

# **ASIAN DEVELOPMENT BANK**

## **COUNTRY STRATEGY AND PROGRAM UPDATE 2004–2006**

### **ISLAMIC REPUBLIC OF AFGHANISTAN**

**August 2004**

## CURRENCY EQUIVALENTS

(as of 14 August 2004)

Currency Unit	–	afghani (AF)
AF1.00	=	\$0.02181
\$1.00	=	AF45.85

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
AIB	–	Afghanistan International Bank
ASPL	–	Agriculture Sector Program Loan
CG	–	consultative group
CSP	–	country strategy and program
CSPU	–	country strategy and program update
DAB	–	Da Afghanistan Bank
EIRRP	–	Emergency Infrastructure Rehabilitation and Reconstruction Project
GDP	–	gross domestic product
GEF	–	Global Environment Facility
ICSP	–	initial country strategy and program
IDA	–	International Development Agency
IFI	–	international financial institution
IMF	–	International Monetary Fund
ISAF	–	International Security Assistance Force
JFPR	–	Japan Fund for Poverty Reduction
M&E	–	monitoring and evaluation
MIGA	–	Multilateral Investment Guarantee Agency
MIWRE	–	Ministry of Irrigation, Water Resources, and Environment
MOF	–	Ministry of Finance
MRRD	–	Ministry of Rural Rehabilitation and Development
NDF	–	National Development Framework
NGO	–	nongovernment organization
PMPL	–	Postconflict Multisector Program
PRG	–	political risk guarantee
TA	–	technical assistance
TASF	–	Technical Assistance Special Fund
UNDP	–	United Nations Development Programme
UNODC	–	United Nations Office on Drugs and Crime
USAID	–	United States Agency for International Development

## NOTES

- (i) The Afghan fiscal year (FY) coincides with the Afghan solar year (SY). The current FY, SY 1383, runs from 20 March 2004 until 20 March 2005.
- (ii) In this report, "\$" refers to US dollars.

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## I. CURRENT DEVELOPMENT TRENDS AND ISSUES

### A. Recent Political and Social Developments

1. Despite daunting challenges, Afghanistan is undergoing one of the most promising phases of political and economic development in its recent history. Whether peace and stability are restored and progress toward political normalcy and economic renewal continues depends largely on the ability of the Kabul authorities to reconstruct an economy devastated by more than two decades of conflict and natural disaster, and to overcome a myriad of security and drug-related difficulties. It also depends on the international community's abiding agreement to provide longer-term commitments and significant technical and financial support for new programs and projects, and to address security requirements.

2. The installation of a transitional Government with Mr. Hamid Karzai as President in 2002; the adoption of a new constitution in January 2004 designating Afghanistan as an Islamic republic including a strong centralized presidency, a bicameral legislature, and gender equality in principle; the approval of an electoral law in May; and the prospect of presidential and parliamentary elections with universal suffrage in September constitute a strong framework for recovery and development. The Government has demonstrated its commitment to political, economic, and social reform and to developing a free and competitive economic system and private sector-driven growth. It has initiated important steps to reduce the political influence of the country's warlords and to create a strong, cohesive national army. The authorities have shown strong ownership of the reconstruction effort, working closely with funding agencies on rebuilding critical physical infrastructure and on transforming Soviet-style public sector institutions into those that promote market-led development. Despite enormous challenges associated with macroeconomic planning and management of the reconstruction effort (e.g., the Government's limited technical and revenue-generating capacities, numerous aid sources and implementing agencies, deficient statistical information, weak service delivery systems, and manifold laws and regulations requiring revision), the authorities have succeeded in providing basic social and humanitarian aid to a rapidly growing population possessing some of the worst socioeconomic indicators in the world (poverty and social indicators are presented in Table A1.3). The inadequate telecommunication and transport infrastructure and nascent commercial banking and legal systems notwithstanding, business infrastructure is improving rapidly and Afghanistan is reintegrating into the global marketplace.

3. Afghanistan needs to become an effective state with authority across the whole country, and which is democratic and accountable, can guarantee security and the rule of law for its citizens, addresses the needs of the poor, and ensures an enabling environment for private sector-driven economic growth. However, warlordism in many areas, the revival of the Taliban, the survival of Al-Qaeda as a coherent force, and increased fighting and banditry all menace Afghanistan's cohesion and threaten the political transition and economic development. Although the situation in Kabul is stable due to the presence of the forces of North Atlantic Treaty Organization (NATO), Afghan National Army, and police forces, the city is also home to Taliban loyalists and extremists, and is experiencing periodic missile attacks and bombings as well as increased crime and lawlessness.<sup>1</sup> Security considerations outside the capital mirror the

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<sup>1</sup> On 13 October 2003, the United Nations (UN) Security Council, responding positively to calls from the Government, the UN and nongovernment organizations (NGOs) for an expansion of the International Security Assistance Force (ISAF) beyond Kabul, allowed ISAF to operate throughout Afghanistan. NATO made plans to open five Provincial Reconstruction Teams (PRTs) in the north and west. NATO is experiencing considerable difficulty gaining additional commitments of troops and weaponry from its member states to expand much beyond

complexities of Kabul. Taliban elements are returning to Afghanistan's southern, southeastern, and eastern provinces from Pakistan's border areas. In recent months, anti-government political and religious factions have stepped up their attacks on aid agency representatives to disrupt the electoral process. The situation is particularly important for Asian Development Bank (ADB) operations in these areas: security considerations at project sites, especially for transport and energy projects, will determine the pace at which ADB-supported projects can be implemented.

4. Afghanistan is once again the world's largest producer of illicit opium. The current ban on cultivation has had extremely limited effect; indeed, planting opium is a major cash income source for farmers due to its ready profitability and lack of other livelihood alternatives. According to the UN Office on Drugs and Crime (UNODC), opium was cultivated on 80,000 hectares (ha) in 2003, an increase of 8% over 2002; production increased by 6% to 3,968 tons, 20 times more than in 2001, the last year of Taliban rule. Poppy was grown in 28 of 32 provinces in 2003, up from 18 in 1999. UNODC estimates that 264,000 families—or about 7% of Afghanistan's population—are producing poppy, each cultivating an average of 0.3 ha. UNODC estimates average earnings at \$3,900 per opium-growing family (or \$594 per capita) in a country where per capita gross domestic product (GDP), as estimated by the International Monetary Fund (IMF), is only \$207. The share of poppy production in the economy is large; IMF estimates that including opium exports would raise the FY2002/03 GDP by 40% to \$6.5 billion. Drug export income generates substantial demand, production, and income in other sectors of the economy. Any reduction in poppy cultivation will have a negative impact on economic growth—and possibly on poverty reduction, the balance of payments, and macroeconomic stability—unless matched by alternative livelihood schemes.

5. Poppy cultivation, narcotics production and trade, and profits from these activities constitute a major threat to Afghanistan's security, political normalization, and economic development, and chain a poor rural population to domestic warlords and international crime syndicates. To combat this problem, the Government has developed a national counternarcotics strategy, and is working with aid agencies involved in the security sector on interdiction and eradication activities and on support for alternative livelihoods. ADB operations in natural resources and agriculture cover rehabilitation of irrigation systems and agricultural support services, and will have a positive impact on reducing poppy cultivation by providing alternatives to its production, using a demand-driven, participatory, and community-based approach.

## **B. Economic Assessment and Outlook**

6. The Government is strongly committed to achieving financial stability and maintaining fiscal discipline to support economic reconstruction and recovery. It is coordinating and managing the reconstruction and development effort, which was strengthened following adoption of the National Development Framework (NDF) in April 2002. The NDF focuses on three pillars of development: (i) security and human development, (ii) rebuilding physical infrastructure, and (iii) creating a viable private sector as the engine for sustainable and inclusive economic growth. For each pillar, broad sector programs have been developed and individual, in-country consultative groups (CGs) established to identify and select projects and coordinate foreign aid flows. Preparation of annual national development budgets, which seek to translate the NDF's broad programs and priorities into detailed, prioritized investment programs to be funded through the formal budgetary process, has followed. A strong Government-aid agency partnership will be crucial to effective implementation of these investment programs.

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Kabul. To date, however, only one ISAF PRT led by Germany with 250 troops has been assigned to the northern city of Kunduz.

7. The Government's reform agenda has been based on sound macroeconomic policies. Impressive progress has been made in achieving macroeconomic stability, and the economy shows it. IMF estimates that real GDP, excluding opium production, grew by about 30% in 2002/03 and 23% in 2003/04. The growth resulted from recovered agricultural production after years of drought, an urban construction boom, and increased service establishments driven by the international community's spending and emergency assistance efforts. Since the successful currency conversion in early 2003, prices have remained broadly stable and the exchange rate has fluctuated around AF48-50 per dollar, reflecting sound monetary and fiscal policies, ample staple food supplies, and confidence in the new currency. Continued strong growth in agriculture, services, and construction is expected in 2004.

8. The treasury has been reorganized and revenue and expenditure systems restructured; the tax regime is being simplified and international standards of auditing and accounting established.<sup>2</sup> Efforts are under way to increase the central Government's control over provincial finances: the recent streamlining of the Government's accounts in the provinces and their planned consolidation into the central accounts at Da Afghanistan Bank (DAB) will help achieve effective revenue centralization. These efforts are reaping dividends: domestic revenues are budgeted at \$300 million, an increase of about 50% over SY1382, leaving \$309 million to be covered by external assistance and carryover funds.<sup>3</sup> The Government is adhering to a strict policy of no deficit financing: it will not borrow from the banking system to cover any shortfall.

9. A major step forward is the recent adoption of the new Central Bank Law and Banking Law, facilitating further central bank modernization and the entry of several commercial banks, including the Afghanistan International Bank (AIB), supported by ADB.<sup>4</sup> The new Central Bank Law provides a framework for an independent yet accountable monetary policy, and the creation of a sound financial system. The Government has also drafted a new Law on Domestic and Foreign Private Investment addressing such areas as tax waivers, land leasing, transfer of capital and profits, seizure and confiscation, and dispute resolution. Three presidential decrees have paved the way to implement a Public Administration Reform and Economic Management Program to build accountable, transparent, and efficient public services.

10. Despite strong economic recovery and recent progress in structural reform, the remaining reform agenda and financial requirements for continued progress are vast. With a per capita GDP of only \$207, reducing poverty, or even attaining the income levels of neighboring countries, will require strong economic growth for many years to come and substantial international assistance to sustain recovery, growth, and poverty reduction. Ultimately, the Government's ability to maintain political and macroeconomic stability and to adopt strong policy measures, as well as noneconomic factors such as security and institutional capacity, are key.<sup>5</sup>

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<sup>2</sup> The SY1383 (March 2004–March 2005) operating budget adopted by the Cabinet on 18 March calls for an AF30.33 billion (\$609 million) total budget, comprising an estimated AF15.38 billion to be funded from domestic revenues and AF14.95 billion from external assistance—a 21% increase over the SY1382 budget in afghani terms (10% in \$ terms). This increase reflects enormous needs in education, social protection and security, and the Government's improved capacity to deliver public services. The development budget will be adopted by June and will include only projects for which assured financing has been identified.

<sup>3</sup> IMF has noted that the Government's domestic revenue target is achievable, but constitutes more of a high case than a baseline scenario, estimated at \$256 million (IMF Country Report No. 04/110, April 2004).

<sup>4</sup> The Board of Directors approved on 13 May 2004 an equity investment in AIB amounting to \$2.602 million.

<sup>5</sup> The Government and IMF reached agreement in March 2004 on a staff-monitored program (SMP). The SMP sets limits on nonconcessional external borrowings, and should pave the way by 2005 to a more ambitious program and financial assistance under a poverty reduction and growth facility.

### C. Implications for Country Strategy and Program

11. The Government of Germany hosted an international conference— “Afghanistan and the International Community: A Partnership for the Future”— on 31 March-1 April 2004 in Berlin. The Government presented a strategy document entitled “Securing Afghanistan’s Future: Accomplishments and the Strategic Path Forward,” prepared with support from ADB, IMF, United Nations Development Programme (UNDP), and World Bank.<sup>6</sup> The report sets economic growth targets for Afghanistan that are aligned with the Millennium Development Goals and covers all sectors of intervention including the security sector. Putting Afghanistan on a sustainable development path is going to be a long and costly exercise; total financing of \$31.8 billion is needed through 2010 to raise Afghanistan to an annual per capita GDP of about \$500 by 2015, including an external financing requirement of \$27.6 billion over 7 years, or about \$4 billion/year.<sup>7</sup> The report emphasizes that assistance should be looked on as an investment in stability, peace-building, and development at local, regional, and global levels, which will reduce the global threats of drugs and terrorism, and permit major reductions in the costs of coalition and ISAF forces of about \$13 billion per year, and the costs of responding to humanitarian needs of about \$2 billion per year that a failed state would have no capacity to address.

12. During the 2-day meeting, 33 contributors pledged \$8.2 billion for March 2004–March 2007, or 69% of the Government’s target of \$11.9 billion. More than \$4.5 billion was pledged for March 2004–March 2005, or 102% of the Government’s target of \$4.4 billion. Some contributors made multiyear pledges and commitments of various time frames of between 1 and 5 years. Although the pledges met the Government’s expectations, reconstruction assistance to Afghanistan, measured per capita, has been far lower than for other postconflict countries.

13. In Berlin, ADB pledged to consider assistance of about \$800 million in Asian Development Fund (ADF) loans and grants during 2005–2008, subject to the outcome of ongoing ADF negotiations and the future availability of ADF. ADB also identified loan and equity investments of up to \$100 million in partnership with local and foreign investors, and guarantees of about \$100 million to catalyze private investments. With these initiatives, it is expected that total assistance provided by ADB to Afghanistan will exceed \$1 billion in 2005–2008, and \$1.5 billion in 2002–2008.

14. Afghanistan’s postconflict status calls for a large amount of external finance on highly concessional terms. However, the importance of domestic contribution to reconstruction must not be understated. Afghan leadership and participation at all stages are crucial for longer-term sustainability of these initiatives. At present, nearly all activity is externally-driven; far too many international consultants continue to perform tasks that Afghans should be doing by now. While consultants have played essential and constructive roles, “Afghanization” of the reconstruction effort has hardly begun. Without it, sustainable growth and poverty reduction will not take place. Major investments in human and social capital are required over an extended period to develop the necessary Afghan professional, technical, and vocational skills base. Meantime, external

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<sup>6</sup> ADB staff led in preparing chapters and technical annexes on natural resource management and transport and provided inputs on other sectors.

<sup>7</sup> The report earmarks \$13.5 billion for physical infrastructure, \$2.6 billion for security measures, \$2.3 billion for livelihoods and social protection, and \$1.4 billion for health care. About \$7.2 is needed to finance the Government’s recurrent expenditures; the balance is for specific projects, foremost among which is rehabilitation of the road network. In 2004–2011, 9% annual growth and domestic revenues of about \$600 million are assumed. The Government seeks to finance the wage portion of its recurrent expenditure in 5 years and the entire recurrent budget in 9 years.



consultants will continue to be required, but need to focus more on building Afghan capacity at central and local levels to lead the reconstruction and development process.

## **II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM**

### **A. Progress in Poverty Reduction**

15. The Government intends to prepare a national poverty reduction strategy paper that ADB and other development partners can support. Assuming national elections are held in September 2004, work will begin then on a full CSP including data collection and preparation of sector road maps.

16. Poverty in Afghanistan is associated with previous low rates of economic growth and the collapse of livelihood opportunities due to the long period of conflict. Other factors are environmental degradation, land tenure status, livestock ownership, access to water and inputs, access to off-farm employment, access to poppy cultivation, refugee/displaced person status, gender, ethnicity, and physical disability. Under the frequently used consumption criterion of \$1/day, poverty incidence ranges from 60% to 80%.

17. ADB has kept a strategic poverty reduction framework in view for Afghanistan. The Postconflict Multisector Program Loan (PMPL) and Agriculture Sector Program Loan (ASPL), for example, established enabling environments for efficient production, trade, and market liberalization. The Emergency Infrastructure Reconstruction and Rehabilitation Project (EIRRP), technical assistance (TA), and pilot projects will also contribute to poverty reduction through employment generation, production increases, improved economic and social services, private sector development, increased household income, community development, gender development, environmental preservation, reintegration of refugees and internally displaced persons, and improved security.

### **B. Progress in the Country Strategy and Program Focus Areas**

18. ADB follows a three-pronged approach to support Afghanistan's reconstruction: building capacity, establishing an appropriate policy and institutional framework, and rehabilitating essential infrastructure. In March 2003, the Government requested ADB and all other development partners to focus assistance on three or fewer sectors to minimize duplication of effort and improve the effectiveness of aid efforts. ADB agreed to focus loan and technical assistance on transport (roads and civil aviation), energy (power and gas), and natural resource management (agriculture, irrigation, and environment); TA would also cover governance and the financial sector. In March 2004, it was agreed that loan assistance would support governance and the financial sector, and that ADB's private sector interventions would also focus on banking and telecommunications. No restructuring of ADB's portfolio would be necessary until 2005.

19. Afghanistan's security and future prosperity will be more easily achieved and more sustainable by promoting effective regional cooperation on sectors such as transport, energy, and water. ADB will continue its support for the participation of Afghanistan in regional cooperation initiatives: in 2004 it will continue supporting the Central and South Asia Trade and Transport Forum (CSATTF), the key objectives of which are to promote regional trade and economic cooperation in Afghanistan and neighboring countries through improved road corridors connecting Central Asia and South Asia with Arabian Sea and the Persian Gulf ports via Afghanistan. Another ADB-supported initiative in which Afghanistan plays a key role is the

Turkmenistan-Afghanistan-Pakistan (TAP) Gas Pipeline Project, to transport up to 30 billion cubic meters of natural gas from the Dauletabad fields in Turkmenistan to consumers in Afghanistan and Pakistan by constructing a 1,600 kilometer gas pipeline. ADB was requested by the project steering committee to serve as the facilitating development partner for project design and implementation, including preparation of a feasibility study.

### **C. Highlights in Coordinating External Funding and Partnership Arrangements**

20. Three major Government initiatives are improving coordination of external funding. First, the national budget remains the central instrument for policy and institutional reform as well as for mobilizing and coordinating domestic and external resources. Second, aid agency-government CGs were established covering 12 sectors, chaired by a concerned government ministry or department with one or two aid agencies designated as focal point.<sup>8</sup> Third, the Government is leading the CG process to improve budget preparation and aid coordination.

21. ADB continues to work closely with other development partners, particularly Australia, Denmark, Germany, Japan, Kuwait, Netherlands, Norway, United Kingdom, United States, World Bank, European Commission, and UNDP, the major sources of ADB cofinancing and/or official development assistance to Afghanistan. Division of responsibilities has been worked out based on the Government's priorities and ADB's comparative advantage vis-à-vis other funding agencies. Coherence and consistency of approach within sectors are achieved through frequent country consultations between the Government and funding agencies.

22. During 2002-2003, ADB approved \$65.6 million in grant cofinancing from the Japan Fund for Poverty Reduction (JFPR, \$50 million), Kuwait Fund (\$15 million), Denmark (\$450,000), and Australia (\$136,000). ADB will try to secure additional 2004-2006 cofinancing of about \$425 million from various sources: Abu Dhabi Fund (\$30 million grant) for irrigation; Australia (\$271,000 grant) for capacity building at the Ministry of Finance (MOF); Canada (\$730,000 grant) for irrigated area development; DFID (\$750,000 grant) for renewable energy development; Japan (\$30 million grants) for water supply, river basin development and community development; Saudi Fund (\$100 million parallel loan) and Iran (\$25 million-\$30 million in parallel grant) for the Herat-Andkhoy road; U.S. Agency for International Development (USAID, \$215 million in parallel grants) for road projects; Multilateral Investment Guarantee Agency (MIGA, \$20 million in parallel loans) for investment guarantees; and Global Environment Facility (GEF, \$810,000 grant) for environmental protection.

23. ADB's Resident Mission in Kabul was formally opened on 16 March 2004. The Resident Mission is facilitating the coordination of ADB assistance to Afghanistan as it gradually takes on responsibility for programming and project implementation.

## **III. PORTFOLIO MANAGEMENT ISSUES**

### **A. Portfolio Performance**

24. ADB resumed operations in Afghanistan in May 2002 with the approval of the Initial Country Strategy and Program (ICSP) 2002–2004, which committed \$500 million in loans and grants to build capacity, establish appropriate policy and institutional frameworks, and

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<sup>8</sup> ADB is the focal point for the CGs on transport (together with the Government of Japan), natural resource management, and one crosscutting area—environment (together with UNEP). ADB is also a member of two other CGs on energy, mining and telecommunications; and public administration and economic management.

rehabilitate essential infrastructure. At the January 2002 Tokyo Conference, ADB had pledged to deliver loan and grant assistance of some \$500 million over 2.5 years. On 3 June 2003, ADB's Board of Directors endorsed a 2003–2005 CSP Update (CSPU) for Afghanistan, paving the way for delivery of \$610 million over 3 years, including \$580 million in ADF and \$30 million in TA grants.

25. In December 2002, ADB approved the first loan by an international financial institution to Afghanistan since 1979. The \$150 million<sup>9</sup> PMPL supported policy reforms, public infrastructure investment, and capacity building to promote economic growth. Since June 2003, the \$150 million EIRRP is rebuilding important road and power infrastructure and irrigation systems in northern Afghanistan. The \$55 million ASPL, approved in May 2004, promotes agricultural growth and poverty reduction by developing a sound policy framework and efficient sector institutions. As of June 2004, ADB had also approved \$26.35 million in capacity-building TA grants, and was administering \$65.6 million in cofinanced activities. To date, \$197.3 million has been disbursed out of total loan assistance of \$372.18 million, a disbursement ratio of 53%.

## **B. Performance Monitoring and Evaluation**

26. Afghanistan has made good use of aid. The PMPL leveraged policy and institutional reforms to ensure that reconstruction efforts in the transport, energy, and financial sectors are soundly based. The ASPL aims at a similar objective in agriculture and natural resource management. The Government's timely and effective compliance with tranche conditions underscores its ownership of these programs. Civil works under the EIRRP are under way. TA projects are progressing smoothly though with minor delays due to security concerns. In particular, the Poverty Assessment and Socioeconomic and Macroeconomic Statistical Capacity Building TA is helping the Central Statistics Office to improve the collection and analysis of national statistics needed by a wide variety of users for effective monitoring, planning, and research.<sup>10</sup> The TA was designed within the framework of a statistical master plan and will facilitate the development of quantitative performance indicators and targets to monitor and evaluate the impacts of development assistance on targeted beneficiaries. The project will also improve national accounts estimates; collect trade, balance-of-payments, and fiscal data; and update the consumer price index. It will also conduct the first comprehensive poverty assessment for Afghanistan. Portfolio indicators are presented in Tables A1.6–1.9 (Appendix 1).

## **IV. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS**

### **A. Proposed Lending Level**

27. Afghanistan is making good progress in recovery and rehabilitation, but reconstruction and development will occur over a much longer horizon. A structured loan pipeline to implement a poverty reduction strategy and support reconstruction and development will require a fairly large lending program. Subject to the availability of resources, requirements for 2004–2006 are \$600 million comprising \$570 million in ADF and \$30 million in Technical Assistance Special Fund (TASF). The loan pipeline prepared in collaboration with the Government totals \$570 million for 12 programs and projects—an average annual lending level of \$190 million: \$170 million in 2004, and \$200 million in 2005 and 2006 (Table A1.10, Appendix 1).<sup>11</sup> This amount is

<sup>9</sup> Current value is \$167.18 million including capitalized interest.

<sup>10</sup> TA 4313-AFG, approved on 26 December 2003 for \$1.75 million.

<sup>11</sup> The CSPU 2003–2005 endorsed by the Board of Directors in June 2003 included a lending program totaling \$190 million in 2004 and \$200 million in 2005.

in line with ADB's annual lending to Afghanistan of \$167.2 million in 2002 and \$150 million in 2003.

28. Thematically, the entire lending program for 2004–2006 would be allocated to economic growth. In terms of poverty focus, most loans, TAs, and other nonlending operations in the operational program are classified as core poverty interventions.<sup>12</sup> Social development and gender concerns will be mainstreamed in loans and TAs to the extent practicable to engage community members, local government, and civil society in decision making for planning and implementing projects, and promote women's participation accordingly.

29. ADB supports the Government strategy of a private sector-led economic recovery. ADB's interventions are expected to total about \$53 million in 2004 and \$100 million in 2005.<sup>13</sup> Depending on progress in policy dialogue with the Government to establish an environment conducive to investments and further discussions with cofinanciers, ADB could invest in the energy and transport sectors as well as in bank and nonbank financial institutions to develop Afghanistan's financial sector. ADB's private sector investments are expected to catalyze investments of about \$240 million in 2004 and \$450 million in 2005.

## **B. Nonlending Program**

30. Under the 2004–2006 nonlending program ( Table A1.11, Appendix 1). ADB will provide grant capacity building and project preparatory TA totaling \$30 million (\$10 million per year) in support of governance reforms, capacity building, policy reforms and pilot projects in the transport, energy, natural resource management, governance, and financial sectors. Subject to the availability of resources, a TA pipeline has been prepared comprising 36 activities totaling \$63.6 million (an average \$21.2 million annually), including \$33.6 million in grant cofinancing. The 2004–2006 program will include increased support for project preparatory TAs (12 totaling \$15.35 million). Other nonlending pilot activities to be financed by bilateral and multilateral sources would cover renewable energy and biodiversity management, and grant-funded pilot efforts linked to loan-financed projects.

