



ARTF - Recurrent and Capital Costs (P091258)

SOUTH ASIA | Afghanistan | Governance Global Practice |
Recipient Executed Activities | Investment Project Financing | FY 2002 | Seq No: 18 | ARCHIVED on 03-May-2019 | ISR33996 |

Implementing Agencies: Islamic Republic of Afghanistan, Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date: 13-May-2002

Effectiveness Date: 13-May-2002

Planned Mid Term Review Date: --

Actual Mid-Term Review Date: --

Original Closing Date: 30-Jun-2006

Revised Closing Date: 31-Mar-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objective of the recurrent cost component of the ARTF is to provide a coordinated financing mechanism so that the Government of Afghanistan can make predictable, timely, and accurate payments for approved recurrent costs related to: i) salaries and wages of civil servants, and ii) government operating and maintenance expenditures, except security.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Civil service salary payments:(Cost \$2267.00 M)

O&M payments:(Cost \$608.00 M)

Incentive Program:(Cost \$29.30 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions

IP overall progress. Overall, seven technical reviews of the 2015 – 18 Incentive Program (IP) have been undertaken. The macro-fiscal policy framework remains adequate for continued disbursement, despite the risks associated with political and security environments and international aid. The seventh technical review assessed the program performance as satisfactory in supporting the authorities' resolute efforts to mobilize revenue and improve expenditure management.

Progress on Operations and Maintenance (O&M) Management. The Cabinet approved a revised O&M policy on November 14, 2018 to be piloted in select ministries with large O&M expenditures through the 1398 budget. There have been efforts to strengthen O&M management, mainly:

(i) 40 out of 50 government budget units received training in O&M budgeting and implementation policies from 2016 to 2018; (ii) The Provincial Budget Unit at the Ministry of Finance drafted provincial budget manuals and O&M implementation guidelines in 2017, to improve provincial departments' understanding of the O&M budget process; (iii) a new Public Investment Management process incorporating aspects of O&M expenditure planning and management is underway in the Ministries of Finance and Economy. While there has been some progress, management of O&M spending remains weak. Challenges related to planning, costing and coordination continue to persist given the low capacity in both the central coordinating ministries and the implementing line ministries.

Progress on Tranche Release Conditions (TRC). The World Bank and ARTF donors assessed the achievement of all seven Tranche Release Conditions (TRCs) from technical and legal aspects, based on evidence provided by the Government. All seven TRCs were met leading to a disbursement of \$210 million: e-payments and Mobile Money; Power Utility Reform; Water Productivity and Climate Resilience; Improving Planning and Appraisal of Projects; Improving Tax Administration – Electronic Taxpayer Management; Improving Tax Administration – Taxpayer Registry; Strengthened Expenditure Control. Prior to this review, disbursements of the 2018 IP DPG amounted to USD 90 million. Following the achievement of all TRCs, full disbursement of the 2018 IP DPG program was achieved.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Moderate	● High
Macroeconomic	--	● Substantial	● High
Sector Strategies and Policies	--	● Low	● Low
Technical Design of Project or Program	--	● Low	● Low
Institutional Capacity for Implementation and Sustainability	--	● Low	● Low
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Low	● Low
Stakeholders	--	● Low	● Low
Other	--	● Low	● Low
Overall	--	● Moderate	● Moderate

Results

PDO Indicators by Objectives / Outcomes

To provide a coordinated financing mechanism for predictable, timely, and accurate payments				
► Goods and services procured with ARTF funds are used exclusively for authorized purposes. (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100%	100%	100%	100%
Date	15-Dec-2005	30-Jun-2017	31-Dec-2018	31-Dec-2019

Intermediate Results Indicators by Components

Baseline recurrent cost financing, Incentive Program and Ad hoc Payments				
▶Percentage of eligible payroll expenditures reviewed by the MA vs submitted (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	84.9%	97%	95%	95%
Date	15-Dec-2005	30-Jun-2017	31-Dec-2018	31-Dec-2019
Comments:	A 100% target would represent a sample covering the entire population of payroll transactions with the only exception being the provinces of - Nooristan, Paktika and Uruzgan - where security concerns prohibit. These provinces represent about 3% of the total population but was unable to physically verify 100% of the employees in the sample. In 2018, physical verification of employees was 95%. The definition of "reviewed" in the indicator is "subject to sampling".			
▶Percentage of withdrawal applications reviewed and approved by the MA (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100%	100%	100%	100%
Date	15-Dec-2005	30-Jun-2017	31-Dec-2018	31-Dec-2019
▶Percentage of eligible O&M expenditures reviewed by the MA vs submitted (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	72.1%	98%	98%	98%
Date	15-Dec-2005	30-Jun-2017	31-Dec-2018	31-Dec-2019
Comments:	Applying the same approach as for payroll, a 100% target would represent a sample covering the entire population of O&M transactions (including Pensions) with the only exception being the provinces of - Nooristan, Paktika and Uruzgan - where security concerns prohibited. These provinces represent about 2% of the total O&M and Pension expenditures and so the MA covered 98%. The definition of "reviewed" in the indicator is "subject to sampling".			
▶ARTF Recurrent Cost Audit reports/opinions accepted by the Bank (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Qualified Adverse opinion	100%	Unqualified Opinion	Unqualified Opinion
Date	15-Dec-2004	30-Jun-2017	31-Dec-2018	31-Dec-2019



