

Asian Development Bank & Afghanistan

FACT SHEET

Table 1. Afghanistan: 2013 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans				
Sovereign	Nonsovereign	Technical		Total
		Assistance	Grants	
–	–	3.63	468.10	471.73

– = nil.
^a Excludes cofinancing.

Table 2. Afghanistan: Cumulative Lending, and Grants Financed by ADB Special Funds, By Sector (1966–2013)^a

Sector	No.	Total Amount (\$ million)	% ^b
Agriculture and Natural Resources	12	398.90	12.14
Energy	11	742.60	22.60
Finance	3	65.00	1.98
Industry and Trade	1	5.70	0.17
Multisector	2	317.18	9.65
Public Sector Management	2	55.00	1.67
Transport and ICT	16	1,702.10	51.79
Total	47	3,286.48	100.00

Total Disbursements \$1,519.3 million

ICT = information and communication technology.

^a Excludes dropped or canceled loans prior to signing. Covers both sovereign and nonsovereign loans, and grants financed by Asian Development Fund and Other Special Funds. Other Special Funds include Asian Tsunami Fund, Asia Pacific Disaster Response Fund, Climate Change Fund, and Pakistan Earthquake Fund.

^b Total may not add up because of rounding.

Table 3. Afghanistan: Cumulative Nonsovereign Financing by Product

Number of Projects	Amount (\$ million)
6	
Loans	135.00
Equity Investments	8.10
Guarantees	25.00
B Loans	30.00
Total	198.10

Afghanistan is a founding member of the Asian Development Bank (ADB), which was established in 1966. ADB resumed its partnership with the Government of Afghanistan after a hiatus from 1980 to 2001. ADB and other development partners support the Afghanistan National Development Strategy (ANDS) and national priority programs (NPPs), which remain the agreed basis of the partnership. As of 31 December 2013, cumulative lending reached \$952.3 million. ADB's overall assistance is fully aligned with the government's priorities in the infrastructure sectors—transport, energy, and natural resources—as well as economic management. In the 2010 London and Kabul conferences, and the 2012 Chicago and Tokyo conferences, the Government of Afghanistan and the international community reaffirmed their medium- to long-term development partnerships.

ADB-Supported Projects and Programs

Since 1966, ADB has provided Afghanistan with assistance totaling \$3.2 billion, mostly in the form of sovereign grants. By the end of December 2013, ADB has provided Afghanistan with \$952 million in sovereign and nonsovereign loans, along with \$2.2 billion worth of grants.

ADB is one of the largest donors to Afghanistan's transport sector. As of 31 December 2013, ADB has provided \$1.9 billion to construct or upgrade over 1,500 kilometers (km) of regional and national roads, and \$31 million to rehabilitate four regional airports, which has resulted in usage more than doubling. All four regional airports are fully operational. Other major initiatives include \$805 million for the Transport Network Development Investment Program, approved in 2011, to construct and upgrade over 570 km of regional and national roads. Travel time has decreased by more than half as a result of the project, which was completed in 2013. ADB funded the first railway line between Uzbekistan and Afghanistan, which became fully operational in 2012. To date, the line has enabled the transportation of more than 4 million tons of goods between the countries. ADB supported the establishment of the Afghanistan Railway Authority to regulate and ensure the sustainability of the railway sector.

ADB is the largest donor in the energy sector. To date, ADB has invested about \$883 million in Afghanistan's energy sector and committed an additional \$950 million to strengthen the country's energy-supply chain. ADB-assisted projects have added 590 km of transmission lines, providing electricity to more than 5 million people. Ongoing projects will generate an additional 6.8 megawatts of power, add 470 km of transmission lines, and provide 99,320 new power connections. ADB is also financing the power and gas sector master plans.

Natural resources is another ADB priority sector. In 2013, total investment reached \$543 million for irrigation and agricultural infrastructure, to strengthen the institutional environment to facilitate economic growth and better water resources management. About 140,000 hectares of irrigated land have been

Table 4. Afghanistan: Project Success Rates

Sector	% ^a	No. of Rated Projects/ Programs
Agriculture and Natural Resources	–	1
Finance	50.0	2
Multisector	100.0	2
Public Sector Management	–	1
Transport and ICT	75.0	4
Total	60.0	10
Year of Approval		
2000s	60.0	10

– = nil, ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR and PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2013.