## **C. Summary of Changes to Lending and Nonlending Program**

31. Several deviations from CSPU 2003–2005 are notable. First, the Government requested ADB to expand its current focus to provide loan assistance for governance and the financial sector. Second, the Government requested that ADB support at least one program loan per year.<sup>14</sup> Third, the Government welcomed a diversification of ADB's program to include increased support for private sector investments and guarantees and reliance on cofinancing.

32. CSPU 2003-2005 proposed a 2004 lending program of \$190 million in ADF resources, for the ASPL (\$50 million), Herat-Andkhoy Road Improvement Project (\$100 million), and the

<sup>12</sup> Actual assistance levels will depend on country performance, including the Government's ability to sustain macroeconomic stability, proven commitment to implement policy and institutional reforms, absorptive capacity, debt sustainability, effectiveness in utilizing ADB's resources, and continued improvements in the governance dimensions of ADB operations. Afghanistan is still being treated as a postconflict developing member country, with lending levels determined under the exceptional circumstances provisions of the performance-based allocation policy. Although prepared within a medium-term framework, the CSPU focus is on the period January– December 2004.

<sup>13</sup> Comprising \$10 million in banks and funds, \$13 million in edible oil processing, and \$30 million in telecom expansion in 2004; and \$75 million in cement production and \$25 million in petroleum storage and retailing in 2005.

<sup>14</sup> The Government requested the inclusion of program support for public service delivery reform (\$80 million) in 2005, and financial market and private sector development (\$80 million) in 2006.

Regional Airports Rehabilitation I Project (\$40 million). Although all three loans will be delivered as planned in 2004, the lending program was cut by \$20 million, or about 11%, necessitating revisions in project scopes and mobilization of cofinancing. In 2004, an Afghanistan Investment Guarantee Facility (\$5 million) to provide political risk coverage for foreign investors with small- and medium-scale investments, has been included. The 2005 program also includes support for a Power Transmission and Distribution Project (\$50 million) and a private investment support facility (\$2 million) to catalyze private investments. In 2006, a political risk guarantee of \$100 million for the rehabilitation and development of gas-producing wells is included. TA will be provided in 2004–2005 for a road master plan (\$2 million), renewable energy, environmental protection, and natural resource policy and planning (\$2 million), and poverty and gender assessments (\$550,000). A new TA in 2004 for capacity building for the MOF (\$1.5 million) will replace planned support for a debt recording and management system. An advisory TA on security for ADB-financed projects (\$1 million) will assist the Government in providing security for ADB projects. Cofinancing totaling \$30 million will be sought for pilot projects involving water supply, river basin development, and community development.

## COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

**Table A1.1: Progress Toward the Millennium Development Goals and Targets**

Goals and Targets	Country Status
<b>Goal 1: Eradicate Extreme Poverty and Hunger</b>	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1/day.	53% of the rural population fall under the consumption poverty line established in the National Rural Vulnerability Assessment conducted in December 2003. Disparities across the region should be noted, such as in Ghowr Province, where the poverty rate reaches 92%. The \$1/day poverty line is not found.
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	The estimate is that 45–55% of the total population are malnourished. The Ministry of Health is undertaking public nutrition strategies, largely through the “Basic Package of Health Services for Afghanistan (BPHS);” it addresses the underlying causes of malnutrition, such as food insecurity due to inequitable distribution, inadequate social and care environment, and insufficient access to health services.
<b>Goal 2: Achieve Universal Primary Education</b>	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	Gross primary enrollment rate is low at 15% in 2000/01 (29% for boys and 0% for girls). The back-to-school campaign has had positive results: 4 million more children were enrolled in primary school in the last 2 years. The budget emphasizes education's priority: in the 2003 development budget the largest allocation, \$250 million, went to education.
<b>Goal 3: Promote Gender Equality and Empower Women</b>	
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005, and in all levels of education no later than 2015.	The ratio of girls to boys in primary education is 0.52. The disparity is wider in rural areas, especially in the southern provinces, where the ratio is less than 15%. Action is needed to overcome gender-related constraints to education, such as shortage of female staff in the health sector, which discourages women from seeking medical help, and thus hinders improvements in child mortality and maternal health. The Ministry of Women's Affairs is implementing programs and strategies to ensure full participation of women in society.
<b>Goal 4: Reduce Child Mortality</b>	
Target 5: Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate.	As of 2002, infant mortality rate was 165 per 1,000; the under-5 mortality rate was 257 per 1,000. The under-5 mortality rate has hardly changed from 260 in 1990.

<b>Goals and Targets</b>	<b>Country Status</b>
<p><b>Goal 5: Improve Maternal Health</b></p> <p>Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.</p>	<p>As of 2000, maternal mortality ratio is estimated at 1,900 per 100,000. The Ministry of Health is implementing the “Basic Package of Health Services for Afghanistan (BPHS),” whose priority is reduction of mortality and morbidity. To improve efficiency, NGOs are being contracted to deliver the BPHS through public-private partnerships.</p>
<p><b>Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases</b></p> <p>Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS.</p> <p>Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.</p>	<p>Little information is available on the spread of HIV/AIDS, but Afghanistan has many of the conditions for quick spread, such as high drug use and lack of public information on preventive measures.</p> <p>16% of the population are at high risk for malaria and 3 million are infected annually. As for tuberculosis, 321 cases per 100,000 are reported annually, of which 91 result in death; 718 measles cases and 10 polio cases are reported annually. BPHS integrates programs like vaccinations to attack these diseases.</p>
<p><b>Goal 7: Ensure Environmental Sustainability</b></p> <p>Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.</p> <p>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water.</p> <p>Target 11: By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers.</p>	<p>The Government is undertaking initiatives, together with international organizations, to build a national environmental plan that incorporates environmental issues within the development framework.</p> <p>Only 13% of the population have access to safe drinking water. The Government is developing a strategy for national rural community-based water supply and sanitation to increase access to clean drinking water.</p> <p>Conditions in the country’s slums are closely linked to increasing urban migration, as well as access to clean drinking water. The Government will deal with these problems by promoting rural economic growth and urban development through (i) improved housing and infra-structure to reduce overcrowding, (ii) improved access to basic services, and (iii) increased employment and economic growth.</p>

BPHS = Basic Package for Health Services, HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome.

Sources: UNDP, *Opening Doors to Opportunity: Afghanistan’s Millennium Development Goals*; UNICEF, *The State of the World’s Children 2004*.

Table A1.2: Country Economic Indicators

Item	FY1999	FY2000	FY2001	FY2002	FY2003
<b>A. Income and Growth</b>					
1. GDP per Capita (\$, current)				167	205
2. GDP Growth (% , in constant prices)				28.6	23.2
a. Agriculture					
b. Industry					
c. Services					
<b>B. Savings and Investment</b> (current and market prices, % of GDP)					
1. Gross Domestic Investment					
2. Gross National Savings					
<b>C. Money and Inflation</b> (annual change)					
1. Consumer Price Index <sup>a</sup>				5.2	24
2. Total Liquidity (M2)					
<b>D. Government Finance</b> (% of GDP)					
1. Revenue and Grants				6.7	9.3
2. Expenditure and Onlending				7.4	9.1
3. Overall Fiscal Surplus (deficit)				(5.1)	(5.1)
<b>E. Balance of Payments</b>					
1. Merchandise Trade Balance (% of GDP)				(32.3)	(32.4)
2. Current Account Balance (% of GDP)				(4.7)	(3.4)
3. Merchandise Export (\$) Growth (annual % change)				47.1	33.4
4. Merchandise Import (\$) Growth (annual % change)				40.3	23.6
<b>F. External Payments Indicators</b>					
1. Gross Official Reserves (including gold, \$ million in weeks of current year's imports of goods)					
2. External Debt Service (% of exports of goods and services)				3.6	0.72
3. Total External Debt (% of GDP)				18.7	51.9
<b>G. Memorandum Items</b>					
1. GDP (current prices, {\$} billion)				4.4	4.7
2. Exchange Rate ({AF}/\$, average)				50.8	
3. Population (million)				21.8	

— = not available, FY = fiscal year, GDP = gross domestic product.

<sup>a</sup> For Kabul City only.

Sources: Asian Development Bank staff estimates; IMF Staff Monitored Program (April 2004); IMF Country Report No. 04/110.



**Table A1.3: Country Poverty and Social Indicators**

Item	Latest Year
<b>A. Population Indicators</b>	
1. Total Population (million)	21.8 (2002/03)
2. Annual Population Growth Rate (% change)	—
<b>B. Social Indicators</b>	
1. Total Fertility Rate (births/woman)	6.9 (2000)
2. Maternal Mortality Rate (per 100,000 live births)	1900 (2000)
3. Infant Mortality Rate (below 1 year/1,000 live births)	165 (2002)
4. Life Expectancy at Birth (years)	43 (2002)
a. Female	
b. Male	
5. Adult Literacy (%)	36 (2000)
a. Female	21 (2000)
b. Male	51 (2000)
6. Primary School Gross Enrollment (%)	15 (2000/01)
7. Secondary School Gross Enrollment (%)	—
8. Child Malnutrition (% below age 5)	48 (2000)
9. Population Below Poverty Line (%)	—
10. Population with Access to Safe Water (%)	13 (2000)
11. Population with Access to Sanitation (%)	12 (2000)
12. Public Education Expenditure (% of GDP)	—
13. Human Development Index Rank	—
14. Gender-Related Development Index Rank	—
<b>C. Poverty Indicators</b>	
1. Poverty Incidence	—
2. Percent of Poor to (in rural population)	53 (2003)
a. Region A	—
b. Region B	—
3. Poverty Gap	—
4. Poverty Severity Index	—
5. Inequality (Theil L Index)	—
6. Human Poverty Index Rank	—

— = not available, GDP = gross domestic product.

Sources: UNICEF, *The State of the World's Children 2004*; UNICEF, *Statistical Review since the World Summit for Children*; UNESCO, *South and East Asia*; UNDP, *Opening Doors to Opportunity: Afghanistan's Millennium Development Goals*. Poverty figure is the national poverty line for rural population. Data on \$1/day poverty line is not available.

**Table A1.4: Country Environment Indicators**

<b>Indicator</b>	<b>Figure</b>	<b>Latest Year and Source</b>
<b>A. Energy Efficiency of Emissions</b>		
1. GDP/Unit of Energy Use (\$PPP/kgoe)	—	
2. Traditional Fuel Use (% of total energy use)	—	
3. Carbon Dioxide Emissions		
a. Tons	1,238	UNESCAP 1995
b. Tons per Capita	—	
<b>B. Water Pollution: Water and Sanitation</b>		
1. % Urban Population with Access to Safe Water	19	UNICEF 2000
2. % Rural Population with Access to Safe Water	11	UNICEF 2000
3. % Urban Population with Access to Sanitation	25	UNICEF 2000
4. % Rural Population with Access to Sanitation	8	UNICEF 2000
<b>C. Land Use and Deforestation</b>		
1. Forest Area (million hectares)	1.35	EarthTrends 2000
2. Average Annual Deforestation		
a. km <sup>2</sup>	—	
b. % Change	—	
3. Rural Population Density (people/km <sup>2</sup> of arable land)	873	2002
4. Arable Land (% of total land)	12.13	FAOSTAT 2001
5. Permanent Cropland (% of total land)	0.22	FAOSTAT 2001
<b>D. Biodiversity and Protected Areas</b>		
1. Nationally Protected Area	—	
a. Million Hectares	0.22	EarthTrends 2003
b. % of Total Land	0.3	EarthTrends 2003
2. Mammals (number of threatened species)	—	
3. Birds (number of threatened species)	—	
4. Higher Plants (number of threatened species)	—	
5. Reptiles (number of threatened species)	—	
6. Amphibians (number of threatened species)	—	
<b>E. Urban Areas</b>		
1. Urban Population		
a. Million	5.12	UNFPA 2001
b. % of Total Population	22	UNFPA 2001
2. Per Capita Water Use (liters/day)		
3. Wastewater Treated (%)		
4. Solid Waste Generated per Capita (kg/day)		

— = not available, FAO = Food and Agriculture Organization, GDP = gross domestic product, kg = kilogram, kgoe = kilograms of oil equivalent, km<sup>2</sup> = square kilometer, PPP = purchasing power parity, UNESCAP = United Nations Economics and Social Commission for Asia and the Pacific, UNFPA = United Nations Populations Fund, UNICEF = United Nations Children's Fund.

Sources: Asian Development Bank. 2003. *Country Strategy and Program Update*, Manila.; Food and Agriculture Organization. 2003. FAOSTATS. <http://apps.fao.org/faostat>; United Nations Population Fund. 2004. <http://www.unfpa.org/profile/afghanistan.cfm>; UNESCAP. 2002. Statistics Division; United Nations Children's Fund. [http://www.unicef.org/infobycountry/afghanistan\\_statistics.html](http://www.unicef.org/infobycountry/afghanistan_statistics.html).

**Table A1.5: Development Coordination Matrix**

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
<p><b>Agriculture and Natural Resources</b></p>	<p>Key strategies of the Asian Development Bank (ADB) in the agriculture and natural resource sector are to (i) support the Government in developing sector policies, strategies, and planning processes and institutional reform to create the environment for improving sector productivity and efficiency; (ii) support capacity building and institutional strengthening of government and community-based institutions; (ii) improve irrigation water supply by helping rehabilitate sector infrastructure, especially irrigation systems, and develop new infrastructure to improve the supply and reliability of irrigation water; and (iii) as part of this process provide support in input and service provision. Key ADB activities: cluster technical assistance (TA) activities were initiated in 2003 in agriculture and water resource management and planning (Ministry of Agriculture and Animal Husbandry [MAAH] and Ministry of Irrigation, Water Resources and Environment [MIWRE]); capacity building and institutional reform (MAAH, MIWRE, Ministry of Rural Rehabilitation and Development [MRRD]); rural livelihood and monitoring and evaluation support (MRRD); and environmental management and protection in the environment department (MIWRE). In 2004 capacity-building TA in agriculture and natural resource management for programming and aid management coordination will start.</p> <p>In 2004 a \$55 million agricultural sector program loan will support sector, policy, and institutional reform.</p> <p>Loan projects to support water resource infrastructure rehabilitation have begun with a \$15 million irrigation rehabilitation component of the 2003 Emergency Infrastructure Rehabilitation and Reconstruction Project (EIRRP); a planned project preparatory technical assistance (PPTA) for the</p>	<p>The <b>European Commission (EC)</b> is undertaking a broad range of interventions across most subsectors to improve agricultural livelihoods by diversification and improving productivity, improving food security, starting a seed commercialization project, undertaking a community-based irrigation system rehabilitation project based on a river basin approach (Konduz River Basin Management Project), planned livestock and horticulture projects, a community-based pistachio forest project. The EC is supporting an alternative livelihoods project, a number of nongovernment organization (NGO) community based rural activities, and the environmental capacity building program for the Environment Department in MIWRE (\$4 million).</p> <p><b>United States Agency for International Development (USAID)</b> has a large program in the sector focusing on improving livelihoods by (i) supporting the reestablishment and development of market-based systems with access to improved inputs (seed, fertilizer, chemicals and credit for both farmers and traders/ processors), regulatory support (vaccination laboratory, seed), improving technologies, enterprise diversification (crop and livestock), and commodity market access; (ii) improving infrastructure via irrigation rehabilitation and improving local roads and market centers. The key implementation program is the \$150 million Rebuilding Agriculture Markets Program (RAMP). Other US programs support the Afghan Conservation Corps to implement labor-based tree planting, and other irrigation rehabilitation activities.</p> <p><b>World Bank (WB)</b> activities are focused on the water resource subsector, supporting emergency irrigation rehabilitation, establishing the hydrological network, institutional strengthening and capacity building of MIWRE and community water</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
	<p>western basin irrigated agriculture project of \$80 million (ADB \$40 million and \$40 million of cofinancing) will be prepared for 2005. In 2004, a \$5 million Japan Fund for Poverty Reduction (JFPR) community-based irrigation rehabilitation project will start, as will a \$10 million JFPR Balkh River Basin Project.</p>	<p>institutions, and preparing feasibility studies for large irrigation projects. WB is funding an emergency irrigation project.</p> <p><b>United Kingdom-Department for International Development (DFID)</b> activities support improving rural livelihoods, developing alternative livelihoods as part of a counter narcotics strategy for farm households, strengthening and capacity building of sector and community-based institutions, and supporting planning and policy-based activities; and supporting applied agriculture research activities.</p> <p>The <b>Government of India</b> is planning to support building of the Salma Dam Project in Herat.</p> <p>The <b>Government of Japan</b> is supporting irrigation rehabilitation, community-based rural activities, capacity building, and agricultural enterprise redevelopment to improve rural livelihoods.</p> <p>The <b>Government of Germany</b> is supporting rural livelihood improvement activities in livestock and agriculture, institutional strengthening in the water resource and irrigation subsector, and irrigation rehabilitation.</p> <p>The <b>Government of the People's Republic of China</b> is supporting the rehabilitation of the Parwan river basin irrigation scheme (\$15 million).</p> <p><b>United Nations Agencies.</b> A number of key UN agencies, such as the Food and Agriculture Organization (FAO) and United Nations Environment Programme (UNEP), are involved in the sector in capacity building, agriculture and livestock subsector activities, forestry, input commodity and seed improvement, pest and disease control, and developing environmental management capacity. Most of the activities are being funded by bilateral and multilateral agencies.</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		A number of other development partners (Italy, Norway, Switzerland, Turkey) have a limited involvement in the sector.
<b>Energy</b>	<p>ADB's key strategy for assistance in the power sector is to undertake capacity building and training of the concerned ministry and enterprises, rehabilitation and urgent repair of power infrastructure, in particular, transmission and distribution lines and establishment of a national power transmission grid.</p> <p>Under the EIRRP, ADB has committed about \$41 million in the power sector to finance (i) rehabilitation and reconstruction of damaged transmission lines and substations in the northern provinces to permit increased power imports (transmission lines from Hairatan to Khulm, Khulm to Pol-e Khomri, Khulm to Mazar-e-Sharif, and substations at Khulm and Pol-e Khomri); (ii) urgently needed rehabilitation and reconstruction of the Kabul distribution system, which was damaged during the conflict period; and (iii) consulting services for project management and on-the-job management support training.</p> <p><u>Future pipeline activities follow:</u></p> <ul style="list-style-type: none"> <li>(i) TA-2004-Feasibility Study for National Transmission Grid (\$0.75 million)</li> <li>(ii) Loan-2005-Power Transmission and Distribution Project (\$50.0 million)</li> <li>(iii) TA-2005-Institutional Strengthening of the MWP (\$0.75 million)</li> <li>(iv) Loan -2006-National Power Transmission Grid Project (\$50.0 million)</li> </ul>	<p><b>International Development Agency (IDA)</b> is currently preparing a \$200 million project (of which IDA funding is \$100 million) that would finance investments in distribution and generation, in addition to substantial technical assistance to commercialize the operations of Da Afghanistan Breshna Moassese (DABM). The proposed project will support the overall reform of the sector, but will focus largely on distribution activities and help reorganize the utility on a commercial basis while addressing the sector's enormous investment needs. The project will help finance rehabilitation and expansion of distribution networks in Kabul and several other cities, and will provide support to improve DABM's commercial and management aspects. This project is expected to be approved in the third quarter of 2004.</p> <p><b>Kreditanstalt fur Wiederaufbau (KfW)</b> is currently implementing four projects with funding from <b>Germany</b>, the <b>EC</b>, and the Afghanistan Reconstruction Trust Fund (ARTF) for a total of €46.65 million; (i) rehabilitation of Kabul Region Electric Grid (Phase 1) for €16.1 million; (ii) Phase 2 of the rehabilitation of Kabul Region Electric Grid (KfW Mandate from the European Commission) for a total of €9 million; (iii) rehabilitation of hydropower plants at Mahipar and Sarobi, which serve the Kabul area, for a total of €15 million; (iv) a KfW mandate from ARTF for €6.55 million to complete some of these projects, including hydropower plant rehabilitation, city distribution network, and 110 kV transmission lines. On the technical assistance side, KfW has seconded a long-term advisor (April 2003–sometime in 2005) to the Ministry of Water and Power (MWP). In addition, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) has seconded a long-term advisor to build capacity in DABM, specifically in the Kabul Electricity</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
	<p>ADB will assist in gas production, a transmission and distribution system, a gas pipeline infrastructure project, and formulation of a policy, legal, and regulatory framework for sector development.</p> <p>ADB has provided \$26.5 million in the form of TA grants and loan for the following activities:</p> <p>Under the EIRRP, rehabilitation of two gas fields and improvement of gas production, processing, transmission and distribution facilities (\$24.2 million); Energy Sector Review and Development of Gas Master Plan (\$0.95 million); Institutional Strengthening of the Gas Sector (\$0.75 million); and Capacity Building for Reconstruction and Development that includes strengthening of the hydrocarbon sector institutions (\$0.6 million). In addition, ADB has also provided a \$150.0 million Postconflict Multisector Program Loan to support reforms in the financial, transport, and energy sectors. Implementation of these activities had been initiated.</p>	<p>Department.</p> <p><b>USAID</b> is providing technical assistance to MWP under their Economic Governance Project, which covers institutional strengthening and restructuring of MWP and designing a regulatory framework and new sector law, and includes the funding of a resident advisor. In addition, the <b>US Government</b> is providing approximately \$80 million as part of the \$1.2 billion funding package for Afghanistan Relief and Reconstruction over the next year. The projects being funded include the Helmand River Valley Power Supply, Kabul and Jalalabad Area Fuel and Power Supply, and Economic Reform of the Energy Sector to Support Investment.</p> <p><b>WB</b> provided a TA to study the development of a hydrocarbon exploration promotion program for areas that are currently producing oil and gas (\$0.5 million) funded under the EIRRP. The WB is also supporting (\$1.2 million funded through a United States Trade and Development Agency [USTDA] trust fund) development of options for evaluating the rehabilitation of gas processing and fertilizer plants, construction of a small refinery (capacity 5,000-10,000 barrels of oil per day), and construction of a pipeline to transport gas from the Sheberghan area to Kabul for power and nonpower uses. The TA will fund urgently needed sector work and provide advisory and supervisory assistance to the Ministry of Mines and Industry (MMI). Parts of this TA are being used to (i) promote exploration activities in currently producing oil and gas areas to the private sector; (ii) advise and supervise the preparation of a legal and regulatory framework and review fiscal and tax policy for the petroleum sector; (iii) monitor and supervise a study to evaluate options for developing oil and gas infrastructure; and (iv) advise and supervise the study to evaluate the hydrocarbon potential in several sedimentary basins in Afghanistan.</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
	<p><u>Future pipeline is as follows:</u></p> <ul style="list-style-type: none"> <li>(i) TA-2004-Support for Establishing Gas Regulatory Framework (\$0.75 million)</li> <li>(ii) TA-2005-Feasibility Study to Develop and Rehabilitate Gas-Producing Wells and Repair Gas Pipelines (\$1.0 million)</li> <li>(iii) Loan-2006-Guarantee for Rehabilitation and Development of Gas-Producing Wells and Pipelines Repair (\$100.0 million)</li> <li>(iv) TA-2006-Skills Development for Advance Gas Technologies (\$0.5 million)</li> <li>(v) TA-2006-Update and Analysis of Seismic data (\$1.0 million)</li> <li>(vi) TA-2006-Feasibility Study for Clean Air for Major Cities (\$1.0 million)</li> </ul>	<p>The <b>British Geological Survey</b> has agreed to provide about \$5.0 million to supply equipment, materials, and technical services to upgrade Afghanistan Geological Survey.</p> <p>Similarly, and as stated above, <b>USTDA</b> has provided financial assistance for evaluating options for the rehabilitation and development of oil and gas infrastructure, review of the fiscal and tax policy, and evaluation of the hydrocarbon potential of the sedimentary basins in the country. To complement these efforts, <b>USAID</b> is providing TA to MMI through technical advisors on a long-term basis (about 3 years duration) to improve operational efficiency. USAID will also support short-term critical activities that may be required in improving MMI functionality.</p>
<p><b>Transport and Communications</b></p>	<p>ADB is supporting rehabilitation of national roads, including a master plan study to prioritize the roads. In civil aviation, ADB will assist the Government in the reconstructing/rehabilitating the important regional airports.</p> <p>The road infrastructure component of ADB-financed EIRRP comprises urgently needed repair and rehabilitation to the Pol-e Khomri–Mazar-e-Sharif–Sheberghan section of the ring road, including international links to Turkmenistan (Sheberghan–Andkhoy–Aquina road)<sup>a</sup> and Uzbekistan (Mazar-e-</p>	<p><b>WB</b> has under taken the following major projects:</p> <p>Repair work on the 175 -km Kabul–Doshi road began in August 2003 (\$60.0 million).</p> <p>Rehabilitation of Salang tunnel, the road from Kabul through the 2.7 -km Salang pass to Doshi, covers a critical section; almost 85% of the work has been completed (\$5.0 million).</p> <p>Rehabilitation of the road from Pol-e Khomri to Sher Khan Bandar port. The road to the north and</p>

<sup>a</sup> Connected to the Turkmenistan road network through Atamyrat–Imamnazar road, this corridor is used by the World Food Program (WFP) to bring in food aid for about 6.5 million people in northern Afghanistan. ADB is planning to finance improvement of the Turkmenistan side of the road through the Atamyrat–Imamnazar Road Rehabilitation Project, at an estimated cost of \$21.5 million.