Data on Financial Performance

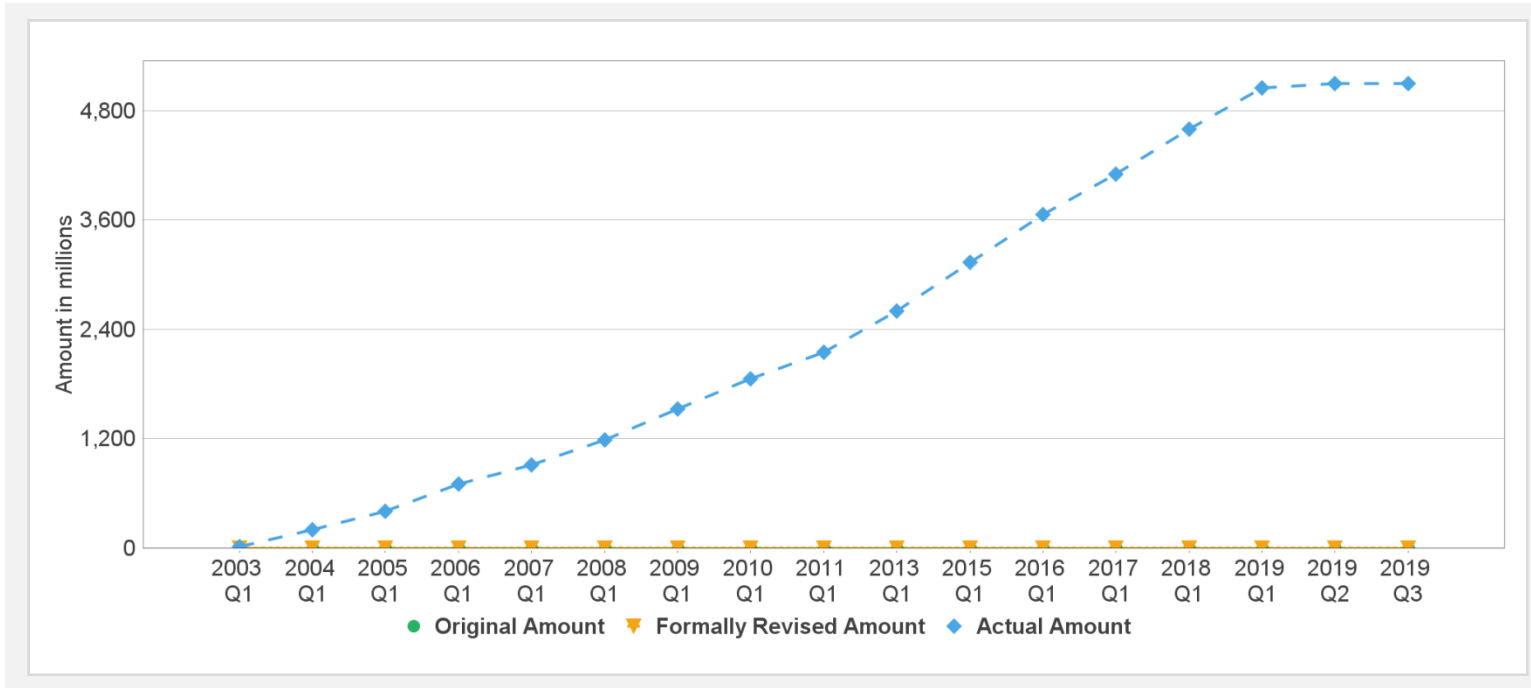
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P091258	TF-50577	Closed	USD	5,107.42	5,107.42	0.00	5,096.21	11.21	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P091258	TF-50577	Closed	13-May-2002	13-May-2002	13-May-2002	30-Jun-2006	31-Mar-2019

Cumulative Disbursements



Restructuring History

Level Approved on 28-Sep-2014 ,Level 2 Approved on 26-Jun-2018 ,Level 2 Approved on 19-Dec-2018 ,Level 2 Approved on 28-Mar-2019

Related Project(s)

There are no related projects.