Table 5. Afghanistan: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2012–2013

Number of Ongoing Loans (as of 31 Dec 2013)	8	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	24.7	0.0
Disbursements ^a	35.7	23.7
Number of Ongoing Grants (as of 31 Dec 2013)^c	17	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	413.2	163.6
Disbursements ^a	198.6	140.0
Actual Problem Projects (%)	10	

0.0 = less than \$50,000.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.
^b Excludes policy-based lending/grants.
^c Includes only Asian Development Fund and other ADB special funds.

rehabilitated and upgraded. The investments have led to more efficient use of agricultural land and water resources.

In economic management, ADB's assistance has improved fiscal management through policy, institutional, and capacity-building reforms covering budget strengthening, public investment programming, revenue mobilization, civil service management, provincial administration, and transparency and accountability in the public sector.

Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$198.1 million in nonsovereign financing for Afghanistan, all of which was for six private sector projects. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2013 was \$9.3 million, representing 0.1% of ADB's total nonsovereign portfolio.

ADB has also successfully supported the development of the private sector by providing equity investment in Roshan, the leading telecommunications firm, and the Afghanistan

International Bank, considered as the most profitable private bank in Afghanistan. Further investments are contemplated as enabling conditions for the participation of the private sector in the national economy improvement.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2013, cumulative direct value-added (DVA) official cofinancing for Afghanistan amounted to \$480.9 million for 20 investment projects and \$13.5 million for 15 technical assistance projects. Cumulative DVA commercial cofinancing for Afghanistan amounted to \$15 million for one investment project.

In 2013, the Afghanistan Infrastructure Trust Fund provided \$117 million and \$27 million grants to North–South Power Transmission Enhancement, and Transport Network Development Investment Program–Tranche 2, respectively.

Table 6. Afghanistan: Projects Cofinanced, 1 January 2009–31 December 2013

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	8	331.20
Grants	8	331.20
Technical Assistance Grants	4	5.30

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2009 to 31 December 2013 is available at www.adb.org/countries/afghanistan/cofinancing

Partnerships

ADB is Afghanistan's sixth largest donor, according to the Government of Afghanistan Donor Cooperation Report 2012. ADB has a good relationship with other development partners such as the United States Agency for International Development, the Department for International Development of the United Kingdom, the World Bank, the International Monetary Fund, and the Government of Japan. ADB also cooperates with civil society organizations in Afghanistan to strengthen the effectiveness, quality, and sustainability of the services it provides. Nongovernment organizations are involved in implementing grant investment projects financed through the Japan Fund for Poverty Reduction. The Afghanistan Resident Mission provides the primary operational link between ADB and the government, private sector, and civil society stakeholders. The resident mission engages in policy dialogue and acts as a knowledge base on development issues in Afghanistan.

Procurement

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 188,780 contracts for ADB loan projects worth \$122.11 billion. During the same period, contractors and suppliers from Afghanistan were involved in 175 contracts for ADB loan projects worth \$332.22 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 12,432 contracts for ADB loan projects worth \$5.28 billion. During the same period, consultants from Afghanistan were involved in five contracts for ADB loan projects worth \$2.92 million.

Table 7. Afghanistan: Share of Procurement Contracts

Item	2012		2013		Cumulative (as of 31 Dec 2013)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	31.64	0.42	54.68	0.83	572.13	0.45
Consulting Services	0.70	0.12	0.58	0.11	10.20	0.11

Table 8. Afghanistan: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2009–31 December 2013

Contractor/Supplier	Sector	Contract Amount (\$ million)
Afghan Sadaqat Road and Building Construction	Agriculture and Natural Resources	8.33
Mumtaz Construction Group	Agriculture and Natural Resources	7.99
National Gold Construction Company	Agriculture and Natural Resources	7.54
Fayz Construction Co., Ltd.	Transport and ICT	6.40
Samander Construction and Production Company	Agriculture and Natural Resources	6.39

ICT= information and communication technology.