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
	<p>Sharif/Naibabad–Hairatan road) at an estimated total cost of \$65 million. Subsequently, Japan has made \$20 million available under JFPR to finance rehabilitation of Naibabad–Hairatan (55 km) and Naibabad–Balkh (57 km) sections of the northern road. Two consultancy contracts have been awarded and initial survey and design work began in November 2003. The civil works contract has been signed; firm mobilization has already begun.</p> <p>The Kandahar–Spin Boldak road (\$25.0 million), for which the contract was signed in May 2003, is 75% completed as of May 2004.</p> <p>ADB is also assisting in the feasibility study for Herat–Andkhoy road (\$1.0 million), and for rehabilitation of regional airports (\$1 million). The consultants are mobilized for both studies.</p> <p><u>Future pipeline projects follow:</u></p> <ul style="list-style-type: none"> <li>(i) Loan-2004-Herat-Andkhoy Road Improvement Project (\$205.0 million)</li> <li>(ii) Loan-2004-Regional Airports Rehabilitation I Project (\$30.0 million)</li> <li>(iii) TA-2004-Master Plan for Road Network Improvement Phase I (\$2.0 million)</li> <li>(iv) TA-2005-Capacity Building for Road Sector Institutions (\$1.0 million)</li> <li>(v) TA 2005-Feasibility Study for Road Network Improvement Project – Phase II (\$1.0 million)</li> <li>(vi) TA-2005-Institutional Strengthening of the Ministry of Civil Aviation and Tourism (MCAT) (\$1.0 million)</li> <li>(vii) Loan-2006-Road Network Improvement I (\$190.0 million)</li> </ul>	<p>northeast through Doshi is one of Afghanistan's six international links to its neighboring countries (\$22.5 million).</p> <p>Secondary and tertiary roads (2,000 km) and bridges (2,300 m) (\$18.8 million and IDA \$20.4 million)</p> <p>Rehabilitation of Kabul International Airport (\$24.0 million). Bids were due on 29 April 2004.</p> <p>The <b>EU</b> has awarded a €26 million contract to a Chinese engineering company, China Railway Shisiju Group Corporation, for the first reconstruction phase of the vital 222 -km Kabul–Jalalabad–Torkham road. The contract covers the reconstruction cost of the 75 -km stretch of the road from Sarobi to Jalalabad, and signals the start of a two stage project costing more than €65 million.</p> <p><b>USAID</b> has taken over rehabilitation of the following sections of the ring road:</p> <p>Kabul–Kandahar Road section (km 43-432); Phase I with one layer has been completed and phase II will be completed by September 2004, involving two more layers of asphalt and 2-meter paved shoulder on each side (\$182 million).</p> <p>Kandahar–Herat highway (km 356-456), for which design is completed (\$71.6 million)</p> <p>Four bridges on Kandahar–Herat road (\$5.4 million)</p> <p><b>Japan</b> has financed the rehabilitation of the following road section:</p> <p>Kabul–Kandahar road section G; Phase I (\$29.3 million) completed.</p> <p>Kandahar–Herat (km 0-116); design completed.</p>



Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
<p><b>Governance</b></p>	<p>(viii) TA-2006-Feasibility Study for Super Corridors (\$2.0 million)</p> <p>(ix) TA-2006-Capacity Building for Ministry of Transport (\$0.5 million)</p> <p>ADB contributes to the reconstruction and reform of the civil service, particularly in areas where results can be delivered to citizens through improvements in service delivery. ADB is also proposing a Public Service Delivery Reform Program (\$80 million) in</p>	<p>Kabul International Airport, new terminal building; design completed (\$31.0 million)</p> <p>Equipment for Kabul International Airport (\$2.85 million)</p> <p>Rehabilitation of Road Transport for Kabul city (\$18.6 million); completed</p> <p><b>Saudi Arabia</b> has funded the rehabilitation of the ring road segment Kandahar–Herat (Girishk-Delaram) (km 116-231) (\$30.0 million).</p> <p>The <b>Indian</b> Government will fund the rehabilitation of Zaranj–Delaram road; the work will start by August 2004.</p> <p>The Government of <b>Iran</b> has already funded the following national roads:</p> <p>Herat–Islam Qala opening in June 2004 (\$45.0 million);</p> <p>Milak–Zaranj road (5 km) and a bridge; and</p> <p>Herat–Koruk section for which bidding is under process (\$20-\$30 million).</p> <p><b>Italy</b> has committed funds for construction of new Maidan Shar–Bamian road; bidding is in process (€36.0 million).</p> <p><b>Pakistan</b> is assisting in rehabilitation of the transit road (approximately 60 km) from Torkham to Jalalabad; construction work has already started.</p> <p><b>World Bank/DFID</b> support is directed at civil service legal framework, pay and grading, personal management policies and procedures, center of Government roles and responsibilities, IARCSC capacity building, ministry review, Head of</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
<p><b>Financial and Private Sector Development</b></p>	<p>2005 to support policy actions and investments to make basic services effective, equitable, affordable and accessible to all the people of Afghanistan and in particular to the poor, displaced and marginalized sections of society.</p> <p><b>ADB</b> provides support through the Central and South Asia Trade and Transport Forum (CSATTF) for trade facilitation and customs harmonization. ADB has also supported the development of the Afghanistan Investment Guarantee Facility, a guarantee facility that will help FDI by issuing political risk guarantees for eligible</p>	<p>Government's office capacity building, support for machinery of the Government and also support implementation of the PRR decree. (\$5.2 million)</p> <p><b>European Commission (EC)</b> supports civil service legal framework, personal management policies and procedures, personal management capacity building, personal management information system, policy management capacity building, and head of Government's office capacity building.</p> <p><b>Government of Korea (KOICA)</b> will support building of the Civil Service Academy of Afghanistan.</p> <p><b>UNDP</b> is working closely with the Afghan authorities to support the work of Judicial Reform Commission to rebuild the judicial system in Afghanistan, develop the role of women within the judicial system, and increase the capacity for the administration of justice at all levels. Among activities of the Commission are surveying national judicial system, law reform, legal education, and judicial training for court officers. The program is funded by the Government of Italy. In addition, UNDP has established a dedicated Trust Fund to support Afghanistan's New Beginnings Programme (ANBP), which will undertake the implementation of Disarmament, Demobilization and Reintegration Program, under the direction of the government and the international community. An estimated 100,000 former combatants are expected to join this programme.</p> <p><b>USAID</b> has a large program focusing on private sector development through (i) developing the enabling legislative, institutional and regulatory framework for implementing policy, (ii) trade and investment promotion, (iii) export promotion, (iv) start of the WTO accession process, and (v) restructuring and capacity building of the Ministry of</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
	<p>investments. ADB has also assumed a 25% stake in the Afghanistan International Bank (AIB). The remaining 75% is owned by a group of established Afghan business professionals. AIB was opened for business on 5 July 2004 and aims to support the growth and development of Afghanistan's banking sector over the long term and contribute to sustainable growth of the economy. Its shareholders represent a cross-section of Afghan society with businesses in various industry sectors. AIB is professionally managed by ING Government and Institutional Advisory Services B.V. ADB is finalizing the processing of a \$13 million investment in an edible oil-processing venture in Mazar-e-Sharif. Finally, the Government has requested the inclusion of program support for financial market and private sector development (\$80 million) in 2006.</p>	<p>Commerce, (vi) privatization of the State-Owned Enterprises (SOEs) under the Afghanistan Economic Governance Project. USAID has also provided support for development of the industrial parks (\$10 million).</p> <p>The <b>Government of Germany</b> through GTZ also contributes to the development of the private sector in Afghanistan. The Government of Germany provides support for establishment of Afghanistan Investment Support Agency, development of industrial parks, development of legal framework, SME development, and restructuring and capacity building of the Ministry of Commerce.</p> <p><b>World Bank</b> support focuses on custom modernization and harmonization that will help the trade facilitation in the country. To help Afghanistan increase revenue from trade, reduce corruption, and prevent smuggling across its borders, the World Bank approved a \$31 million IDA credit in December 2003 aimed at helping the government establish a more efficient customs and transit regime. The WB has also provided support for restructuring and capacity building of the Ministry of Commerce.</p> <p><b>UNDP</b> administers a fairly small program focused on SME development and trade facilitation. UNDP has also provided support for training centers to enable women to acquire the skills, knowledge and know-how to start up their own small businesses, or generate income through waged employment</p>

**Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings**  
(public sector loans, as of 31 December 2003)

Sector	Net Loan Amount		Total		Rating <sup>a</sup>						Potential Problem <sup>b</sup>		At Risk <sup>c</sup>			
	\$ million	%	No.	%	Highly Satisfactory		Satisfactory		Partly Satisfactory		Unsatisfactory		No.	%	No.	(%)
					No.	%	No.	%	No.	%	No.	%				
Agriculture and Natural Resources	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Energy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health, Nutrition, and Social Protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Industry and Trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Law and Public Sector Management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	173.1	51.4	1	50.0	1	100.0	—	—	—	—	—	—	—	—	—	—
Transport and Communications	163.5	48.6	1	50.0	—	—	1	100.0	—	—	—	—	—	—	—	—
Water Supply, Sanitation, and Waste Management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>336.6</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	—	—	—	—	—	—	—	—

— = not available, No. = number.

<sup>a</sup> One rating for implementation progress and development objectives, based on the lower rating of either.

<sup>b</sup> Potential problem loans are satisfactory loans but have four or more risk factors associated with partly satisfactory or unsatisfactory performance.

<sup>c</sup> A loan is "at risk" if it is rated as partly satisfactory, as unsatisfactory, or as a potential problem.

Source: Asian Development Bank estimates.

**Table A1.7: Portfolio Indicators—Disbursements and Net Transfers of Resources**  
(public sector loans, as of 31 December 2003)

<b>Disbursements and Transfers</b>	<b>OCR</b>	<b>ADF</b>	<b>Total</b>
<b>Disbursements<sup>a</sup></b>			
Total Funds Available for Withdrawal (\$ million)	—	364.4	364.4
Disbursed Amount (\$ million, cumulative)	—	184.6	184.6
Percentage Disbursed (disbursed amount/total available)	—	50.6	50.6
Disbursements (\$ million, latest year)	—	56.4	56.4
Disbursement Ratio (%) <sup>b</sup>	—	28.0	28.0
<b>Net Transfer of Resources (\$ million)<sup>c</sup></b>			
1999	—	—	—
2000	—	—	—
2001	—	—	—
2002	—	83.0	83.0
2003	—	54.5	54.5

— = not available, ADF = Asian Development Fund, OCR = ordinary capital resources.

<sup>a</sup> Includes all loans with disbursements during 2003.

<sup>b</sup> Ratio of disbursements during the year over the undisbursed net loan balance at the beginning of the year less cancellations during the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

<sup>c</sup> Includes private sector projects.

Source: Asian Development Bank estimates.

**Table A1.8: Portfolio Indicators—Evaluation Rating by Sector**  
(1998–2003)

Sector	Highly Successful		Successful		Partly Successful		Unsuccessful		No Rating		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	—	—	—	—	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—	—	—	—	—
Energy	—	—	—	—	—	—	—	—	—	—	—	—
Finance	—	—	—	—	—	—	—	—	—	—	—	—
Health, Nutrition, and Social Protection	—	—	—	—	—	—	—	—	—	—	—	—
Industry and Trade	—	—	—	—	—	—	—	—	—	—	—	—
Law and Public Sector Management	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	—	—	—	—	—	—	—	—	—	—
Transport and Communications	—	—	—	—	—	—	—	—	—	—	—	—
Water Supply, Sanitation, and Waste Management	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	—	—	—	—	—	—	—	—	—	—	—	—

Note: No postevaluation was conducted during the relevant period.

**Table A1.9: Portfolio Implementation Status**  
(public sector loans, as of 31 December 2003)

Sector	Loan No.	Seg	Title	Net Loan Amount		Approval Date	Effective Date	Closing Date		Progress (% complete)
				OCR (\$ million)	ADF (\$ million)			Original (dd/mm/yy)	Revised (dd/mm/yy)	
AG	—	—		—	—	—	—	—	—	—
ED	—	—		—	—	—	—	—	—	—
EN	—	—		—	—	—	—	—	—	—
FI	—	—		—	—	—	—	—	—	—
HL	—	—		—	—	—	—	—	—	—
IN	—	—		—	—	—	—	—	—	—
LW	—	—		—	—	—	—	—	—	—
MS	1954	—	Postconflict Multisector Program	—	173.1	04-Dec-02	05-Dec-02	31-Dec-12	—	—
TC	1997	—	Emergency Infrastructure Rehabilitation and Reconstruction Project	—	163.5	03-Jun-03	31-Oct-03	30-Jun-13	—	—
WS	—	—		—	—	—	—	—	—	—
			<b>Total</b>	—	<b>336.6</b>	—	—	—	—	—

*Continued on next page*

Table A1.9—Continued

Sector	Loan No.	Seg	Title	Cumulative Contracts/ Commitments (\$ million)	Cumulative Disbursements (\$ million)	Rating		Potential Problem <sup>a</sup>	At Risk <sup>b</sup>
						IP	DO		
AG	—	—		—	—	—	—	—	—
ED	—	—		—	—	—	—	—	—
EN	—	—		—	—	—	—	—	—
FI	—	—		—	—	—	—	—	—
HL	—	—		—	—	—	—	—	—
IN	—	—		—	—	—	—	—	—
LW	—	—		—	—	—	—	—	—
MS	1954	—	Postconflict Multisector Program	155.7	156.3	HS	S	No	No
TC	1997	—	Emergency Infrastructure Rehabilitation and Reconstruction Project	3.0	0.3	S	S	No	No
WS	—	—		—	—	—	—	—	—
<b>Total</b>				<b>158.7</b>	<b>156.7</b>				

AG = agriculture and natural resources, DO = development objective, ED = education, EN = energy, FI = finance, HL = health, nutrition, and social protection, HS = highly satisfactory, IN = industry and trade, IP = implementation progress, LW = law and public sector management, MS = multisector, no. = number, OCR = ordinary capital resources, PS = partly satisfactory, Seg = segment (pertaining to loans with more than one withdrawal authority), S = satisfactory, TC = transport and communications, U = unsatisfactory, WS = water supply, sanitation, and waste management.

<sup>a</sup> "Yes" for loans with four or more risk factors associated with partly satisfactory or unsatisfactory performance.

<sup>b</sup> A loan is considered "at risk" if it is rated as "PS" or "U" in either implementation progress or development objectives, or if it is a potential problem loan.



**Table A1.10: Assistance Pipeline for Lending Products, 2004–2006**

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
						ADB			Gov't	Cofi- nancing
						OCR	ADF	Total		
<b>2004 Firm Loans</b>										
<b>Agriculture and Natural Resources</b>										
1. Agriculture Sector Program	CPI	ECO	SAAE	2002 (TAC)	55.0	0.0	55.0	55.0	0.0	0.0
<b>Subtotal</b>					<b>55.0</b>	<b>0.0</b>	<b>55.0</b>	<b>55.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Finance</b>										
2. Afghanistan Investment Guarantee Facility	CPI	ECO	PSOD		25.0	0.0	5.0	5.0	5.0	15.0
<b>Subtotal</b>					<b>25.0</b>	<b>0.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>15.0</b>
<b>Transport and Communications</b>										
3. Herat-Andkhoy Road Improvement Project I	CPI	ECO	SATC	2003	205.0	0.0	80.0	80.0	0.0	125.0
4. Regional Airports Rehabilitation Project I	CPI	ECO	SATC	2003	30.0	0.0	30.0	30.0	0.0	0.0
<b>Subtotal</b>					<b>235.0</b>	<b>0.0</b>	<b>110.0</b>	<b>110.0</b>	<b>0.0</b>	<b>125.0</b>
<b>Total</b>					<b>315.0</b>	<b>0.0</b>	<b>170.0</b>	<b>170.0</b>	<b>5.0</b>	<b>140.0</b>
<b>2005 Firm Loans</b>										
<b>Agriculture and Natural Resources</b>										
1. Western Basins Water Resources Management and Irrigated Agriculture Development Project	CPI	ECO	SAAE	2003	70.0	0.0	40.0	40.0	0.0	30.0
<b>Subtotal</b>					<b>70.0</b>	<b>0.0</b>	<b>40.0</b>	<b>40.0</b>	<b>0.0</b>	<b>30.0</b>
<b>Energy</b>										
2. Power Transmission and Distribution Project	CPI	ECO	SAEN	2004	50.0	0.0	50.0	50.0	0.0	0.0
<b>Subtotal</b>					<b>50.0</b>	<b>0.0</b>	<b>50.0</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
						ADB			Gov't	Cofi- nancing
						OCR	ADF	Total		
<b>Law and Public Sector Management</b>										
3. Public Service Delivery Reform Program	CPI	ECO	SAGF		55.0	0.0	55.0	55.0	0.0	0.0
<b>Subtotal</b>					<b>55.0</b>	<b>0.0</b>	<b>55.0</b>	<b>55.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Transport and Communications</b>										
4. Herat-Andkhoy Road Improvement Project II	CPI	ECO	SATC	2004	95.0	0.0	55.0	55.0	0.0	40.0
<b>Subtotal</b>					<b>95.0</b>	<b>0.0</b>	<b>55.0</b>	<b>55.0</b>	<b>0.0</b>	<b>40.0</b>
<b>Total</b>					<b>270.0</b>	<b>0.0</b>	<b>200.0</b>	<b>200.0</b>	<b>0.0</b>	<b>70.0</b>
<b>2006 Firm Loans</b>										
<b>Energy</b>										
1. National Power Transmission Grid Project	CPI	ECO	SAEN	2004	50.0	0.0	50.0	50.0	0.0	0.0
2. Guarantee for Rehabilitation and Development of Gas-Producing Wells and Pipelines Repair	CPI	ECO	PSOD		100.0 <sup>a</sup>	0.0	0.0	0.0	0.0	0.0
<b>Subtotal</b>					<b>150.0</b>	<b>0.0</b>	<b>50.0</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Finance</b>										
3. Financial Market and Private Sector Development Program	CPI	ECO	SAGF		80.0	0.0	80.0	80.0	0.0	0.0
<b>Subtotal</b>					<b>80.0</b>	<b>0.0</b>	<b>80.0</b>	<b>80.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Transport and Communications</b>										
4. Road Network Improvement Project I	CPI	ECO	SATC		190.0	0.0	70.0	70.0	0.0	120.0
<b>Subtotal</b>					<b>190.0</b>	<b>0.0</b>	<b>70.0</b>	<b>70.0</b>	<b>0.0</b>	<b>120.0</b>
<b>Total</b>					<b>420.0</b>	<b>0.0</b>	<b>200.0</b>	<b>200.0</b>	<b>0.0</b>	<b>120.0</b>

<sup>a</sup> Political risk guarantee.

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				Cofi- nancing
						ADB		Gov't	Cofi- nancing	
						OCR	ADF			
<b>2006 Standby Loan</b>										
<b>Transport and Communications</b>										
5. Regional Airports Rehabilitation Project II	CPI	ECO	SATC		40.0	0.0	40.0	40.0	0.0	0.0
<b>Subtotal</b>					<b>40.0</b>	<b>0.0</b>	<b>40.0</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>					<b>40.0</b>	<b>0.0</b>	<b>40.0</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Lending Program 2004–2006</b>					<b>1,005.0</b>	<b>0.0</b>	<b>570.0</b>	<b>570.0</b>	<b>5.0</b>	<b>330.0</b>

ADB = Asian Development Bank, ADF = Asian Development Fund, CPI = core poverty intervention, ECO = economic development, OCR = ordinary capital resources, PSOD = Private Sector Operations Division, SAAE = South Asia Agriculture and Environment Division, SAEN = South Asia Energy Division, SAGF = South Asia Governance and Finance Division, SATC = South Asia Transport and Communications Division.

**Table A1.11: Assistance Pipeline for Nonlending Products and Services, 2004–2006**

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2004</b>							
<b>Agriculture and Natural Resources</b>							
1. Feasibility Study for Western Basins Water Resources Management and Irrigated Agriculture Development Project	SAAE	PP	TASF	1,200.0	CIDA	730.0	1,930.0
2. Kabul Air Quality Management	AFRM	ID	TASF		Denmark	450.0	450.0
3. Capacity Building for Agriculture Policy Reform	SAAE	ID	TASF	1,000.0		0.0	1,000.0
4. Capacity Building for Land Policy and Administration Reform	SAAE		TASF	250.0	DFID	600.0	850.0
5. Natural Resources Management and Environment Protection	AFRM	ID		0.0	PRCF	810.0	810.0
6. Balkh River Basin Integrated Water Resources Management Project	SAAE	ID		0.0	TBD	10,000.0	10,000.0
7. Capacity Building for Impact Monitoring and Evaluation	SAAE	ID	TASF	450.0		0.0	450.0
8. Capacity Development for Irrigation and Water Resources Management	SAAE		TASF	550.0		0.0	550.0
<b>Subtotal</b>				<b>3,450.0</b>		<b>12,590.0</b>	<b>16,040.0</b>
<b>Energy</b>							
9. Poverty Reduction and Rural Renewable Energy Development	AFRM	ID			DFID	750.0	750.0
10. Feasibility Study for National Transmission Grid	SAEN	PP	TASF	750.0		0.0	750.0
11. Support for Establishing Gas Regulatory Framework	SAEN	ID	TASF	750.0		0.0	750.0
<b>Subtotal</b>				<b>1,500.0</b>		<b>750.0</b>	<b>2,250.0</b>
<b>Industry and Trade</b>							
12. Promoting International Trade and Cross-Border Trade Facilitation	AFRM	ID	TASF	550.0		0.0	550.0
<b>Subtotal</b>				<b>550.0</b>		<b>0.0</b>	<b>550.0</b>

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>Law and Public Sector Management</b>							
13. Security of ADB-Financed Projects in Afghanistan	SAOC	ID	TASF	990.0		0.0	990.0
14. Capacity Building of the Ministry of Finance	SAOC	ID	TASF	1,510.0	AusAID	210.0	1,720.0
<b>Subtotal</b>				<b>2,500.00</b>		<b>210.0</b>	<b>2,710.0</b>
<b>Transport and Communications</b>							
15. Master Plan for Road Network Improvement Phase I	SATC	ID/PP	TASF	2,000.0		0.0	2,000.0
<b>Subtotal</b>				<b>2,000.0</b>		<b>0.0</b>	<b>2,000.0</b>
<b>Total</b>				<b>10,000.0</b>		<b>13,550.0</b>	<b>23,550.0</b>
<b>2005</b>							
<b>Agriculture and Natural Resources</b>							
1. Improving Agriculture and Natural Resource Management and Planning	SAAE	PP	TASF	1,200.0		0.0	1,200.0
<b>Subtotal</b>				<b>1,200.0</b>		<b>0.0</b>	<b>1,200.0</b>
<b>Energy</b>							
2. Institutional Strengthening of the Ministry of Water and Power	SAEN	ID	TASF	750.0		0.0	750.0
3. Feasibility Study to Develop and Rehabilitate Gas- Producing Wells and Repair Gas Pipelines	SAEN	PP	TASF	1,000.0		0.0	1,000.0
<b>Subtotal</b>				<b>1,750.0</b>		<b>0.0</b>	<b>1,750.0</b>
<b>Finance</b>							
4. Financial Market and Private Sector Development Project	SAGF	PP	TASF	1,500.0		0.0	1,500.0
5. Private Investment Support Facility	PSOD	ID	TASF	2,000.0		0.0	2,000.0
<b>Subtotal</b>				<b>3,500.0</b>		<b>0.0</b>	<b>3,500.0</b>
<b>Law and Public Sector Management</b>							
6. Poverty Assessment of the Islamic Republic of Afghanistan	SAOC	ID	TASF	300.0		0.0	300.0

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
7. Gender Assessment of the Islamic Republic of Afghanistan	SAOC	ID	TASF	250.0		0.0	250.0
<b>Subtotal</b>				<b>550.0</b>		<b>0.0</b>	<b>550.0</b>
<b>Transport and Communications</b>							
8. Capacity Building for Road Sector Institutions	SATC	ID	TASF	1,000.0		0.0	1,000.0
9. Feasibility Study for Road Network Improvement Project – Phase II	SATC	PP	TASF	1,000.0		0.0	1,000.0
10. Institutional Strengthening of Ministry of Civil Aviation and Tourism	SATC	ID	TASF	1,000.0		0.0	1,000.0
<b>Subtotal</b>				<b>3,000.0</b>		<b>0.0</b>	<b>3,000.0</b>
<b>Water Supply, Sanitation and Waste Management</b>							
11. Andkhoy Water Supply Project	AFRM	OTH		0.0	TBD	10,000.0	10,000.0
<b>Subtotal</b>				<b>0.0</b>		<b>10,000.0</b>	<b>10,000.0</b>
<b>Total</b>				<b>10,000.0</b>		<b>10,000.0</b>	<b>20,000.0</b>
<b>2006</b>							
<b>Agriculture and Natural Resources</b>							
1. Feasibility Study for the Second Water Resources Management and Irrigated Agriculture Development Project	SAAE	PP	TASF	1,200.0		0.0	1,200.0
2. Feasibility Study for Development of Commercial Agriculture and Livestock Activities	SAAE	PP	TASF	1,300.0		0.0	1,300.0
<b>Subtotal</b>				<b>2,500.0</b>		<b>0.0</b>	<b>2,500.0</b>
<b>Energy</b>							
3. Feasibility Study for Clean Air for Major Cities	SAEN	PP	TASF	1,000.0		0.0	1,000.0
4. Skills Development for Advanced Gas Technologies	SAEN	ID	TASF	500.0		0.0	500.0
5. Update and Analysis of Seismic Data	SAEN	ID	TASF	1,000.0		0.0	1,000.0
<b>Subtotal</b>				<b>2,500.0</b>		<b>0.0</b>	<b>2,500.0</b>

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>Finance</b>							
6. Transforming Government Service	SAGF	ID	TASF	1,300.0		0.0	1,300.0
7. Rural Finance Restructuring and Development	SAGF	PP	TASF	1,200.0		0.0	1,200.0
<b>Subtotal</b>				<b>2,500.0</b>		<b>0.0</b>	<b>2,500.0</b>
<b>Multisector</b>							
8. Eastern Province Area Development Project	SAAE	OTH		0.0	TBD	10,000.0	10,000.0
<b>Subtotal</b>				<b>0.0</b>		<b>10,000.0</b>	<b>10,000.0</b>
<b>Transport and Communications</b>							
9. Feasibility Study for Super Corridors	SATC	PP	TASF	2,000.0		0.0	2,000.0
10. Capacity Building for the Ministry of Transport	SATC	ID	TASF	500.0		0.0	500.0
<b>Subtotal</b>				<b>2,500.0</b>		<b>0.0</b>	<b>2,500.0</b>
<b>Total</b>				<b>10,000.0</b>		<b>10,000.0</b>	<b>20,000.0</b>
<b>Total Nonlending Program 2004-2006</b>				<b>30,000.0</b>		<b>33,550.0</b>	<b>63,550.0</b>

ADB = Asian Development Bank, AFRM = Afghanistan Resident Mission, AusAID = Australian Agency for International Development, CIDA = Canadian International Development Agency, DFID = Department for International Development, ETSW = Economic/Thematic/Sector Work, ID = institutional development, PP = project preparatory, PRCF = Poverty Reduction Cooperation Fund, PSOD = Private Sector Operations Department, OTH = Other, SAAE = South Asia Agriculture and Environment Division, SAEN = South Asia Energy Division, SAGF = South Asia Governance, Finance and Trade Division, SAOC = South Asia Operations Coordination Division, SATC = South Asia Transport and Communications Division, SC = Staff Consultant, TASF = Technical Assistance Special Fund, TBD = to be determined.

