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ADB Assistance to Afghanistan

In December 2002, the Asian Development Bank (ADB) approved the first loan made by an international financial institution to Afghanistan in over 23 years. The \$150 million Postconflict Multisector Program loan supports policy reforms, public infrastructure investment, and capacity-building to promote economic growth and recovery in the war-torn country. A second \$150 million loan was approved in June 2003. The Emergency Infrastructure Rehabilitation and Reconstruction

Project is rebuilding important road and power infrastructure in the country. A third loan of \$55 million for an Agriculture Sector Program was approved in early May 2004, to promote agricultural growth and poverty reduction by developing a sound policy framework and establishing efficient sector institutions. In September 2004 ADB approved the Afghanistan Investment Guarantee Facility Project. The loan of \$5 million and the \$10 million political risk guarantee aim to promote private sector activity and

foreign direct investment.

ADB has also approved \$30.49 million in grants to Afghanistan to fund capacity-building technical assistance (TA) and is administering \$65 million in grant pilot projects in Afghanistan's transport, health, education, irrigation, and community development sectors. The following is a list of ADB assistance to Afghanistan to date.

Loans		\$370 million¹
Date of Approval 4 December 2002	Postconflict Multisector Program	
Amount \$150 million	This loan from ADB's Asian Development Fund (ADF), ADB's concessional lending window for its least developed members, supports policy and institutional reforms to improve governance and strengthen the financial, transport, and energy sectors. The first tranche of \$100 million was released on 6 December 2002. The major areas of reform are currency, banking and central bank laws, payments system, fiscal management and transparency, governance, institutional efficiency and effectiveness of ministries and agencies, regulatory framework for transport, private sector participation, and reliability of energy systems. The second tranche of \$50 million was disbursed in December 2003.	
Type of Assistance Loan		
Date of Approval 3 June 2003	Emergency Infrastructure Rehabilitation and Reconstruction	
Amount \$150 million	This loan from ADB's Asian Development Fund (ADF) will rehabilitate and reconstruct 447 kilometers of the primary national road network from the Pol-e-Khomri to Mazar-e-Sharif, Sheberghan, and Andkhoy, including a link to Uzbekistan. The project will repair or rebuild power transmission lines in the northern provinces and the power distribution system in Kabul, as well as damaged gas production, transmission, and distribution facilities in Sheberghan, including the natural gas pipeline to Mazar-e-Sharif. The project will also provide support for the rehabilitation of the irrigation infrastructure.	
Type of Assistance Loan		

¹The following loans to Afghanistan are repayable over 40 years, including a grace period of 10 years, and an interest charge at the rate of 1% per annum. In addition, the total amount of the interest charge during the grace period will be capitalized and charged to the loan account. Total includes \$10 million guarantee.

Date of Approval
4 May 2004

Agriculture Sector Program

Amount
\$55 million

This loan from ADB's Asian Development Fund (ADF) seeks 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 Program includes specific reform measures to develop a sound policy framework and establish efficient sector institutions, introduce management systems for sustainable use of natural resources, formulate sound programs for sector investment, improve the efficiency of sector support services, improve the efficiency of agricultural commodity markets, and restructure state-owned enterprises. The first tranche of \$30 million will be released on or about 6 May 2004, while the second tranche of \$25 million is expected to be made available about one year later.

Type of Assistance
Loan

Date of Approval
24 September 2004

Afghanistan Investment Guarantee Facility Project

Amount
\$5 million (loan)
\$10 million (guarantee)

This loan from ADB's Asian Development Fund (ADF) will help stimulate private sector activity and attract foreign direct investment in Afghanistan by cofinancing an investment guarantee facility to provide political risk guarantees to eligible investors and financiers. It targets primarily investments in the small and medium enterprise sector.

Type of Assistance
Loan

A \$5 million loan will help finance the Afghanistan Investment Guarantee Facility (AIGF), while a further \$10 million from ADB's ordinary capital resources will support the supplemental political risk guarantee component of the facility. Other sources of cofinancing include up to \$10 million from the World Bank's Multilateral Investment Guarantee Agency (MIGA) and a \$5 million credit from the International Development Association and additional financing from other public or private insurers. The Afghanistan Investment Guarantee Facility (AIGF) will be administered by MIGA.

