan is governed by the Country Partnership Framework (CPF) for FY17-20, which is fully aligned with the Government's ANPDF. It focuses on key interventions to strengthen government capacity, promote economic growth and deepen social inclusion. It particularly emphasizes the participation of local communities.

The World Bank finances the program largely through the Afghanistan Reconstruction Trust Fund (ARTF). The ARTF provides annual grant support at about \$700-900 million, based on a 3-year financing strategy. In 2015-2017 ARTF committed \$1.2 billion in investments and provided the same amount under the Recurrent Cost Window for policy-based budget support. The 2018-2020 ARTF strategy, now being finalized, envisages increasing the use of results-based instruments and strengthening anti-corruption mechanisms.

Additionally, Afghanistan uses IDA resources as an IDA-only country. Afghanistan fully used the IDA17 allocation and tapped into additional resources for emergency support with the refugee crisis. In addition to an increased core IDA18 allocation of over \$750 million Afghanistan will also have access to IDA18 windows, such as the Regional and the Private Sector Window.

The International Finance Corporation's (IFC) total investments total investments in Afghanistan stand at \$52 million at the end of FY17. IFC's engagement has focused on sectors with high development impact and job creation (e.g. financial infrastructure, microfinance, horticulture and improving the investment climate). The Multilateral Investment Guarantee Agency (MIGA) has \$116.54 million of gross exposure in Afghanistan, including a joint effort with IFC in the critical telecommunication sector.

The security situation poses significant challenges to implementing WBG operations. The WBG operational model for Afghanistan balances presence of staff and visiting missions while ensuring high-level engagement with clients and development partners through local staff's stronger role. A satellite office in Dubai provides wide access to global knowledge and talent. Client ministries are equipped with IT facilities and all Kabul staff have home-based connectivity.

### World Bank Active Portfolio

(As of October 5, 2017)

- No. of Projects: **33**
- Commitments: **\$6,858 million**
- IDA: **18 projects; \$1,257 million**
- ARTF: **15 projects; \$5,601 million**

## WORLD BANK PROGRAM

The World Bank IDA and ARTF portfolio has 33 active projects with \$6.9 billion in commitment and an undisbursed balance of \$1 billion. The FY17 disbursement ratio was 21% for IDA and nearly 60% for ARTF; and \$938 million disbursed. In FY18 to date \$193 million was disbursed.

Portfolio management and performance is strong. Seven projects are in the problem status and operational bottlenecks are being addressed after a joint WB-Government Portfolio review in September 2017. The Bank's portfolio supervision is being enhanced by using partner organizations in many projects, third party monitoring, and innovative information technology.

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

Among the first Bank programs under the new CPF and under the citizen engagement/gender equality cluster was the Citizen Charter Afghanistan Project (CCAP, IDA \$100m and ARTF \$400m, delivered in October 2016), intended to improve the delivery of core infrastructure and services to communities. In June 2017, a larger \$500+ million program was approved, which helps advance structural reforms through policy lending and supports investments in urban development, electrification and food security. An essential element of the package is the World Bank's emergency intervention (\$205 million of IDA, ARTF and bilateral donor financing combined) to meet short-term needs of Afghan returnees and IDPs and provide a foundation for a longer-term response.

The World Bank collaborates closely with UN agencies and other development partners in implementing its portfolio, especially in critical areas such as responding to forced displacement. Since 2016 the World Bank and UNHCR have worked on a joint platform to ensure sustainable solutions for IDPs, returnees and host communities.

World Bank advisory support remains at the forefront of our client engagement and underpins the programmatic approach. Publications this year included a summary note on Navigating Risk and Uncertainty which provided critical input into the Brussels Donor Conference on Afghanistan, the Afghanistan Poverty Status Update, Social Service Delivery in Violent Contexts, the Sub-National Doing Business Survey, and the bi-annual Afghanistan Development Update.

## WORLD BANK - IFC COLLABORATION

The World Bank is working closely with the International Financial Corporation (IFC) to strengthen the environment for private sector investment and promote private sector growth. Afghanistan is one of the countries eligible for the IDA-Private Sector Window (PSW), and World Bank and IFC teams work closely together to find opportunities for collaboration under IDA PSW. Areas under consideration include renewable energy, PPPs in infrastructure, the financial sector, and agriculture.

IFC and World Bank have successfully collaborated in financial infrastructure (establishing the Public Credit Bureau and a regu-

latory framework for leasing) and promoting investment climate reforms with donor funding. IFC provides a mix of investments and advisory services in Afghanistan, with a focus on financial inclusion, services, telecommunications, agribusiness, and infrastructure.

IFC's cumulative committed portfolio was \$52 million at the end-FY17 and its advisory services portfolio was \$8.8 million. At present, IFC's Investment portfolio includes investments in the telecommunication sector and in financial markets. The investment pipeline looks promising and includes investments in financial markets, the power sector and agribusiness. IFC's Advisory Services program has been supporting the Investment program in the areas of access to finance, Small and Medium Enterprises (SMEs) capacity development, job creation, strengthening horticulture export, access to renewable energy, corporate governance structure enhancement, and investment climate reform interventions.

## MIGA

MIGA has gross guarantee exposure of \$116.5 million in Afghanistan as of 31 August 2017, relating to three projects. The largest project, supporting investment into MTN, is a joint effort with the IFC in the critical telecoms sector. The other two projects are MIGA-only, supporting dairy and cashmere production.

Among MIGA's global priorities for FY2018-2021 are support for FDI with high developmental impact into IDA countries and Fragile and Conflict-affected Situations, and Afghanistan is a key country for MIGA in terms of delivering on these objectives.

In 2013, MIGA launched its "Conflict-Affected and Fragile Economies Facility", that uses donor partner contributions and guarantees as well as MIGA guarantees to provide an initial loss layer to insure investments in difficult contexts. In future, MIGA will seek, including in collaborations with the World Bank and IFC, further ways to support investments into Afghanistan, including via the new tools available under IDA18.



The System Enhancement for Health Action in Transition (SEHAT) Program has significantly improved the delivery of health services and strengthened coordination between health centers and the district and provincial health departments.

The provision of Basic Package of Health Service and Essential Package of Hospital Services is undertaken through performance-based partnership agreements between Ministry of Public Health and nongovernmental organizations.

## CONTACTS:

### More about the World Bank Group in Afghanistan

**Country Website:** <http://www.worldbank.org/afghanistan>

**Projects:** <http://www.worldbank.org/en/country/afghanistan/projects>

**News:** <http://www.worldbank.org/en/country/afghanistan/news>

**Data:** <http://data.worldbank.org/country/afghanistan>

**Research:** <http://www.worldbank.org/en/country/afghanistan/research>

The Afghanistan Reconstruction Trust Fund (ARTF): <http://www.artf.af/>

The **"Country Snapshot"** is an annual update highlighting the country's recent developments, economic outlook and major overview of the World Bank Group's partnership with the country. You can find the latest updates for Afghanistan at <http://www.worldbank.org/Afghanistan>

# COUNTRY SNAPSHOT

# AFGHANISTAN PROJECT PROFILES



## AFGHANISTAN: AGRICULTURAL INPUTS PROJECT

### KEY DATES:

Approved: June 30, 2013

Effective: June 30, 2013

Closing: June 30, 2019

### FINANCING (in million US Dollars):

Financier	Financing
Total Project Cost	67.25
Borrower	
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund (ARTF)	67.25

### BACKGROUND AND OBJECTIVES:

Limited access to quality inputs at affordable prices is a key constraint to higher agricultural productivity in Afghanistan. The agricultural inputs delivery network remains underdeveloped, weakly regulated, and distorted, requiring investments and action at the institutional, policy and farm levels.

The project will build institutional capacity in the Ministry of Agriculture, Irrigation and Livestock (MAIL) required for overseeing input quality control, safety and reliability, and availability.

It will support the infrastructure and human resources needed to exercise and enforce quality control for fertilizers and other agro-chemicals, and improve functioning and transition of the seed sector toward a market for certified wheat seed with minimal external support.

The project objective is to strengthen institutional capacity for the safety and reliability of agricultural inputs and the sustainable production of certified wheat seed. The components are:

- Improved Wheat Seed Production supports (a) varietal selection and production of breeder seed; (b) production of foundation and registered seed; and (c) coordination of the seed sector.
- Plant Quarantine Networks and Quality Control of Agro-chemicals supports enhancement of MAIL capacity to implement the quality control of agro-chemicals, including: (a) establishment of an office for pesticides registration; (b) construction of various laboratories; (c) provision of pesticide bio-efficacy trial equipment; and (d) strengthening the fertilizer quality control inspection system.
- Input Delivery Systems supports the analysis of the recipient's current agricultural input delivery systems and assists in the development of an action plan for investment in input delivery systems.
- Project Management and Monitoring supports management and monitoring of the project.

### KEY ACHIEVEMENTS:

- Civil work contracts for the renovation of nine research and seed production stations have been awarded. Physical work has started and the project has made good progress in executing several of the contracts, while procurement processes for renovating four additional research and seed production units are in the final stages of processing,
- Contracts for construction of the laboratory complex, and 9 quarantine stations have been awarded and physical works for three stations have been completed. Execution of remaining civil work contracts is well underway. As a result of the project's support to the Agriculture Research Institute of Afghanistan (ARIA), four new wheat varieties have been developed and released after endorsement of MAIL's release committee. Work on release of several additional wheat varieties is at an advance stage. In pursuing the capacity-building agenda of MAIL, 36 civil servants who went to India to get MSc degrees have returned to the country after successful completion their study programs. In addition, with the support provided by the project, 502 MAIL staff have received short term training, both in-country and abroad on various technical topics.
- The project has made good progress in conducting the nation-wide pest survey and risk analysis. To this end, surveyors in 313 districts have received TOT training, and necessary tools and started the practical work of the survey.
- On the Legal Reform Program, the parliament and the office of the president have given final approval to the Pesticides Act and Plant Protection and Quarantine Law.

### KEY PARTNERS:

Ministry of Agriculture Irrigation and Livestock

## AFGHANISTAN: ON FARM WATER MANAGEMENT PROJECT

### KEY DATES:

Approved: March 16, 2011

Effective: March 16, 2011

Closing: December 31, 2019

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	70
Borrower	
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund (ARTF)	70

### BACKGROUND AND OBJECTIVES:

Most irrigation schemes in Afghanistan are operating at 25 percent efficiency, as compared to the norm of 40-60 percent elsewhere in South Asia. Water loss occurs at farm level because the absence of proper farm-level irrigation systems (basins, furrows) leads to wastage of water supplied from the watercourses. Under the Agriculture Production and Productivity Program, the first step is to improve agricultural productivity by reducing water loss in tertiary canals and proper on-farm water management practices. An Additional Financing of about \$45 million from ARTF has been granted.

The objective is to improve agricultural productivity in project areas by enhancing the efficiency of water use.

Components are:

The objective is to improve agricultural productivity in project areas by enhancing the efficiency of water used.

Components are:

- On-farm water management: Carries out social mobilization for the establishment of irrigation associations (IAs) in the project areas, including the provision of: (i) training to communities in organization and management of IAs; (ii) facilitation services for communities to develop the IAs' internal legal rules and regulations; (iii) assistance to IAs to be registered under the Water Law; (iv) technical training to IAs; and (v) carrying out engineering surveys and infrastructure improvements to small irrigation schemes, or tertiary canals, covering approximately 50,000 hectares in the project areas.
- Support for Agricultural and Water Productivity Enhancement, aiming at exploiting irrigation potentials through demonstration and technical training at the on-farm level.
- Institutional strengthening and capacity building: Develops institutional capacity at the Ministry of Agriculture, Irrigation and Livestock (MAIL) to plan, design, implement and monitor on-farm water management programs. Supports the construction of five office buildings to accommodate the ministry's irrigation directorate and staff at five regional centers in Kabul, Herat, Balkh, Baghlan and Nangarhar.
- Project management, coordination, monitoring and evaluation: Strengthens institutional capacity at the ministry for project implementation, monitoring and evaluation by establishing and maintaining a project implementation unit comprising a Kabul-based core team, five project area teams, and internationally recruited experts.

