



## Asian Development Bank & Afghanistan

### FACT SHEET

**Table 1. Afghanistan: Development Indicators**

Non-MDG	
Population in millions	26.01 (2010)
Annual population growth rate (%)	2.0 (2008–2010)
Adult literacy rate (%)	...
Percent of population in urban areas	24.4 (2009)
MDG	
Percent of population living on less than \$1.25 a day	...
Percent of population living below the national poverty line	36.0 (2008)
Under-5 mortality rate per 1,000 live births	199.0 (2009)
Percent of population using an improved drinking water source	48.0 (2008)

... = data not available, MDG = Millennium Development Goal.

Sources: ADB. 2011. *Basic Statistics 2011*. Manila; World Bank. 2011. World Development Indicators Online.

**Table 2. Afghanistan: Economic Indicators, 2006–2010**

Economic Indicator	2006	2007	2008	2009	2010
Per capita GNI, Atlas method (\$)	300	320	310	...	...
GDP growth (% change per year)	8.2	14.2	3.4	20.4	8.2
CPI (% change per year)	5.1	13.0	26.8	(12.2)	8.2
Unemployment rate (%)	...	...	...	...	...
Fiscal balance (% of GDP)	(2.9)	(1.8)	(3.7)	(1.2)	(0.2)
Export growth (% change per year)	0.9	1.3	18.9	12.8	6.9
Import growth (% change per year)	10.0	15.7	14.1	(2.5)	3.7
Current account balance (% of GDP)	(4.9)	1.2	(0.9)	(1.4)	1.9
External debt (% of GNI)	143.1	22.6	22.8	...	...

( ) = negative, ... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2011. *Asian Development Outlook 2011*. Manila; ADB staff estimates; World Bank. 2011. World Development Indicators Online.

Afghanistan is a founding member of the Asian Development Bank (ADB), which was established in 1966. ADB has provided Afghanistan with \$2.1 billion in loans, grants, guarantees, technical assistance, ADB-administered cofinancing, and private sector investments. The country is ADB's 18th largest borrower.

As a result of ongoing civil conflict, ADB operations in the country were suspended from 1989 to 2002. Significant international engagement with Afghanistan resumed in late 2001. ADB, the World Bank, and the United Nations assisted Afghan authorities in preparing assessments of the country's critical rehabilitation and development needs.

At the 2002 Tokyo Conference, ADB pledged loan and grant assistance of some \$500 million over 2.5 years, beginning with a \$167.18 million Postconflict Multisector Program loan—the first loan by an international financial institution to the country in more than 23 years. In 2004, ADB pledged up to \$800 million in Asian Development Fund (ADF) loans and grants for 2005–2008. At the 2006 London Conference, ADB announced it would provide at least \$200 million per year in ADF funding through to 2010. At the 2008 Paris Conference in Support of Afghanistan, ADB pledged \$1.3 billion in support of Afghanistan's further economic development over the 2008–2013 period. These grant funds are now fully committed. In terms of overall donor pledges from 2002–2013, ADB ranks as Afghanistan's fourth largest donor after the United States, the United Kingdom, and the World Bank.

At the request of the Afghan authorities, ADB loan and grant-financed projects and programs, and related technical assistance, are focused on the energy, road and rail transport, and irrigation and agriculture sectors. 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.

### Impact of Assistance

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 billion to construct or upgrade 1,100 kilometers (km) of regional and national roads as of December 2010 and \$31 million to rehabilitate several regional airports. Major initiatives include the \$400 million Multitranchise Financing Facility (MFF) for the Road Network Development Investment Program that was approved in 2008 to improve about 400 km of national roads, as well as to maintain some 1,500 km of the country's paved roads for 5 years. A \$150 million Emergency Infrastructure Rehabilitation and Reconstruction Project, approved in mid-2003, rehabilitated 447 km of the nation's primary ring road and is contributing to the repair of power transmission lines. It also supported the rehabilitation of damaged gas production, transmission, and distribution facilities, and is funding the rehabilitation of irrigation infrastructure.