Grants

Technical Assistance \$30.49 million

Date of Approval
30 May 2002

Capacity Building for Reconstruction and Development

Amount
\$14.5 million²

This grant, made through ADB's Technical Assistance Special Fund (TASF), has 19 components and is helping strengthen the ability of government ministries and departments to formulate policies and plans and implement projects in a range of sectors. Equipment, computers, and vehicles delivered under the grant have improved the operational capacity of the Government. Training of government staff is also under way.

Type of Assistance
Grant Technical Assistance

Date of Approval
30 May 2002

Disaster Preparedness and Management Capacity Building

Amount
\$500,000

This grant, made through ADB's Technical Assistance Special Fund (TASF), is helping strengthen Afghanistan's office of Disaster Preparedness. Under the grant, an assessment of the institutional environment, technical capacity, and training and equipment needs of the office was completed in October 2002. A basic risk-management training course was carried out in Kabul for 30 participants in December 2002 and a high-level awareness and skills development tour was organized for senior officials of the office in January and February 2003. A further training course for selected office staff was held in July 2003 to help extend awareness to the provinces.

Type of Assistance
Grant Technical Assistance

Date of Approval
18 March 2003

Energy Sector Review and Gas Development Master Plan

Amount
\$950,000

This grant, made through ADB's Technical Assistance Special Fund (TASF), will review the energy sector and prepare a comprehensive gas subsector development master plan that will guide and promote the energy supply based on identification of promising potential resources; attract private capital by removing impediments in government policies and strategies; improve sector efficiency through institutional strengthening; and prepare a gas development master plan to meet the expected increased domestic demand for natural gas, reduce the consumption of imported petroleum products, and reduce the environmental impact associated with the use of other fossil fuels.

Type of Assistance
Grant Technical Assistance

Date of Approval
13 August 2003

Preparing for the Power Transmission and Distribution Project

Amount
\$750,000

Made through ADB's Technical Assistance Special Fund (TASF), this grant will help prepare a power transmission and distribution project. It will ensure a sufficient and stable power supply for Kabul—identified as one of the key economic zones of Afghanistan—and other major cities.

Type of Assistance
Grant Technical Assistance

²Not including grant cofinancing from Denmark for renewable energy (\$540,000), and from Australia for technical assistance to the Ministry of Finance (\$136,000).

Date of Approval
17 September 2003

Amount
\$1 million

Type of Assistance
Grant Technical Assistance

Preparing for the Herat-Andkhoy Road Project

This grant, made through ADB's Technical Assistance Special Fund (TASF), is for a project preparatory study for rehabilitating and improving the road connecting Herat to Andkhoy. This technical assistance will explore the viability of providing efficient road infrastructure, which could improve the provision of humanitarian aid, basic public services, safety, and security, and achieve regional economic development and national integration.

Date of Approval
1 November 2003

Amount
\$1 million

Type of Assistance
Grant Technical Assistance

Preparing the Regional Airports Rehabilitation Project

This Technical Assistance Special Fund (TASF) grant will prepare a civil aviation master plan to provide the framework and time-bound action plan for sustainable and effective development of Afghanistan's civil aviation sector. The grant technical assistance will undertake feasibility studies for rehabilitating selected airports and develop the capacity of the Ministry of Civil Aviation and Tourism to implement ensuing investment projects and operate and maintain the rehabilitated airports.

Date of Approval
3 December 2003

Amount
\$750,000

Type of Assistance
Grant Technical Assistance

Institutional Strengthening of the Gas Sector

This grant, made through the Technical Assistance Special Fund (TASF), will help the Ministry of Mines and Industry (MMI) develop policies and strategies for sector development, efficient institutional management, and human resource development. Key areas of MMI's Planning Department will be strengthened to rebuild and develop the gas subsector. Specifically, MMI capacity in policy formulation, energy sector assessment, organizational restructuring, and overall sector management and coordination should be strengthened. The technical assistance will develop and strengthen the institutional capability to plan, review, monitor, assess needs, and modernize the gas subsector. Afghan Gas personnel will receive hands-on training in safety, operation and maintenance, and project management.

Date of Approval
11 December 2003

Amount
\$3.4 million

Type of Assistance
Grant Technical Assistance

Support for Public Administration Reform Program

This grant, made through ADB's Technical Assistance Special Fund (TASF), is helping the Government implement its Public Administration Reform (PAR) program to enable civil servants to function more efficiently and effectively. In particular, it will strengthen the capacity of the Independent Administrative Reforms and Civil Service Commission (IARCSC) to perform its functions, improve the performance of departments delivering essential services, and help institute sound policies for human resources management. The technical assistance will establish a mechanism to harmonize and coordinate donor-funded projects supporting the PAR program. Also part of the program is the restructuring of the emergency and disaster management system, which was the recommendation of a previous technical assistance for capacity building in disaster management.