## CONCEPT PAPERS FOR LENDING PRODUCTS

This appendix contains the concept papers for the following lending products:

- (i) Table A2.1: Agriculture Sector Program
- (ii) Table A2.2: Herat-Andkhoy Road Improvement Projects I and II
- (iii) Table A2.3: Regional Airports Rehabilitation Projects I and II
- (iv) Table A2.4: Power Transmission and Distribution Project
- (v) Table A2.5: Western Basins Water Resources Management and Irrigated Agriculture Development Project
- (vi) Table A2.6: Public Service Delivery Reform Program
- (vii) Table A2.7: Edible Oilseeds Crushing and Refining Project
- (viii) Table A2.8: Cellular Network Expansion Project



**Table A2.1: Agriculture Sector Program  
Concept Paper**

**Date: 15 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input checked="" type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Agriculture sector development</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area</p> <table> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Agriculture, Environment and Natural Resources Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Paul Heytens</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Agriculture and other rural-based activities are the main source of income and employment in Afghanistan, providing livelihoods for nearly 85% of the population. More than two decades of war, civil conflict, and natural calamity (particularly drought) has severely disrupted agricultural activities and significantly degraded the natural resource base. The main task of sector recovery is to improve sector performance while rebuilding its resilience through infrastructure investment and adoption of technologies that reduce vulnerability to drought. The process of recovery has begun, but it needs to be broadened and institutionalized to ensure that it is sustained and that deeper inroads toward rural poverty reduction are achieved. By helping to revitalize agriculture and rural development, a key supporting theme of the CSP, the proposed program directly supports ADB's country strategy in Afghanistan.</p>								

**b. Goal and purpose:** The program goal is to promote agricultural growth and poverty reduction through support for market-based policy reforms, formulation of public infrastructure investment programs, and institutional reform and organizational capacity building. The purpose is to enhance opportunities for sector revival by addressing key policy, institutional, and organizational constraints to the efficient and effective functioning of agriculture and the sustainable use of natural resources. As such, the program will support the national objective of food security and of ending Afghanistan's dependence on food aid, and will accelerate the recovery of the broader national economy.

**c. Components and outputs:** The program addresses the key policy, institutional, and organizational constraints to the effective and efficient functioning of agricultural activity and the sustainable use of natural resources. The program includes specific reform measures to (i) develop a sound policy framework and establish efficient sector institutions, (ii) introduce management systems for sustainable use of natural resources, (iii) develop sound programs for sector investment, (iv) improve the efficiency of sector support services, (v) improve the efficiency of agricultural commodity markets, and (vi) restructure state-owned enterprises. Specific outputs include a joint policy framework outlining key priorities, strategies, and policies for reviving agricultural growth; plans to rehabilitate and restructure the core agriculture sector ministries; establishment of a water resource database and hydrological network; livestock and forestry and rangeland databases and monitoring systems; an environmental protection act; time-bound action plans for a land titling system and land database; a 5-year irrigation investment program; a strategy and time-bound action plan to promote livelihood alternatives to poppy cultivation; a rural finance assessment study; time-bound action plans to establish an efficient and cost-effective agricultural research and technology transfer system; a time-bound action plan to remove restrictions on the movement of agricultural commodities; commercialization of the government-owned seed company; and dissolution of the government-owned Agricultural Development Bank.

**d. Expected results and deliverables:** The program will directly promote accelerated agricultural growth and poverty reduction through its support for market-based policy reforms, public infrastructure investment, and institutional reform and organizational capacity building in key public ministries. The program will also build capacity within the relevant government ministries to efficiently manage Afghanistan's natural resources, thus enhancing the sustainability of the development process. Specific beneficiaries will include the rural poor, small and marginal farmers, nomadic pastoralists and other livestock herders, returning refugees, internally displaced persons, and demobilized combatants.

**e. Social or environmental issues or concerns:** By improving rural livelihoods, the program will contribute directly to poverty reduction and result in improvement of a range of other social and economic indicators in Afghanistan. Institutional strengthening and enhanced capacity for policy formulation and planning should also help to improve land quality, conserve water and other scarce natural resources, and make farming more sustainable in the long run. Environmental implications have been reviewed, and no adverse environmental impacts were identified.

**f. Plans for disseminating results/deliverables:** Dissemination workshops in Kabul and other areas of the country could be conducted (subject to security conditions) during the program implementation.

**7. Proposed executing/implementing agency or agencies:** The Ministry of Finance will be the Executing Agency. The Ministry of Rehabilitation and Rural Development, Ministry of Irrigation and Water Resources, and Ministry of Agriculture and Animal Husbandry will be the lead implementing agencies.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Extensive consultation was carried out with Government counterparts in all the relevant ministries and maximum effort was made to reflect the special circumstances of Afghanistan so as to ensure a practical and realistic reform program. The leadership of the core sector institutions represents a range of political factions and interest groups, and as such there is broad ownership of the program's reform agenda. Consultation with other development partners has also been extensive, and will help ensure that TA efforts and financial support to meet adjustment costs and investment needs in the sector are well coordinated. A separate consultation with key nongovernment organizations (NGOs) was conducted to harmonize understanding on the critical issues confronting agricultural development and natural resource management in Afghanistan. The discussions with the NGO community provided an important validation of the scope and content of the reform program, given the community's long and extensive experience in implementing rural development activities throughout the country.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval  
Lending: May 2004

Nonlending (project preparatory):  
 Nonlending (other than project preparatory):

- c. Period and duration of assistance  
 Lending: 18 months  
 Nonlending:

## 10. Financing Plan

- a. For lending  
 Ordinary capital resources:  
 Asian Development Fund:  
 Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	55 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>55 million</b>

Source:

- b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: TASF  
 Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	1 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>1 million</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A2.2: Herat-Andkhoy Road Improvement Projects I and II  
Concept Paper**

**Date: 25 March 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and Communications Subsector: Roads and highways</p> <p>b. For project preparatory and lending, classification</p> <p>    <input checked="" type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input checked="" type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Hideaki Iwasaki</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Much of the road infrastructure in Afghanistan has been severely damaged during the two decades of civil strife. The Government declared that reconstructing/rehabilitating the road network is the country's top priority. Since 2002, the Government, with external assistance, has made massive efforts to improve the national primary road network consisting largely of the 2,200 kilometer (km) ring road (Kabul–Mazar-e-Sharif–Sheberghan–Maymana–Herat–Kandahar–Kabul) and links to neighboring countries. The 550 km stretch of the road between Herat and Andkhoy is part of the ring road and runs through one of the most remote and least developed areas of the country. The existing road was never paved and is merely a track where most of the section easily turns impassable after rain. Rehabilitating and improving this road to a standard allowing easy motor vehicle movement will complete the missing link of the ring road and facilitate integration of the country. The road will also open up a trade route that connects the northern part of Afghanistan and neighboring Uzbekistan and Tajikistan to the western part of the country, and further to Iran. As significant travel time reduction is anticipated, this road could become an alternative route for the Central Asian republics to transport goods to and from the warm water ports on the Persian Gulf and the</p>								

Arabian Sea. Under the ongoing ADB-financed project preparatory TA, a feasibility study of the proposed road project, including its suitability for ADB financing, is being carried out.

**b. Goal and purpose:** The proposed project will complete the missing link in the Afghanistan ring road and improve connectivity from the northwestern provinces to the rest of the country. Improved connectivity to major regional centers such as Herat and Mazar-e-Sharif will increase economic activity in the provinces along the road and help in integrating remote communities of the region with the rest of the country. The construction work will involve labor-intensive construction methods that will provide much-needed employment and income-generating opportunities. They will contribute to social stability by engaging, among others, refugees and ex-combatants. As the improved road will form part of a trade corridor connecting the landlocked Central Asian republics to the warm water ports in the south, this project will also facilitate cross-border trade and contribute to economic integration of the subregion.

**c. Components and outputs:** The proposed project will (i) improve the existing road to a well-designed, paved two-lane highway and build bridges, culverts, and other structures for safe passage of traffic along the road; (ii) provide assistance for building the capacity of the executing agency in project formulation, implementation, and maintenance; and (iii) provide project implementation support involving consulting services for project design, management, and capacity building.

**d. Expected results and deliverables:** The project will result in a 550 -km long safe and fast road link that is crucial to the integration and stabilization of the country.

**e. Social or environmental issues or concerns:** None identified

**f. Plans for disseminating results/deliverables:** Project progress review meetings

**7. Proposed executing/implementing agency or agencies:** Ministry of Public Works

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Consultative meetings with Ministry of Public Works officials, officials of other related central and provincial government agencies

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending: September 2004 (Phase I), February 2005 (Phase II)
  - Nonlending (project preparatory): approved in September 2003
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: 2005-2008 (4 years)
  - Nonlending (project preparatory): February 2004-September 2004

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund: \$125 million (Phase I: \$80 million, Phase II: \$45 million)
  - Other:

If cofinancing is required, indicate amount and sources sought: \$120 million, sources to be determined .

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	125 million
Government	
Other Financing	175 million
<b>Total Cost</b>	<b>300 million</b>

Source:

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.3: Regional Airports Rehabilitation Projects I and II  
Concept Paper**

**Date: 24 March 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and Communications Subsector: Aviation</p> <p>b. For project preparatory and lending, classification</p> <p>    <input checked="" type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Dong-Soo Pyo</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Improvement of regional airports was considered one of the urgent needs by the comprehensive needs assessment of the transport sector conducted by ADB in 2002. The nature of the terrain of Afghanistan makes internal air transportation a basic necessity for access to extremely remote areas. The continuous conflict and strife for over two decades had almost completely destroyed the civil aviation infrastructure. Many of these airports are merely gravel tracks with hardly any land-side facilities. The reconstruction/rehabilitation of the important regional airports has become an urgent priority of the Government. This loan project is a follow-up of the earlier project preparatory technical assistance (TA) carried out with ADB assistance.</p> <p><b>b. Goal and purpose:</b> The goal of the loan project is to rehabilitate/improve the airside infrastructure at selected, prioritized regional airports that have the highest potential to promote integration of remote regions and facilitate faster economic growth in the respective areas. The airports selected will be developed in two separate loans. The first loan will focus on airports, with the highest domestic traffic as feeder airports to Kabul</p>								

international airport, and possible traffic from neighboring countries. The second loan will include other important regional airports considering other parameters like tourism, extreme remoteness and isolation of the community, and lack of other modes of transportation.

**c. Components and outputs:**

- (i) Runway/taxiway improvements/rehabilitation
- (ii) Apron and service road
- (iii) Visual aids/navigation aids
- (iv) Air traffic control building/facilities
- (v) Operational equipment for maintenance, winter services, firefighting, and security
- (vi) Water supply, fuel supply, and power/auxiliary power
- (vii) Telecommunication
- (viii) Passenger-handling facilities
- (ix) Warehousing facility
- (x) Other land-side facilities and services to support the rehabilitated airports

**d. Expected results and deliverables:** Improved, safe, and efficient civil aviation infrastructure facilities (both outside and land side)

**e. Social or environmental issues or concerns:** None identified

**f. Plans for disseminating results/deliverables:** Workshops and seminars

**7. Proposed executing/implementing agency or agencies:** Ministry of Civil Aviation and Tourism (MCAT)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Consultative meetings with MCAT officials, and regional airport operations personnel

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending: December 2004 (Phase I), December 2006/January 2007 (Phase II)
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: April 2005 – 3 years (Phase I), April 2007 – 3 years (Phase II)
  - Nonlending:

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund: \$30 million (Phase I), \$40 million (Phase II)
  - Other:

If cofinancing is required, indicate amount and sources sought: \$ \_\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	70 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>70 million</b>

Source:

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds
  - Other:



If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.4: Power Transmission and Distribution Project  
Concept Paper**

**Date: 24 March 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Transmission and distribution</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Sohail Hasnie</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The power infrastructure of Afghanistan comprises mainly three isolated power systems, each centering on Kabul, Mazar-e-Sharif, and Kandahar cities. Afghanistan has imported limited power from its neighboring Central Asian republics on a bilateral basis through interconnections with its northern power system at Mazar-e-Sharif. The proposed project and TA conform with the initial CSP update and directly supports the thematic priorities involving economic growth, good governance, and private sector development in the energy sector.</p> <p><b>b. Goal and purpose:</b> The proposed project will strengthen the northern transmission system by rehabilitating a second 220-kilovolt (kV) transmission line from Hairatan to Pol-e Khomri to improve the reliability of 150 megawatts (MW) power import from Uzbekistan to meet the acute power shortage in Kabul, and improve operational efficiency by reducing transmission losses. The proposed TA will strengthen the institutional capacity of Ministry of Water and Power (MWP) to operate more efficiently and effectively.</p>								

**c. Components and outputs:** The proposed project will comprise (i) rehabilitation of the second circuit of 220 kV double-circuit transmission line from Hairatan to Pol-e Khomri; (ii) strengthening transmission lines in the northern power system; (iii) capacity building for the executing agency in modern power transmission system operation and maintenance; and (iv) project implementation support involving consulting services for project design, management, and capacity building.

**d. Expected results and deliverables:** The proposed project will strengthen the interconnection between Uzbekistan and the northern power system centering on Mazar-e-Sharif to improve the transmission reliability of 150 MW of inexpensive power imported from neighboring Central Asian republics to meet the acute power shortage in Kabul. It will provide significant economic and environmental benefits apart from reliability of the supply and reduced transmission losses. Strengthening MWP will enable it to operate more efficiently and effectively. An appropriate tariff structure will be established to more closely reflect the cost of supply. Billing and collection will be improved to generate funds for operation and maintenance.

**e. Social or environmental issues or concerns:** The proposed project should not have any adverse environmental impacts that cannot be satisfactorily mitigated.

**f. Plans for disseminating results/deliverables:** The report prepared by the TA consultants will be provided to the government agencies concerned. The findings will be shared during the consultative group meetings on power with other development partners.

**7. Proposed executing/implementing agency or agencies:** MWP

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
The assistance was requested by the Government.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending: 2004 (standby)
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): 2005
- c. Period and duration of assistance
  - Lending: 2005-2009 (4 years)
  - Nonlending: 10 months from start date

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund: \$50 million
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	50 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>50 million</b>
Source:	

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds: TASF
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	750,000
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>750,000</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A2.5: Western Basins Water Resources Management and Irrigated Agriculture  
Development Project  
Concept Paper**

**Date: 1 April 2003**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input checked="" type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Irrigation and drainage</p> <p>b. For project preparatory and lending, classification</p> <p>    <input checked="" type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Agriculture, Environment, and Natural Resources Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Thomas Panella</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Water resources are one of Afghanistan's most precious resources that are essential to agriculture that supports about 85% of the population. Irrigated agriculture is critical, as it accounts for most of agricultural production. Any reduction in the country's rural poverty will require improved access to irrigation water, along with improved availability of input supply, support services, and marketing infrastructure. While irrigation schemes cover more than 2.6 million hectares (ha) of the total agricultural area of about 8 million ha, a large number of such schemes require rehabilitation due to deterioration caused by warfare and neglect. There is also scope to further expand the irrigated area by improving water use efficiency and constructing storage reservoirs.</p> <p>The 2002 CSP for Afghanistan (2002) identified agriculture and rural development as a priority sector for rehabilitation and reconstruction, with emphases on (i) community-based demand-driven approach with</p>								

stakeholder participation, (ii) streamlining public sector roles, (iii) strengthening local implementation and governance capacity, and (iv) upgrading human resource skills. The proposed project will also build on ADB's related ongoing TA for Capacity Building on Water Resources Management and Planning, which is developing sound water resources policies, strategies, and planning and management framework from the perspective of integrated water resources management.

**b. Goal and purpose:** The goals of the project preparatory TA and the ensuing loan project are to reduce poverty by raising rural incomes and to promote sustainable management of water and land resources. The objectives are to improve water resources infrastructure and management and to enhance farm productivity in surface water irrigation systems of the selected river basins with strong, demand-driven stakeholder involvement and by ensuring long-run sustainability of operation and maintenance.

**c. Components and outputs:** The TA will prepare an investment project to rehabilitate and/or develop surface irrigation systems in the selected river basins, following the priorities identified under the ongoing TA on Water Resources Management and Planning. With necessary water resources assessment and strategic river basin planning, the TA also contributes to operating an integrated water management framework within the selected river basin while ensuring stakeholder participation in the planning and design stages. The ensuing project components are (i) development of water user associations; (ii) rehabilitation, improvement, and/or development of irrigation and related infrastructure; (iii) agricultural extension; and (iv) building the capacity of national, provincial, and local sector institutions.

**d. Expected results and deliverables:** The TA and the ensuing loan project will reduce poverty through (i) increased agricultural production, (ii) increased employment, (iii) improved food security, and (iv) protection of the natural environment by reducing pressure on forests and other nonirrigated land. The project will also strengthen the water management and irrigation service delivery functions of national, provincial, and local institutions through support for intensive capacity development.

**e. Social or environmental issues or concerns:** The project will have positive social and environmental benefits overall through improved water resources management. However, given possible conflicting interests of different stakeholders and the fragile nature of the country's forests and watersheds, the proposed interventions will be carefully screened to avoid social conflicts and negative environmental impacts. The project will support demand-driven, socially sound investments, and provide mitigation measures to address any remaining negative impacts through full consultation with all stakeholders.

**f. Plans for disseminating results/deliverables:** The project will serve as a model for developing effective institutional arrangements for participatory water resources planning and development in irrigation schemes within the selected river basins.

**7. Proposed executing/implementing agency or agencies:** Ministry of Irrigation, Water Resources and Environment

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** The project will be designed in a phased approach in full consultation with the beneficiaries and all stakeholders, including provincial implementing agencies and nongovernment organizations/community-based organizations, to minimize adverse social impacts, build implementation and management capacity as required, and ensure commitment to sustaining the benefits of the investment through participatory operation and maintenance.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending: September 2005
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: January 2006-December 2011
  - Nonlending:

**10. Financing Plan**

## a. For lending

- Ordinary capital resources:  
 Asian Development Fund:  
 Other:

If cofinancing is required, indicate amount and sources sought: \$30 million, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	40 million
Government Financing	
Other Financing	30 million
<b>Total Cost</b>	<b>70 million</b>

Source:

## b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: TASF  
 Other: CIDA

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	1.20 million
Government Financing	0.73 million
Other Financing	
<b>Total Cost</b>	<b>1.93 million</b>

Source:

ADB = Asian Development Bank, CIDA = Canadian International Development Bank Agency, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A2.6: Public Service Delivery Reform Program  
Concept Paper**

**Date: 27 March 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input checked="" type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Law and Public Sector Management Subsector: National government administration</p> <p>b. For project preparatory and lending, classification</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Governance, Trade and Finance Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Asha Newsum</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB is providing support to the Government of Afghanistan in the area of public administration with emphasis on assisting the Government to introduce a priority restructuring and reform (PRR) process that allows reforming ministries to upgrade positions and staff following a rigorous process. The purpose of the PRR is to create the enabling environment for reconstructing the machinery of government so as to accelerate service improvements on the ground. The PRR is also about bringing the government closer to the people to ensure services are responsive to the needs of the people, particularly the poor and the marginalized. The executing agencies proposed for this program have successfully achieved the second stage of the PRR process. Their findings will provide the framework for a wider and deeper engagement, which brings together policy formulation, policy implementation, and monitoring with investments in upgrading existing services and investing in new frontline ones.</p>								



**b. Goal and purpose:** The goal is to build social and human capital by achieving the education, nutrition and livelihood, and social protection targets<sup>1</sup> through an effective and efficient civil service, in partnership with communities. The purpose is to support service delivery investment programs in districts in a manner that also puts in place a decentralized civil service that is pro-service delivery.

**c. Components and outputs:** (i) Policy and institutional reform to ensure effective integration of crosscutting issues of the five livelihood and social protection (LSP) subprograms; (ii) more accessible, affordable, equitable, efficient, and effective LSP services through investments funded by a challenge fund; (iii) a service delivery performance management framework operationalized in priority districts to track progress in achieving intermediate and medium-term LSP service delivery targets; (iv) intergovernment administrative and fiscal systems for LSP services defined and implemented in priority districts; and (v) a service delivery policy framework for adoption by all LSP services.

The program will ensure the following are effectively mainstreamed: institutional development, capacity building, anticorruption measures, implementation of the government's gender policy, measures for ensuring accountability to citizens, managing services for results, learning and sharing good practices and ensuring implementation is based on available capacity. During the design phase of the program, harmonization and collaboration issues will also be considered.

**d. Expected results and deliverables:** Improved district governance, predictable resources, more effective and efficient LSP services, greater clarity in intergovernment fiscal and administrative relations, strengthened transparency and accountability relationships in institutions, better information on financial resource utilization for service delivery, and improved public awareness of governance functioning.

**e. Social or environmental issues or concerns:**

**f. Plans for disseminating results/deliverables:** A learning platform will be established to ensure learning is captured through the implementation of the program and disseminated widely and effectively.

**7. Proposed executing/implementing agency or agencies:** Ministry of Rural Rehabilitation and Development and the Independent Administrative Reforms and Civil Service Commission (IARCSC) will be coordinating the execution of the program. Implementing agencies at the provincial and district levels will be determined during program design.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** IARCSC and other government agencies, through periodic governance and poverty reduction dialogue

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:

b. Expected date of submission for approval  
 Lending: 3<sup>rd</sup> quarter of 2005  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory):

c. Period and duration of assistance  
 Lending: 4<sup>th</sup> quarter of 2005 (for 4 years)  
 Nonlending:

**10. Financing Plan**

a. For lending  
 Ordinary capital resources:  
 Asian Development Fund: \$55 million  
 Other:

<sup>1</sup> The targets are contained in "Securing Afghanistan's Future: Accomplishments and the Strategic Path Forward", 17 March, 2004, A Government/International Agency Report.