Table 9. Afghanistan: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Hemayatbrothers Demining International	1	0.16
Alliot Gulf Limited, Kabul	1	0.01

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 8,894 contracts for ADB grant projects worth \$4.54 billion. During the same period, contractors and suppliers from Afghanistan were involved in 151 contracts for ADB grant projects worth \$239.91 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 2,433 contracts for ADB grant projects worth \$826.5 million. During the same period, consultants from Afghanistan were involved in 29 contracts for ADB grant projects worth \$3.50 million.

Table 10. Afghanistan: Contractors/Suppliers Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Contractor/Supplier	Sector	Contract Amount (\$ million)
Heim-German Afghan-Khalil Co.	Transport and ICT	56.71
Feka Construction Industry and Trade Inc.	Energy	47.30
Hewadwal-Korpu	Transport and ICT	29.07
Maamaar International Group	Energy	2.30
Yama Zaheer Construction Company	Agriculture and Natural Resources	1.73

ICT= information and communication technology.

Table 11. Afghanistan: Top Consultants Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
United Nations Office for Project Services	1	1.33
Actionaid Afghanistan	1	0.47
Purnendu Pathak	1	0.39
Afghan Bureau Collaboration Office	2	0.15
Alliot Gulf Limited	5	0.06

Table 12. Afghanistan: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Afghan Bureau Collaboration Office	1	0.22
Bamyan Women's Business Association	1	0.03
Individual consultants	34	1.56

From 1 January 1966 to 31 December 2013, consultants were involved in 28,709 contracts for ADB technical assistance projects worth \$3.3 billion. During the same period, consultants from Afghanistan were involved in 109 contracts for ADB technical assistance projects worth \$3.78 million.

Operational Challenges

Afghanistan continues to face daunting challenges: deteriorating security; political uncertainties; governance and rule of law; policy, regulatory, and institutional frameworks; capacity in the public sector; transparency and accountability in the use of public funds; operational efficiency; large-scale drug trafficking; and a large informal economy. These issues have led to widespread corruption and weak performance in the social sectors, made project implementation difficult, and increased the costs of ADB's development projects.

Future Directions

ADB's country partnership strategy (CPS), 2009–2013 for Afghanistan continues ADB's focus on energy, transport, agriculture and natural resources, and governance. Support to these sectors will include capacity and institutional development, and sector governance, with an emphasis on public financial management, procurement, and anticorruption, in line with ADB's Second Governance and

Anticorruption Action Plan. It is proposed that the bulk of ADB assistance will continue to be provided through sector-based multitranches financing facilities, although there remains scope for project- and program-based support. ADB also anticipates making additional strategic private sector investments. The CPS is fully aligned with the ANDS and the NPPs. ADB's support focuses on Pillar 3 (economic and social development) and Pillar 2 (governance, rule of law, and human rights) of the NPPs.

About Afghanistan and ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held:	3,585 (0.034% of total shares)
Votes:	43,032 (0.326% of total membership, 0.500% of total regional membership)
Overall capital subscription:	\$55.21 million
Paid-in capital subscription:	\$7.36 million

Umesh Kumar is the Director and **Iqbal Mahmood** is the Alternate Director representing Afghanistan on the ADB Board of Directors.

Joji Tokeshi is the Country Director for the Afghanistan Resident Mission. The resident mission opened in 2003 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. The resident mission engages in policy dialogue and acts as a knowledge base on development issues in Afghanistan.

The Afghanistan government agency handling ADB affairs is the Ministry of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2013, lending volume was \$13.19 billion (101 projects), with TA at \$155.61 million (248 projects) and grant-financed projects at \$849.02 million (23 projects). In addition, \$6.65 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2009 to 31 December 2013, ADB's annual lending volume averaged \$12.19 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$801.70 million and \$165.66 million in TA over the same period. As of 31 December 2013, the cumulative totals excluding cofinancing were \$203.41 billion in loans for 2,629 projects in 44 countries, \$6.46 billion in 239 grants, and \$4.25 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

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