### KEY ACHIEVEMENTS:

Land productivity of wheat and other crops has increased by 15 percent, while water productivity of wheat and other crops also increased by 10 percent and irrigated area by 10 percent.

Physical rehabilitation of irrigation schemes exceeded its target with good quality and within the project budget allocation and timeline: as of now, 130 irrigation schemes (mostly informal) have been rehabilitated covering a total of 29,000 hectares of irrigation command area. Physical rehabilitation of irrigation schemes ongoing is 95 covering 22,000 hectares land.

Establishment of 175 irrigation associations (IAs) has been completed. The IAs are based on the traditional Mirab system and have taken up the responsibilities for operation and maintenance.

A robust impact has been observed on increasing agriculture production with relatively modest investment costs (on average less than \$500 per hectare).

### KEY PARTNERS:

Afghan Ministry of Agriculture, Irrigation and Livestock (MAIL).

## AFGHANISTAN: NATIONAL HORTICULTURE AND LIVESTOCK PRODUCTIVITY PROJECT

### KEY DATES:

Approved: December 18, 2012

Effective: December 22, 2012

Closing: March 13, 2018

### FINANCING (in million US Dollars) :

Financier	Financing
Total Project Cost	218.2
Borrower	
Co-financing(beneficiary contributions)	28.2
Total Bank Financing	
IDA	
IBRD	
Trust Fund	190

### BACKGROUND AND OBJECTIVES:

The agriculture sector accounts for 31 percent of GDP, but provides employment for 59 percent of the labor force. The government's strategy for economic growth and poverty reduction includes development of perennial horticulture and livestock as key activities.

The project will build on achievements made by a previous initiative in promoting adoption of improved production practices. Its main focus will be on effectively graduating from an emergency phase and into a development approach.

The objective is to promote adoption of improved production practices by target farmers, with the gradual rollout of farmer-oriented agricultural services, delivery systems and investment support.

Components are:

Horticultural production: Provides target beneficiaries with demand-driven extension and productive investment support, including organizational support (e.g., orchard management, value addition and marketing) for farmers and extension support for the successful adoption of improved technology.

Animal production and health: Provides beneficiaries with investment support for animal production and animal health, and extension support for adopting improved technology packages. It also supports public investments for the establishment of an animal health surveillance and control system, and in the development of improved models of intervention through trials and studies to inform policy on possible future private investment.

Implementation management and technical assistance: Supports implementation management at national and regional levels, and technical assistance to inform implementation, policy development and capacity building at the Ministry of Agriculture, Irrigation, and Livestock.

### KEY ACHIEVEMENTS:

Reached over 484,962 farmers and herders of which 175,071 are women, introducing improved production practices, extension services and technologies. Financed the establishment of 16,750 ha of improved orchards of fruit trees and pistachio in 32 provinces. Rehabilitated more than 90,432 ha of orchards and established 96,103 kitchen gardening schemes.

To date, 997 raisin drying houses have been completed and an additional 448 houses were planned to be completed by the end of 2016. Construction was completed of 1,037 water harvest structures that are being used by farmers with a high level of satisfaction.

122,840 farmers (78,968 female and 43,872 male) have been organized into 5,768 producer groups, including poultry producer groups, to receive regular training in animal production and health practices.

Under the National Brucellosis Control Program in 360 districts 2,281,800 young female calves and over 11,550,200 young female sheep and goats have been vaccinated.

### KEY PARTNERS:

Afghan Ministry of Agriculture, Irrigation and Livestock (MAIL).

## AFGHANISTAN: STRATEGIC GRAIN RESERVE PROJECT

### KEY DATES:

Approved: 13 June 2017

Closing: 1 July 2022

### FINANCING (in million US Dollars):

Financing source	Total amount
Total Project Cost	30
Co-financing (JSDF)	9.7
Total Bank Financing	
IDA	20.3

### BACKGROUND AND OBJECTIVES:

Afghanistan is a big wheat consuming country, with annual consumption of around 5 million tons. Out of that, 1-2 million tons are imported. The amount imported varies due to the high fluctuation in production, since most of the crop is rain-fed. Over the last few years there have been serious supply shortages, which is a major challenge in a country where bread makes up 70 percent of the daily caloric intake of the poor. There is a pressing need to build up a grain reserve that can be used to respond to unexpected emergencies. Storage facilities are extremely weak and need to be upgraded. The project seeks to establish a semi-autonomous cooperative to manage grain reserves. It will establish three new silos and a warehouse in different places in the country and rehabilitate two existing silos. The aim is to build a wheat reserve to meet the consumption needs of two million Afghans for six months.

The Project Development Objective (PDO) is "**to establish a wheat strategic reserve to be available to Afghan households to meet their needs following emergency situations and improve the efficiency of the grain storage management.**"

### KEY RESULTS EXPECTED:

- Increased availability of wheat stocks.
- Increased number of households whose needs can be met immediately in case of an emergency affecting their access to wheat.
- Reduced losses in stored wheat by the upgrading storage facilities.

### KEY PARTNERS:

Ministry of Agriculture, Irrigation, and Livestock (MAIL)

## AFGHANISTAN: SECOND EDUCATION QUALITY IMPROVEMENT PROJECT

### KEY DATES:

Approved: January 31, 2008

Effective: March 20, 2008

Closing: December 31, 2017

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	438
Borrower	
Total Bank Financing	
IDA	30
IBRD	
Trust Fund (ARTF)	408

### BACKGROUND AND OBJECTIVES:

The Second Education Quality Improvement Program (EQUIP II) has expanded the scope of education sector investments into a national, multi-donor supported project that is fully aligned with the vision and goals set out by the Ministry of Education. The project development objective is to increase equitable access to quality basic education especially for girls. Institutionally, EQUIP II seeks to consolidate the following implementation systems: (i) the community and school-based management education system; (ii) the supervision and monitoring systems through the provincial and district education departments' teams; and (iii) the systems, procedures and skills within key departments of the Ministry of Education to continue to guide education services in a systematic and results-oriented approach.

The objective of the Project is to assist the Recipient in increasing equitable access to quality basic education – especially for girls. The project Components are:

School Grants are provided to develop linkages between schools, communities, and local governments while supporting and empowering schools and communities as local education managers. Infrastructure Development School Grants are provided to rehabilitate and construct schools using community participation and community-based decision making for small school and national competitive bidding for larger and more complex buildings. Teacher and Principal Training and Education: The objective of this component is to create sustainable systems which will increase the level of professional knowledge and skills of educators throughout Afghanistan by providing training to teachers and principals. Project Management and Monitoring and Evaluation: The objective of this component is to build on and support the existing administrative structures in MOE as well as at the provincial and district levels, and establish and implement an M&E system for the project.

### KEY ACHIEVEMENTS:

- Based on 2016 EMIS data, a total of 5.3 million boys and 3.4 million girls account for the total enrollment in grades 1 to 12 against the end targets for December 2017 of 5.2 million for boys and 3.8 million for girls. These numbers are inclusive of permanently absent students who remain on the school registration for three years.
- More than 110,000 teachers have graduated from the teacher training colleges so far. The number far exceeds the original target of 30,000 by the end of 2017. 71,338 teachers out of which 23,065 are female have been provided with INSET-VI training, which focuses on the importance and processes of self-reflection and reflective tools, planning and assessing the curriculum taught in schools, through a cascade model in all 34 provinces of Afghanistan.
- The MoE continues to work towards strengthening the data systems within the Ministry. Enhancement and Integration of the MoE Payroll and EMIS system is currently ongoing. This integration will strengthen reliability and remove duplication in the data systems.
- The development of an on-line education atlas of schools in Afghanistan is underway. The atlas will help in presenting key education statistics and indicators on on-line maps which can be used for national level, sub-national and even school level information. Similarly, the MoE plans to install solar systems at 13 Provincial Education Directorate which will improve connectivity between the provinces and Kabul
- The number of Technical Assistants financed under the EQUIP project has been substantially reduced from approximately 1,500 to 734. All of these now follow the National Technical Assistance (NTA) scale.
- Under both phases of the Education Quality Improvement Program, social mobilization activities have resulted in the establishment of 14,932 school Shuras (community-based consultative bodies).

### KEY PARTNERS:

Ministry of Education, ARTF donors (US, UK, Denmark, Canada, Sweden, Australia, Germany, and Norway

## AFGHANISTAN: SECOND SKILLS DEVELOPMENT PROJECT

### KEY DATES:

Approved: 19-Mar-2013

Effective: 01-Jul-2013

Closing: 30-Jun-2021

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	55.0
Borrower	Ministry of Finance
Co-financing	
Total Bank Financing	55.0
IDA	55.0
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

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

Components are:

- Reorienting Formal TVET System to Priority Trades
- Assessment of Technical Teachers
- Upgrading Teacher Competencies through International Trainings
- Strengthening In-Service Teacher Training
- Curriculum Reform

### KEY ACHIEVEMENTS:

- The National Institute of Management and Administration (NIMA) has been accredited by an international body (the Accreditation Council for Business Schools and Programs ACBSP), recognizing the high standard of teaching and learning at the institute
- The share of female beneficiaries in project-supported institutes increased from 21 to 23 percent, while the share of those enrolled in 2016 is 44 percent as a result of targeted efforts by ASDPII.
- The training for 790 technical teachers at the Technical Teacher Training Institute (TTTI) to improve technical competencies and pedagogical skills
- The successful training of 15 school administrators to improve leadership and management skills
- The employment rate of graduates from project-supported institutes has increased from 52 to 68 percent for those who have been employed for over a year.
- The training of 30 master assessors to conduct competency-based assessments and certifications of previously acquired skills
- Award of Voucher Program to 522 TVET graduates to upgrade and strengthen their competencies by pursuing an International Certification program
- Award of the Second round of Recognition Grant (\$30,000) to 22 TVET schools/institutes to support the development of strategic business plans

### KEY PARTNERS:

Ministry of Education, Deputy Ministry of TVET

## AFGHANISTAN: NON-FORMAL APPROACH TO TRAINING EDUCATION AND JOBS IN AFGHANISTAN (NATEJA)

### KEY DATES:

Approved: March 24, 2014

Effective: March 24, 2014

Closing: Dec. 30, 2018

### FINANCING (in million US Dollars) :

Financier	Financing
IBRD	
IDA	
Government of	
ARTF	15
Total Project Cost	15

\*\$ millions; as of August 2017; revised amount after partial cancellation; For more information see the latest Implementation Status and Results Report

### BACKGROUND AND OBJECTIVES:

It is widely acknowledged that Afghanistan's growth is constrained by the incidence of poverty, high illiteracy, and the lack of a skilled labor force. This proposed project directly links literacy and skills development by designing interventions that improve access to skills for illiterate and unskilled young Afghan men and women. The project will incentivize non-formal training providers to provide quality training to Afghan men and women and increase their job placement rates. Subsequently, the project shall promote entrepreneurship among youth to help improve their welfare status.

To increase the potential for employment and higher earnings of targeted young Afghan women and men in rural and semi-urban areas through non-formal skills training"

- Improving the Quality of Non-formal Training and the Labor Market Outcomes of Trainees
- Project Management, Capacity Building of MOLSAMD and M&E. Strengthening the capacity of NSDP/MOLSAMD for project implementation and monitoring

Promoting entrepreneurship among unskilled and illiterate young Afghans.