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	55 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>55 million</b>

Source:

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.7: Edible Oilseeds Crushing and Refining Project  
Concept Paper**

**Date: 24 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p>    Sector:           Agriculture and Natural Resources</p> <p>    Subsector:       Agriculture production, agro-processing and agribusiness</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input checked="" type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p>    <input checked="" type="checkbox"/> Sustainable economic growth</p> <p>    <input type="checkbox"/> Inclusive social development</p> <p>    <input type="checkbox"/> Governance</p> <p>    <input type="checkbox"/> Gender and development</p> <p>    <input type="checkbox"/> Environmental sustainability</p> <p>    <input type="checkbox"/> Regional cooperation</p> <p>    <input checked="" type="checkbox"/> Private sector development</p>
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                   <input type="checkbox"/> Subregional                   <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>
<p><b>4. Responsible division/department:</b> Infrastructure Finance Division / Private Sector Operations Department</p>
<p><b>5. Responsible ADB officer:</b> Michael P. Barrow</p>
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> At present almost all locally consumed edible oils are imported. Local production is almost exclusively small-scale, largely unregulated and occurs under conditions that are often unsanitary and unsafe. Large-scale production facilities that existed in the country were destroyed or rendered permanently inoperable. Edible oils are a basic staple, used principally in cooking. At present, the 500 containers imported into the country monthly represent a significant drain on national income and also a lost opportunity, given the availability of high-quality local seed stock.</p> <p>Substantial international efforts (led by the UK Government and supported by United States Agency for International Development [USAID], Canadian International Development Agency [CIDA], Department for International Development [DFID], and others) are focused on the promotion of "legitimate" crop growing in Afghanistan and reduction in the cultivation of heroine-producing poppy crops. Poppy cultivation, which has historically been, and again threatens to become, a significant blight on the country, undermines its institutions and security. The project will assist these international efforts by offering regional farmers a direct sales outlet for</p>

crops, including cotton, sesame and linseed that have been grown successfully for decades in Afghanistan. Other input crops are expected to develop over time. It is proposed that the project work closely with the international agencies and with the farmers to encourage long-term planning, financing, and supply of seed stock to the plant. Sufficient raw materials for the plant are expected to be available and can be secured within a 200-kilometer radius.

**b. Goal and purpose:** The project will (i) meet a core need, substituting for costly imports and providing a high quality, tested cooking oil; (ii) provide direct employment for at least 120, which will multiply through the large extended families in the region and into support businesses; (iii) provide a secure outlet for local growers of staple crops, and thus contribute to rural development, incomes, and poverty reduction; (iv) support the Government's efforts to ensure that industrial and commercial development is not overly concentrated on the capital, Kabul, but is promoted in the provinces and the historically entrepreneurial north; (v) support the Afghan Government's overall private sector development program; and (vi) be one of the first private sector infrastructure developments and the first to tap the international financial markets for over two decades, the success of which should have important demonstration effects and should encourage the financial markets to view projects in Afghanistan positively.

**c. Components and outputs:** The proposed project will comprise facilities for (i) precleaning and storage, (ii) preparation, (iii) extraction, (iv) meal storage and bagging, (v) oil storage, (vi) oil refining, (vii) oil conditioning, and (viii) associated utilities. The costs of civil works, project management, transportation, and financing will be included in the total project cost.

**d. Expected results and deliverables:** The project involves the construction, ownership, and operation of a 300 tons-per-day (tpd) seed crushing and 150 tpd edible oil refining facility in the industrial park on the outskirts of the northern city of Mazar-e-Sharif, Balkh Province. The plant will crush and refine locally grown seed (sesame seed, linseed, and cotton seed, with capacity to also process soybean, rapeseed, and sunflower seed) under a flexible manufacturing process that will produce high-quality, fully refined edible oils mainly for cooking. The edible oils will be sold for distribution throughout Afghanistan with the possibility of some exports. A by-product will be a high-nutrient animal feed that can be sold to local livestock breeders.

**e. Social or environmental issues or concerns:** The project will use environmentally responsible technologies approved for use in the EU with treatment of all air and waterborne emissions (and is expected to comply with World Bank and Afghan guidelines). The plant is to be located in an industrial zone away from existing communities. No resettlement is envisioned, as the plant will be built on vacant, government-owned land.

**f. Plans for disseminating results/deliverables:** The project will be introduced in various workshops and seminars. The distribution of the products itself will also increase awareness among the general public.

**7. Proposed executing/implementing agency or agencies:** Project Company

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Consultations have been carried out with the sponsors, the Government, and development partners.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Lending: 2004
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: 2004-06
  - Nonlending:

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	up to 18.0 million
Government Financing	-
Other Financing	27.0 million
<b>Total Cost</b>	<b>45.0 million</b>

Source: ADB staff estimate

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
- Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

## Table A2.8: Cellular Network Expansion Project Concept Paper

**Date: 24 May 2004**

<p><b>1. Type/modality of assistance</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Lending           <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Project loan</li> <li><input type="checkbox"/> Program loan</li> <li><input type="checkbox"/> Sector loan</li> <li><input type="checkbox"/> Sector development program loan</li> <li><input type="checkbox"/> Other:</li> </ul> </li> <li><input type="checkbox"/> Nonlending           <ul style="list-style-type: none"> <li><input type="checkbox"/> Project preparatory</li> <li><input type="checkbox"/> Other than project preparatory               <ul style="list-style-type: none"> <li><input type="checkbox"/> Economic, thematic, and sector work</li> <li><input type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other:</li> </ul> </li> </ul> </li> </ul>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the            Sector:           Transport and Communications            Subsector:      Telecommunication</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Core poverty intervention</li> <li><input type="checkbox"/> Poverty intervention</li> <li><input checked="" type="checkbox"/> Other</li> </ul> <p>c. Key thematic areas</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input checked="" type="checkbox"/> Private sector development</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input checked="" type="checkbox"/> Private sector development</li> </ul>
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<p><b>3. Coverage</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</li> <li><input type="checkbox"/> Internal policy development</li> </ul>		
<p><b>4. Responsible division/department:</b> Infrastructure Finance Division / Private Sector Operations Department</p>		
<p><b>5. Responsible ADB officer:</b> Michael P. Barrow</p>		
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Afghanistan suffers from a critical lack of communications infrastructure. Travel is impeded by poor roads, long distances, and low vehicle ownership rates. The postal system is slow and rudimentary. No meaningful fixed line telephone system remains other than some 25,000 lines in Kabul. Investment in a countrywide fixed line system is prohibitive for the public sector and commercially unattractive to the private sector. Foreign security and aid communities in Afghanistan rely largely on dedicated satellite-based communication systems, which are not available to the general populace. This lack of an effective communications infrastructure is seen as a major impediment at all levels of society including the efficient functioning of government, commerce, industry, the rural sector, the finance sector, and health and security services among others. The large external refugee community, divided families, and the importance of remittances into Afghanistan from this community highlight the importance of telecommunications for the country's development. Cellular telephony is seen as the most viable method of providing reliable, countrywide communications coverage in Afghanistan. The development of cellular networks in the country is still embryonic and requires significant additional investment, particularly if it is to reach the poorest members of society. The</p>		

current licensees are facing constraints in expanding and rolling out their networks on a countrywide basis to meet the vibrant demand for mobile services. No local debt market exists at present and offshore commercial and export credit debt sources are not yet prepared to extend uncovered financing to businesses in Afghanistan. Without secure, medium-term financing, mobile network expansion in Afghanistan will be constrained, which will in turn constrain economic development.

**b. Goal and purpose:** The project will (i) contribute to Afghanistan's economic growth and development, including growth and development of agriculture, trade, manufacturing, and financial services, health care, education, and security sectors; (ii) contribute to the continued growth of the telecommunication sector where the need to service unmet demand is still substantial; (iii) provide critical and flexible infrastructure for the needs of small and medium-size enterprises and the farming sector, particularly in rural areas with no access to other efficient forms of communication; (iv) extend communication coverage to smaller towns and in the ill-served rural areas; and (v) assist in service expansion and regulatory reform through sound competition.

**c. Components and outputs:** The proposed project will comprise (i) expansion of the cellular network; (ii) expansion of roaming agreements and Internet services; (iii) expansion of Public Call Offices (PCOs), a form of pro-poor service provision; and (iv) refinancing of part of the start-up vendor financing, which was provided on a short-term bridging basis.

**b. Expected results and deliverables:** The project involves financing the expansion of the existing cellular network to provide for near countrywide coverage and upgraded network capacity and services, as well as refinancing a portion of the start-up vendor debt. With the aid of expansion financing and internally generated cash, it is projected that the subscriber base will increase and that cellular services will be rolled out across the country. The Project Company is an Internet service provider (ISP) and has international gateway licenses and expansion financing will assist in expanding roaming agreements and increasing ISPs. The project will include an important pro-poor service provision: expansion financing will be used to increase the PCOs, and locating an increasing number of them in smaller towns and rural areas.

**e. Social or environmental issues or concerns:** There will be no major environmental impact. Neither the original construction nor the expansion of the project will impose requirements for resettlement.

**f. Plans for disseminating results/deliverables:** The project will be introduced in various workshops and seminars. The expansion of the services itself will also increase awareness among the general public.

**7. Proposed executing/implementing agency or agencies:** Project Company

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Consultations have been carried out with the sponsors, the Project Company, and the Government.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Lending: 2004
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: 2004-2005
  - Nonlending:

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.  
If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	up to 30.0 million
Government Financing	-
Other Financing	90.0 million
<b>Total Cost</b>	<b>120.0 million</b>

Source: ADB staff estimates.

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
- Other:

If cofinancing is required, indicate amount and sources sought: \$ \_\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program.



## CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for projected nonlending products:

- (i) Table A3.1: Kabul Air Quality Management
- (ii) Table A3.2: Capacity Building for Land Policy and Administration Reform
- (iii) Table A3.3: Natural Resources Management and Environment Protection
- (iv) Table A3.4: Balkh River Basin Integrated Water Resources Management Project
- (v) Table A3.5: Capacity Building for Impact Monitoring and Evaluation
- (vi) Table A3.6: Capacity Development for Irrigation and Water Resources Management
- (vii) Table A3.7: Poverty Reduction and Rural Renewable Energy Development
- (viii) Table A3.8: Support for Establishing a Gas Regulatory Framework
- (ix) Table A3.9: Promoting International Trade and Cross-Border Trade Facilitation
- (x) Table A3.10: Security of ADB-Financed Projects in Afghanistan
- (xi) Table A3.11: Capacity Building of the Ministry of Finance
- (xii) Table A3.12: Master Plan for Road Network Improvement Phase I
- (xiii) Table A3.13: Improving Agriculture and Natural Resource Management and Planning
- (xiv) Table A3.14: Institutional Strengthening of Ministry of Water and Power
- (xv) Table A3.15: Feasibility Study to Develop and Rehabilitate Gas Producing Wells and Repair Gas Pipelines
- (xvi) Table A3.16: Private Investment Support Facility
- (xvii) Table A3.17: Poverty Assessment of the Islamic Republic of Afghanistan
- (xviii) Table A3.18: Gender Assessment of the Islamic Republic of Afghanistan
- (xix) Table A3.19: Capacity Building for Road Sector Institutions
- (xx) Table A3.20: Institutional Strengthening of Ministry of the Civil Aviation and Tourism
- (xxi) Table A3.21: Andkhoy Water Supply Project

### Table A3.1: Kabul Air Quality Management Concept Paper

**Date: 5 May 2004**

<p><b>1. Type/modality of assistance</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Lending <ul style="list-style-type: none"> <li><input type="checkbox"/> Project loan</li> <li><input type="checkbox"/> Program loan</li> <li><input type="checkbox"/> Sector loan</li> <li><input type="checkbox"/> Sector development program loan</li> <li><input type="checkbox"/> Other:</li> </ul> </li> <li><input checked="" type="checkbox"/> Nonlending <ul style="list-style-type: none"> <li><input type="checkbox"/> Project preparatory</li> <li><input checked="" type="checkbox"/> Other than project preparatory <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Economic, thematic, and sector work</li> <li><input type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other:</li> </ul> </li> </ul> </li> </ul>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Environment and biodiversity</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Core poverty intervention</li> <li><input type="checkbox"/> Poverty intervention</li> <li><input type="checkbox"/> Other</li> </ul> <p>c. Key thematic area</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input type="checkbox"/> Private sector development</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input type="checkbox"/> Private sector development</li> </ul>
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<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> Afghanistan Resident Mission / South Asia Department</p>		
<p><b>5. Responsible ADB officer:</b> Ali Azimi</p>		
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> On 30 May 2002, the ADB Board approved the technical assistance cluster (TAC) to Afghanistan for Capacity Building for Reconstruction and Development for \$14.5 million. Subcluster 1 supports three component TAs including establishing environmental management capacity in the Ministry of Irrigation, Water Resources, and Environment (MIWRE). The total cost of the captioned TA was estimated at \$300,000. MIWRE is keen to be perceived as an institution that serves the populace by addressing pollution issues. The challenge is to manage the growth of motorized transport so as to maximize its benefit while minimizing its adverse impacts on the environment and on society.</p> <p>Air pollution is increasing in Kabul, largely from vehicular emissions. Air pollution is an important public health problem. Epidemiological studies show that air pollution in developing countries accounts for tens of thousands of excess deaths and billions of dollars in medical costs and lost productivity every year. These losses and the</p>		

associated degradation in quality of life impose a significant burden on people in all sectors of society, but especially on the poor. The Government of Afghanistan (GOA) has set as its central goal the reestablishment of central government legitimacy to facilitate economic, political, and social affairs and establish the rule of law. The protection of the populace from pollution is fully consistent with this endeavor and the GOA requested ADB's assistance to address the burgeoning air pollution issue. Assistance to the environment is in line with the Initial Country Strategy and Program for Afghanistan.

**b. Goal and purpose:** The objective of the project would be to improve air quality in Kabul by (i) technical measures involving vehicles and fuels, (ii) establishing an air quality management system, and (iii) transport demand management and market incentives.

**c. Components and outputs:** The project will have six components:

- (i) development and enforcement of emission standards
- (ii) establishment of continual air quality monitoring system
- (iii) improvement of diesel quality
- (iv) establishment of a system for inspection and maintenance of vehicles
- (v) reduction in the sulfur content of heavy fuel oil and
- (vi) awareness raising.

**d. Expected results and deliverables:** Improved air quality in Kabul

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** A workshop will be organized to disseminate the TA findings and plan the next steps.

**7. Proposed executing/implementing agency or agencies:** MIWRE

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The project was discussed with the senior staff of MIWRE and the Municipality of Kabul.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2003
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory): 2003
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending:
  - Nonlending: March-May 2005 (14 months)

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
- Other: To be determined

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	450,000
<b>Total Cost</b>	<b>450,000</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.2: Capacity Building for Land Policy and Administration Reform  
Concept Paper**

**Date: 31 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Environment and biodiversity</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <table> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Agriculture, Environment and Natural Resources Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Paul Heytens</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> While policy intentions have been discernible both through the terms of state law and, more generally, in the tenure-related strategies that have been adopted over the years, no formal land policy has ever been proclaimed in Afghanistan. This gap has resulted in a deeply unequal and often unjust system of landownership relations among tribes, between agricultural and pastoral systems, and among feudally arranged segments of society. These problems have been compounded by violence, insecurity, anarchy, and land seizure. While effective implementation might still be years away given the security situation in the countryside, it is nevertheless essential that the Government begin formulating a more explicit and comprehensive strategy and policy to tackle landownership and tenure issues. In devising such a strategy and policy, consideration must be given to equity and achieving a fair distribution of arable land, given the importance of farming to rural livelihoods and income generation. It will also be important that the land rights, interests, and needs of rural women be given special attention in this process.</p>								

Against this background, work has been initiated under the ADB-supported Agriculture Sector Program to develop a comprehensive national land policy and titling system through which land-use efficiency and equity will be improved. To this end, a high-level commission has been appointed and is initiating work on formulating a land policy that encourages private investment and protects the rights of the poor. A draft policy will be submitted to the Cabinet and a public consultation process initiated on the policy by the end of the program period (September 2005). An interministry working group comprising key government agencies has also initiated studies on the institutional framework for a land titling system and the requirements for a land database. Once this is completed, appropriate strategies and time-bound action plans will be developed.

**b. Goal and purpose:** The goal of the TA is to assist the Government in creating a policy and institutional framework for land administration that is fair, efficient, and sustainable. As such, the purpose is to help the Government put in place a system that will (i) increase tenure security for farmers and other landholders, (ii) facilitate efficient land transactions and administration, and (iii) provide farmers and other landholders with greater control over land management through a full range of market choices.

**c. Components and outputs:** Specific outputs from the TA will be a comprehensive land policy that will be submitted to the Cabinet and time-bound action plans to establish an appropriate land titling system and land database (i.e., a system that includes adequate environmental and social safeguards).

**d. Expected results and deliverables:** With the appointment of a high-level commission to oversee preparation of a comprehensive land policy, and the appointment of an interministry working group to initiate studies on an appropriate framework for land titling and administration, the Government has sought assistance to bring international best practice to bear in these areas. Land tenure problems arise in many countries and there is much to be learned from their experiences in reform and institution building. Issues of particular concern to Afghanistan include how customary and statutory land tenure regimes have been integrated; how an inexpensive, decentralized, and sustainable land tenure administration can be established; how appropriate environmental and social safeguards can be incorporated; and what is the proper role of the state in land administration and landownership. Through this process, the TA will seek to build capacity within the relevant government ministries to efficiently and equitably manage Afghanistan's land resources.

**e. Social or environmental issues or concerns:** No clear regime for managing land rights exists and by default many management functions have fallen to the courts, which also handle the bulk of land disputes. With instability and coercion by warlords over the past decade, land rights management and dispute resolution have lost credibility in many areas. Most rural Afghans regulate their landownership relations customarily, without using officials or courts. Customary management offers a strong foundation, but strongly favors wealthier elites, men, and dominant ethnic groups. Specific beneficiaries of the TA-supported activities are expected to include the rural poor, small and marginal farmers, nomadic pastoralists and other livestock herders, returning refugees, internally displaced persons, and demobilized combatants.

**f. Plans for disseminating results/deliverables:** The TA will support the design and initiation of a public consultation process for the draft land policy.

**7. Proposed executing/implementing agency or agencies:** A high-level commission has been appointed to develop the comprehensive land policy. The commission, which comprises the Ministry of Agriculture and Animal Husbandry (MAAH) (chair); Ministry of Finance; Ministry of Mines and Industry; Ministry of Rural Rehabilitation and Development; Ministry of Irrigation, Water Resources, and Environment; and the Department of Cadastral Survey under the Office of the President will be charged with the task of developing the draft land policy for submission to Cabinet. In parallel, an interministry working group has also been appointed and has initiated studies to identify an appropriate institutional framework for land administration. Given their importance, the Directorate of Land in MAAH and the Department of Cadastral Survey under the Office of the President together with all the relevant ministries will work jointly on these endeavors.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** In preparing the Agriculture Sector Program, to which this TA is attached, extensive consultation was carried out with Government counterparts in all the relevant ministries, and maximum effort was made to reflect the special circumstances of Afghanistan so as to ensure a practical and realistic reform program. The leadership of the core sector institutions represents a range of political factions and interest groups, and as such there is broad ownership of the program's reform agenda. A separate consultation with key nongovernment organizations (NGOs) was also conducted to harmonize understanding on the critical issues confronting agricultural development and natural resource management in Afghanistan. The discussions with the NGO community gave an important validation of the scope and content of the reform program, given the NGOs long and extensive experience in implementing rural development activities throughout the country.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2004
- b. Expected date of submission for approval  
 Lending: June 2004  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory):
- c. Period and duration of assistance  
 Lending: 12-14 months  
 Nonlending:

**10. Financing Plan**

- a. For lending  
 Ordinary capital resources:  
 Asian Development Fund:  
 Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

- b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: TASF  
 Other: DFID

If cofinancing is required, indicate amount and sources sought: \$600,000, from Department for International Development (UK).

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	250,000
Government Financing	
Other Financing	600,000
<b>Total Cost</b>	<b>850,000</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.3: Natural Resources Management and Environment Protection  
Concept Paper**

**Date:** 5 May 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Environment and Biodiversity</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
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<input checked="" type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Afghanistan Resident Mission/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Ali Azimi</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Afghanistan's populace is dependent on its natural resources for economic and social welfare. Local communities located within nature reserves and their buffer zones are highly dependent on the natural environment to sustain and enhance their livelihoods. These resources have been severely degraded as a consequence of war and political instability and have consequently had a severe impact on livelihoods of the poor. Protecting natural resources is essential for their food security and sustainable development. The war has diverted the attention of government agencies away from conservation; as a result, the country's natural resource base has significantly deteriorated (soil runoff, flooding, loss of rangelands, forests and wildlife).</p> <p>The proposed TA project will reduce the extensive poverty prevalent among some of the remotest communities in the country residing in and adjacent to key protected areas of Pamirs and Bande-Amir through a set of activities to promote socioeconomic stability among the rural poor, while conserving the natural</p>								



ecosystems and wildlife resources. The parks are scheduled to be designated as World Heritage sites by United Nations Educational, Scientific and Cultural Organization. No poverty assessment for Afghanistan has been prepared. The available country poverty and social indicators and the environment indicators present a bleak and grim picture. The Government is committed to pursuing a path of broad-based and participatory growth strategy with a strong commitment to reducing poverty. Initiating and completing work on the preparation of a poverty partnership agreement (PPA) will be synchronized with the preparation of a full CSP, scheduled for 2005. The proposed Poverty Reduction Cooperation Fund (PRCF) project is in line with the Government's commitment to reduce poverty.

**b. Goal and purpose:** The development goal is to address the basic social and economic needs of communities in buffer zones of protected areas by implementing activities and providing incentives that will help reduce poverty as well as promote the conservation of natural resources and wildlife in selected protected areas. The goal of the project is envisaged to be realized by (i) using participatory methods to assess the needs of the communities, and develop feasible strategies and initiatives to address them; (ii) to develop and implement an integrated package of assistance, which includes skills training coupled to opportunities for income generation; and pilot-test assistance that improves food security, improves access to health, and education; and (iii) build institutional mechanisms for sustainability.

**c. Components and outputs:** The proposed TA will have several major outputs: (i) comprehensive need assessment of target communities in the buffer zones of Pamirs and Bande-Amir protected parks (component 1); (ii) pilot small projects to (a) develop skills for conservation of protected areas (such as natural resource and mountain climbing guides), community and agroforestry, handicrafts (sewing, embroidery, and carpets), horticulture and beekeeping; (b) pilot food security and social protection initiatives that could be scaled up (component 3 and 4); microcredit services established to cater to the poor's special needs (component 5); and (iii) build institutional mechanisms.

*Component 1 – Situation analysis and strategy development*

This component will conduct participatory assessments of target communities so as to analyze the situation, identify priorities for action and develop a strategy to reduce poverty and protect natural resources. This component will also identify partners for the implementation phase – community groups and nongovernment organizations (NGOs).

*Component 2 – Pilot small alternative livelihood schemes*

Together with partners identified in component 1, give skills training as guides, agro and community foresters, beekeepers, and empower women by providing alternative livelihoods as in handicrafts.

*Component 3 – Enhance food security*

This component will provide inputs to help communities increase the range of foods they grow to increase food security and improve nutrition levels. The component will include technical advice in agronomy (introduction to new species), medicinal plants, and greenhouses, and will be tested for scaling up.

*Component 4 – Pilot for social protection*

Effective social protection measures (e.g., clinics, schools, and basic health counseling services). This component will include environmental awareness education and adult literacy classes.

*Component 5 – Community development fund*

Community development funds (microfinance) will be made available to communities in Pamirs, and Bandi-Amir protected parks to enable them to invest in productive activities, e.g., handicraft, horticulture, poultry raising, beekeeping, medicinal plants, etc., particularly focused on women.

*Component 6 – Institutional capacity building*

Opportunities for mutual learning will be provided to the relevant government staff and NGO service provider.

*Component 7 – Project management, monitoring and evaluation (M&E), and exploring the potential for replication*

An NGO will provide coordination, project management, M&E with inputs from consultants.

**d. Expected results and deliverables:** Assistance to the communities will be based on an integrated conservation and development approach that would link community development interventions to conservation goals in the form of conservation stewardship agreements. The project will facilitate a participatory approach to establish village conservation stewardship agreements and village development plans. Village development plans would be given in the form of revolving funds for microcredit to individual

households or as grant for commonly agreed upon village development interventions (e.g., greenhouses, agroforestry plots, etc.).

**e. Social or environmental issues or concerns:** The proposed project will appreciably enhance the quality of life of communities living in the buffer zones of the protected parks and contribute to the protection of parks and biodiversity that has global significance.

**f. Plans for disseminating results/deliverables:** Results will be presented at national and regional workshops in Afghanistan and at international conferences.