ADB has also approved a \$165 million grant for the construction of a new 75-km railway line between Hairatan at the border with Uzbekistan and Mazar-e-Sharif in Afghanistan. The railway is expected to be operational in early 2011, and represents the first phase of a larger rail network

planned across the north and other parts of the country, including links to Herat, Tajikistan, and Pakistan. It will expand the existing transport network in Afghanistan, substantially improve internal and international connectivity, and will open up alternative routes of supply for national and international trade, as well as for humanitarian relief to the country. The project is part of the Transport Strategy and Action Plan agreed under the Central Asia Regional Economic Cooperation (CAREC) Program.

ADB is the largest development partner in the energy sector and has committed \$700 million in loans, grants, and technical assistance. A \$35 million Regional Power Transmission Interconnection Project will connect power grids in Tajikistan and Afghanistan, allowing Tajikistan to export surplus electrical power to Afghanistan. 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 (NEPS). The first tranche of \$164 million will finance a number of subprojects, including a 60-km Kunduz–Talaquan transmission line, NEPS distribution in Kunduz and Baghlan municipalities, and rehabilitation of the Sheberghan gas fields. The second tranche of \$81.5 million will rehabilitate and expand power distribution networks in Kabul.

ADB has provided \$513 million to the natural resource management sector. The \$75 million Western Basins Water Resources Management Project, approved in 2005, will support integrated water resource management, water resource and irrigation development, agriculture and livelihood services, and capacity development and project management in the Western Basins region. The \$48 million Agriculture Market Infrastructure Project and Rural Business Support Project, approved in 2008, will support further development of Afghanistan's market infrastructure and the establishment of standards for Afghanistan's livestock and horticulture industries. In 2009, ADB approved a \$303.3 million MFF for the Water Resources Development Investment Program. The 10-year investment program will finance (i) the rehabilitation and upgrading of existing and development of new irrigation and water resources infrastructure, (ii) flood management infrastructure, (iii) institutional strengthening, and (iv) capacity building for key staff throughout the sector. The first tranche of \$90 million was signed in November 2009.

In economic management and governance, ADB's \$55 million Fiscal Management and Public Administration Reform Program, approved in 2005, 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. The \$60 million Private Sector and Financial Markets Development Program, approved in 2006, has helped the government establish a clear and comprehensive legal basis for private sector development. The \$167.18 million Postconflict Multisector Program loan, approved in late 2002, supported policy and institutional reforms with a focus on governance in the finance, transport, and energy sectors.

ADB's private sector investments in Afghanistan are predominantly in the telecommunications and banking sectors. As of the end of 2010, seven private sector projects (for a total of \$206.1 million) had been approved in the form of loans (\$135 million), a B-loan (\$30 million), equity investments (\$16.1 million), and guarantees (\$25 million). The major borrower has been the Telecom Development Company of Afghanistan (Roshan), receiving a total of \$180 million. With such support, Roshan has been able to expand its operations, now serving more than 3 million Afghan subscribers. ADB also made a \$2.6 million equity investment in the Afghanistan International Bank, a \$10 million private sector guarantee to the Afghanistan Investment Guarantee Facility,

**Table 3. Afghanistan: 2010 Loan, Technical Assistance, and Grant Approvals (\$ million)**

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
–	–	2.43	352.00	354.43

– = nil.

Cumulative Lending (as of 31 Dec 2010) : \$952.3 million  
Cumulative Disbursements (as of 31 Dec 2010) : \$736.3 million

**Table 4. Afghanistan: Cumulative ADB Lending as of 31 December 2010**

Sector	Loans (no.)	Amount (\$ million)	% <sup>a</sup>
Agriculture and Natural Resources	8	167.80	17.62
Education	–	–	–
Energy	3	70.50	7.40
Finance	1	5.00	0.53
Health and Social Protection	–	–	–
Industry and Trade	1	5.70	0.60
Public Sector Management	1	48.00	5.04
Transport and ICT	7	338.10	35.50
Water Supply and Other Municipal Infrastructure and Services	–	–	–
Multisector	2	317.18	33.31
<b>Total</b>	<b>23</b>	<b>952.28</b>	<b>100.00</b>

– = nil, ICT = information and communication technology.

<sup>a</sup> Total may not add up because of rounding.

**Table 5. Afghanistan: Project Success Rates**

Sector	% <sup>a</sup>	No. of Rated Projects/Programs
Agriculture and Natural Resources	–	1
Multisector	100.00	2
Transport and ICT	100.00	1
<b>Total</b>	<b>75.00</b>	<b>4</b>
<b>Year of Approval</b>		
2000s	75.00	4

– = nil, ICT = information and communication technology.