### KEY ACHIEVEMENTS:

- 70 training providers have passed a rigorous selection review and are due to sign MoUs with MoLSAMD. 673 Vocational Trainers received ToT training on NOSS utilization, learning materials development and training delivery. 57,459 trainees have been selected, of whom 35,031 are male and 22,428 (39%) are female.
- 2,482 youth have received an entrepreneurship grant. Field visits have reported that more than 95% of the targeted grantees have started their new businesses after receiving grants. The same percentage of grantees with existing businesses have shown further investment in their businesses. A number of the targeted grantees had made additional investment from their own to complement the grant funding through NATEJA. Majority of visited grantees indicated that their business had improved as a result of receiving the grant funding.
- LMIA Database Development is underway and 4 Web-based applications for Employment Service Centers have been completed (job seekers registration database, employers registration database, job seekers training & capacity building database, and job-placement database).

### KEY PARTNERS:

Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSMAD)

## AFGHANISTAN: HIGHER EDUCATION DEVELOPMENT PROJECT

### KEY DATES:

Approved: 7 July 2015  
Effective: 15 September 2015  
Closing: 31 December 2020

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	50
Borrower	
Total Bank Financing	
IDA	
IBRD	
Trust Fund (ARTF)	50

### BACKGROUND AND OBJECTIVES:

The Higher Education Development Project (HEDP) supports the national priorities of the sector as outlined in the Second National Higher Education Strategic Plan (NHESP II), with a focus on increasing access, improving the quality and the relevance of higher education for economic development. In addition to NHESP II, the project builds on the experience of implementing the previous Bank funded higher education project as well as the sector analysis. HEDP follows a results-based financing modality through the DLI (Disbursement Linked Indicator) approach. An additional financing of \$5 Million is under preparation.

The Project development objective is to increase access to, and improve the quality and relevance of, higher education in Afghanistan. The project components include:

- **Higher Education Development Program.** This component supports the implementation of the NHESP-II through a Results-Based Financing (RBF) modality. Disbursements are associated with specific results called Disbursement Linked Indicators (DLIs). Financing is provided against Eligible Expenditures Programs (EEPs) selected from annual MoHE budgets, rather than against specific inputs. Increasing Access to Priority Degree Programs for Economic Development; b) Modernizing and Enhancing the Quality of Teaching and Learning, c) Improving the Qualifications and Skills of University Staff Members, d) Strengthening Governance, Quality Assurance and Accreditation, and e) Stimulating Development Oriented Research.
- **Program Operations and Technical Support.** This component aims to strengthen the capacity of MoHE and universities to implement the reforms of the NHESP-II. Support under this component will cover coordination, capacity building, innovations, monitoring and evaluation, research and communication.

### KEY ACHIEVEMENTS:

- Increased enrollment of female candidates through reform of the Kankor (University Entrance Examination) into priority degree programs - programs directly related to economic development as identified in the Second National Higher Education Strategic Plan (NHESP II).
- Access to priority degree programs for economic development also includes provision of a number of services especially aimed at promoting female enrolment such as construction of residential facilities and provision of transport arrangements.
- More than 300 faculty from public universities have been trained in and practice Outcome-Based Education (OBE) and Student-Centered Learning (SCL).
- More than 200 scholarships have been awarded to academics from public universities with one third allocated to female candidates to undertake Master's degree programs in priority disciplines at overseas universities. These scholarships are for mostly priority discipline areas such as Engineering, Medicine, IT and Agriculture that are important for economic development. The candidates are younger male and female academics from the public universities whose qualifications need to be upgraded to a Master's level.
- Three universities have developed Strategic Institutional Development Plans and four others are currently developing their SIDPs.
- Four Internal Quality Assurance Units (IQAUs) have been established with Managers selected from among the respective university faculty. Five universities are in the process of establishing IQAUs.
- External peer review of 8 universities (4 public and 4 private) have been completed following the revised Accreditation Framework. External peer review of 10 more universities will commence this month.
- 7 ICT centers with modern facilities are being established. These ICT centers will serve as the hub for using modern technology to improve teaching and learning, including the e-learning model.

### KEY PARTNERS:

Ministry of Higher Education, ARTF Donors (USAID has been a key partner, including through their off-budget support to the sector).

## AFGHANISTAN: DABS PLANNING AND CAPACITY SUPPORT PROJECT

### KEY DATES:

Approved: 10 Feb 2016  
Effective: March 1, 2016  
Closing: June 30, 2020

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	6.0
Borrower	
Co-financing	
Total Bank Financing	6.0
IDA	
IBRD	
Trust Fund	6.0

### BACKGROUND AND OBJECTIVES:

The Afghan power system is small, fragmented and underdeveloped but demand is growing rapidly. Despite considerable progress in building power infrastructure over the last decade, the estimated grid-based electricity covers only about 20 - 25 percent of the population, mainly in the urban areas and along a few transmission corridors.

Da Afghanistan Breshna Sherkat (DABS), the state-owned power utility, lacks solid management, which led to overstaffing and under-qualification of staff; poor customer service; lacking billing and collection; and below cost-recovery tariffs

The project's development objective is to improve the capacity of DABS to plan and implement new investments, and to enhance operation and maintenance of the Afghan electricity distribution system. The Project has two components:

- DABS staff capacity building. The objective of this component is to support DABS' capacity to plan and implement new investments in distribution systems and to operate and maintain the investments properly.
- Training Center development. This component supports development of a training center in Kabul. Currently DABS does not have any training facility for its staff, and this has been identified as a critical gap in its overall capacity building efforts.

### KEY RESULTS EXPECTED:

- Distribution investment project(s) of \$50 million which was planned and prepared using new standards and designs based on good international practice adjusted for local conditions.
- Annual O&M plans for six major load centers prepared and implemented using new procedures based on good international practice adjusted for local conditions.
- 80 percent of DABS planning and O&M staff with improved skills through the project supported training and use of new training center.

### KEY PARTNERS:

DABS

## AFGHANISTAN: NAGHLU HYDROPOWER REHABILITATION PROJECT

### KEY DATES:

Approved: 14 Dec 2015  
Effective: 24 January 2016  
Closing: 30 Sep 2022

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	83
Borrower	
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund	83

### BACKGROUND AND OBJECTIVES:

Hydropower provides 94.6 percent of domestically generated electricity with an installed capacity of 254 MW. In mid-2015 there were 12 hydropower plants in Afghanistan, not counting the over 5,000 off-grid micro hydropower plants constructed under the National Solidarity Program (NSP). The two largest among those are Naghlu Hydropower Plant (NHPP) at 94 MW installed capacity and Mahipar Hydropower Plant at 66 MW installed capacity. The NHPP was first commissioned in 1967 and is located on the confluence of the Panjshir and Kabul Rivers in the Surobi District, Kabul Province, about 80 km east of Kabul. This project addresses critical rehabilitation needs at the Naghlu Plant.

The project development objective (PDO) is to improve dam safety and to increase the supply of electricity at the Naghlu Hydropower Plant.

- Mechanical, Electrical, and Electromechanical Works. This component complements the rehabilitation of the electrical and electromechanical parts of the plant previously undertaken and ensures their sustainable operation.
- Dam Safety and Power Generation Improvement. This component aims to ensure the safe operation of the dam through dam safety audit and safety improvement measures as well as optimization of power generation.
- Environmental and Social Sustainability, Project Management Support, and Future Project Preparation. This component includes local development assistance in support of benefit sharing with local communities and support toward environmental and social management ensuring that the DABS receives advice on good international practices.

### KEY RESULTS EXPECTED:

- The project will reactivate 50 MW capacity of Naghlu HPP by rehabilitation of Unit 1 and overhaul of Unit 3. Rehabilitation of Unit 1 will be completed within 2 months.
- Reduction in the total number of forced power outages in the NHPP
- Establishment of dam safety plans and periodic audits in accordance with international best practices
- Implementation of dam safety measures as recommended in dam safety audit reports
- Development of O&M procedures and guidelines that are in line with international best practices and providing O&M training to the personnel of four hydropower plants including Naghlu
- Three warehouses have been rehabilitated inside Naghlu power plant
- A social survey was conducted of villages near Naghlu Dam in Tagab and Surobi districts and vocational training and electrification of 22 villages were identified as needs. Vocational training manual has been prepared, and equipment to electrify Surobi district villages has been supplied.

### KEY PARTNERS:

DABS power utility

## AFGHANISTAN: HERAT ELECTRIFICATION PROJECT

### KEY DATES:

Approved: 13 June 2017

Effective:

Closing: 31 January 2022

### FINANCING (in million US Dollars) :

Financier	Financing
Financing source	Total amount
Total Project Cost	60
Borrower	
Co-financing	
Total Bank Financing	60
IDA	60
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

Power supply in Afghanistan is delivered through a combination of grid-based systems, mini-grids and stand-alone facilities. While 89 percent of households reported having access to electricity in the 2013-2014 ALCS. Grid supply dominates for urban households, with 89 percent reporting grid access, but it represents the primary supply source for only 11 percent of electrified rural households. Grid access is also quite heterogeneous across the country's 34 provinces, with some areas having no connections to the grid while others are well served - especially in urban areas. Herat, which has direct links to both Iran and Turkmenistan, enjoys a high level of connections in the capital city. However, areas outside the capital have little or no grid connection, despite the fact that the province as a whole has a reliable and ample electricity supply. The recent commissioning of the Salma Hydroelectric Plant in Herat Province makes expansion of the grid in the region a timely initiative to absorb the seasonal capacity of this plant, to reduce imports, and to extend the benefits of grid supply to the local population. The project is expected to provide grid-connected electricity to four districts of Herat province, support grid densification and extension in Herat province, and technical assistance to DABS.

The Project Development Objective (PDO) is to provide electricity to households, institutions, and businesses in the selected areas of Herat Province, Afghanistan. The project has the following three components:

- Electrification of Four Districts in Herat Province (\$20 million). This component will support investments for building a new 110 kV transmission line, and four 110/20 kV substations and medium and low voltage distribution networks in four districts of Herat Province.
- Grid Densification, Extension, and Off-grid pilots in Herat Province (\$11 million). This component will extend grid electricity supply to other parts of Herat Province and test solar off-grid pilots. Specific sub-projects will be identified and appraised during project implementation. Sub-projects to provide electricity to Internally Displaced People (IDPs) and returnees will also be considered under Component 2.
- Technical Assistance (\$4 million). This component will finance technical assistance (TA) to insure timely and quality completion of the Project, to enhance DABS capacity in procurement, engineering studies and project management, to enhance financial planning for the utility, and to prepare a foundation for further extension and integration of the grid in Herat Province.

### KEY RESULTS EXPECTED:

- The project is expected to provide access to new or improved electricity services to 230,800 people in Herat province
- The project is expected to provide access to new or improved electricity services to 16,000 non-residential consumers.
- 25 Km of transmission line will be constructed under the project
- 4 new substations will be built in four districts in Herat province with a capacity of 10,000 KVA each.
- Grid code will be prepared
- Studies will be conducted for grid extension to other parts of Herat province

### KEY PARTNERS:

DABS power utility

## AFGHANISTAN: ACCESS TO FINANCE PROJECT

### KEY DATES:

Approved: November 26, 2013

Effective: April 17, 2014

Closing: December 31, 2018

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	46
Borrower	MISFA and Ministry of Finance
Co-financing	None
Total Bank Financing	50
IDA	50
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

Deepening the Afghan financial system and fostering financial inclusion are key pillars for sustainable growth and development. The Access to Finance Project contributes to strengthening the institutional capacity of the sector and builds on WBG's successful engagement in the development of the microfinance sector in Afghanistan since 2003, setting up the Microfinance Investment Support Facility for Afghanistan (MISFA). This project is implemented by MISFA and the Ministry of Finance, to support and complement the government of Afghanistan's efforts to implement a fully-fledged financial sector development strategy that focuses on increasing access to finance for micro, small and medium enterprises.

To build institutional capacity to improve access to credit of micro, small and medium enterprises. Key components include:

- Improving access to financial services for micro and small enterprises by strengthening the microfinance sector through MISFA, scale up of the Targeting the Ultra Poor Program and supporting financial innovation within the microfinance sector to increase access to financial services for micro and small enterprises.
- Improving access to financial services and banking finance for small and medium enterprises by supporting the expansion of the Afghanistan Credit Guarantee Facility (ACGF) and increasing commercial bank and microfinance investment lending.