**7. Proposed executing/implementing agency or agencies:** Ministry of Finance (MOF) as executing agency and an interministerial committee of Ministry of Rural Rehabilitation and Development, Ministry of Irrigation, Water Resources and Environment and Ministry of Agriculture. A TA implementation unit will be established under the MOF for day-to-day management of the TA.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Afghanistan's natural resource base has undergone extensive deterioration over the past two decades as a direct result of wars, political instability, and recent widespread drought that has affected many parts of the country. This degradation is parallel with significant growth in poverty. ADB fielded a fact-finding mission from 15 June to 10 July 2003 to observe and make a preliminary assessment of the social and economic conditions of the communities. The visit confirmed the extreme poverty in these communities. They have a short cultivation season, and grow a very limited range of crops making food security a major issue. The people suffer from poor health and nutrition and have very limited or no access to health clinics. In the Pamirs, there is only one clinic for 15,000 persons. The communities around Bandi-Amir have to travel 100 kilometers to seek medical help and often the ill die before help can be obtained.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2003

b. Expected date of submission for approval  
 Lending:  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory): April 2004

c. Period and duration of assistance  
 Lending:  
 Nonlending: 24 months

**10. Financing Plan**

- a. For lending  
 Ordinary capital resources:  
 Asian Development Fund:  
 Other:

If cofinancing is required, indicate amount and sources sought: \$ \_\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

## b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds  
 Other: PRCF

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	810,000
<b>Total Cost</b>	<b>810,000</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.4: Balkh River Basin Integrated Water Resources Management Project  
Concept Paper**

**Date:** 12 May 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Water resource management</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Agriculture, Environment, and Natural Resources Division / South Asia Department</p>								
<p><b>5. Responsible ADB officers:</b> Thomas Panella and Ki-Hee Ryu</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The project (i) supports the seamless transition from humanitarian assistance to reconstruction and recovery; (ii) supports developing the capacity in the Government, especially Ministry of Irrigation, Water Resources and Environment (MIWRE); (iii) strengthens linkages between the central and regional authorities; (iv) provides labor-intensive reconstruction activities through rehabilitation irrigation schemes; (v) promotes improved and sustainable agricultural livelihood opportunities; and (vi) promotes the independence of communities to develop, manage, and maintain their irrigation systems.</p> <p><b>b. Goal and purpose:</b> The objectives of the project are to improve water resources management and agricultural productivity, and to provide greater livelihood opportunities and reduce rural poverty in the Balkh</p>								

River Basin. The project will support physical rehabilitation and upgrading of traditional irrigation systems, strengthen water management through Afghanistan's traditional community-based *mirab* (traditional water managers) system, assist in enhancing agricultural productivity, and develop new institutional arrangements for integrated water resources management for the Balkh River Basin. The goal is consistent with the principles of the National Development Framework of the Government and development strategy of MIWRE.

**c. Components and outputs:**

- (i) The capacity development component will address all aspects of the project, including strengthening capacity for the following: *mirabs* and their irrigation communities for water resources management; improved agricultural practices for basin inhabitants; integrated water resources management for MIWRE staff and *mirabs*, including river basin planning and organization, water resources infrastructure investment planning and asset management, and construction supervision and monitoring; and contracting and construction for local communities with a focus on improving livelihood opportunities for the poor and ex-combatants undergoing demobilization, disarmament and reintegration (DDR).
- (ii) The institutional development component will (a) facilitate a stakeholder forum and dialogue; (b) survey and map all irrigation systems as well as make a detailed inventory of all water abstractions within the basin; (c) develop a strategy and action plan for community management of irrigation based on the *mirab* system; (d) develop a framework for water allocation within the basin; (e) develop a strategy and action plan for interventions to support enhanced agricultural productivity within communities; (f) develop a river basin plan for water resources management, and an investment plan including a prioritized investment strategy, rationalization plan for existing irrigation schemes within the basin, and an asset management plan; (g) develop a river basin organization and any required physical plant; and (h) purchase equipment, vehicles, and other materials.
- (iii) The rehabilitation of irrigation system component will address the current dilapidated status and technical limitations of the irrigation systems, and includes rehabilitation and upgrading of (a) river diversion intakes, (b) canal works, (c) canal structures, and (d) small community storage facilities.

**d. Expected results and deliverables:** (i) Improved livelihoods opportunities and reduced poverty in the Balkh River Basin; (ii) improved water management in the Balkh River Basin; (iii) improved agricultural productivity in the Balkh River Basin; (iv) reduced conflicts over water allocation in the Balkh River Basin; (v) improved infrastructure for irrigation and water management in the Balkh River Basin; (vi) improved operation and maintenance of irrigation facilities; (vii) strengthened capacity of government officials, *mirabs*, and other stakeholders in the Balkh River Basin; (viii) institutional development for water resource management in the Balkh River Basin; (ix) developed mechanisms for water allocation, planning, and monitoring

**e. Social or environmental issues or concerns:** Conflicts among water users may be a concern. They may prevent achieving sharing agreements and may lead to the breakdown of traditional water user groups. For this, rehabilitation of infrastructure with project funds will be used as an incentive to encourage agreement. A water user specialist is included in project costs and a conflict management specialist will be hired under incremental costs. United Nations Assistance Mission to Afghanistan will be conducting disarmament and demobilization activities in the project area that will help reduce conflicts.

**f. Plans for disseminating results/deliverables:** Reports and reference materials including a capacity development program for stakeholders, irrigation rehabilitation and development handbook, among others.

**7. Proposed executing/implementing agency or agencies:**

Executing Agency: Ministry of Finance

Implementing Agency: MIWRE

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Extensive community consultations were undertaken as part of the project design with MIWRE, *mirabs*, water users, and regional nongovernment organizations (NGOs). In addition, TA 3874-AFG: Water Resources Planning and Management has already been working in the area surveying irrigation schemes, identifying structures in need of repair, preparing designs, as well as preparing for a new regional office for MIWRE. These activities along with MIWRE staff, *mirabs*, development partners and NGOs, and other stakeholders have provided an excellent knowledge base and preparatory works that will facilitate mobilization of the project.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): May 2004
- c. Period and duration of assistance
  - Lending:
  - Nonlending: July 2004 to June 2007

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$ \_\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds
  - Other: To be determined

If cofinancing is required, indicate amount and sources sought: \$ \_\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
Government Financing	1,000,000
Communities	1,000,000
Other Financing	10,000,000
<b>Total Cost</b>	<b>12,000,000</b>

Source: ADB Staff estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.5: Capacity Building for Impact Monitoring and Evaluation  
Concept Paper**

**Date: 1 June 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Health, Nutrition, and Social Protection Subsector: Social Protection</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <table> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>5. Responsible division/department:</b> Agriculture, Environment and Natural Resources Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Donneth Walton</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> In Afghanistan, the lead ministry mandated to improve rural livelihoods and ensure social protection is the Ministry of Rural Rehabilitation and Development (MRRD). MRRD carries out several large programs aimed at restoring the physical and social infrastructure of rural Afghanistan. Presently, MRRD is in the process of setting up a monitoring and evaluation (M&amp;E) system for the ministry. This process is supported by ADB's technical assistance (TA) 3874. Initially, the focus of this system will be on monitoring direct results (outputs and effects) of the programs of MRRD. Subsequently, MRRD aims to move on to M&amp;E of impact on beneficiaries. This proposal seeks assistance for the impact M&amp;E. Additionally, MRRD intends to involve its beneficiaries directly and actively in its M&amp;E procedures. Presently, the beneficiaries act only as source of information. They take no part in determining which indicators are important to them and how the M&amp;E should take place; nor are they active in the monitoring process itself. MRRD wants to use this project to introduce more participatory methods of M&amp;E.</p>								

**b. Goal and purpose:** The project will assist MRRD to establish a system for impact M&E. It will also assist the ministry in applying methods of participatory M&E. Assessing the impact of poverty reduction programs will enable the Government and funding agencies to improve these programs so as to better address the needs of the poor. Including participatory M&E practices will give the poor an active role in the process. By establishing an impact M&E system, the project will contribute directly to monitoring the national poverty reduction strategy of Afghanistan. The results of impact evaluations will be used in formulating the poverty reduction strategy of MRRD, the ministry which has the lead role in implementing programs aimed at reducing rural poverty and improving the livelihoods of the poor.

**c. Components and outputs:** Components will be developed based on the TA fact-finding mission. The main output is to enable MRRD to undertake impact assessments. MRRD will receive practical assistance in these assessments, and staff will be trained. A start will be made with ensuring that MRRD's beneficiaries take an active role in the M&E processes.

**d. Expected results and deliverables:**

Expected outputs:

- (i) Procedures of MRRD impact M&E system agreed upon and documented
- (ii) Impact M&E procedures used for all MRRD programs
- (iii) Participatory M&E procedures used at MRRD projects
- (iv) Assistance in surveys
- (v) Trained ministerial and provincial staff

**e. Social or environmental issues or concerns:** To be determined

**f. Plans for disseminating results/deliverables:** Workshops within MRRD to disseminate results within the ministry. One workshop with audience from key ministries and development partners. Presentation to the M&E Advisory Group.

**7. Proposed executing/implementing agency or agencies:** MRRD

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The proposal was prepared by MRRD and approved by its minister.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): October 2004
- c. Period and duration of assistance
  - Lending:
  - Nonlending: To be determined

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.  
If known, provide cost estimates and financing arrangements.



<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	
b. For nonlending	
<input type="checkbox"/> No resources required, other than ADB staff	
<input type="checkbox"/> ADB's administrative budget:	
<input checked="" type="checkbox"/> Grant TA funds: TASF	
<input type="checkbox"/> Other:	
If cofinancing is required, indicate amount and sources sought:	
If known, provide cost estimates and financing arrangements.	
<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	450,000
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>450,000</b>
Source:	

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.6: Capacity Development for Irrigation and Water Resources Management  
Concept Paper**

**Date: 1 June 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Irrigation and Drainage</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>6. Responsible division/department:</b> Agriculture, Environment and Natural Resources Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Thomas Panella</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Water resources are one of Afghanistan's most valuable resources and are fundamental to agriculture, which supports about 85% of the population. Irrigated agriculture is critical, as it accounts for the bulk of agricultural production. Any reduction in the country's rural poverty will require improved access to water resources and irrigation, along with improved availability of input supply, support services, and marketing infrastructure. The country has a total agricultural area of about 8 million hectares (ha), with more than 2.6 million ha covered by irrigation schemes. Irrigation schemes require rehabilitation due to system deterioration caused by neglect and inadequate resources during decades of civil unrest. There is also a scope to further expand the irrigated area.</p> <p>The Ministry of Irrigation Water Resources and Environment (MIWRE) is the government entity responsible for development and management of irrigation systems and management of water resources. The capacity of</p>								

MIWRE was significantly diminished during the years of civil unrest. Skilled engineers were few and there was a severe lack of analytical skills, policy analysis, and strategic planning capacity at the senior levels. ADB had been supporting MIWRE through technical assistance (TA) 3874 subcluster 1B, Capacity Development for MIWRE. The TA was successful in helping MIWRE develop a water policy, reorganize the ministry, comply with civil service requirements, conduct overall investment planning for the sector, and generally strengthening the framework for integrated water resources management (IWRM). The TA closed in May 2004. In addition to providing critical capacity development support for MIWRE, the TA engaged ADB in the day-to-day activities of MIWRE. Maintaining close dialogue and contact with MIWRE is critical because ADB irrigation and water resources programs activities under the Emergency Infrastructure Rehabilitation and Reconstruction Project (EIRRP) traditional irrigation component, the Balkh River Basin Integrated Water Resources Management Project, and the Western Basins Water Resources Management and Irrigated Agricultural Development Project are increasing significantly. The capacity at MIWRE has remained weak, while its overall activities in addition to ADB's are also increasing. There is a need to continue direct ADB support to MIWRE to augment the overall ministry capacity as well as to help it play a general coordinating and support role for all ADB projects. ADB will be the largest aid agency in the irrigation and water resources sector with over \$100 million, and it needs to ensure that the ministry develops the capacity to coordinate ADB activities to maximize their overall impact on the development of sectors.

**b. Goal and purpose:** The goal of the TA is to continue to develop MIWRE's capacity for policy analysis and strategic planning in the irrigation and water resources sectors and to ensure that ADB activities are coordinated to maximize their overall impact in the sectors.

**c. Components and outputs:** The TA will involve recruitment of a senior, long-term (2 years) advisor to serve at the deputy and ministerial level to achieve the following: (i) development of the capacity for strategic planning and overall coordination of investment activities in the irrigation and water resources sectors, (ii) strengthening of the institutional framework for IWRM in Afghanistan, (iii) developing the capacity of river basin organizations under MIWRE, (iv) support for continued restructuring and development of MIWRE, and (v) overall support to coordinate ADB investment activities in the sector.

**d. Expected results and deliverables:** The TA is anticipated to achieve the following results and produce the following deliverables: (i) strategic papers for use by MIWRE in addressing specific issues related to IWRM, (ii) planning documents for MIWRE and the irrigation and water resources sectors, (iii) program analysis and evaluations, (iv) workshops and policy forums to address issues in the sectors, and (v) regular reports to ADB on investment activities.

**e. Social or environmental issues or concerns:** The TA is anticipated to have positive social and environmental impacts. IWRM explicitly recognizes the importance of water for environmental needs and the framework for IWRM will be strengthened under the TA. User participation and improved equity in access to water resources are also fundamental tenets of IWRM and will be promoted through the TA.

**f. Plans for disseminating results/deliverables:** The TA will produce reports and strategic papers for wide dissemination and will conduct several workshops on integrated water resources management issues as well as Afghan-specific institutional and policy issues in the irrigation and water resources sectors.

**7. Proposed executing/implementing agency or agencies:** MIWRE

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
The TA and detailed terms of reference (TOR) will be developed in consultation with MIWRE.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Nonlending (project preparatory): 2004
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Nonlending: 2006

**10. Financing Plan**

- a. For lending
- Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: TASF
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	550,000
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>550,000</b>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.7: Poverty Reduction and Rural Renewable Energy Development  
Concept Paper**

**Date:** 4 May 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Renewable energy generation</p> <p>b. For project preparatory and lending, classification</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Gender and development	
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<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input checked="" type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Afghanistan Resident Mission/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Ali Azimi</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Afghanistan was one of the poorest places in the world before the Soviet invasion led to more than 20 years of conflict and destruction. Afghanistan is at or near the bottom of every socioeconomic indicator used to measure human and economic progress. The country's overall human misery index is among the highest in the world. For example, one of four Afghan children dies before the age of five. Afghanistan is tied with Sierra Leone as having the highest maternal mortality (death due to complications of pregnancy or childbirth) rates in the world.</p> <p>The majority of the country's population lives in rural areas. Abject poverty in the rural areas is related to lack of income opportunities, and productive use of electricity would help reduce poverty by providing alternative sources of livelihood. In 1993, the per capita consumption of electricity was estimated at 45 kWh with only 6% of the population having access to electricity — possibly the lowest in the world.</p>								

Electricity networks are located around major cities; there is no national power grid. Access to electricity is a key element in rural development. Whether it is used to provide higher quality lighting for rural homes accustomed to kerosene lamps or to provide power for microbusinesses, the availability of electricity can make a difference in the lives of people in rural areas.

Due to the remoteness of rural locations and the topography of the country, a centralized grid system is not economically feasible and it will be many decades, if ever, before it reaches the poor in the villages. There is therefore an urgent need to explore renewable sustainable alternative energy sources that can be maintained at a decentralized level and affordable to the poor. Solar energy is considered the most important source for the purpose. The Government estimates that solar insolation averages about 6.5 kWh per square meter per day, with sunny skies for about 300 days a year. Consequently there is a huge potential for solar energy development, not only for solar water for homes, hospitals, and buildings, but also for generating electricity.

The Government of Afghanistan is committed to address the deprivation experienced by large parts of the rural Afghan population by community-based development and income generation. Approximately 90% of the population live in rural areas and depend on traditional fuels (fuelwood and crop residues) for cooking and water heating, and kerosene for lighting. This has an adverse impact on forests and watersheds. Burning these fuels increases indoor air pollution, which adversely affects the health of women and children in particular. Rural electrification is the only way that the majority of its rural populace can move toward attaining energy security and enhancing social welfare.

The proposed project will target the poorest and most vulnerable in the selected communities. In particular, it will seek out illiterate and semi-illiterate youth, women and men including disabled persons who were maimed in the conflict and are generally marginalized. These groups would be trained to become solar engineers to assemble, install, maintain, and repair solar photovoltaic (PV) equipment. The training will give them a means to earn an income. Solar energy will provide two additional crucial benefits: the opportunity for lighting, which can be used to run literacy and other courses in the evening, and to operate solar PV pumps to provide irrigation for crops. Evening classes will benefit children and adults working in the fields during the day, and the solar powered pumps can provide irrigation for agricultural production in which 85% of Afghans are engaged. This is important for increasing both incomes and food security for vulnerable families.

The Poverty Reduction Cooperation Fund (PRCF) will provide the opportunity to pilot-test decentralized approaches to poverty reduction in Afghanistan through solar PV systems for sustainable income generation, heating, cooking, and lighting. This project will also address the need to build local capacities within the community to set up, operate, repair, and maintain solar PV generating systems to meet local needs.

Thus the issue of providing sustainable energy will be addressed within the broader context of poverty reduction through income generation, improved health and well-being, gender equity, environmental sustainability, and community-based ownership and management.

**b. Goal and purpose:** The goal of this PRCF pilot project is to establish the necessary conditions for pre-electrification of remote areas using solar power. It will include developing training packages to increase the number of personnel qualified to install, maintain, and finance these systems. It will involve developing public information to inform the public about how to avail themselves of the benefit of these systems. The project will develop a small revolving fund and solicit additional cofinancing on a pilot basis, to help households and businesses defray the high up-front costs of the systems. The long-term objective of the pilot project is to lay the foundation for the sustainable dissemination and use of solar systems in rural areas that cannot be accessed in the near and medium term by the planned national electric grid. The specific objectives are to (i) evaluate the potential for increased use of solar PV technology to provide solar powered electricity in rural areas of the country through the involvement of NGOs in providing energy services to the poor; (ii) determine the necessary policy, technical, financial, social, and institutional requirements to expand the market for the PV systems on a demand-driven, cost-recovery basis; (iii) build the capacity of poor marginalized persons to design, install, service, and for the public sector to promote, monitor and evaluate the performance of these systems, and to provide the policy framework for expanded use of solar PV systems; (iv) provide solar PV systems in communities and households in approximately 10 villages; and (v) empower women.

The project design will be based on lessons from the experience of ADB, World Bank, and other agencies in supporting renewable energy technologies in countries of the region – India, Indonesia, Sri Lanka, Viet Nam, etc. Some of these lessons follow:

- need for provision of microfinance options for technologies with high front-end costs like solar PV;
- need for understanding market characteristics, including willingness and capability of the poor to pay; and

- need for technical assistance in building capacity of various stakeholders.

**c. Components and outputs:**

*Component 1 – Needs assessment*

This component will assess the needs of the communities in 10 villages for solar PV systems.

*Output:* A report detailing needs of the communities and how best to meet them with solar PV systems.

*Component 2 – Equipment*

Provision of solar PV systems to the poor in 10 remote villages with a 10-year guarantee on replacement of spares, batteries and accessories.

*Output:* Solar PV equipment purchased and installed.

*Component 3 – Income generation*

Investigate the feasibility of setting up solar PV-powered common facility centers for income generation activities. The centers will assemble solar lanterns and home lighting systems, solar hot water systems, solar dryers. The centers could also be used to train the communities to acquire skills for handicraft making, carpentry, masonry, etc.

*Output:* Construction of common facility centers, training in assembly of solar PV equipment, income generation options identified and training.

*Component 4 – Training and capacity building*

The project will train approximately 100 persons (10 persons x 10 villages) in the above activities to become energy entrepreneurs for servicing solar equipment. The criteria for selecting villages will be developed in consultation with the government. The project will also train and build the capacity of villagers to operate and manage community-based enterprises. Literacy classes will be provided at night.

*Output:* 100 persons trained. Literacy classes started and students enrolled.

*Component 5 – Energy revolving fund*

A revolving fund will be set up by an NGO to enable communities to borrow money for setting up solar energy systems in villages not covered by the initial investment.

*Component 6 – Project management and impact assessment*

**d. Expected results and deliverables:** The project will address the promotion of sustainable human development and poverty reduction. The project aims to set up self-sustaining systems of renewable energy and train women, the youth, and the disabled to install, repair, and maintain these systems in their own villages and communities. It also aims to shift from beneficiary mode to a service-oriented mode that would be sustainable and would enhance livelihoods and quality of life for low-income households in selected rural villages.

The project will establish the policy, technical, financial, social, and institutional requirements for expanding the market of PV systems. The project will involve the full participation of local communities in all aspects of design and implementation and at all levels, and empower women and communities by developing skills. It will permit the preparation of an investment plan for the use of PV technology on a national scale in Afghanistan, using one or more proven implementation strategies. While the initial funding for the project will come from an external source, alternative options generated from within the communities will be investigated with the view to creating self-sustaining funding. For example, the supply of solar equipment will be based on cost-recovery principles although initially subsidized through project funds. This model has been tested in India with success and will be replicated in rural areas of Afghanistan.

**e. Social or environmental issues or concerns:** There will be no adverse social or environmental issues. Indeed the project is aimed at reducing negative environmental impacts by introducing clean and renewable energy alternatives.

**f. Plans for disseminating results/deliverables:** The results will be primarily disseminated through a national seminar in Kabul and mass media. At the national level, this will have wide participation from all stakeholders – the aim being to replicate results in other communities throughout the country. Regional workshops will be held to share the results of the project and increase learning and interaction.

A project steering committee consisting of key stakeholders will be set up to assist with disseminating results. The steering committee will help to integrate the pilot into government policies and plans, and assist with replication of results and lessons learned.

<p><b>7. Proposed executing/implementing agency or agencies:</b> Ministry of Water and Power (MWP)</p>																				
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b>          Consultations in developing a project framework were held with MWP, Ministry of Rural Rehabilitation and Development, NGOs, e.g., Aga Khan Foundation, Norwegian Afghanistan Committee, Solidarities, and the World Bank.</p>																				
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2003</p> <p>b. Expected date of submission for approval          Lending:          Nonlending (project preparatory):          Nonlending (other than project preparatory): January 2004</p> <p>c. Period and duration of assistance          Lending:          Nonlending: June 2004 – June 2006</p>																				
<p><b>10. Financing Plan</b></p> <p>a. For lending  <input type="checkbox"/> Ordinary capital resources:  <input type="checkbox"/> Asian Development Fund:  <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.          If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td><b>Total Cost</b></td> <td></td> </tr> </tbody> </table> <p>Source:</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget:  <input type="checkbox"/> Grant TA funds  <input checked="" type="checkbox"/> Other: DFID</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.          If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td>750,000</td> </tr> <tr> <td><b>Total Cost</b></td> <td><b>750,000</b></td> </tr> </tbody> </table> <p>Source:</p>	Source	Amount (\$)	ADB Financing		Government Financing		Other Financing		<b>Total Cost</b>		Source	Amount (\$)	ADB Financing		Government Financing		Other Financing	750,000	<b>Total Cost</b>	<b>750,000</b>
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Other Financing	750,000																			
<b>Total Cost</b>	<b>750,000</b>																			

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, DFID = Department for International Development, RCSP = regional cooperation strategy and program, TA = technical assistance.



**Table A3.8: Support for Establishing a Gas Regulatory Framework  
Concept Paper**

**Date: 13 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Energy sector development and reforms</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Energy Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Najeeb Jung</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB's strategy is to help in reconstructing the gas sector in Afghanistan and expedite the involvement of the private sector. The proposed technical assistance will assist both these goals.</p> <p><b>b. Goal and purpose:</b> The purpose is to design an effective regulatory system.</p> <p><b>c. Components and outputs:</b> The outputs include a review of other regulatory systems and drafting rules and laws for an appropriate and suitable regulatory body in Afghanistan.</p> <p><b>d. Expected results and deliverables:</b> The deliverables will include a study of other frameworks, establishment of regulatory objectives, proper institutional arrangements, and drafting of rules and regulations.</p>								

<p><b>e. Social or environmental issues or concerns:</b> none</p> <p><b>f. Plans for disseminating results/deliverables:</b> Seminars, training, and workshops in the country</p>																								
<p><b>7. Proposed executing/implementing agency or agencies:</b> Ministry of Mines and Industry</p>																								
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The Government of Afghanistan is committed to the establishment of a regulatory body and will provide all necessary help.</p>																								
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): June 2004 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: Nonlending: 9 months</p>																								
<p><b>10. Financing Plan</b></p> <p>a. For lending</p> <p><input type="checkbox"/> Ordinary capital resources:</p> <p><input type="checkbox"/> Asian Development Fund:</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.</p> <p>If known, provide cost estimates and financing arrangements.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Source</th> <th style="text-align: right; border-bottom: 1px solid black;">Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;"><b>Total Cost</b></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td colspan="2">Source:</td> </tr> </tbody> </table> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget:</p> <p><input checked="" type="checkbox"/> Grant TA funds: TASF</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.</p> <p>If known, provide cost estimates and financing arrangements.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Source</th> <th style="text-align: right; border-bottom: 1px solid black;">Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td style="text-align: right;">750,000</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;"><b>Total Cost</b></td> <td style="border-top: 1px solid black; text-align: right;"><b>750,000</b></td> </tr> <tr> <td colspan="2">Source:</td> </tr> </tbody> </table>	Source	Amount (\$)	ADB Financing		Government Financing		Other Financing		<b>Total Cost</b>		Source:		Source	Amount (\$)	ADB Financing	750,000	Government Financing		Other Financing		<b>Total Cost</b>	<b>750,000</b>	Source:	
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Source:																								

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.9: Promoting International Trade and Cross-Border Trade Facilitation  
Concept Paper**

**Date: 1 April 2003**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Industry and Trade Subsector: Trade</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input checked="" type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
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<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Natin Patel</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Afghanistan is central to the promotion of regional trade and commerce. Historically, Afghanistan and its neighbors acted as a meeting ground and a route for trade and the communication of ideas. The collapse of the Soviet Union, the emergence of Central Asian republics, the defeat of the Taliban, and the subsequent assumption of power of the present Afghan administration, should allow the country to resume its central role in regional economic cooperation. Given a narrow domestic demand base, a significant share of Afghanistan's future growth is likely to come from international and regional trade. Essential to the realization of greater benefits from regional cooperation is the rehabilitation of Afghanistan's road infrastructure, harmonization of customs systems, and rationalization of existing transit trade agreements. In 2002, under a TA cluster, ADB provided support for developing a framework and legislation for cross-border trade. The TA took stock of existing bilateral and multilateral conventions and agreements in which Afghanistan is a participant, and analyzed existing traffic patterns to determine the need to amend existing laws, regulations,</p>								

and procedures or develop new ones. The proposed TA could be considered as phase 2 of the first as it will be primarily concerned with implementing the findings of the first TA, which is being successfully implemented.