<sup>a</sup> Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program 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 2010

**Table 6. Afghanistan: Portfolio Performance Quality Indicators for Sovereign Lending, 2009–2010**

	2009 (\$ million)		2010 (\$ million)	
	2009	2010	2009	2010
Number of Ongoing Loans (as of 31 Dec 2010)				10
Contract Awards/Commitments	37.1	18.1		
Disbursements	74.3	65.9		
Loans at Risk (%)	18.2	20.0		

Note: Totals may not add up because of rounding.

a \$5.5 million equity investment in the Afghanistan Renewal Fund Limited and an \$8 million loan for Sungas LPG Distribution Network.

In addition, since 1969, ADB has provided \$69 million in technical assistance grants to develop priority investment projects, as well as to support national capacity development. In 2009, ADB approved one project preparatory technical assistance grant for \$0.2 million.

## Cofinancing and Procurement

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 grants, official or commercial loans, and syndications.

In 2010, ADB established the Afghanistan Infrastructure Trust Fund to pool cofinancing for key infrastructure projects in the country.

As of the year-end 2010, cumulative direct value-added cofinancing for Afghanistan amounted to \$58.0 million for five investment projects and \$8.2 million for 11 technical assistance projects.

A summary of projects with cofinancing from 1 January 2006 to 31 December 2010 is available at [www.adb.org/Documents/Fact\\_Sheets/Afghanistan/cofinancing.asp](http://www.adb.org/Documents/Fact_Sheets/Afghanistan/cofinancing.asp)

From 1 January 1968 to 31 December 2010, contractors and suppliers were involved in 186,186 contracts for ADB loan projects worth \$97.66 billion. During the same period, contractors and suppliers from Afghanistan were involved in 233 contracts for ADB loan projects worth \$300.70 million.

From 1 January 1968 to 31 December 2010, consultants were involved in 11,643 contracts for ADB loan projects worth \$4.63 billion. During the same period, consultants from Afghanistan were involved in three contracts for ADB loan projects worth \$0.01 million.

From 1 January 1968 to 31 December 2010, consultants were involved in 22,350 contracts for ADB technical assistance projects worth \$3.15 billion. During the same period, consultants from Afghanistan were involved in 81 contracts for ADB technical assistance projects worth \$3.43 million.

A summary of procurement contracts awarded to companies and consultants from Afghanistan for goods and works, and consulting services can be found at [www.adb.org/Documents/Fact\\_Sheets/Afghanistan/procurement.asp](http://www.adb.org/Documents/Fact_Sheets/Afghanistan/procurement.asp)

## Partnership

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, 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. The assessment reports are available at [www.adb.org/Documents/Reports/APPPA/default.asp](http://www.adb.org/Documents/Reports/APPPA/default.asp)

**Table 7. Afghanistan: Projects Cofinanced, 1 January 2006–31 December 2010**

Cofinancing	No. of Projects	Amount (\$ million)
Projects*	4	39.45
Grants	3	24.45
Commercial loans and syndications	1	15.00
Technical Assistance Grants	2	2.70

\*A project with more than one source of cofinancing is counted once.

**Table 8. Afghanistan: Share of Procurement Contracts**

Item	2009		2010		Cumulative (as of 31 Dec 2010)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods and Works	36.97	0.36	15.49	0.24	300.70	0.31
Consulting Services	0.32	0.07	0.11	0.03	3.44	0.04

**Table 9. Afghanistan: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2006–31 December 2010**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Mumtaz Construction Group	Agriculture and Natural Resources	8.16
M/S Gulf Home Base JV	Transport and ICT	7.69
M/S Fayz Construction Company Ltd.	Transport and ICT	6.12
Shahran Construction and Engineering Ltd.	Agriculture and Natural Resources	4.99
M/S Human Knowledge Consulting LLC (HKC)	Transport and ICT	1.41
Omublud Engineering Group (OEG)	Multisector	1.28
Brotheran Afghan Construction Company (BACC)	Multisector	0.85
Harirod Construction Company (HCC)	Multisector	0.77
Arian Bana Construction Company	Agriculture and Natural Resources	0.70
Afghan Maskan Construction Company	Multisector	0.38

ICT = information and communication technology.