### KEY ACHIEVEMENTS:

- Disbursements have picked up, reaching 40 percent in August 2017, compared with 4 percent in December. There has been significant improvement under the Targeting Ultra-Poor component.
- Implementing Partners have made significant progress in the past few months.
- 100 percent of beneficiaries have received livestock. The procurement and distribution of the livestock to the target beneficiaries is almost complete; distribution has been completed in Kunar, Laghman, Balkh and Takhar.
- The aggregate commitments and disbursements reached around 80 percent of the project funding.

### KEY PARTNERS:

- Microfinance Investment Support Facility for Afghanistan (MISFA)
- Ministry of Finance (MOF)
- Afghanistan Credit Guarantee Facility (ACGF)

Note: The original project cost was 50 million, but due to currency fluctuation between XDR and USD the disbursement figures do not add up to the same total.

## AFGHANISTAN: FINANCIAL SECTOR RESPONSE – ADDITIONAL FINANCING

### KEY DATES:

Approved: August 25, 2011  
Effective: September 06, 2011  
Closing: October 31, 2019

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	45.7
Borrower	DAB/ Finance Ministry
Co-financing	
Total Bank Financing	45.7
IDA	45.7
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

Financial stability is central to sustainable development and financing growth in Afghanistan. Central Bank of Afghanistan (DAB) is required to play a pivotal regulatory role to maintain financial stability and the health of the financial system. Moreover, investing in financial infrastructure is key to enhancing financial intermediation and boost the system's efficiency. This project is run by the Central Bank of Afghanistan (DAB) and aims at supporting the following activities: (i) undertaking financial audits in accordance with international standards, portfolio audit and institutional audit of 10 key commercial banks operating in Afghanistan; (implemented) (ii) modernization of the Afghanistan national payment system to facilitate payments within the country; (iii) support for the development of the Afghanistan Institute of Banking and Finance; and (iv) technical assistance and training for project implementation.

In May 2016, a level 2 restructuring of the project was undertaken to extend the closing date from June 30, 2016 to June 30, 2018 to give DAB and the project team enough time to complete implementation of ongoing activities under the original project and preparation of the new Additional Financing, requested by the Government.

The project assists DAB in developing action plans for improved banking supervision and to establish key building blocks of financial sector infrastructure: payment system, movable collateral and public credit registry. Components and subcomponents are:

- Strengthening DAB's capacity: This component includes i) financial, portfolio and institutional audit of 10 commercial banks operating in Afghanistan, ii) Stock taking on capacity building efforts on financial supervision over the last 10 years and development and implementation of a capacity building plan to strengthen the Financial Supervision Department; iii) Review of banking regulation framework, and iv) Development and implementation of action plans after audits of commercial banks
- Development of the financial sector infrastructure: This component involves modernizing the national payment system, and supporting the Afghanistan Institute of Banking and Finance.
- Technical assistance and training for project implementation
- The World Bank Board approved additional financing for SDR 14.4 million on October 2016. The additional financing builds on the achievements of the parent project and intends to increase the scope of activities and sustain results achieved in several areas, including strengthening the capacity of the central bank and improving the financial infrastructure. Technical assistance to the central bank of Afghanistan (Da Afghanistan Bank, DAB) will contribute to strengthening transparency and accountability of the country's financial regulator and build the capacity of the central bank.

### KEY ACHIEVEMENTS:

- Under this project a fully-fledged audit of the key 10 commercial banks operating in Afghanistan was completed and provided DAB with detailed and thorough guidance on the state of financial stability within the banking system.
- The Movable Collateral Registry established in February 2013 and the Public Credit Registry launched in December 2013 are key building blocks in the infrastructure if the Afghan financial system. Having both systems fully functional streamlined SME's application to banking loans and supported the bank's lending decisions.
- Establishment of the national card and mobile payment switch were finalized at the Afghanistan Payment System that was officially inaugurated by DABS's Governor on April 26, 2016. The procurement process for development of the Automated Transfer System (ATS) is complete and the contract was awarded to the recommended firm on April 15, 2016. ATS is meant to modernize the national payment system for efficient and transparent payment transactions. The new payments infrastructure and its subcomponents will support enhancing financial intermediation and enabling safety and efficiency of the financial system.
- Under the additional financing, a new core banking system will be in place to enable DAB to better manage the sector's risk and strengthen its oversight. More focus will be in place to invest in the capacity of the DAB staff to enhance the effectiveness of its regulatory capacity.

### KEY PARTNERS:

Da Afghanistan Bank (Afghan Central Bank or DAB), Afghanistan Payment System (APS)

## AFGHANISTAN: RECURRENT COST SUPPORT AND INCENTIVE PROGRAM

### KEY DATES:

Approved: May 13, 2002

Effective: May 13, 2002

Closing: June 30, 2018

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	4,635
Borrower	
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund (ARTF)	4,635

### BACKGROUND AND OBJECTIVES:

The objective of the Recurrent Cost Support and Incentive Program of the ARTF is to provide a coordinated and incentives-driven financing mechanism, enabling the Afghan government to make predictable, timely, and accurate payments for approved recurrent costs—related to salaries and wages of civil servants, and non-security related government operating and maintenance expenditures. The Recurrent Cost Window was set up in 2002 to help the Afghan government meet its recurrent (operating) budget needs. In 2009, the Incentive Program (IP) was added to support government reforms through a series of annual incentive payments aligned with completion of key reforms.

Recurrent Cost Window comprises the following three modalities:

- Reimbursements of civil servant salaries through baseline payments: This component establishes an amount via grant renewals for reimbursement of civilian expenditures. With the assistance of a third-party monitoring agent, the government submissions are reviewed to determine that these have met the eligibility criteria, against which disbursements are made.
- Incentive Program (IP): The IP (2015-2017) is a three-year, rolling operation supporting a series of economic policy reforms deemed critical to achieving greater fiscal reliance. The IP incentivizes achievements of results and timely implementation of reforms to improve domestic revenue mobilization, expenditure management, and growth prospects. With an overall financing envelope for 2015-17 amounting to \$900 million, the IP is composed of three complementary facilities: (i) structural reform facility; (ii) the revenue match grant facility; and (iii) the operations and maintenance facility—providing incentive funding based on the achievements against agreed benchmarks including structural reform measures, revenue targets, and operations and maintenance expenditures.
- Ad-hoc Payments (AHP): AHP component offers a fiduciary mechanism for ad-hoc contributions based on agreements between bilateral donor and the GoI.

### KEY ACHIEVEMENTS:

Since 2002, the project has disbursed \$4.6 billion against eligible recurrent costs in a timely fashion. The recurrent cost window has been providing critical support to the Afghan national budget, providing predictable funding to the government to achieve its development objectives. The process provided an opportunity for donors to conduct monitoring of all civilian costs for adherence to financial and eligibility standards. In addition, the introduction of the incentive scheme has changed development dialogue from inputs-based financing to a results-based incentive structure. Over the course of the two 3-year IP programs since 2012, several transformational structural reforms have been achieved. Upgrading of IT infrastructure in Tax and Customs administration, tax policy, land governance, internal and external audit reforms, introduction of electronic payment systems are some of the key achievements of the program.

Overall, the Recurrent Cost Window and Incentive Program have helped the government maintain a balanced budget through predictable financing through the baseline financing as well as the Ad-hoc window. The incentive structure around revenue collection and structural reforms has led to strong government-led reforms and revenue mobilization. Of the 30 reforms in the 2012-2014 Incentive Program, 21 were completed by the end of the program. Currently in the 2015-2017 incentive program, 16 of the 20 reforms for 2015 and 2016 have been met.

Higher level and long-term outcomes indicate continued success of the Recurrent Cost Window. Fiscal outcomes, for instance, indicate improved fiscal reliance over the 2003-2016 period, including: stronger domestic revenue mobilization as a share of GDP (from 4.5 percent to 10.5 percent); increase in civilian spending as a share of GDP (from 8 percent to 15 percent); and domestic revenue as a share of civilian spending (from 56 percent to 72 percent).

### KEY PARTNERS:

Government of Afghanistan, all the ARTF donors (34 countries)

**KEY DATES:**

Board Approval: June 01, 2012

Effective: June 01, 2012

Closing: November 30, 2017

**FINANCING (in million US Dollars) :**

Financing source	Total amount
Total Project Cost	25
Borrower	
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund (ARTF)	25

**BACKGROUND AND OBJECTIVES:**

The project seeks to help the Government put the justice system on a sustainable path for long-term results, and where possible improve service delivery through discrete inputs designed to inform and incentivize eventual reform of the justice sector. The Justice Service Delivery Project beneficiaries include the Supreme Court, the Ministry of Justice, and the Attorney General's Office and – through support to these institutions – the people of Afghanistan, who will benefit from increased access to legal services.

A project restructuring was completed in June, 2016 which resulted in partial cancellation of \$60.5 million out of the \$85.5m originally approved for the project, thereby reducing the project's commitment amount to \$25 million. The PDO and project components, however, remain the same.

The objective is to increase access to and use of legal services by balancing demand and supply of core services and increasing the productivity of providers through: (i) aligning the structure, organization, processes and capacities of judicial institutions to contemporary needs of users; and (iii) easing access to legal information for legal professionals, judicial institutions and the broader public. The components are:

- Legal Empowerment
- Organization and Capacity of Justice Institutions
- Implementation Capacity.

**KEY ACHIEVEMENTS:**

- The level of legal aid provision has been increased with the project facilitating 65 legal aid providers across the country each expected to handle 10 cases per month. Legal Aid Offices were established in the four pilot provinces (Kabul, Herat, Logar, and Bamyan) targeted by the project.
- Complementary to this, libraries have been established by the project in each of these provinces, and a legal information center is close to completion with the necessary IT equipment procured and installed, and staffing for the center are in process of being recruited. The project has also supported training for 125 judges, with training of a further 40 judges scheduled.
- The project has completed a limited number of renovation and construction activities to create an appropriate working environment for justice institutions. These include courts and prosecutor's offices in the four pilot provinces, and a Ministry of Justice (MOJ) Sub-office in the Dehsabz District of Kabul. Construction of new MOJ headquarters and renovation of its old headquarters (within the same compound) are ongoing, while procurement process for an urban court in Kandahar and one in Parwan has concluded with construction soon to commence.
- Several activities expected to help lay the foundation for eventual reform of the justice sector, such as Justice Institutions Mapping, HRM Strategy Development and Training Needs Assessment, are in process.

**KEY PARTNERS:**

Supreme Court, Ministry of Justice, Attorney General's Office, Ministry of Finance, UNDP (legal aid), USAID (court case management), Italian Development Corporation (partnership for justice), European Union.

## AFGHANISTAN: SECOND PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT

### KEY DATES:

Approved: August, 2011  
Effective: June 23, 2011  
Closing: June 30, , 2017

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	114.13
Borrower	
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund	114.13

### BACKGROUND AND OBJECTIVES:

Building core public financial management (PFM) capacity in government has been one of the fundamental thrusts of the Bank's interim support strategy for Afghanistan. The Bank has gained valuable insight on PFM issues in Afghanistan through IDA-funded technical assistance projects and extensive analytical work.

After discussions between the government and the donor community on a planned transition for Afghanistan to take greater responsibility in managing the reconstruction agenda, the government prepared and shared with donors at the Kabul Donor Conference in June, 2010 a PFM "roadmap". It is guided by the vision that (i) policies that reflect the aspirations and needs of the Afghan people drive the government budget; (ii) a government budget assigns responsibility for development outcomes; (iii) efficient public finance and equitable allocation of resources sustain economic development; and (iv) accountable civil servants and equitable delivery of services build citizens' trust in government.

On February 10, 2016, Additional Financing of \$41.125million was approved to help finance the costs associated with scaling up successful activities and sustain some achieved results in the project.

