



Asian Development Bank & Afghanistan

FACT SHEET

Table 1. Afghanistan: 2011 Loan, Technical Assistance, and Grant Approvals (\$ million)

Loans				
Sovereign	Nonsovereign	Technical Assistance		Total
		Grants	Grants	
–	–	1.50	232.00	233.50

– = nil.

Table 2. Afghanistan: Cumulative ADB Lending by Sector as of 31 December 2011^a

Sector	Loans (no.)	Amount (\$ million)	% ^b
Agriculture and Natural Resources	8	167.80	17.62
Energy	3	70.50	7.40
Finance	1	5.00	0.53
Industry and Trade	1	5.70	0.60
Public Sector Management	1	48.00	5.04
Transport and ICT	7	338.10	35.50
Multisector	2	317.18	33.31
Total	23	952.28	100.00
Total Disbursements		\$779.3 million	

ICT = information and communication technology.

^a Includes sovereign and nonsovereign loans.

^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

Partnerships

Afghanistan is a founding member of the Asian Development Bank (ADB), which was established in 1966. After a hiatus from 1989 to 2002, ADB resumed partnership with the Government of Afghanistan. ADB and its development partners support the Afghanistan National Development Strategy (ANDS), and its ambitious targets and benchmarks for measuring progress in the country's reconstruction and development. In the London and Kabul conferences in January and July 2010, respectively, the government and the international community reaffirmed that the ANDS remains the agreed basis for their partnership. They also agreed that development financing will be increasingly aligned behind Afghan-led national priority programs (NPP), implemented as much as possible through the country's own systems.

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 the implementation of grant investment projects financed through the Japan Fund for Poverty Reduction. In 2008, the Agency Coordinating Body for Afghan Relief completed an ADB-financed participatory poverty assessment that provided qualitative information about the scope, nature, and specific characteristics of poverty, complementing existing quantitative data about poverty.

Operational Challenges

Afghanistan continues to face daunting challenges, including endemic poverty and lack of human capacity; insecurity; weak governance and institutionalized corruption; opium exports equal to 22% of gross domestic product; rampant gender inequality; and policy, regulatory, and institutional constraints that have limited effective growth in public and private sectors.

Future Directions

ADB's country partnership strategy (CPS), 2009–2013, continues ADB's focus on Afghanistan's energy, transportation and communications, agriculture and natural resources, and governance. Support to these sectors will include capacity and institutional development and attention to sector governance, with 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 be provided through sector-based multitranch financing facilities (MFFs), although there remains scope for project- and program-based support. ADB is also expected to make additional strategic private sector investments. The CPS is fully aligned with the ANDS, ANDS Results-Based Framework, and NPP where ADB support focuses on NPP Pillar 3 (economic and social development), as well as NPP Pillar 2 (governance, rule of law, and human rights).

Context

ADB has provided Afghanistan with \$2.7 billion in loans, grants, guarantees, technical assistance, ADB-administered Japan Fund for Poverty Reduction, cofinancing, and private sector investments since 1966, making it ADB's 18th largest borrower.

ADB, along with the World Bank and the United Nations, has played an important role in helping Afghan authorities with the country's critical rehabilitation and development needs over the past decade.

At the request of the Afghan authorities, ADB loan- and grant-financed projects and programs, and related technical assistance, have focused on energy, road and rail transport, irrigation, and agriculture. Additional ADB assistance has been provided to the country's governance and financial sectors. Private sector support has focused on loans and investments to stimulate the development of Afghanistan's telecommunications and banking sectors.

ADB-Supported Projects and Programs

Since resuming operations in Afghanistan in 2002, ADB has aimed, through its assistance, to spur economic growth, with most projects classified as core poverty interventions.

ADB is a key donor in the transport sector. It has provided \$1.7 billion to construct or upgrade over 1,500 kilometers of regional and national roads as of December 2011, and \$31 million to rehabilitate several regional airports. Major initiatives include the \$805 million MFF for the Transport Network Development Investment Program, approved in 2011, to construct and upgrade over 570 kilometers of regional and national roads, conduct a rail study, and support capacity building in the transport sector master plan.

ADB also approved a \$165 million grant for the construction of a new 75-kilometer railway line between the Uzbekistan border and Mazar-e-Sharif in Afghanistan. It became operational in December 2011, and is the first phase of a larger rail network planned across the north and other parts of the country, including Herat, as well as to Pakistan and Tajikistan.