**Table 10. Afghanistan: Top Consulting Firms Involved in ADB Loan Projects, 1 January 2006–31 December 2010**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
M/S FKH Geoexpert Services	1	3.35
Alliott Gulf Ltd.	3	0.01

**Table 11. Afghanistan: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2006–31 December 2010**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Agency Coordinating Body for Afghan Relief (ACBAR)	1	0.38
Norwegian Church Aid (AFG)	1	0.14
Nejat Center, Afghanistan	1	0.05
Individual consultants	46	1.23

## Operational Challenges

Afghanistan continues to face daunting challenges, including endemic poverty and lack of human capacity; insecurity; weak governance and institutionalized corruption; a drug economy equal to 5% of gross domestic product; rampant gender inequality; policy, regulatory and institutional constraints that have limited effective growth in public and private sectors.

## Future Directions

ADB's country partnership strategy (CPS), which covers the 2009–2013 period, continues ADB's focus on Afghanistan's energy, transportation and communications, agriculture and natural resources, and governance sectors. 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 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 as well as the ANDS Results-Based Framework where ADB support focuses on ANDS pillar 3 (economic and social development), as well as ANDS pillar 2 (governance, rule of law, and human rights).

Table 12. **ADB Assistance to Developing Member Countries, 2009–2010<sup>a</sup>**

	2009 (\$ million)	2010 (\$ million)	Change (%)
Lending	13,215.89	11,462.27	(13.27)
ADF, Sovereign	2,210.31	2,212.57	0.10
OCR, Sovereign	10,567.71	8,196.96	(22.43)
OCR, Nonsovereign	437.87	1,052.73	140.42
Public Sector	134.30		
Private Sector	303.57	1,052.73	246.78
Equity Investments	220.00	243.00	10.45
Grants <sup>b</sup>	1,113.52	1,052.86	(5.44)
Technical Assistance	267.00	326.54	22.30

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

<sup>a</sup> Excludes terminated loans, equity investments, technical assistance, and grants.

<sup>b</sup> Excludes grant cofinancing not administered by ADB.

## About Afghanistan and ADB

### ADB Membership

Joined 1966

### Shareholding and Voting Power

Afghanistan is the 31st largest shareholder among regional members and the 39th largest overall.

Figures are as of 1 April 2009, before ADB's Board of Governors voted to adopt the fifth general capital increase. The process is ongoing, and the final figures are expected to be available by 30 June 2011. Current subscription levels are available from the Office of the Secretary.

Shares held 1,195 (0.03%)    Votes 14,427 (0.33%)

**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 2010, lending volume was \$11.46 billion (106 projects), with TA at \$175 million (243 projects) and grant-financed projects at \$982 million (40 projects). In addition, \$3.67 billion in direct value-added loan, grants and TA cofinancing was generated. From 1 January 2006 to 31 December 2010, ADB's annual lending volume averaged \$10.3 billion. In addition, TA and investment grants funded by ADB and special funds resources averaged \$692.6 million and \$175.4 million in TA over the same period. As of 31 December 2010, the cumulative totals excluding cofinancing were \$167.1 billion in loans for 2,328 projects in 42 countries, \$4.4 billion in 163 grants, and \$3.15 billion in TA grants, including regional TA grants.

## Contacts

### Afghanistan Resident Mission

126 Street 2, Haji Yaqoub Square Shar-e-Now  
P.O. Box 3070, Kabul, Afghanistan  
Tel +93 20 210 3602  
Fax +93 85 535 204  
afrm@adb.org  
www.adb.org/afrm

### ADB Headquarters

6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
Tel +63 2 632 4444  
Fax +63 2 636 2444  
information@adb.org

### Ministry of Finance

Islamic Republic of Afghanistan  
Kabul, Afghanistan  
Tel +93 20 210 3157  
Fax +93 20 210 3258  
info@mof.gov.af

### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Country website  
[www.adb.org/afghanistan](http://www.adb.org/afghanistan)

Asian Development Outlook  
[www.adb.org/documents/books/ado/2011/ado2011-afg.pdf](http://www.adb.org/documents/books/ado/2011/ado2011-afg.pdf)

Annual Report  
[www.adb.org/Documents/Reports/Annual\\_Report/2010/default.asp](http://www.adb.org/Documents/Reports/Annual_Report/2010/default.asp)