PFMR II's original development objective is to strengthen the efficiency and effectiveness of Afghanistan's procurement, treasury, and audit systems". The project components are:

- Procurement reform: Introduces procurement reform aimed at enhancing procurement facilitation, capacity building in line ministries and provinces, and institutional development.
- Financial Management Reform: Supports financial management reform in treasury operations and system development, human resources capacity development, professional accountant organization, and line ministry public financial management assessments.
- Audit reform and performance: Supports reforms and performance improvement through training for internal and external audit.
- Reform management: Supports monitoring technical assistance and reporting on benchmarks of the PFM roadmap.
- Revenue Mobilization: Support to the Afghanistan Revenue Department for maintenance of computerized tax system, implementation of tax related initiatives and design & implementation of its new organizational structure.

### KEY ACHIEVEMENTS:

- The legal framework underpinning public financial management in Afghanistan has been established. The government now prepares and passes a comprehensive budget in an orderly and transparent manner.
- A government-wide integrated financial management information system is in place and is being upgraded.
- Project support to Afghanistan's centralized procurement oversight has been mobilized and National Procurement Authority, as the successor to the Procurement Policy Unit, continues to assist with the reorganization, development and assessment of procurement units in the line ministries. External audit is now engaged in performance audit and is committed to developing a mechanism for citizens' participation in the audit.

### KEY PARTNERS:

Ministry of Finance, Supreme Audit Office of Afghanistan, National Procurement Authority

## AFGHANISTAN: CAPACITY BUILDING FOR RESULTS FACILITY

### KEY DATES:

Approved: January 15, 2012  
Effective: January 20, 2012  
Closing: June 30, 2018

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	150
Borrower	
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund (ARTF)	150

### BACKGROUND AND OBJECTIVES:

The Capacity Building for Results Facility (CBR) is a key ARTF investment that supports government in developing its internal human capacity, organizational structures and functions over the medium term to improve service delivery to the population. It is demand driven and open to all line ministries and independent agencies. Based on pre-agreed criteria including service delivery potential and reform readiness, line ministries and agencies are grouped as either Category 1 (high priority) or Category 2. Category 1 ministries/agencies receive full CBR reform support whereas Category 2 ministries receive foundational ("CBR-readiness") inputs designed to upgrade them to Category 1.

Both Category 1 and Category 2 CBR ministries/agencies must develop a comprehensive reform plan (to be implemented with existing donor and government resources) with a results framework to which it is held accountable.

CBR enables a ministry/agency to hire skilled Afghans into civil service positions at more competitive rates.

The project's development objective is to improve the capacity and performance of priority line ministries and independent agencies in selected reform areas.

Components are:

- Technical Assistance Facility in Support of Civil Service Reform: Provides short-term technical assistance to support the participating ministries and agencies to develop and implement their reform plans.
- Building Human Resources: Supports the continued implementation of broad civil service reform efforts and placement of critical managerial and professional staff resources in participating line ministries.
- Project Management, Monitoring and Evaluation: Focuses on overall project management, monitoring and reporting, and consultancy services for appraisal and review of implementation progress and results of Capacity Building for Results programs.

### KEY ACHIEVEMENTS:

- Eleven of thirteen priority ministries/agencies as well as five Category 2 ministries/agencies have approved and are implementing CBR reform programs. Two more Category 1 and one more Category 2 ministries/agencies have developed CBR reform programs that are currently under approved.
- Recruitment of senior and mid-level civil servants funded through CBR is progressing; close to 700 positions have been contracted through CBR with around 800 more in various stages of recruitment.
- CBR has also been a front-leader for and is supporting salary harmonization efforts for donor-funded consultants (NTA).

### KEY PARTNERS:

Afghan Independent Administrative Reform and Civil Service Commission (IARCSC), Administrative Office of the President, key Afghan line ministries, USAID, DFID and European Union.

## AFGHANISTAN: SYSTEM ENHANCEMENT FOR HEALTH ACTION IN TRANSITION PROJECT

### KEY DATES:

Approved: February 28, 2013

Effective: June 20, 2013

Closing: June 30, 2018

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	654
Norwegian Health Results Innovation Trust Fund	7
Co-financing (Afghan Government)	30
Total Bank Financing	
IDA	100
IBRD	
Trust Fund (ARTF)	517

### BACKGROUND AND OBJECTIVES:

The System Enhancement for Health Action in Transition (SEHAT) project augments the progress achieved through the Strengthening Health Activities for Rural Poor project, and will support the implementation of the Basic Package of Health Services (BPHS) and Essential Package of Hospital Services (EPHS) through contracting arrangements in rural and urban areas covering all 34 provinces, including.

The objective is to expand the scope, quality and coverage of health services provided to the Afghan population, particularly to the poor in the project areas, and to enhance the stewardship functions of the Ministry of Public Health. The project components are:

- Component 1: Sustaining and improving the Basic Package of Health Services (BPHS) and Essential Package of Hospital Services (EPHS): Supports the implementation of the BPHS and EPHS through contracting arrangements between MOPH and NGOs in 31 provinces and MOPH Strengthening Mechanism (MOPH-SM) approach in three provinces and urban areas of Kabul city. This component also finances the contracting of NGOs for the implementation of HIV/AIDS prevention services for targeted population sub-groups in four cities.
- Component 2: Building the stewardship capacity of MOPH and system development: Finances development of the regular systems of MOPH at central and provincial level with a focus on ten thematic areas: Sub-national governments, Healthcare Financing Directorate; developing regulatory systems and capacities to ensure quality pharmaceuticals; working with the private sector; Gender, enhancing capacity for improved hospital performance; human resources for health, governance and social accountability; health information systems and the use of information technology; health promotion and behavioral change; and fiduciary systems.
- Component 3: Strengthening program management. Supports costs associated with support strengthening program management at central and provincial levels and technical assistance.

### KEY ACHIEVEMENTS:

Overall, the project is on track to achieve its project development objectives. Most of the Project Development Objective Indicators have achieved their target for 2016 or are on track to meet end of project targets. Some of the results achieved include:

- Increase in births attended by skilled health personnel from 15.6 percent to 50.5 percent;
- PENTA3 immunization coverage among children aged 12 to 23 months in lowest income quintile more than doubled, from 28.9 percent to 69 percent.
- Contraceptive prevalence rate (using any modern method) has increased from 19.5 percent to 19.8 percent.
- Score on the examining quality of care in SCs, BHCs and CHC on the balanced scorecard rose from 61 percent to 62 percent.

### KEY PARTNERS:

Ministry of Public Health, USAID and European Union.

## AFGHANISTAN: SAFETY NETS AND PENSIONS SUPPORT PROJECT

### KEY DATES:

Approved: October 15, 2009  
Effective: February 10, 2010  
Additional Financing: October 6, 2013  
Closing: December 31, 2017

### FINANCING (in million US Dollars):

Financing source	Total amount
Total Project Cost	20
Borrower	
Co-financing	
Total Bank Financing	20
IDA	20
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

The Afghan formal social protection system consists largely of a pension scheme for public sector employees, military, police and a Martyrs and Disabled Pension Program. In addition, a social safety net encompasses a number of government and donor schemes that transfer cash and in-kind benefits to various groups.

In pensions (including the Public Pension and the Martyrs and Disabled programs), the Government's objectives are to ensure fiscal sustainability of the public pension program, to provide improved and streamlined services to the beneficiaries, modernize programs' administration, increase transparency, and reduce error, fraud, and corruption. In safety nets, the government aims to build systems for a poverty targeted national safety net program.

The project's goals are to improve the administration of the public pension schemes and develop administrative systems for safety net interventions, with a focus on targeting and benefit payment delivery systems, while delivering cash benefits to the poorest families in specific pilot districts. Project Components are:

Pensions: Supports the design of new administrative arrangements for the public pension system and modernization of the existing pension systems, including the Martyrs and Disabled Pension.

Safety Nets: Supports designing and piloting of targeting and delivery systems to establish a poverty-targeted cash transfer;

### KEY ACHIEVEMENTS:

- Key elements of a reformed and modernized Public Sector Pension System, which includes a revised institutional and human resources structure of the Pension Department, a set of simplified business processes, a comprehensive new Management Information System, are in place. Around 118,000 pensioners are registered at the new Management Information System (MIS) at the center and are paid through bank accounts. Recently, a bio-metric identification and verification system started working at the Central Pension Department in Kabul and around 57,000 pensioners are bio-metrically certified. The MIS has been rolled out to two provincial pension departments, namely Balkh and Nangarhar.
- A multi-phased safety net cash transfer pilot has been designed, implemented and evaluated. In the new phase, a new targeting methodology of computerized registration of poor households in five districts and benefit payments through mobile money operators and commercial banks was successfully implemented. Around 12,000 selected poor families (68,000 individuals) benefited from the cash benefits. The pilot project will deliver two more rounds of benefits to these families until December 2017.

### KEY PARTNERS:

Afghan Ministry of Labor, Social Affairs, Martyrs and Disabled, UNICEF, World Food Program (WFP), UK's Department for International Development (DFID),

## AFGHANISTAN: THIRD NATIONAL SOLIDARITY PROGRAM

### KEY DATES:

Approved: June 29, 2010

Effective: October 06, 2010

Closing: March 31, 2017 (*end of grace period September 30 2017 for closure of finances*)

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	1,158.81
Borrower	
Co-financing (JSDF)	9.59
Total Bank Financing	
IDA	41.97
IBRD	
Trust Fund (ARTF)	1,107.25

### BACKGROUND AND OBJECTIVES:

The Government launched the National Solidarity Program 14 years ago to lay the foundation for a sustainable form of inclusive local governance, rural reconstruction, and poverty alleviation. Since then the NSP has been considered one of the most successful of the ARTF programs and the third phase of NSP, which began in October 2010, made remarkable progress in expanding the Government's development outreach nationally to over 35,000 Community Development Councils (estimated 90% coverage of the villages in all 34 provinces of Afghanistan).

The project objective was to build, strengthen, and maintain community development councils (CDCs) as effective institutions for local governance and socio-economic development. At closing in March 2017, NSP had surpassed its targets with over \$737 million worth of Block grants from NSPI and II and \$831 million under NSPIII fully utilized to build over 88,500 community prioritized infrastructure schemes. The Ministry of Rural Rehabilitation and Development (MRRD) managed to also handle the transfer of 750 key Kabul-based and field staff, assets and systems from the NSP to the new Citizens' Charter Afghanistan Project (CCAP) which has now taken over the mandate of delivering core infrastructure and social services and strengthening of CDCs.

### KEY ACHIEVEMENTS:

Under NSP I, II and III, the program established over 35,075 CDCs as effective institutions for local governance. By March 2017 98% of sampled communities reported that they recognized their CDCs as legitimate and representative institutions; 71% of eligible voters voted for their representatives at the CDC election; 80% of the CDCs performed their functional mandates and over 80% of sampled communities received improved access to services. Throughout NSP, CDCs managed over \$1.57 billion to provide socio-economic development and access to services such as: over 9.7 million rural poor received access to improved drinking water points and provision of safe sanitation facilities; 53,000 km of rural roads were built and rehabilitated; over 4.2 Megawatts of electricity was generated through the construction of micro-hydro power plants or grid line extension sub-projects; over 6,400 classrooms, 89 health clinics, 9 hospitals and 5,800 community centers were constructed and/or rehabilitated; and over 1.3 million hectares of agriculture land was irrigated through the construction/rehabilitation of over 4,400 downstream irrigation canals. The block grants also generated over 66 million paid labor days for the local skilled and unskilled workers. Third Party Monitoring reporting and NSP's own monitoring shows that over 85% of the infrastructure built under NSPII and over 90% under NSPIII is still functional.

**The Jobs for Peace Initiative: Maintenance Cash Grants Scheme:** In response to the Government's Jobs for Peace Initiative, NSP very quickly restructured the project to introduce the Maintenance Cash Grants Scheme. Between November 2015 and March 2016, a total of \$92 million of NSP's existing funds and money from donors (USAID and DfID via ARTF) was channeled directly to the bank accounts of 11,330 CDCs in 138 districts covering all 34 provinces. This has led to the creation of 13.2 million paid labor days which has benefited households with 2-3 months of food security and over 12,800 infrastructure schemes repaired and maintained.