**b. Goal and purpose:** The goal of the TA is to promote economic growth and reduce poverty by enabling Afghanistan to fully exploit international and regional trade and investment and other exchange opportunities. The purpose is to create an enabling environment by amending existing conventions and agreements, laws, regulations, and procedures on the basis of new realities. Where feasible, mutual trade agreements will be promoted with neighboring countries together with clarification of transit rights. Physical investments necessary for trade facilitation will be identified and linked to the Government's sector development plans and the development budget. In view of the Government's strong commitment to promoting the private sector as engine of growth, particular attention will be paid to the effect of the framework on expansion of private sector participation in international and cross-border trade. A monitoring mechanism will be put in place to observe traffic flows and private sector participation, and to review effectiveness of trade facilitation measures put in place.

**c. Components and outputs:** The project will provide equipment, materials, vehicles, computers and technical expert services, and support training, surveys, data processing, analysis, report preparation, and dissemination.

The TA will have the following components:

- (i) Amending existing conventions and agreements, laws, regulations, and procedures. This will involve drafting amendments, facilitating legislative and/or administrative actions to put amendments into effect, and establishing institutional mechanisms for implementing the amended legal and regulatory framework.
- (ii) Drafting mutual trade agreements on bilateral or multilateral basis as appropriate, assisting in their negotiations, and if agreed upon, assisting in their implementation
- (iii) Assisting in drafting, seeking approval, and implementing transit rights
- (iv) Examining the role of transport logistics (trucking, containerization, transport prices etc.) in cross-border trade
- (v) Developing an investment program to facilitate international and cross-border trade
- (vi) Networking of trade-related institutions and signing of cooperation agreements
- (vii) Establishing databases and information linkages
- (viii) Developing a framework for monitoring traffic flows and trade impact

The specific outputs of the proposed TA are follows:

- (i) Revised set of conventions and agreements, laws, regulations, and procedures regulating international and regional trade
- (ii) New draft trade agreements with regional partners
- (iii) Agreements on transit rights of neighboring and other countries
- (iv) Investment portfolio in support of international and cross-border trade facilitation
- (v) Accessible information network
- (vi) Increased private sector participation in international and regional trade
- (vii) Monitoring reports

**d. Expected results and deliverables:** The Government has demonstrated great interest in reactivating Afghanistan's role in regional cooperation. With assistance from ADB, it is reviving road links with Turkmenistan and Uzbekistan in the north and Pakistan in the southeast. Ongoing rehabilitation of damaged transmission lines in the country's northern power grid will allow imports of power from Turkmenistan and Uzbekistan. Transit rights are being negotiated for the proposed Turkmenistan-Afghanistan-Pakistan natural gas pipeline. Initiatives relating to cross-border trade facilitation are under way. The Government also has expressed interest in reviving the Economic Cooperation Organization (Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan) as an institutional vehicle for fostering regional cooperation. Afghanistan is poised to resume its central role in regional trade and commerce. Peace and stability, and prosperity of Afghanistan would be a catalyst for rapprochement or closer bonds between neighbors, e.g., between Iran and Pakistan, Pakistan and India, and between any one of these countries and the Central Asian neighbors like Tajikistan, Turkmenistan, and Uzbekistan. Bilateral trade commodity opportunities are considerable in such items as fruits, nuts, and other tree crops; carpets and other textiles; dried fruits, high-value horticultural crops like flower, wool, and cotton, herbs and spices; specialist manufactured wooden and metal products including handicrafts and jewelry, leather and skins, stones, and the like. New trade routes will be opened up with northern neighbors and Iran, and an alternative route to the sea could be used through Iran. Transit trade gain would also have much potential. Apart from the considerable benefits of trade, gains would accrue from reduced waiting times, and reduced transport and other costs.

<p><b>e. Social or environmental issues or concerns:</b> Social benefits will be immense and environmental concerns linked to trade will be fully reflected in conventions and agreements, laws, regulations, and procedures.</p> <p><b>f. Plans for disseminating results/deliverables:</b> Workshops, seminars, publications, and electronic media and linked access to debt database.</p>																				
<p><b>7. Proposed executing/implementing agency or agencies:</b> Ministry of Commerce</p>																				
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Consultations were carried out with the Government and development partners.</p>																				
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003</p> <p>b. Expected date of submission for approval  Lending:  Nonlending (project preparatory):  Nonlending (other than project preparatory): July 2004</p> <p>c. Period and duration of assistance  Lending:  Nonlending: 2 years</p>																				
<p><b>10. Financing Plan</b></p> <p>a. For lending</p> <p><input type="checkbox"/> Ordinary capital resources:  <input type="checkbox"/> Asian Development Fund:  <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.  If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td><b>Total Cost</b></td> <td></td> </tr> </tbody> </table> <p>Source:</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget:  <input checked="" type="checkbox"/> Grant TA funds: TASF  <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.  If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>550,000</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td><b>Total Cost</b></td> <td><b>550,000</b></td> </tr> </tbody> </table> <p>Source:</p>	Source	Amount (\$)	ADB Financing		Government Financing		Other Financing		<b>Total Cost</b>		Source	Amount (\$)	ADB Financing	550,000	Government Financing		Other Financing		<b>Total Cost</b>	<b>550,000</b>
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Government Financing																				
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ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.10: Security of ADB-Financed Projects in Afghanistan  
Concept Paper**

**Date:** 28 April 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Law and Public Sector Management Subsector: Sub-national government</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area</p> <table> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Operations Coordination Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Jordi Capdevila</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Since September 2001, ADB has assumed a key role in the international community's efforts to plan for and assist in Afghanistan's reconstruction, drawing on ADB's experience in providing postconflict assistance in Cambodia, Sri Lanka, Tajikistan, and Timor-Leste. At the Tokyo Conference in January 2002, ADB pledged \$500 million in concessional loans and grants by June 2004. By September 2003, ADB had approved the delivery of \$325 million in loans from the Asian Development Fund and grant TA, fulfilling two thirds of its pledge.</p> <p>The overall security situation in Afghanistan remains tenuous despite 25 months of nation building following the ouster of the Taliban in November 2001. The United Nations (UN) mandated safety precautions remain in place. Other nations, development organizations, and humanitarian nongovernment organizations (NGOs) are not immune to the vagaries of this environment, or the frustrations generated by public expectations from the international community. Taliban elements are returning to the southern provinces in Afghanistan from</p>								

Pakistan border areas, and radical political and religious factions have stepped up their attacks in recent months on international representatives and NGOs. The Government of Afghanistan is unable to provide sustained security outside the immediate environs of Kabul.

In September 2003, a fact-finding mission was fielded to Afghanistan. The Mission conducted field visits to Kandahar, Mazar-e-Sharif, and Sheberghan provinces to review ongoing and planned projects, discuss security arrangements for ADB-financed projects, and meet provincial reconstruction teams (PRT). While the Mission was in Afghanistan, a particularly serious incident occurred on 7 September on the Kabul-Kandahar road near Qalat (in Zabul Province), where the security force protecting the contractor's construction work on the road was attacked by an armed group. Several members of the contractor's Afghan security force were killed in the attack. Given this development, the Mission enlisted the assistance of a security coordinator for drafting a security plan for the Kandahar-Spin Boldak road improvement project. The seriousness of the security situation in Afghanistan was again highlighted in a bomb explosion at the Intercontinental Hotel in Kabul on 22 November 2003 involving ADB staff.

To face the heightened security situation, ADB approved for the Afghanistan Resident Mission (AFRM) a resident security coordinator. The functions and role of the resident security coordinator will be complemented by this TA that aims at providing the Government the expertise for planning and improving security measures of ADB-financed projects. The coordinator will manage and coordinate the overall security and risk management plan, and will be responsible for managing and supervising this TA proposal.

**b. Goal and purpose:** The TA is a response to effectively address the security environment in Afghanistan. The main objective is to assist the Government to provide security for contractors, consulting firms, and NGOs working on projects funded by ADB. The specific objectives are to (i) prepare the security plans for each working site and project financed by ADB, as well as a master emergency management plan (EMP); (ii) assist the contractors and consulting firms implementing the different projects to set up the procedures required by their security plans; and (iii) support ADB's AFRM in coordinating with key agencies and organizations on security issues, through ADB AFRM's resident security coordinator.

**c. Components and outputs:** The TA will provide the Government with expertise for planning and improving the security measures of ADB-financed projects. The TA will provide project security plans and an EMP. The objective of the EMP and the project security plans is to provide a safe work environment for on-site personnel assigned by the contractor, subcontractors, and consulting firms. The EMP and project security plans will provide the appropriate prevention and reaction measures to cope with theft, terrorism, demonstrations, and related problems. The project security plans will include the following security measures: (i) protection of camps; (ii) medical evacuation plans; (iii) protection of work sites; (iv) protection of critical infrastructure; (v) patrols; (vi) protection of equipment and nighttime parking areas; (vii) protection of guesthouses; (viii) escorts as required; (ix) security screening of employees for the contractors, subcontractors, and consulting firms; and (x) assistance to develop and implement security contingency plans. The TA consultants will guide the contractors and consulting firms in implementing the measures described in the security plans.

In addition, the TA consultants will provide security-related information and advisories to project personnel; liaise with UN agencies, International Security Assistance Force (ISAF), coalition forces, PRTs, and NGOs on security matters; and give security briefings for contractors, subcontractors, and consulting firm personnel, and the ADB AFRM security resident coordinator, whenever required.

**d. Expected results and deliverables:** The heightened security situation in Afghanistan poses unique challenges in implementing ADB-financed projects, and will require that ADB go to unusual lengths to ensure the security of staff, consultants, and contractors working in the country. Doing so is necessary to comply with UN security guidelines governing the operations of international organizations with presence in Afghanistan. The TA will address these issues by assisting the Government, selected contractors, and consulting firms to plan and implement appropriate security measures, in accordance with the United Nations Minimum Operating Security Standards (MOSS) program.

**e. Social or environmental issues or concerns:** Potential constraints caused by the political and security situation may alter the assessed needs.

**f. Plans for disseminating results/deliverables:** Establishment of four regional offices offering information and assistance / briefing sessions to involved stakeholders.

<p><b>7. Proposed executing/implementing agency or agencies:</b> Executing Agency: Ministry of Finance. Implementing Agency: ADB.</p>																				
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> In accordance with consulted Government officials, a security coordination committee will be established for overall guidance on TA supervision and coordination, represented by the deputy minister of the Ministry of Finance as a standing member and the deputy minister of the Ministry of Interior as an alternate member. Close consultation on security-related matters with other involved stakeholders present in the field has been pledged (mainly with the UN Field Security Office, PRTs, United Nations Assistance Mission in Afghanistan, ISAF, coalition forces, and others).</p>																				
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2004</p> <p>c. Period and duration of assistance Lending: Nonlending: 24 months from start date</p>																				
<p><b>10. Financing Plan</b></p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td><b>Total Cost</b></td> <td></td> </tr> </tbody> </table> <p>Source:</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input checked="" type="checkbox"/> Grant TA funds: TASF <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>990,000</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td><b>Total Cost</b></td> <td><b>990,000</b></td> </tr> </tbody> </table> <p>Source: ADB estimates.</p>	Source	Amount (\$)	ADB Financing		Government Financing		Other Financing		<b>Total Cost</b>		Source	Amount (\$)	ADB Financing	990,000	Government Financing		Other Financing		<b>Total Cost</b>	<b>990,000</b>
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ADB Financing	990,000																			
Government Financing																				
Other Financing																				
<b>Total Cost</b>	<b>990,000</b>																			

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.



**Table A3.11: Capacity Building of the Ministry of Finance  
Concept Paper**

**Date: 1 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Law and Public Sector Management Subsector: Public finance and expenditure management</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Operations Coordination Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Craig Steffensen</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Following the departure of the Taliban regime in Afghanistan in fall 2001, the international community made far-reaching commitments to assist Afghanistan with its development. They included pledges of up to \$4.5 billion for 5 years made at the International Conference on Reconstruction held in Tokyo in January 2002, and more recently pledges of \$8.2 billion at the international conference on Afghanistan held in Berlin during 31 March – 1 April 2004.</p> <p>The Ministry of Finance (MOF) of the Government of Afghanistan is a central player in the macroeconomic and financial management of the country. To establish a strong fiscal management regime with the efficient use of external assistance, the MOF minister outlined an ambitious reform agenda for all key areas of responsibility of the ministry. It included (i) fiscal policy, (ii) budget preparation and execution, (iii) revenue policy and revenue collection, (iv) customs reform, and (v) broader economic restructuring such as privatization of defunct state-owned enterprises (SOEs) as well as reform of the payroll and pension systems.</p>								

ADB's Country Strategy and Program Update for 2004–2006, as well as its predecessor, has strongly supported governance and financial sector reforms, through a program loan (Postconflict Multisector Program loan approved in December 2002) as well as technical assistance (TA) projects. Under TA cluster 3874, approved in May 2002, a number of advisors were provided to MOF to build the capacity of government counterparts to (i) coordinate and efficiently utilize external assistance across sectors; (ii) assist the Finance minister and deputy minister to develop policies and implement a reform program; (iii) provide specialized services in areas such as budgeting, procurement, and auditing; and iv) provide on-the-job training to MOF employees.

The previous TA's success can be gauged by a number of major achievements. First, the Government has successfully formulated both a recurrent and a development budget for two successive fiscal years. It has played a lead role in reassessing the resources needed to enable the Government to provide basic social services to the Afghan people on a sustainable basis. In addition, the TA advisors have played a vital role in restructuring the financial sector, and in creating conditions for promoting private sector investment.

**b. Goal and purpose:** The goal of this TA is to strengthen the macroeconomic management capacity of the Government of Afghanistan. The purpose is to continue strengthening the capacity of MOF in its key functions such as development of the national budget (both operational/recurrent as well as development), budget execution, revenue generation, and expenditure management, as well as implement needed reforms.

**c. Components and outputs:** Four advisors (two long-term and two short-term) will provide technical assistance to the minister, deputy minister, as well as the head of the Treasury Unit, Debt Sustainability Unit, and the Grant Management Unit as needed during SY1383 (2004/2005) and SY1384 (2005/2006).

**d. Expected results and deliverables:**

- Enhanced recurrent budget financing (e.g., through tax policy reforms, tax administration, customs reform) and budget execution (e.g., cash management, expenditure control)
- Formulation and management of the development budget
- Human resource management
- Facilitation and monitoring of reform activities supported by multilateral and bilateral institutions
- Strengthening of financial and economic databases
- Continued adherence to a no-deficit financing policy
- Strengthening central-provincial fiscal relations and management systems

**e. Social or environmental issues or concerns:** Positive social benefits are expected to be attained with the efficient use of resources. The TA project has no adverse environmental effects.

**f. Plans for disseminating results/deliverables:** The results of the TA will be reported in the regular TA progress reports. Results/experiences will also be shared with other multilateral and bilateral agencies.

**7. Proposed executing/implementing agency or agencies:** MOF

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

MOF has requested ADB to continue with the provision of this advisory TA. The consultants have performed well in the past and continue to provide reliable services to senior management in the ministry.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): 26 July 2004
- c. Period and duration of assistance
  - Lending:
  - Nonlending: July 2004-June 2005

**10. Financing Plan**

- a. For lending
- Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: TASF
  - Other: AusAID

If cofinancing is required, indicate amount and sources sought: \$210,000, from AusAID  
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	1,510,000
Government Financing	
Other Financing	210,000
<b>Total Cost</b>	<b>1,720,000</b>

Source:

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.12: Master Plan for Road Network Improvement Project Phase I  
Concept Paper**

**Date:** 1 May 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input checked="" type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and Communications Subsector: Roads and highways</p> <p>b. For project preparatory and lending, classification</p> <p>    <input checked="" type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Hiroaki Yamaguchi</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Much of the road infrastructure in Afghanistan was severely damaged during the two decades of civil strife. The Government declared that reconstructing/rehabilitating the road network is the country's top priority. Since 2002, the Government, with external assistance, has made massive efforts to reestablish the national primary road network consisting largely of the 2,200 kilometers ring road and links to neighboring countries. As the Herat-Andkhoy Road Project, which is programmed for lending in 2004, will complete the last unimproved section of the ring road, the Government has requested ADB to identify a new set of road projects that would further enhance the capability of the country's road network and best facilitate the nation's economic recovery and social integration. As a prerequisite to identifying such projects, the Government also requested ADB to conduct a comprehensive study to prepare a road master plan that will set out a road network development strategy and program over the next 5-10 years with due consideration to financing requirements of operation and maintenance. The geographical focus will be on the central mountain region and other areas currently underserved by the national</p>								

primary road network, so as to provide connectivity to potential centers of economic activities such as mines and gas fields. Improvement of the east–west corridor to connect Herat to Kabul, the feasibility study of which has been programmed for 2004 in the CSPU 2003–2005, will be studied as one of the alternatives. In addition to this corridor, two north-south corridors passing through the central mountain region will be considered for prioritization, among other possible corridors.

**b. Goal and purpose:** The primary goal of the project preparatory technical assistance will be to (i) prepare a road master plan, and (ii) conduct a feasibility study for road projects that are accorded high priority in the plan. The feasibility study will result in a modern, efficient two-lane highway with good riding quality.

**c. Components and outputs:**

- The road master plan component to study and prioritize national primary roads including financing requirements of operation and maintenance
- The feasibility study component to prepare investment projects for possible loan financing in 2005

**d. Expected results and deliverables:**

- The road master plan to map out a road network development strategy and program over the next 5–10 year period
- Feasibility study of high-priority national primary road projects

**e. Social or environmental issues or concerns:** To be identified through project preparation

**f. Plans for disseminating results/deliverables:** Project progress review meetings

**7. Proposed executing/implementing agency or agencies:** Ministry of Public Works (MPW)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Consultative discussions with officials of MPW and Ministry of Finance

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: Combined two TAs in CSPU 2003-2005
- b. Expected date of submission for approval  
 Lending:  
 Nonlending (project preparatory): July 2004  
 Nonlending (other than project preparatory):
- c. Period and duration of assistance  
 Lending:  
 Nonlending: 15 months from November 2004

**10. Financing Plan**

- a. For lending
- Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: TASF
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	2 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>2 million</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.13: Improving Agriculture and Natural Resource Management and Planning  
Concept Paper**

**Date: 10 June 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Agriculture sector development</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Afghanistan Resident Mission / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Allan Kelly</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The agriculture and natural resource management sector is the key economic sector in Afghanistan, with the majority of the population dependent on the sector for their livelihoods. Since 2002, the sector ministries (Ministry of Agriculture and Animal Husbandry [MAAH] and Ministry of Irrigation, Water Resources and Environment [MIWRE]) have prepared sector policy and strategic frameworks as bases for sector development in line with the Government's policy agenda, as outlined in the National Development Framework. Development budgets have been prepared as part of the public investment program process. In line with planned civil service reforms, the ministries have initiated the priority reform and restructuring (PRR) process, with stage 1 being undertaken by both ministries, MIWRE has made very significant progress with stage 2 reforms, while MAAH has yet to initiate this stage. Implementation of institutional reforms and reorganization will be essential to efficient service delivery.</p>								

The Government recognizes that the agriculture and natural resource management sector is a priority sector, and that development partner support is essential for the sector to achieve its potential. The Government's Securing Afghanistan's Future Report (April 2004), prepared before the Berlin Conference on Afghanistan (April 2004), highlights the importance of the sector and gives a detailed 12-year sector investment program. ADB has been supporting the sector since 2002, as one of the priority sectors under its program in Afghanistan. ADB has provided technical assistance (TA) to support agriculture and natural resource policy and planning, preparatory work for emergency irrigation rehabilitation interventions, and institutional reform and capacity building. Support will be proposed for assistance in land policy development and land administration. Loan support has been provided for an emergency irrigation rehabilitation project (\$15 million), and through the 2004 agriculture sector program loan (\$55 million), which will support sector policy and institutional reforms. While this support has assisted the ministries in undertaking key initial steps, additional support is required to further strengthen the policy, planning, and management systems in the sector institutions.

**b. Goal and purpose:** The TA goal is to help the Government improve sector efficiency, and promote economic growth and rural livelihoods. The purpose is to help the Government improve sector/subsector policy, planning, and management capacities and functions.

**c. Components and outputs:** Specific TA outcomes will be (i) improved capacities within the policy, planning, and resource management departments; (ii) development and implementation of key subsector policies; and (iii) institutionalization of processes to support these functions.

**d. Expected results and deliverables:** The TA will assist in improving sector efficiency and performance, through improved sector policy, planning, and management.

**e. Social or environmental issues or concerns:** The TA will have a positive environmental impact by improving the sector/subsector resource management policy and the adoption of sustainable resource management. The improved planning systems will also have the potential to improve decision making and prioritization of projects in terms of environmental impacts and the targeting of specific groups to improve livelihoods and reduce poverty.

**f. Plans for disseminating results/deliverables:** The TA will produce reports and strategic papers for wide dissemination, and will incorporate a workshop program to ensure active participation of all stakeholders in the policy and planning process.

**7. Proposed executing/implementing agency or agencies:** MAAH and MIWRE

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
The TA and detailed terms of reference will be developed in consultation with the ministries.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Nonlending (project preparatory): 2004
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Nonlending: 2005

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
If known, provide cost estimates and financing arrangements.



<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	
b. For nonlending	
<input type="checkbox"/> No resources required, other than ADB staff	
<input type="checkbox"/> ADB's administrative budget: \$	
<input checked="" type="checkbox"/> Grant TA funds: TASF	
<input type="checkbox"/> Other:	
If cofinancing is required, indicate amount and sources sought: \$____, from _____.	
If known, provide cost estimates and financing arrangements.	
<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	1.2 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>1.2 million</b>
Source:	

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.14: Institutional Strengthening of Ministry of Water and Power  
Concept Paper**

**Date:** 13 May 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Energy sector development and reforms</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Energy Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Sohail Hasnie</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> After 2 decades of conflict, the institutional capacity of the Ministry of Water and Power (MWP) has been adversely affected. The TA conforms with the initial country strategy and program update and directly supports the thematic priorities involving economic growth and good governance in the power sector.</p> <p><b>b. Goal and purpose:</b> The institutional capacity of MWP to operate more efficiently and effectively will be strengthened.</p> <p><b>c. Components and outputs:</b> The TA will prepare an action plan to strengthen MWP in financial management, planning, design, implementation, and operation and maintenance. Overseas study tours and training will be conducted to expose MWP staff to best practices and modern technology.</p>								

**d. Expected results and deliverables:** With institutional strengthening, MWP can operate more efficiently and effectively. An appropriate tariff structure will be established to more closely reflect the cost of supply. Billing and collection will be improved to generate funds for operation and maintenance.

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** Workshop and seminars will be held. The findings will also be shared during the consultative group meetings on power with other development partners.

