

## 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							
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<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> <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 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> <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: Telecommunication</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> 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 <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input type="checkbox"/> Grant TA funds <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	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

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