Date of Approval
22 December 2003

Amount
\$400,000

Type of Assistance
Grant Technical Assistance

Capacity Building in Agriculture and Natural Resource Management for Programming, Aid Management, and Coordination

This grant, made through ADB's Technical Assistance Special Fund (TASF), is assisting the Government strengthen the capacity of the core agriculture and natural resource management sector ministries—the Ministry of Agriculture, and Animal Husbandry; the Ministry of Irrigation, Water Resources and Environment; and the Ministry of Rural Rehabilitation and Development—in programming, managing, and coordinating external assistance. Key activities include establishing a secretariat for the ANRM consultative group processes, consultation with development partners and nongovernment organizations (NGOs), and establishing effective sector database on project interventions. Staff will be trained in sector planning and program development, aid coordination and management, and data management. The activities of the TA will be closely coordinated with those under the technical assistance cluster on Capacity Building for Reconstruction and Development and the Agriculture Sector Program Loan.

Date of Approval
26 December 2003

Amount
\$1.75 million

Type of Assistance
Grant Technical Assistance

Poverty Assessment and Socioeconomic and Macroeconomic Statistical Capacity Building

This grant, made through ADB's Technical Assistance Special Fund (TASF), is helping the Government improve the collection and analysis of national statistics. Focusing on the Central Statistics Office and selected line ministries, the technical assistance will strengthen their systems for gathering data needed by a wide variety of users for monitoring, planning, and research. The project was designed within the framework of a statistical master plan being developed by the Government with the joint support of ADB, United Kingdom Department for International Development (DFID), International Monetary Fund, United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), and World Bank. The technical assistance will conduct the first comprehensive poverty assessment for Afghanistan, improve national accounts estimates, and collect trade, balance-of-payments, and fiscal data. It will also update the consumer price index, expanding coverage to six major urban centers, and review the legal and institutional framework for statistical gathering. Training will be provided for staff and new data collection systems will be introduced to help fill major gaps in statistics collection.

Date of Approval
26 February 2004

Amount
\$750,000

Type of Assistance
Grant Technical Assistance

Preparing the National Power Transmission Grid Project

This grant, made through ADB's Technical Assistance Special Fund (TASF), will support the Government's strategy for poverty reduction through economic growth by assisting in the preparation of a national power transmission grid project to interconnect the northwestern power system with the northern and central power systems, thereby improving system stability and security, reducing losses, and improving the reliability of supply in the interconnected power systems. The project will supply the provinces of Badghis, Faryab, and Jawzjan which currently are not electrified from a grid.

Date of Approval
4 May 2004

Amount
\$1 million

Type of Assistance
Grant Technical Assistance

Capacity Building for Agriculture Policy Reform

This grant, will be provided under the Agriculture Sector Program to assist the Government in program coordination and monitoring, developing a comprehensive land policy and an appropriate institutional framework for land titling and administration, assessing the human resources needs of the core agriculture sector ministries, assessing institutional options to meet the full spectrum of rural credit needs, improving the efficiency of agricultural commodity markets, and developing procedures for restructuring and divesting state-owned enterprises.

Date of Approval
1 June 2004

Amount
\$990,000

Type of Assistance
Grant Technical Assistance

Security of ADB-Financed Projects in Afghanistan

This grant, made through ADB's Technical Assistance Special Fund (TASF), will assist the Government of Afghanistan to provide security for contractors, consulting firms, and nongovernment organizations (NGOs) working on projects funded by ADB. Specifically, the TA will prepare the security plans for each working site and project financed by ADB, as well as a master emergency management plan (EMP); assist the contractors and consulting firms implementing the different projects to set up the procedures required by their security plans; and support ADB's AFRM in coordinating with key agencies and organizations concerning security issues, through ADB AFRM's resident security coordinator.

Date of Approval
8 July 2004

Amount
\$750,000

Type of Assistance
Grant Technical Assistance

Establishing a Gas Regulatory Framework

This grant, made through ADB's Technical Assistance Special Fund (TASF), will help design an effective regulatory system for the gas subsector in Afghanistan. The output will include a detailed examination comprising the existing and likely future network development, including an analysis of the alternative organizational structures that the subsector can adopt and their related issues, identification of regulatory system objectives, review of the best international practices in the gas subsector, development of detailed recommendations on the system required, and recommendations for institutional arrangements and an implementation plan.