### KEY PARTNERS:

Afghan Ministry of Rural Rehabilitation and Development (MRRD), Afghanistan Reconstruction Trust Fund Donors.

## AFGHANISTAN: KABUL MUNICIPAL DEVELOPMENT PROGRAM

### KEY DATES:

Approved: March 26, 2014

Effective: April 15, 2014

Revised Closing: June 30, 2021

### FINANCING (in million US Dollars):

IBRD	
IDA	
Government of	
ARTF	110
Total Project Cost	110

\*\$ millions; as of August 2017. For more information see the latest Project Restructuring Paper

### BACKGROUND AND OBJECTIVES:

The KMDP Grant for \$110 million was approved on April, 2014 and became effective on April 15, 2014. As of April 9, 2015, within one year of effectiveness, disbursements stand at \$50.9million (45.52%). The PDOs remain highly relevant for Kabul, a city with over 70% of its population in unplanned settlements. KMDP's cost effective methodology enables equitable service delivery, strengthens the social capital of the beneficiary communities and continues to entrench a culture of community participation in decision making over public expenditures that directly impacts the community. The likelihood of achieving end-of-project as well as intermediate PDOs indicator targets is high. The PDO is rated "satisfactory".

The Project Development Objectives are to: (i) Increase access to basic municipal services in selected residential areas of Kabul city; (ii) Redesign KM's Financial Management system to support better service delivery; and (iii) Enable early response in the event of an eligible emergency.

### KEY ACHIEVEMENTS:

- Effective for about three years and four months, implementation of the KMDP Grant is progressing well and is expected to achieve the indicator targets at the project outcome level and at the intermediate level by the closing date.
- Grant disbursements as of September 10, 2017, stand at \$50.9 million (45.52%) and KMDP commitments at \$69.3 million (63%).
- From the over 2,000 hectares that have been upgraded so far and the 20.5 kilometers of trunk roads constructed, there are about 755,000 direct beneficiaries, including students, teachers and staff of several schools and institutions of higher education that are located within the upgraded areas. About 73 percent of the beneficiaries are women and children. Almost 2.2 million man days of construction sector temporary jobs have been created; and there is considerable evidence that investments in public infrastructure have attracted private investment in housing, stimulating the rental housing market as refugees have found a foothold.

### KEY PARTNERS:

Kabul Municipality

## AFGHANISTAN: URBAN DEVELOPMENT SUPPORT PROJECT

### KEY DATES:

Approved: June 13, 2017  
Effective: September 18, 2017  
Closing: June 30, 2020

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	20
Borrower	Ministry of Finance
Co-financing	None
Total Bank Financing	20
IDA	20
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

UDSP supports the government's vision expressed in the Afghanistan National Peace and Development Framework (ANPDF) and its long-term objective of reducing poverty while strengthening the relationship between local governments and their residents. Making Afghan cities engines of economic growth and drivers for development are key reform priorities. This project consists of technical support and capacity building to improve the function of the Ministry of Urban Development and Housing (MUDH) as well as five Provincial Capital Cities (Herat, Jalalabad, Kandahar, Khost and Mazar-e-Sharif) in their urban planning and public investment planning capabilities. The Project Development Objectives are to (i) create an enabling policy framework and enhance urban policy-making capacity in relevant agencies at the national level; and (ii) strengthen city planning, management and service delivery capacity in five Provincial Capital Cities (PCCs). The project consists of the following components:

- Urban Information: Building an Urban Management Information System. Technical assistance to create a database and web architecture for key statistics, maps and GIS data to facilitate better urban planning and results monitoring
- 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: (i) urban planning and land use management, (ii) affordable housing, (iii) urban regeneration and (iv) municipal finance.
- Urban Integration: Strengthening Urban Planning at National and Local Levels. Financing the completion of Strategic Development Plans (SDPs) for each of the PCCs that will identify medium term development goals, and which will be based on a consultative stakeholder engagement process. The SDPs will draw from data inputs in the Urban Information component, 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.
- 4. Urban Investments: Feasibility and Design Studies for Urban Infrastructure. Preparation of multi-year capital investment plans (CIPs) linked to the SDPs for PCCs to undertake i) Priority Projects (no regret, quick-win projects) and ii) Catalytic Investments (identified under SDPs, economically transformative projects). The CIPs would also be used to develop a pipeline of bankable projects for financing under a future performance-based finance project.

### KEY ACHIEVEMENTS:

The project is in its early implementation stages and has yet to reach its effectiveness date. Anticipated results and beneficiaries include:

- The National Urban Policy and the national urban development planning framework will be formulated, adopted and under implementation.
- Five PCCs will prioritize and complete Capital Investment Plans to enhance service delivery.
- A total of 1.5 million will be directly benefited from the improved planning and management capacities of the five PCCs.

### KEY PARTNERS:

- Ministry of Urban Development and Housing (MUDH)
- Independent Directorate for Local Governance (IDLG)
- Ministry of Finance (MOF)

## AFGHANISTAN: SECOND CUSTOMS REFORM AND TRADE FACILITATION PROJECT

### KEY DATES:

May 25, 2010  
Effective: December 28, 2010  
Closing: June 30, 2014  
Revised Closing: December 31, 2017

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	71.98
Borrower	
Co-financing	
Total Bank Financing	71.98
IDA	71.98
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

The Second Customs Reform and Trade Facilitation Project and Additional Financing continues the Bank's support as part of the overall donor effort to reform and modernize Afghan customs. It assists the Afghanistan Customs Department to consolidate the customs modernization process, improve governance and improve the release of legitimate goods in a fair and efficient manner.

The objective is to "Improve the release of legitimate goods in a fair and efficient manner". The project components are:

- Countrywide computerization of Customs clearance operations through implementation of the Automated System for Customs Data (ASYCUDA).
- Installation of executive information systems for Customs to allow real-time monitoring of operations through a new functionality (management summary and statistical reporting and alerts) to improve governance and mitigate chances of corruption.
- Development of possible options for cross-border Customs cooperation. Reviews the current available options to improve Customs-to-Customs cooperation, including data sharing between Afghanistan and its bordering countries.
- Provision of selected Customs infrastructure: Builds selected Customs infrastructure to enable modernized operations such as Inland Clearance Depots in Jalalabad, Kabul, Khost, Nimroz, Farah, Andkhoi, Ghazni, Paktika as well as the Aqina Border Post.
- Technical assistance: Support the development of adequate regulatory, administrative and institutional framework for Customs.

### KEY ACHIEVEMENTS:

- The ASYCUDA World Declaration Processing System (DPS) is now operational in 13 Customs sites. ASYCUDA World International Transit is operational on 7 main corridors, ASYCUDA Risk-management module in 10 ICDs; ASYCUDA Valuation Control in 7 ICDs and the Entry-Exit control module operational in four Customs sites.
- Customs-to-Customs Cooperation Agreements between Tajikistan and Afghanistan, and Iran and Afghanistan have been signed. Real time data exchange between Afghan and Tajik Customs already was set up and tested, and finally went live in Tajikistan in February 2016. ACD has also started negotiations with UAE and Turkish Customs, for signing similar cooperation agreements.
- Infrastructure development was completed successfully, with 10 large and 21 smaller civil works-related contracts completed, including a new Customs House at Khost, and improvements to Kabul, Jalalabad, Kandahar and Nimroz Customs Houses.

### KEY PARTNERS:

The Afghan Customs Department, Ministry of Finance, U.N. Conference on Trade and Development, USAID, European Commission, U.K. Department for International Development, Government of Canada, U.N. Assistance Mission in Afghanistan, the Government of Japan, U.N. Office on Drugs and Crime, International Monetary Fund, Asian Development Bank.

## AFGHANISTAN: ICT SECTOR DEVELOPMENT PROJECT

### KEY DATES:

Approved: April 26, 2011

Effective: June 14, 2011

Closing: December 30, 2017

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	50
Borrower	
Co-financing	
Total Bank Financing	
IDA	50
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

Since 2002, Afghanistan has made considerable progress in telecommunications connectivity, and mobile telephones have become widespread. A high-capacity fiber optic backbone network connects many provinces and provides international connectivity to neighboring countries. The information and communications technology (ICT) sector offers opportunities to expand the reach and delivery of government services and stimulate private sector-led economic growth and employment generation.

This Project builds on the strong growth seen thus far in mobile services to expand service delivery while accelerating expansion and improvements in backbone network connectivity. It also seeks to expand broadband connectivity and accelerate the development of the local private sector IT industry.

The goal is to expand connectivity, encourage widespread use of mobile applications in strategic sectors in the government, and support the development of the local information technology (IT) industry.

Based on the request from MoF, the project closing date is extended to December 30, 2017.

Components are:

- Expanding connectivity: Finances the expansion of the national backbone network by 1,000 km and supports the creation of an enabling policy and regulatory environment to increase the reach of high quality mobile telephone and Internet services to more users.
- Mainstreaming mobile applications: Supports activities that build on the high penetration of mobile telephones to expand the reach and improve the quality of public services and applications that support program management.
- IT industry development: Supports the definition of an IT sector development policy; an IT skills development program to expand the pool of skilled IT professionals as a key building block for sector development in Afghanistan; and the setting up of an incubator for ICT firms in the ICT Village.

### KEY ACHIEVEMENTS:

- The deployment of the fiber optical backbone network in the North East section was completed and handed over to Afghan Telecom. Work on the central route to Yakawlang Kunar, Kapisa, Ghulam Khan Office and Bamyan-Mazar-e-Sharif routes have been completed and final handing over to Afotel is in progress..
- The m-Government service delivery platform (Mobile Platform) was soft launched on Afghan Telecom's network. Selected m-Government Application and Services are expected to be launched through all GSM/3G Operators of Afghanistan for selected Ministries by October, 2017 after signing of MoUs with the MNOs and the selected Ministries by MCIT. Implementation of the Innovation Support Program (\$1m) continues to be slow due to limited level of participation by ICT Professionals of the Country and there is a significant need for capacity building of the potential beneficiaries. To date, over 2,300 people (including 400 Females) have been provided ICT skills training. The incubator program is progressing well, with 20 startups already active. MCIT and the ICT institute are encouraged to develop internal capacities to ensure sustainability of the program beyond the project closing.

### KEY PARTNERS:

Afghan Ministry of Communication and Information Technology, World Bank Task Team, U.S. Government, International Security Assistance Mission for Afghanistan, Afghan ICT firms.

## AFGHANISTAN: RURAL ACCESS PROJECT

### KEY DATES:

Approved: June 26, 2012  
Approved AF: July 10, 2017  
Effective: August 12, 2012  
Closing: March 15, 2020

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	437
Borrower	
Co-financing	
Total Bank Financing	
IDA	125
IBRD	
Trust Fund (ARTF)	312

### BACKGROUND AND OBJECTIVES:

Two decades of civil war severely damaged Afghan road network at all levels: regional and national highways, provincial roads and local access roads. Prolonged conflict denied most of the rural population access to essential social services including markets, health centers, schools and government offices.

Formulated in 2002, the National Emergency Employment Program funded short-term employment through restoration of the dilapidated rural infrastructure. This initiative evolved into the National Rural Access Program from 2005, with a strong focus on the provision of year-round rural access to basic social services.

More than 11,000 km of rural roads and related drainage structures have been upgraded or rehabilitated under these programs through four projects financed through IDA, ARTF, and other funds.

The objective of the Afghanistan Rural Access Project is to enable rural communities to benefit from all-season road access to basic services and facilities. Components are:

- Improvement and maintenance of secondary roads: Supports rehabilitation of about 1,000 km roads; 300 km of upgrading existing pavement to bituminous standard; about 1,000 km of routine and periodic maintenance of paved and unpaved secondary roads, and construction of about 1,000 linear meters of bridges.
- Improvement and maintenance of tertiary roads: Will support about 1,400 km of rehabilitation and 3000 km of routine and periodic maintenance of tertiary roads, and construction of about 1,600 linear meters of bridges.
- Program planning and development, institutional strengthening and program coordination support: Will support human resource and institutional capacity building, program monitoring and evaluation, and program development activities.