**7. Proposed executing/implementing agency or agencies:** MWP

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The Government requested the assistance.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004

b. Expected date of submission for approval

Lending:

Nonlending (project preparatory):

Nonlending (other than project preparatory): 2005

c. Period and duration of assistance

Lending:

Nonlending: 10 months from start date

**10. Financing Plan**

a. For lending

Ordinary capital resources:

Asian Development Fund:

Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

b. For nonlending

No resources required, other than ADB staff

ADB's administrative budget:

Grant TA funds: TASF

Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	750,000
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>750,000</b>

Source: Asian Development Bank estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.15: Feasibility Study to Develop and Rehabilitate Gas Producing Wells and Repair Gas Pipelines  
Concept Paper**

**Date:** 18 May 2004

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Conventional energy generation</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Energy Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Najeeb Jung</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The strategy of ADB and the Government is to rehabilitate the damaged gas production and transmission facilities in the gas sector. The country's existing infrastructure is badly destroyed and the TA will help develop the project for its rehabilitation.</p> <p><b>b. Goal and purpose:</b> The goal is to develop a project that will increase gas production and improve the transmission facilities.</p> <p><b>c. Components and outputs:</b> The outputs will include detailed technical plans for gas field rehabilitation, repair of wells, and transmission pipelines.</p>								

<p><b>d. Expected results and deliverables:</b> A detailed socio/techno/economic report leading to project development.</p> <p><b>e. Social or environmental issues or concerns:</b> Nil.</p> <p><b>f. Plans for disseminating results/deliverables:</b> Seminars, workshops, and meetings with all stakeholders and the Government.</p>																				
<p><b>7. Proposed executing/implementing agency or agencies:</b> Afghan Gas Company / Ministry of Mines and Industry</p>																				
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> The Government is committed to the repair and rehabilitation of gas wells and transmission facilities.</p>																				
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004–2006</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): March 2005 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: Nonlending: 9 months (March–December 2005)</p>																				
<p><b>10. Financing Plan</b></p> <p>a. For lending  <input type="checkbox"/> Ordinary capital resources: \$  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____. If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td><b>Total Cost</b></td> <td></td> </tr> </tbody> </table> <p>Source:</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input checked="" type="checkbox"/> Grant TA funds: TASF  <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____. If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>1 million</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td><b>Total Cost</b></td> <td><b>1 million</b></td> </tr> </tbody> </table> <p>Source:</p>	Source	Amount (\$)	ADB Financing		Government Financing		Other Financing		<b>Total Cost</b>		Source	Amount (\$)	ADB Financing	1 million	Government Financing		Other Financing		<b>Total Cost</b>	<b>1 million</b>
Source	Amount (\$)																			
ADB Financing																				
Government Financing																				
Other Financing																				
<b>Total Cost</b>																				
Source	Amount (\$)																			
ADB Financing	1 million																			
Government Financing																				
Other Financing																				
<b>Total Cost</b>	<b>1 million</b>																			

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.16: Private Investment Support Facility  
Concept Paper**

**Date: 24 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input checked="" type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>    <input checked="" type="checkbox"/> Other</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance Subsector: Finance sector development and reforms</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input checked="" type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Infrastructure Finance Division / Private Sector Operations Department</p>								
<p><b>5. Responsible ADB officer:</b> Takeo Koike</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB supports the Government strategy of a private sector-led economic recovery. There is a need for vast amounts of financial resources and institutional capacity to reconstruct and develop Afghanistan, and it is preferable, to the extent feasible, to introduce private sector investments particularly to large-scale development. Significant interest in opportunities in Afghanistan among the investor community can also be strategically tapped.</p> <p><b>b. Goal and purpose:</b> The proposed TA aims to promote the economic growth of Afghanistan by facilitating private sector participation in reconstructing and developing the country's key sectors. The purposes are (i) to provide advisory services to potential investors for the selected key sectors, (ii) to co-invest in the proposed industrial parks with United States Agency for International Development (USAID), and (iii) to conduct activities to increase private sector awareness of investment in Afghanistan.</p>								

**c. Components and outputs:**

- (i) **Advisory services for the selected key sectors:** This will include feasibility studies and various advisory services (legal, financial, governance, environmental, social, etc.) for the projects in the cement, energy, agribusiness, housing, and industrial park sectors. Despite huge needs and potential opportunities in these sectors, lack of information and relevant advisory services are some hurdles to overcome for the projects in Afghanistan to take off. Many of the local project sponsors do not possess in-house capacity to generate the information to potential partners or lenders, or need access to external advisory services to materialize projects. Making feasibility studies and advisory services available to these projects will result in better designed projects and attract more investors. The feasibility studies will be undertaken on a "sponsor-unspecific" basis to ensure competition for projects. Selection of projects and form of assistance will be undertaken in coordination with ADB's South Asia Department (SARD) and other development partners.
- (ii) **Co-investment in the proposed industrial parks with USAID:** This will include development and operation of industrial parks near Mazar-e-Sharif and near Kabul. The Government is very keen to set up the industrial parks, and has formed an interministerial commission comprising the ministers of commerce, finance, urban development and the Central Bank President. The US Embassy, USAID, and the United States Trade and Development Agency (USTDA) have also been assisting the Government, and are willing to work with ADB. Industrial parks will provide an attractive and vibrant business environment to the private sector, and allow investors to manage risks, lower up-front capital costs, accelerate project start-up, and adapt facility size to market demand. Industrial parks address the major concerns of potential investors, including security, land tenure and affordability, government interference, availability of reliable utilities, and access to skilled labor. The co-investment will be made under close coordination with the operations of USAID and SARD.
- (iii) **Increasing the private sector awareness:** Workshops, seminars, and conferences will be held for a wider range of audience inside and outside Afghanistan to promote private sector investment in Afghanistan. It is crucial for Afghanistan to raise international private sector profile through these activities.
- d. Expected results and deliverables:** (i) As part of advisory services, ADB and selected projects will have various reports analyzing the projects' bankability and environmental/social impacts. Continuous advisory assistance will also be available to the projects. (ii) Co-investment with USAID will cover the cost of installing basic infrastructure at the sites of industrial parks and the operation of the industrial parks.
- e. Social or environmental issues or concerns:** Nil.
- f. Plans for disseminating results/deliverables:** Various reports will be shared with the potential investors. Workshops and seminars will be also planned inside and outside Afghanistan to promote private sector investments in the country.

**7. Proposed executing/implementing agency or agencies:** Asian Development Bank

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Consultations have been carried out with the Government and development partners.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
- Lending:
- Nonlending (project preparatory): 2004
- Nonlending (other than project preparatory): 2004
- c. Period and duration of assistance
- Lending:
- Nonlending: 18 months

**10. Financing Plan**

- a. For lending
- Ordinary capital resources:
- Asian Development Fund:
- Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: TASF  
 Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	2,000,000
Government Financing	200,000
Other Financing (USAID)	1,500,000
<b>Total Cost</b>	<b>3,700,000</b>

Source: ADB staff estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.



**Table A3.17: Poverty Assessment of the Islamic Republic of Afghanistan  
Concept Paper**

**Date: 1 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Law and Public Sector Management Subsector: Economic Management</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input checked="" type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Operations Coordination Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> To be determined</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB conducts a number of thematic studies to inform its strategy and development program for a country. One critical study in this regard is a national-level, multidimensional poverty assessment. The assessment is important not only to gauge the impact of past government policies and programs (supported by agencies such as ADB) on the well-being of citizens, but to also identify vulnerable cohorts of the population along with targeted policies to arrest an increase in the incidence and or depth of poverty.</p> <p>No poverty assessment has been conducted by Afghanistan's Central Statistics Office (CSO) as of May 2004, but there are numerous indicators of the depth of poverty, for instance, the average civil service salary is \$40-\$45 per month, which averages out to \$1.33-\$1.5 for an average family of six, or \$0.22-\$0.25 per individual. This is half the amount of income needed to meet the basic individual caloric requirement of 2,100 kilocalories per day. The life expectancy at birth is a mere 43 years, and the country has high rates of infant mortality (165</p>								

deaths per 1,000 births), under-five mortality (257 deaths per 1,000 births) and maternal mortality (1,600 deaths per 100,000 live births). Other health issues are goiter and stunting, both as a result of lack of iodized salt and iron deficiencies, which result in high rates of anemia. About 60% of the population are malnourished and only 13% of the population of 22 million people have access to safe water, and sanitation. While approximately 43% of the population or 10 million children are under the age of 15, only 3 million or so attend some form of schooling, with girls making up only 30% of the students.

While no systematic study is available on correlates of poverty in Afghanistan, sketchy information suggests that poverty is associated with low economic growth and the collapse of employment opportunities due to the long period of war. Other factors pertain to the agro-ecological environment, state of resource degradation, landownership, land tenure status, livestock ownership, access to water and inputs, access to off-farm employment opportunities, access to poppy cultivation, refugee/displaced status, gender, ethnicity, status of household head (education, skill, female head of household, etc.), and physical disability.

**b. Goal and purpose:** The goal of this TA is to develop a sound country strategy and program for the Islamic Republic of Afghanistan. The purpose is to conduct a multidimensional poverty assessment.

**c. Components and outputs:** A team of international as well as domestic consultants will conduct the poverty assessment, relying on primary data (where available), as well as secondary data. The consultants will make use of quantitative and qualitative information generated by a household income and expenditure survey under advisory TA 4313 Poverty Assessment and Macroeconomic Statistical Capacity Building, as well as other surveys such as the national risk and vulnerability assessment survey. Participatory poverty assessment exercises may be conducted at the regional level, if needed, to supplement quantitative information. As much as possible use will be made of existing information in close coordination with the World Bank and other aid agencies.

The output will be a comprehensive poverty assessment that examines the income as well as the non-income dimensions of poverty, particularly as these relate to the achievement of the millennium development goals.

**d. Expected results and deliverables:** The poverty assessment will provide a better understanding of the

- (i) nature of poverty in Afghanistan;
- (ii) causes of poverty (political, social, economic, institutional, cultural);
- (iii) regional and gender dimensions of poverty;
- (iv) current strategies/responses to poverty reduction by different agencies (government, multilateral, bilateral, aid agencies and communities) and the impacts of these strategies; and
- (v) future response to poverty in the context of ADB's country strategy.

The poverty assessment will also provide a critical input into the interim poverty reduction strategy paper (PRSP), as well as the full PRSP expected to be launched by the World Bank in June 2004 and May 2005, respectively.

**e. Social or environmental issues or concerns:** Positive social benefits are expected to be attained as the poverty assessment will inform public policy vis-a-vis the budget as well as the non-income dimensions of well-being, which the Government and civil society can seek to promote. The assessment will have no adverse environmental effects.

**f. Plans for disseminating results/deliverables:** The results of the draft assessment will be shared with the Government, civil society, private sector, and other development partners through high-level forums. The draft assessment will then be revised based on the feedback received at these forums.

**7. Proposed executing/implementing agency or agencies:** Ministry of Finance (MOF)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

MOF has requested ADB for continuing support in its efforts to reduce poverty in the country. While a number of ministries will be interested in participating in the poverty assessment (e.g., Ministry of Education, Ministry of Health, Ministry of Rural Rehabilitation and Development, Ministry of Women's Affairs), MOF as well as the CSO are expected to continue being the dominant partners in the exercise. In addition, nongovernment organizations, civil society and the private sector will be consulted.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval  
 Lending:  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory):
- c. Period and duration of assistance  
 Lending:  
 Nonlending: January –Dec 2005

**10. Financing Plan**

- a. For lending
- Ordinary capital resources: \$
- Asian Development Fund: \$
- Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

- b. For nonlending
- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: TASF
- Other: AusAID

If cofinancing is required, indicate amount and sources sought:  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	300,000
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>300,000</b>

Source:

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.18: Gender Assessment of the Islamic Republic of Afghanistan  
Concept Paper**

**Date: 1 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Law and Public Sector Management Subsector: Economic Management</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input checked="" type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Operations Coordination Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> To be determined</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB conducts a number of thematic studies to inform its strategy and development program for a country, one of them is the country gender assessment. A gender assessment is conducted mindful of the fact that while the biological differences between women and men remain constant, their "societal" (i.e., cultural, economic, political, and social) roles are different across countries and evolve over time. Similarly, public policymakers and implementers need to be aware that these differences between roles in different societies often mean that the impact of development interventions will be different on each group, and so will the opportunities available to each.</p> <p>While no comprehensive and systematic gender assessment has been conducted for Afghanistan, much has been written about the changing roles of men and women as the country stumbled from peace in the early 1970s to war, internal conflict, repression, and, most recently, to restoration of basic freedoms.</p>								

Experience of and research in countries elsewhere have shown that the impact of debilitating circumstances such as war is borne differently by men and women. More importantly, the coping mechanisms are in a large part determined by their capabilities, which in turn are determined by opportunities they have been provided.

In many parts of the world, these opportunities whether they relate to access to resources, political participation, or decision making are less available to women in general and to poor women in particular.

b. **Goal and purpose:** The goal of the TA is to develop a sound country strategy and program for the Islamic Republic of Afghanistan. The purpose is to conduct a multidimensional gender assessment that links with and informs the poverty assessment.

c. **Components and outputs:** A team of international as well as domestic consultants will conduct the gender assessment, relying on primary data (where available) as well as secondary data. Participatory assessment exercises will be conducted, particularly in close coordination with the World Bank, which is currently conducting a 2-year country gender assessment exercise. The output will be a comprehensive gender assessment that will identify major areas of concern regarding the gender situation in the country and the role ADB assistance can play in improving these conditions through support to public policy and capacity building. The assessment will also outline the implications of ignoring gender considerations for achieving the Millennium Development Goals.

d. **Expected results and deliverables:** The gender assessment will provide

- (i) a situation analysis of women and men as it relates to their educational attainment, health conditions, economic opportunities, and political participation, etc. The analysis will be, to the extent possible, disaggregated by (a) sectors, (b) ethnicity, (c) geographic areas, (d) income stratas;
- (ii) an analysis of the causes of gender disparities;
- (iii) current government response in terms of policies and programs;
- (iv) current ADB response in terms of its operations in Afghanistan; and
- (v) identification of an appropriate gender strategy for the next country strategy and program.

e. **Social or environmental issues or concerns:** Positive social benefits are expected to be attained as the gender assessment will inform public policy in creating an equitable society. However, the Government will have to sequence reforms appropriately, given the conservative and traditional nature of society and keeping in view the outcomes of previous attempts at providing women with their basic rights as citizens of Afghanistan. There are no adverse environmental effects as a consequence of this assessment.

f. **Plans for disseminating results/deliverables:** The results of the draft assessment will be shared with the government, civil society, private sector, and other development partners through high-level forums. The draft assessment will then be revised based on the feedback received at these forums.

**7. Proposed executing/implementing agency or agencies:** Ministry of Women's Affairs (MOWA), Central Statistics Office (CSO), and Ministry of Finance (MOF)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

MOF has requested ADB for continuing support in its efforts to reduce poverty in the country. While a number of ministries have expressed interest in participating in a gender assessment (e.g., Ministry of Public Health, Ministry of Education, Ministry of Rural Rehabilitation and Development, Ministry of Justice), MOWA, MOF as well as CSO are expected to continue being the dominant partners in the exercise. In addition, nongovernment organizations, civil society, and the private sector will also be frequently consulted.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending:
  - Nonlending: January –Dec 2005

**10. Financing Plan**

## a. For lending

- Ordinary capital resources: \$  
 Asian Development Fund: \$  
 Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

## b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: TASF  
 Other:

If cofinancing is required, indicate amount and sources sought:  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	250,000
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>250,000</b>
Source:	

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.19: Capacity Building for Road Sector Institutions  
Concept Paper**

**Date: 21 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and Communications Subsector: Roads and highways</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>    <input type="checkbox"/> Other</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> To be determined</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The governmental organizations in the road sector lost most of their institutional knowledge and expertise due to decades of conflict, during which several skilled personnel left the country or retired, and new qualified personnel were not inducted. There is an urgent need to revamp the entire organizational structure and bring the institution in the road sector up to present-day skills and standards. Under the ongoing cluster TA 3874-AFG: Capacity Building for Reconstruction and Development, ADB has been assisting the Government in building the capacity of key functions of the Ministry of Public Works (MPW). The cluster TA also assisted the three transport sector ministries in conducting a comprehensive transport sector review (TSR), which has drawn up recommendations and action plans for each of the key reform areas. For the road sector, recommendations have been made with respect to (i) organizational structure of MPW; (ii) MPW construction and maintenance operations; (iii) reform, restructuring, and strengthening MPW; (iv) financing the road sector; and (v) long-term institutional arrangements in the road sector. Some</p>								

recommendations are being implemented with assistance from ADB, World Bank, United States Agency for International Development, and other major funding agencies. There are, however, areas that require further attention and strong support through external assistance.

**b. Goal and purpose:** The proposed project is a follow-on TA to the ongoing cluster TA. Its goal is to follow up the progress of reforms identified by the TSR and assist the Government in implementing the reforms. The focus areas will be (i) organizational restructuring for efficient operation and maintenance of all three levels of roads, (ii) instituting a self-financing mechanism for the road sector, and (iii) establishing a sustainable mechanism for human resource development in the road sector. The TA will also provide assistance in coordinating the activities of funding agencies in the road sector reform.

**c. Components and outputs**

- (i) Inventory of the present reform activities supported by funding agencies
- (ii) Present human resources and skills inventory in both public and private sector
- (iii) Sector finances and cost recovery requirements
- (iv) A rationalized, organizational setup for operation and maintenance
- (v) Legal and institutional setup for an integrated self-financing mechanism combining the toll scheme, fuel surcharge, and other charges related to road usage
- (vi) Human resources development system including certification mechanisms for specialized skills
- (vii) Guidelines for private sector participation

**d. Expected results and deliverables:** Modern, efficient, functioning ministries providing essential services and regulatory functions in a transparent and cost-effective manner; and an enabling environment for private sector participation in providing road sector services.

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** Seminars/workshops/tripartite meetings

**7. Proposed executing/implementing agency or agencies:** Ministry of Finance and MPW

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Consultative meetings with officials of MOF and MPW

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): March 2005
- c. Period and duration of assistance
  - Lending:
  - Nonlending: 12 months

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$ \_\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	



## b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: TASF  
 Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	1 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>1 million</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.20: Institutional Strengthening of the Ministry of Civil Aviation and Tourism  
Concept Paper**

**Date: 19 May 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and Communications Subsector: Aviation</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Dong-Soo Pyo</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Extended years of conflict in Afghanistan have incapacitated the core institutions in the civil aviation sector, particularly in the remote areas of the country where small regional airports had previously been operating. The comprehensive needs assessment has identified the urgent need to rebuild the institutional infrastructure of the subsector, including a human resource development program. This advisory technical assistance (ADTA) will focus on the institutional restructuring and improvement of skills and training of subsector personnel.</p> <p><b>b. Goal and purpose:</b> The Ministry of Civil Aviation and Tourism (MCAT) is responsible for management, implementation, and operation and maintenance of civil aviation infrastructure. MCAT is also responsible for the national airlines and tourism, including some hotels. MCAT does not have adequate human resources or organization to handle these responsibilities. The goal of the ADTA is to prepare a plan for restructuring MCAT</p>								

by separating the operational and regulatory functions. The viability of private sector involvement in the operational function will be studied and the necessary legal/statutory changes will be assessed. The human resources needs of MCAT for the immediate and medium term will be evaluated and an appropriate human resource development program elaborated and implemented. The program will include training suitable present staff at the regional airports as well as a plan for recruiting new staff.

**c. Components and outputs:** The main components of the advisory TA follow:

- (i) assessment of human resource needs for the immediate short term and medium term
- (ii) strength, weakness, opportunities, and threat (SWOT) analysis of the present organizational structure of MCAT
- (iii) separation of core and noncore functions, regulatory and operational functions of MCAT
- (iv) rationalization of existing staff
- (v) implementation of training program
- (vi) outline plans for private sector operations
- (vii) outline plan for restructuring MCAT

**d. Expected results and deliverables:** The TA will provide a blueprint for the future organization of MCAT and detailed plans for restructuring the regulatory and operational functions of the ministry. The possible privatization of all noncore functions, including the operation of hotels and airlines, will be evaluated and guidelines provided. Appropriate training programs for suitable existing staff will be undertaken as part of the TA.

**e. Social or environmental issues or concerns:** None identified

**f. Plans for disseminating results/deliverables:** Workshops / seminars and tripartite meetings

**7. Proposed executing/implementing agency or agencies:** MCAT

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Meetings with ministry officials, International Civil Aviation Organization and Interim Administration of Afghanistan officials

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending:
  - Nonlending: 2005

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

## b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: TASF  
 Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	1 million
Government Financing	
Other Financing	
<b>Total Cost</b>	<b>1 million</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = technical assistance special fund.

**Table A3.21: Andkhoy Water Supply Project  
Concept Paper**

**Date: 10 June 2004**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input checked="" type="checkbox"/> Other</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Water Supply, Sanitation, and Waste Management Subsector: Water supply and sanitation</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Afghanistan Resident Mission / South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Allan Kelly</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Water resources are one of Afghanistan's most valuable resources, as the country has a variable climatic regime and is prone to periods of drought. Further, many areas lack access to reliable groundwater or surface water sources to provide communities and households with safe drinking water. A contributing factor has been the long period of conflict, which resulted in traditional schemes being damaged and destroyed; and the long period of drought over the last 10 years, which has impacted on water tables and flows.</p> <p>The Government has identified priority areas where communities have significant shortfalls in water supplies to meet basic needs. One of the priority areas is Andkhoy, which has very little access to reliable potable water supplies. With a population of around 200,000, households rely on purchased water and the very limited supply of poor-quality water. There are a number of potential water sources: – these are deep aquifers, which would</p>								

require deep wells in excess of 200 meters; the potential for improving surface water harvesting can be assessed; or other water sources can be accessed. All these options will need to be assessed for feasibility and viability, and will involve investment and technical assessment.

The provision of reliable potable water supplies to rural communities is a government priority – identified in the rural livelihood and social protection sector public investment program, and the national urban and rural water program (drinking water) – and is a Government commitment to the millennium development goals, of which a core goal is access to safe drinking water for all by 2015. Both ministries that are responsible for rural water supplies – Ministry of Irrigation and Water Resources and Environment (MIWRE) and Ministry of Rural Rehabilitation and Development (MRRD) – identified Andhkoy as a priority area.

**b. Goal and purpose:** The project goal is to improve community access to potable water supplies in Andhkoy. The purpose is to assist the Government and communities in Andhkoy to prepare and establish viable potable water supply facilities for households in the area.

**c. Components and outputs:** Specific outputs will be a water resource assessment for the Andhkoy area, hydrological study, analysis of options on viable water supply schemes, stakeholder consultation and endorsement of recommended interventions; detailed engineering and design work on water supply interventions, a work program and phased implementation, social and community awareness, community-based institutions for water system management, which will adopt cost recovery principles.

**d. Expected results and deliverables:** The project will give communities in Andhkoy access to potable water supplies through the establishment and provision of potable water supply schemes for the communities. The schemes will be community managed and financially viable, having adopted cost recovery pricing mechanisms,.

**e. Social or environmental issues or concerns:** The project will have a major impact on communities and households in improving social welfare (health and nutrition) and livelihoods. It will be essential that the consultation process and selection process incorporate equity criteria so that the interests of marginal and vulnerable groups are targeted, and that the interests of powerful groups and elites in the communities do not dominate the selection process. For all proposed project interventions an environmental impact assessment will be undertaken, and any required mitigating measures implemented.

**f. Plans for disseminating results/deliverables:** The project will adopt a community-based approach. The outcomes will be available in reports and manuals, which will be disseminated to provide examples of best practice and be learning experiences for related projects.

**7. Proposed executing/implementing agency or agencies:** MIWRE and MRRD

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Initial discussions were held with MRRD and MIWRE, and the project will be developed in consultation with both ministries.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Nonlending (project preparatory): 2004
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Nonlending: 2008

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source:

b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds:  
 Other: To be determined

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	10 million
<b>Total Cost</b>	<b>10 million</b>

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

## PRIVATE SECTOR DEVELOPMENT

1. The Private Sector Operations Department (PSOD) of the Asian Development Bank (ADB) is expected to have several investments and financing under way in Afghanistan in 2004. Possible investments include those in a new commercial bank, a small- and medium-sized enterprise (SME) fund and a political risk guarantee (PRG) fund, as well as discrete investments in and financing for projects, e.g., a refinery for edible oil and expansion of a cellular phone network. In the longer term, support is possible for sectors such as cement manufacturing, petroleum storage, and distribution, and housing.
2. In response to the need to facilitate investment into Afghanistan through PRG, ADB is engaged in active discussions with the Multilateral Investment Guarantee Agency (MIGA) — the guarantee arm of the World Bank — in connection with establishing an Investment Guarantee Facility (IGF). ADB proposes to participate directly in the IGF and to coguarantee investments in parallel with the IGF and MIGA to give eligible investments increased access to PRGs.
3. ADB also proposes to invest up to \$2.67 million in exchange for a 25% stake in a new bank, the Afghanistan International Bank (AIB), subject to the approval of ADB's Board of Directors. The Overseas Private Investment Corporation (OPIC) may also act, as coinvestor, and AIB will be managed by ING BANK of the Netherlands. Other shareholders are prominent local families and business groups.
4. AIB initially will work from Kabul, and focus its operations on facilitating payment transfers and trade finance. As AIB evolves, it will extend its outreach to other cities in Afghanistan, and explore opportunities to increase its lending operations. AIB will offer state-of-the-art services in electronic banking, including automated teller machines, from the onset.
5. ADB is considering a possible investment in equity and loans to a state-of-the-art seed crushing and edible oil refining facility in Mazar-e-Sharif, which is being promoted by the major importer of edible oils into the country. The plant would process locally grown seed crops into cooking oil, with animal feed as a side product. The plant will be built on a turnkey basis with the largest international company in this industry providing operational support and coinvestment. The project, which has support from all levels of government, will provide a market for growers of legitimate crops in Afghanistan, directly employ up to 200 people and indirectly support thousands, produce a key product for domestic consumers, promote import substitution, and export in the longer term to neighboring countries. A due diligence process has been conducted on site and with government agencies in Kabul, and a report and recommendation on the project to ADB's Board of Directors is being prepared.
6. ADB is considering a potential loan to a global system for mobile communications (GSM) operator in Afghanistan to assist in their countrywide rollout to reach the poorer and more remote areas of the country. Afghanistan suffers from an enormous deficit in communications infrastructure, and providing citizens with affordable telephony is essential to the workings of the Government (e.g., security, health, and education services) as well as to agriculture, trade, and commerce.
7. ADB is in discussion with oversight ministries and with potential local and international investors interested in the core cement and petroleum products sectors. At present, cement is imported into Afghanistan. Given the pace of reconstruction efforts and the need for good quality raw materials, a strong business case can be made for large-scale investment in the cement sector, which ADB could support. The petroleum products sector is likewise in need of



substantial investment as well as regulation and licensing. ADB is discussing possible support to potential local and international investors in this sector. ADB is also looking at avenues for possible support to medium-income housing schemes that would facilitate the return and growth of the business community in major urban centers around the country.

8. ADB plans to pursue these and other eligible project opportunities in Afghanistan.