Date of Approval
6 August 2004

Amount
\$2 million

Type of Assistance
Grant Technical Assistance

Masterplan for Road Network Improvement

This grant, made through ADB's Technical Assistance Special Fund (TASF), will develop a road development program for efficient and effective road rehabilitation for the next 5-10 years including financing requirements and strategies for operations and maintenance. The grant technical assistance will also include a feasibility study for a high priority road improvement project for ADB's follow-up investment.

Grants

Projects \$65 million

Date of Approval
10 September 2002

Community-Based Gender-Sensitive Basic Education for the Poor

Amount
\$4 million

ADB is administering a grant of \$4 million from the Japan Fund for Poverty Reduction (JFPR), financed by the Government of Japan, to help rebuild Afghanistan's education system through the construction of new facilities and the provision of necessary equipment and materials. Training is also being provided for teachers and school administrators.

Type of Assistance
Grant Pilot Project

Date of Approval
3 October 2002

Road Employment Project for Settlement and Integration of Returning Refugees and Displaced Persons

Amount
\$30 million

ADB is administering grants of \$15 million each from the Japan Fund for Poverty Reduction (JFPR) and the Kuwait Fund for Arab Economic Development to rehabilitate a large portion of the 105-kilometer Kandahar to Spin Boldak road, one of the country's major links with its neighbors. The project's social components include training to develop skills in road construction; support for education for children and adults; and provision of basic health services and microcredit for returning refugees and displaced persons, including demobilized combatants.

Type of Assistance
Grant Pilot Project

Date of Approval
19 December 2002

Primary Health Care Partnership for the Poor

Amount
\$3 million

ADB is administering a grant of \$3 million from the Japan Fund for Poverty Reduction (JFPR) to explore how the Ministry of Health can effectively contract nongovernment organizations to develop community-based primary health care and thereby reduce rural poverty. The project will support the development of community organizations to construct, upgrade, and maintain small health centers, water supply facilities, and toilets. It will also establish community-managed health centers for clusters of villages in 10 districts. The project aims to reduce child mortality rates by 30% over 3 years and reduce common infectious diseases, child malnutrition, and maternal mortality rates.

Type of Assistance
Grant Pilot Project

Date of Approval
19 December 2003

Emergency Road Rehabilitation Project

Amount
\$20 million

ADB is administering a grant of \$20 million from the Japan Fund for Poverty Reduction (JFPR), financed by the Government of Japan, for emergency rehabilitation of priority roads in northern Afghanistan. The grant will be used to rehabilitate 112 kilometers of the northern ring road, including 57 km of the Khulum-Naibabad-Mazar-i-Sharif-Balkh road, and 55 km of the Naibabad-Hairatan international road link with Uzbekistan.

Type of Assistance
Grant Pilot Project

Date of Approval
26 December 2003

Amount
\$3 million

Type of Assistance
Grant Pilot Project

Integrated Community Development in Northern Afghanistan

ADB is administering a grant of \$3 million from the Japan Fund for Poverty Reduction (JFPR), financed by the Government of Japan, to harness community participation in improving the living standards of poor villagers in northern Afghanistan. The project will provide communities a chance to participate in the processes that affect their livelihoods, develop key infrastructure, promote natural resource management, and provide access to credit and business advice to help create micro enterprises. The community mobilization program will be carried out by nongovernment organizations (NGOs), targeting 72 communities along a road being repaired under ADB's Emergency Infrastructure Rehabilitation and Reconstruction Project.

Date of Approval
26 December 2003

Amount
\$3 million

Type of Assistance
Grant Pilot Project

Rural Recovery through Community-Based Irrigation Rehabilitation Project

ADB is administering a grant of \$5 million from the Japan Fund for Poverty Reduction (JFPR), financed by the Government of Japan, to repair severely damaged irrigation systems in northern Afghanistan. The community-based project will rehabilitate and improve about 120 small to medium-scale traditional irrigation schemes in up to 40 micro-watersheds in the three northern provinces of Jowzjan, Faryab, and Sar-E-Pol. Over two years, communities will play a key role in identifying, prioritizing, planning, and undertaking the subprojects. The project will have a positive impact on cultivation of poppy and other sources of drugs by focusing farmers' attention on food crops. The project will provide short-term jobs for up to 45,000 people. About 150,000 families dependent on agriculture-based activities will reap the benefits of improved irrigation.