### KEY ACHIEVEMENTS:

Construction of 600 km of secondary gravel roads, 235 km of secondary asphalt roads and over 1300 linear meters of secondary bridges;

Construction of 1300 km of tertiary roads and 1500 linear meters of tertiary bridges;

Routine maintenance of 1,300 secondary roads and periodic maintenance of 500 km of secondary roads;

Routine maintenance of 3,750 km of tertiary road and periodic maintenance of 1,500 km of tertiary roads;

Establishment of new GIS based network planning;

Roll out of first nationwide inventory and condition survey of rural roads.

### KEY PARTNERS:

Afghan Ministries of Public Works; Rural Rehabilitation and Development; and Finance

## AFGHANISTAN: KABUL URBAN TRANSPORT EFFICIENCY IMPROVEMENT PROJECT

### KEY DATES:

Approved: April 03, 2014

Effective: April 11, 2014

Closing: December 31, 2019

### FINANCING (in million US Dollars) :

Financier	Financing
IBRD	
IDA	
Government of Afghanistan	
ARTF	90.5
Total Project Cost	90.5

For more information see the [latest Implementation Status and Results Report](#)

### BACKGROUND AND OBJECTIVES:

Unprecedented population growth in Kabul, large-scale destruction of the city's infrastructure during the war, followed by a growing concentration of security related activity has exacerbated the backlog of infrastructure deficiency in a city that harbors the capital functions of the country: A city originally planned for less than one million people, is now ranked 86th among the world's largest agglomerations. The capacity of the existing road network is diminished further by an astronomical growth in the number of motor vehicles that is today double the 300,000 vehicles the network was designed for. The result is extreme congestion which is further exacerbated by security related encroachments and road closures. Urban productivity of Kabul is deeply impacted by inadequate transport services: Although Kabul's existing urban road network, initially planned and developed in the 1960s with technical support from the Former Soviet Union, provides generous widths, road surfaces have deteriorated due to age, poor maintenance, severe weather conditions, and the lack of proper drainage. The result is poor access to jobs and services, low mobility of passenger and freight movement, congestion, increased road accident rates, and productivity losses.

The Project Development Objective (PDO) is to improve road conditions and traffic flows in selected corridors of Kabul City.

### KEY ACHIEVEMENTS:

The overall implementation progress is satisfactory. As of August 30th, 2017, the implementation of six roads infrastructure contracts have been completed so far for a total of 19.3 km and the roads are opened to the traffic. The contract for Lot-7 is awarded and the implementation progress stands at 10%. The procurement of final lot is in the last stages and the package is submitted to National Procurement Authority (NPA) for its final review and approval. The procurement process for rehabilitation of Wazir Abad canal has started and the contract is expected to be awarded by December 2017.

Under Component B, the consultancy for area accessibility and streets function optimization of Kabul city is under the final stages of the procurement review. The procurement for consultancy contract for the design and review of the 40 KM of new roads has started and the contract is expected to be awarded by December 2017.

### IMPLEMENTING AGENCY:

Kabul Municipality

### KEY PARTNERS:

Afghan Ministry of Finance

## AFGHANISTAN: TRANS-HINDUKUSH ROAD CONNECTIVITY PROJECT

### KEY DATES:

Approved: 20 Oct 2015

Effective: 17 Jan 2016

Closing: 31 Dec 2022

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	250
Borrower	
Co-financing	
Total Bank Financing	
IDA	250
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

The project aims to improve connectivity across the Hindukush mountain range between Bamyan and Kabul, through Afghanistan's mineral belt and a part of its agricultural heartland. This will spur economic development, support one of the planned "Resource Corridors", foster domestic and regional trade by strengthening the transport network and promote social integration by reducing time and cost of travelling, particularly for the poorer citizens of the central, northern and southern provinces. The project also directly eliminates the existing transport bottleneck for the development of some agricultural and mining areas which is likely to create jobs for many Afghans.

The project development objective is to improve road transport connectivity across the Hindukush mountain range

- **Road construction and rehabilitation.** Component 1 will include (i) civil works for the construction of the B2B road and the rehabilitation of the Salang road and tunnel, (ii) consulting services, including for the supervision of works for the same roads and for regular technical audits by an independent international auditor to verify that road works have been executed in compliance with the technical specifications, and (iii) goods, which will include a small number of equipment items which MPW may need to keep the two roads open during the project period.
- **Institutional support and project management.** This component will be comprised of several subcomponents including road safety, implementation of asset management arrangements for the roads, community engagement, training and capacity building, and project management support.

### KEY EXPECTED RESULTS:

- Reduction in average travel time for trucks on the Baghlan to Bamyan road.
- Year-round usability of the Baghlan to Bamyan road.
- Reduce road deaths on the B2B road and Salang pass.
- Sustainable mechanism put in place for the management, maintenance and operation of the two project roads.

### KEY PARTNERS:

Ministry of Public Works (MPW)

## AFGHANISTAN: IFC/F&M GP: FINANCIAL INFRASTRUCTURE SECURED LENDING PROJECT

### KEY DATES:

Approved:

Effective: November 30, 2008

Closing:

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	0.97
Harakat Grant	0.29
Japan	0.07
The Netherlands (NIPP)	0.02
Total Bank Financing	
IFC Pool Funds	0.21
SME Facility	0.35
DAB	0.03

### BACKGROUND AND OBJECTIVES:

The Afghanistan Secured Lending Project is part of the Financial Infrastructure Program in the MENA region. IFC's access to finance advisory services in the MENA region, through its Secured Transactions and Collateral Registries Team, assists government clients in developing the appropriate legal and institutional frameworks to allow and encourage the use of movable assets as collateral for loans.

At the inception of the project, the results from the Doing Business ranking on the Ease of Getting Credit, a measure of credit information sharing and legal rights of borrowers and lenders, showed that the financial sector in Afghanistan was not able to meet the needs of small firms or individuals – Afghanistan ranked 179th out of 181 countries in 2009.

The overall objective of the project is to achieve sustained development of the financial sector by increasing private sector access to finance, particularly credit, in the MENA region, by strengthening lender rights in movable assets.

In Afghanistan, the project operates under three components: a) legislative reform resulting in enactment or amendment of laws and regulations to enhance rights of creditors of movable assets; b) creation of a functioning movable asset registry to enable lenders to effectively file a notice related to their proprietary rights, and c) awareness raising and capacity building activities to increase knowledge among stakeholders about the benefits of well-functioning secured financing systems.

The overall program targets are to benefit 250 micro, small and medium enterprises with expanded access to finance, facilitate \$13 million in financing to small and medium enterprises (secured with movable property as collateral) and an overall \$30 million in financing facilitated.

### KEY ACHIEVEMENTS

- Two new pieces of legislation: an act on secured transactions in movable property and the regulation for operating the registry were adopted.
- Collateral Registry established in 2013 with 3,869 new registrations as at May 2015.
- Improvements in the ranking of Afghanistan from '0' to '9' on the "Strength of Legal Rights Index" a subset of the "Ease of Getting Credit" ranking of Doing Business in 2015. Further in 2015, Afghanistan was ranked 89th out of 189 countries on the Doing Business "Ease of Getting Credit" ranking
- Establishment of the Afghanistan Institute of Banking and Finance in November 2010

### KEY PARTNERS:

Da Afghanistan Bank, Public Credit Bureau

**KEY DATES:**

Approved:  
Effective: July 2015  
Closing: June 2017

**FINANCING (in million US Dollars) :**

Financing source	Total amount
Total Project Cost	
Borrower	
USAID	2 Million
Total Bank Financing	
IDA	
IBRD	
Trust Fund	

**BACKGROUND AND OBJECTIVES:**

The World Bank Group, fosters sustainable economic growth in developing countries by providing advisory services to businesses and governments aimed at specific aspects of private sector development, including supporting small and medium-sized enterprises, enhancing access to finance, improving the business enabling environment, supporting privatization and public-private partnerships and promoting environmental and social sustainable practices. Advisory services are delivered through the Trade and Competitiveness Global Practice in South Asia Region (SAR).

An analysis conducted by IFC Advisory in December 2013 revealed that starting a business at the subnational level is a very complex, unwieldy and time-consuming process and is a severe impediment to investment at the subnational level. This analysis recommended a fundamental rethinking of the strict system of starting a business enforced by the Ministry of Commerce and Industry (MoCI) at the subnational level. Evidence collected from interviews with business managers at the subnational level, as well as with MoCI officials, indicated that the procedures for obtaining a business license and registration required a minimum of several weeks, and might extend to a few months. This is significantly slower than the 2 – 3 days currently required to complete the same process in Kabul.

Building on the reforms achieved in phase I of Afghanistan Licensing Reform Project, the overall goal of Phase II is to support the Ministry of Commerce and Industry in promoting an investment climate conducive to private sector growth. The project aims to achieve the following objectives by project completion:

- Business Registration and Licensing including establishing further streamlined processes and successfully rolling out the business registration and licensing reforms conducted in Kabul to MoCI offices at the provincial level in light of international best practices.
- Renewal of Business Licensing through increasing efficiency and sustainability for the renewal process of business licensing in the MoF, and increasing the number of firms that benefit from reformed licensing requirements as measured by the number of renewed licenses by 20% (3 years post project completion).

**KEY ACHIEVEMENTS**

- Four-day study tour for the Senior Management of MoCI and ACBRI in Tbilisi, Georgia to visit the key agencies in Georgia that have successfully implemented the key reforms and understand how Georgia was able to tackle similar political and social challenges.
- Signing Memorandum of Understanding with Ministry of Commerce and Industry to have the MOCI full commitment for the project deliverables and ensure the project sustainability.
- Completion of the Assessment Stage of the Project to have detailed Process Analysis of 16 provinces, based on which the next two stages of the Project will be executed.
- Completion of the ICT Infrastructure and Capacity Survey for the ACBRI's Central Office (Kabul) and provincial offices in cooperation between NETLINKS LTD, the staff of the MOCI, and other involved entities.
- Documented the history and evolution of the Afghan Central Business Registry since 2008 in line with international good practice as well as the future goals and potentials of the Registry. As a result of the report the Government of Afghanistan assigned a high-level commission that includes Ministry of Finance, Ministry of Commerce and Afghanistan Investment Support Agency to come up with a strategic merger plan for the AISA and MOCI-ACBRI business licenses that will be issued under One Stop Shop.

**KEY PARTNERS**

Ministry of Commerce and Industry. United States Agency for International Development (USAID)

## AFGHANISTAN: IFC – STRENGTHENING AFGHANISTAN HORTICULTURE EXPORTS PROJECT

### KEY DATES:

Approved:

Effective: October 1, 2014

Closing: April 30, 2018

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	1.1
Borrower	0.1
Co-financing	
Total Bank Financing	
IDA	
IBRD	
Trust Fund (Japan)	1.1

### BACKGROUND AND OBJECTIVES:

This project builds on the success of a previous IFC intervention in the horticulture sector, Afghanistan Horticulture Exports Development, which helped farmers to adopt best agriculture practices for two major export commodities (raisins and pomegranates).

The project will focus on improving farmers' skills and expanding market opportunities for Afghan agriculture commodities through improving access to export markets, and strengthening the overall value chain, including processing opportunities for grade B fruits.

The project will reach out to farmers in remote locations, leveraging the skills of the extension workers' association established and trained in the previous project. These farmers will be integrated into the supply chain of large fruit exporting and processing firms in Afghanistan. Meanwhile, these lead agribusinesses will be supported in becoming compliant with global standards required for access to high-end markets for food products.