Table 4. Afghanistan: Development Indicators

Non-MDG	
Population in millions	26.59 [2011]
Annual population growth rate (%)	1.9 [2009–2011]
Adult literacy rate (%)	...
Population in urban areas (%)	24.8 [2010]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	...
Population living below the national poverty line (%)	36.0 [2008]
Under-5 mortality rate per 1,000 live births	149 [2010]
Population using an improved drinking water source (%)	50 [2010]

... = data not available, MDG = Millennium Development Goal, PPP = purchasing power parity.

Sources: ADB. 2012. *Basic Statistics 2012*. Manila; World Bank. 2012. World Development Indicators Online.

Table 5. Afghanistan: Economic Indicators, 2007–2011

Economic Indicator	2007	2008	2009	2010	2011
Per capita GNI, Atlas method (\$)	300	290	370	410	...
GDP growth (% change per year)	13.7	3.6	21.0	8.4	5.7
CPI (% change per year)	13.0	26.8	(12.2)	7.7	10.5
Unemployment rate (%)
Fiscal balance (% of GDP)	(2.0)	(4.1)	(1.6)	0.9	(0.0)
Export growth (% change per year)	1.3	34.4	2.1	12.7	2.5
Import growth (% change per year)	15.7	14.7	(0.8)	3.0	0.4
Current account balance (% of GDP)	1.3	0.9	(2.8)	1.7	0.1
External debt (% of GNI)	20.9	21.7	9.4	8.9	...

() = negative, ... = data not available, 0.0 = value is less than half of unit employed, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2012. *Asian Development Outlook 2012*. Manila; ADB staff estimates; World Bank. 2012. World Development Indicators Online.

Table 6. Afghanistan: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	–	1
Finance	50.00	2
Public Sector Management	–	1
Transport and ICT	100.00	2
Multisector	100.00	2
Total	62.50	8
Year of Approval		
2000s	62.50	8

– = nil, ICT = information and communication technology.

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

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2011.

Table 7. Afghanistan: Portfolio Performance Quality Indicators for Sovereign Lending, 2010–2011

Number of Ongoing Loans (as of 31 Dec 2011)	2010 (\$ million)		2011 (\$ million)	
	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)	2011 (\$ million)
Contract Awards/Commitments ^{a,b}	18.1	7.4	29.1	352.8
Disbursements ^a	65.9	43.0	170.1	77.9
Number of Ongoing Grants (as of 31 Dec 2011) ^c				
Contract Awards/Commitments ^{a,b}	15			
Disbursements ^a				
Projects at Risk (%)				9.5

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only ADF and other ADB Special Funds.

ADB is one of the largest development partners in the energy sector, committing \$700 million in loans, grants, and technical assistance. A \$570 million MFF for the Energy Sector Development Investment Program will finance a range of power sector investments, with a focus on transmission and distribution rehabilitation and further extensions of the main North East Power System.

Another key area is the natural resources management sector, with ADB providing \$513 million in support of integrated water resources management, water resources and irrigation development, and agriculture.

ADB has financially supported government efforts to improve fiscal management and to undertake reforms that include budget strengthening, public investment programming, revenue mobilization, civil service management, functioning of provincial administrations, and transparency and accountability of public finances.

Cofinancing

Cofinancing operations enable ADB's financing partners, government or their agencies, multilateral financing institutions, and commercial organizations, to participate in the financing of ADB projects. The additional funds are provided 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 the ADB's Trade Finance Program.

By the end of 2011, cumulative direct value-added official cofinancing for Afghanistan amounted to \$218.4 million for 16 investment projects and \$11.2 million for 13 technical assistance projects.

In 2011, the Energy Sector Development Investment Program—Tranche 3 was provided with \$20.0 million grant from the Government of the United Kingdom and \$12.4 million grant from the Government of Denmark. In addition, the Transport Network Development Investment Program—Tranche 1 was given \$33.0 million grant from the Afghanistan Infrastructure Trust Fund.

A summary of projects with cofinancing from 1 January 2007 to 31 December 2011 is available at www.adb.org/countries/afghanistan/cofinancing

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 a total of \$198.1 million in nonsovereign financing, all of which were for six private sector projects in Afghanistan. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2011 totaled \$46.5 million, representing 0.9% of ADB's total nonsovereign portfolio.