The overall objective of the project is to increase the supply of fresh and processed fruits, through improved compliance with market standards, and integration of farmers into the value chain of lead agribusiness firms, giving them access to wider market opportunities.

The project will initially start its activities in Kandahar province, building on the success of the previous project, while assessing the potential of expanding to other provinces in Afghanistan. Components include:

Extension workers' association aimed to set up and roll out a Sustainable business model for a lead firm to obtain sustainable supply of fruits from smallholder farmers by development of business relationship with extension workers.

Farmer Technical Assistance aimed to improve the capacity of 1,000 farmers in fruit production, harvest and post-harvest handing and integrating the farmers into the lead firm's supply chain (through contract farming agreement between farmer producer groups and lead firm)

Lead firm contract farming and trade facilitation aimed to support a Lead firm in implementation of the contract farming system with farmers in their supply chain as well as establishing an overseas Marketing Agent for export market expansion.

### KEY EXPECTED RESULTS

- Through the established network of extension workers in Kandahar, provide technical assistance to 1,000 farmers and integrate them into the lead firms' supply chain. By completion, at least 800 farmers are expected to adopt improved practices and comply with market standards.
- Through improved compliance with market standards at the farmer level, increase the volume and value of fruits sold to lead firms. By completion, benefitting farmers are expected to sell a cumulative volume of 9.6 million kg of fruit totaling a value of \$5.06 million to lead firms.
- Through supporting lead firms to access new markets and obtaining at least four new contracts with new buyers, generate a total of \$2.05 million additional net profit from the export of fresh and processed fruit by completion.

### KEY PARTNERS

Large fruit processing companies in Afghanistan, the Extension Workers Association, local NGOs, organizations engaged in supporting the agribusiness sector in Afghanistan, and potential global buyers (IFC and non-IFC investment clients).

## AFGHANISTAN: IFC - LIGHTING AFGHANISTAN

### KEY DATES:

Approved: H2-2016  
Effective: H1-2017  
Closing: H2-2020

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	
Borrower	
Donor Name	
Total Bank Financing	
IDA	
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

Afghanistan, like many other developing countries, faces the major challenge of providing access to reliable and affordable electricity services to the large number of people and businesses that are currently deprived of essential energy services. The sector also faces tremendous other challenges including limited supplies, a damaged electricity infrastructure, transmission and distribution system gaps, high technical and commercial losses, high marginal cost of providing diesel power (both grid and off-grid, primarily in winter), and inadequate exploration of indigenous gas, coal, hydropower, and renewable resources.

It is estimated that 22 million people in Afghanistan lack access to electricity or reliable electricity. Due to a prolonged period of conflict, Afghanistan is rebuilding, however such reconstruction requires significant investment in energy while also scaling up the deployment of energy access to populations to whom the grid may not soon or ever extend.

Most commercial, industrial and many residential premises are equipped with back up diesel generators due to persistent load shedding which occurs for approximately 8-12 hours per day. In addition, Afghans are spending significant proportions of their incomes on basic energy services such as kerosene lamps, torches, batteries, and for phone charging. Importantly rural populations are most affected.

In terms of overall economic development, improved energy services are critical for the commercial and industrial sectors to grow – including sustainable grid-connected and grid-distributed generation solutions such as solar and other hybrid solutions, small and large hydro.

### KEY EXPECTED RESULTS

The program's specific objectives are to:

1. Conduct firm-level and market-level activities to facilitate the sale of 60,000 quality-assured lighting products in Afghanistan over the project life and build the foundation of a self-sustaining market to enable modern energy access to many times more people over time.
2. Provide improved access to modern energy services for lighting, mobile phone charging and others uses (e.g. ventilation fans) for 0.3 million people. (The figure is based on an assumption of 5 people per household.)
3. Mitigate 6,000 metric tons of CO2e GHG emissions through the switching from fuel-based lighting to solar lighting.  
(Assumptions: (i) kerosene lamp emission factor (t/Co2e/ltr) = 0.0026 (ii) kerosene consumption per year for a lantern = 55 ltrs (iii) CO2 displacement factor = 70%)

### KEY PARTNERS

- Omnivoltaic Energy Solutions Co (associate manufacturer)
- ETC (in country distributor of Omnivoltaic products)
- MFI's and rural communities

## AFGHANISTAN: IFC: AFGHANISTAN INTERNATIONAL BANK

### KEY DATES:

Approved: June, 2009

Effective:

Closing:

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	
Borrower	
Co-finance	
Total Bank Financing	
IFC (Guarantee)	1.5
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

Afghanistan International Bank ("AIB" or "the Bank") founded in March 2004 is a local Afghan bank with strong local shareholders. AIB works with the Corporate and SME Sectors by catering to the banking needs of local and foreign business enterprises such as GOs, NGOs, Embassies, and Military Forces etc. The Bank is the first to have ATM services in Afghanistan and was the first to have introduced International Debit Card in the country. As of Jun-17, the Bank has an asset base of US\$850mn and an equity base of US\$59mn with a deposit base of US\$781mn with 36 branches and 4 cash outlets. With 20% AIB commands the largest market share in terms of assets in the banking sector. AIB has robust financials and has been able to generate consistent profits over the years despite the challenging operating environment. The Bank benefitted from having Asian Development Bank ("ADB") among its founder shareholders among other strong local business groups. After ADB's exit in 2015/16, the shareholders are as follows: Horizon Associates LLC (50% shareholding), based in Delaware, USA; Wilton Holding Ltd. (50% shareholding), based in Cayman Islands.

### PROJECT OBJECTIVES:

IFC commenced its engagement with AIB in 2009 with a \$1.5mn GTFP line to AIB for up to 6 months tenor with a sublimit of \$0.5mn for tenors up to 1 year. The aim was to support Afghanistan's reconstruction and economic development by partnering with a strong local financial intermediary with whom IFC could help establish best practice examples. IFC further commenced an equity investment initiative in 2015 for a potential equity investment of up to \$10mn for a 15% stake in two tranches comprising an upfront investment to purchase 7.5% stake as secondary purchase from existing Sponsors and an option to purchase additional equity stake of 7.5% within 2 years of the initial investment. This has been committed and is at disbursement stage.

### KEY ACHIEVEMENTS

Results as of June 2017:

- Net Loan Portfolio - \$51.1 million, No. of borrowers - 83 Corporate/SME loans, 179 Consumer/Pay-roll loans, 537 Credit Cards and 18 loans for small businesses.
- Total Deposits - \$ 788.8 million, No. of depositors - 116,569; Employees - 680, branches - 36,

### KEY PARTNERS

Asian Development Bank (ADB), Wilton Holdings Ltd (WHL) and Horizon Associates LLC (HA).

## AFGHANISTAN: IFC: INVESTMENT-ROSHAN

### KEY DATES:

Approved: January 17, 2013

Effective: February 14, 2013

Closing:

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	65
Borrower	
Co-financing	
Total Bank Financing	65
IFC (Lending)	65
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

Founded in 2003, Roshan is the leading local mobile operator in Afghanistan with an estimated 27 percent mobile market share and 5.6 million subscribers as of March 2013. The company currently reaches 230 cities and towns in all of Afghanistan's 34 provinces and covers approximately 62 percent of the population.

In mid-2012, Roshan approached IFC to finance: (i) the acquisition of its 3G license; (ii) the capital expenditures to roll-out the 3G network and improve the 2G network; and (iii) consolidation of its existing loans into a single loan and extending its maturity.

IFC provided Roshan with long-term financing not available from local commercial banks or capital markets to finance its 3G expansion plan. Given an internet penetration rate of only 4% and a fixed line penetration of 1% in the country, IFC's investment is expected to create a competitive environment that motivates all operators to provide the best quality mobile data services at competitive prices to the Afghan population. In accordance with the 3G license obligations, Roshan will extend its mobile broadband services coverage to achieve a target of 80% population coverage in key cities within five years.

Other development impacts include: (i) broadening economic opportunity to reach the unbanked population in Afghanistan through Roshan's mobile banking services (ii) financially supporting community social programs such as building schools and playgrounds and providing clean water wells, and (iii) reducing the gender gap by financially supporting the inclusion of women in society.

### KEY EXPECTED RESULTS

With IFC's investment, Roshan is expected to achieve the following results by 2015:

- Increase mobile banking customers to 0.9 million (against less than 0.1 million today)
- Increase mobile customers to 8.1 million (against 5.6 million today)
- Increase direct employment to 1,417 (against approximately 1,200 today)
- Support local companies and SMEs by partnering with over 4,600 dealers and distributors (against 4,300 today)
- Increase the amount of regulatory fees and taxes paid to the government to US\$59 million (US\$41 million in 2012)

### KEY PARTNERS

**AKFED:** A for-profit international development agency which makes long-term investments in developing countries.

**Monaco Telecom:** The main telecommunication company in Monaco, with operations in Maldives, Channel Islands, Isle of Man and islands in the Indian and Atlantic Oceans.

**TeliaSonera:** A leading telecommunications operator in the Nordic and Baltic regions with 172 million subscribers.

## AFGHANISTAN: IFC – FIRST MICROFINANCE BANK (FMFB)

### KEY DATES:

Approved: October 31, 2002

Effective: January 16, 2004

Closing:

### FINANCING (in million US Dollars) :

Financing source	Total amount
Total Project Cost	
Borrower	
Co-financing	
Total Bank Financing	
IFC (Equity)	1.96
IBRD	
Trust Fund	

### BACKGROUND AND OBJECTIVES:

First Microfinance Bank Afghanistan ("FMFB-A" or the "Bank") was founded in 2003, and it was the first bank to be licensed in Afghanistan under the new law. It was founded by the Aga Khan Fund for Economic Development ("AKFED") and subsequently both IFC and KfW became shareholders, while the Aga Khan Agency for Microfinance ("AKAM") replaced AKFED as the principal shareholder & Sponsor of the Bank. FMFB-A commenced business in May 2004 in Kabul and it is regulated by the Central Bank (Da Afghanistan Bank, "DAB"). FMFB-A offers micro loans, SME loans and deposit taking solutions to micro entrepreneurs in Afghanistan's urban and rural areas and stands as the largest regulated microfinance lender in the country.

IFC's involvement with FMFB-A commenced in 2002, with an original equity investment of \$1.0 million for a stake of 16.7 percent. During 2012, IFC participated in the Bank's rights issue subscription (amounting to \$6.8 million) on a prorate basis to the tune of \$1.1 million. During this rights issue subscription, AKAM brought in its sister agency the Aga Khan Foundation-US ("AKF-US") as shareholder in the Bank. As a result, the shareholding of the Bank is now changed, with AKAM holding a 39.2 percent stake, KfW at 32.3 percent, IFC at 16.7 percent & AKF-US holding a 11.8 percent share.

The objectives are:

- (i) To create the first commercially sustainable micro-finance institution in Afghanistan contributing to the development of micro-finance as a viable and attractive commercial activity, and providing financial services to the poor and underserved.
- (ii) To contribute to the reconstruction and economic development of Afghanistan by providing financing to the most dynamic sector of the fledgling economy - micro and small businesses.
- (iii) To develop the financial sector by providing basic financial services currently not available in the market. The project is expected to contribute to overall financial sector reform by giving an example of a best-practice institution and supporting the Interim Authority in developing the evolving legal and regulatory framework.

### KEY RESULTS EXPECTED

FMFB-A has had a big impact on development as the leading microfinance bank in Afghanistan. The Bank is known for its solid financial performance and improving profitability backed by a growing loan book & sound asset quality despite operating in a tough macroeconomic and fragile security environment. It has developed and implemented an E&S system which allows it to screen its portfolio and provide lending on a social and environmentally responsible basis.

As of March 31, 2015:

- Net Loan Portfolio - \$60.8 million
- No. of borrowers - 54,599
- Total Deposits - \$67.3 million, No. of saving accounts - 75,879
- Employees 1,029, No. of main branches - 38, including 9 sub-branches.

### KEY PARTNERS

Aga Khan Agency for Microfinance, KfW and Aga Khan Foundation -US