Table 8. Afghanistan: Projects Cofinanced, 1 January 2007–31 December 2011

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	5	93.50
Grants	5	93.50
Technical Assistance Grants	3	4.70

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

Table 9. Afghanistan: Share of Procurement Contracts

Item	2010		2011		Cumulative (as of 31 Dec 2011)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods and Works	15.49	0.24	7.13	0.10	308.21	0.28
Consulting Services	0.11	0.03	0.37	0.09	6.05	0.08

Table 10. Afghanistan: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Contractor/Supplier	Sector	Contract Amount (\$ million)
Mumtaz Construction Group	Agriculture and Natural Resources	7.99
Gulf Home Base	Transport and ICT	7.50
Fayz Construction Company Ltd.	Transport and ICT	6.40
Shahran Construction and Engineering Ltd.	Agriculture and Natural Resources	4.89
Amin Qasim Ltd.	Transport and ICT	2.96
Human Knowledge Consulting LLC (HKC)	Transport and ICT	1.92
Samander Construction and Producing Ltd.	Agriculture and Natural Resources	1.83
Homadi General Trading Co.	Transport and ICT	1.32
Omulblad Engineering Group (OEG)	Multisector	1.28
Brotheran Afghan Construction Company (BACCO)	Multisector	0.85

ICT = information and communication technology.

Table 11. Afghanistan: Top Consulting Firms Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Hemayat Brothers Demining International	1	0.16
M/S FKH Geoexpert Services	1	2.75
Alliott Gulf Ltd.	3	0.01

Table 12. Afghanistan: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2007–31 December 2011

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Agency Coordinating Body for Afghan Relief (ACBAR)	1	0.38
Nejat Center, Afghanistan	1	0.05
Bamyan Women's Business Association	1	0.03
Individual consultants	38	1.25

Procurement

From 1 January 1968 to 31 December 2011, contractors and suppliers were involved in 197,338 contracts for ADB loan projects worth \$109.78 billion. During the same period, contractors and suppliers from Afghanistan were involved in 261 contracts for ADB loan projects worth \$308.21 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 12,179 contracts for ADB loan projects worth \$4.81 billion. During the same period, consultants from Afghanistan were involved in five contracts for ADB loan projects worth \$2.92 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 24,484 contracts for ADB technical assistance projects worth \$3.42 billion. During the same period, consultants from Afghanistan were involved in 87 contracts for ADB technical assistance projects worth \$3.58 million.

Table 13. **ADB Assistance to Developing Member Countries, 2010–2011^a**

	2010 (\$ million)	2011 (\$ million)	Change (%)
Lending	11,444.53	12,605.46	10.14
ADF, Sovereign	2,212.57	1,954.85	(11.65)
OCR, Sovereign	8,196.96	9,050.61	10.41
OCR, Nonsovereign	1,035.00	1,600.00	54.59
Public Sector	–	600.00	
Private Sector	1,035.00	1,000.00	(3.38)
Equity Investments	235.00	239.00	1.70
Grants ^b	1,052.86	844.14	(19.82)
Technical Assistance Grants	325.00	359.39	10.58

– = nil, () = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Excludes terminated loans, equity investments, technical assistance, and grants.

^b Excludes grant cofinancing not administered by ADB.

About Afghanistan and ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held: 3,585 (0.03% of total shares)
 Votes: 43,075 (0.33% of total membership,
 0.50% of total regional membership)
 Overall capital subscription: \$55.04 million
 Paid-in capital subscription: \$7.34 million

Ashok K. Lahiri is the Executive Director and **Bounleua Sinxayvolavong** is the Alternate Executive Director representing Afghanistan on the ADB Board of Directors.

Robert Gordon Rinker is the ADB Country Director for Afghanistan. The Afghanistan Resident Mission (AFRM) was opened in 2003 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. AFRM 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 2011, lending volume was \$12.61 billion (104 projects), with TA at \$148 million (212 projects) and grant-financed projects at \$614 million (23 projects). In addition, \$7.7 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 2007 to 31 December 2011, ADB's annual lending volume averaged \$11.34 billion. In addition, TA and investment grants funded by ADB and special funds resources averaged \$755.3 million and \$175.0 million in TA over the same period. As of 31 December 2011, the cumulative totals excluding cofinancing were \$179.7 billion in loans for 2,423 projects in 42 countries, \$5.0 billion in 186 grants, and \$3.3 billion in TA grants, including regional TA grants.

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Useful ADB websites

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