Afghanistan was a founding member of the Asian Development Bank (ADB) in 1966 and has since been supported by the bank over two periods. Resuming its partnership with the country in 2002 after a hiatus from 1980 to 2001, ADB—in collaboration with other development partners—is supporting Afghanistan’s national development strategies and priority programs to establish a stronger foundation for sustainable economic growth and poverty reduction.

As one of Afghanistan’s largest on-budget partners in infrastructure development and regional cooperation, ADB provides in-depth experience in delivering projects for fragile and conflict-affected situations. The bank directs its financial assistance mainly to improvements in agriculture, natural resources, and rural development; energy; and transport.

Since 1966, ADB has committed almost $5.39 billion in grants and provided $120.4 million in technical assistance to Afghanistan. These amounts include ADB-administered cofinancing. Cumulative lending totals $977.1 million.

ADB will continue to assist Afghanistan with COVID-19 pandemic recovery while focusing on agriculture, natural resources, rural development, energy, and transport along with capacity building, institutional development, and sector reform.

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5 hospitals and other medical facilities. This grant will help procure urgent medicines, medical supplies, and equipment, and train at least 3,000 health workers, including 900 women, in COVID-19 surveillance, prevention, and treatment. To help protect frontline health workers from COVID-19 infection, ADB provided $2.7 million to procure urgently needed personal protective equipment through a regional technical assistance. In 2021, it plans to assist with the national rollout of COVID-19 vaccines.

In transport, ADB has committed around $2.2 billion in grants (including ADB-administered cofinancing) for more than 20 key projects since 2002. With the bank’s support, 1,055 kilometers (km) of national and regional roads have been constructed and rehabilitated, with work continuing on an additional 465 km. The result is improved regional connectivity and better road safety, efficiency, and sustainability.

ADB has helped the Government of Afghanistan develop a comprehensive transport master plan to prioritize infrastructure until 2036. The bank has contributed to the rehabilitation of four regional airports; supported the establishment of the Afghanistan Railway Authority; funded the first rail line between Uzbekistan and Afghanistan, which carried around 3 million tons of freight in 2020; and helped complete a feasibility study for 813 km of rail line to connect Afghanistan with Turkmenistan and Tajikistan.

ADB has also helped deliver reliable electricity to more than 5 million Afghans. The bank has committed $1.87 billion in grants (including ADB-administered cofinancing) for more than 14 key projects since 2002. These projects include the construction of around 2,165 km of power transmission lines, 19 substations, and 163,000 power distribution connections. The transmission line projects not only strengthened the national power grid but also enabled regional power trade with Tajikistan, Turkmenistan, and Uzbekistan. The bank also provides support to strengthen the capacity of Da Afghanistan Breshna Sherkat (the state-owned power utility) and implement ongoing reforms to improve the energy sector.

ADB has committed more than $900 million in grants (including ADB-administered cofinancing) since 2002 for more than 17 key irrigation and agricultural infrastructure projects. These have helped increase farming productivity, improve food security, promote agribusiness, enhance water resources management, and more. About 350,000 hectares of irrigated land have been rehabilitated and upgraded, with work continuing on another 300,000 hectares. The completed projects have generated around 2 million short- and long-term jobs and benefited more than 9 million people.

### NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments in loans and equity investments from ADB’s own funds in 2020 amounted to $1.4 billion for 38 transactions in economic and social infrastructure, finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2020, ADB mobilized $1.9 billion of long-term project cofinancing and $3.3 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and commitments of nonsovereign transactions funded by ADB’s own resources stood at $14.3 billion as of 31 December 2020.

In 2020, commitments from ADB’s own funds amounted to $10 million for the Mazar gas-fired power project in Afghanistan. Total outstanding balances

### Afghanistan: Evaluation Results for Sovereign and Nonsovereign Operations, 2011–2020

<table>
<thead>
<tr>
<th>Total Number of Validated and Evaluated Projects and Programs</th>
<th>Evaluation Ratings</th>
<th>Evaluation Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign Operations</td>
<td>Highly successful and successful</td>
<td>Less than successful</td>
</tr>
<tr>
<td>Nonsovereign Operations</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: The figures indicate the number of sovereign and nonsovereign operations in the countries that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports and extended annual review reports circulated by ADB within the 10-year period from 1 July 2010 to 30 June 2020. See evaluations related to Afghanistan.

Source: IED success rate database (as of 31 December 2020).

### Afghanistan: Ordinary Capital Resources Nonsovereign Commitments by Product

<table>
<thead>
<tr>
<th>No. of Transactions Signed (OCR)</th>
<th>2020</th>
<th>2016–2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>10.00</td>
<td>14.00</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Guarantees</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Trade and Supply Chain Finance Program and Microfinance Program</td>
<td>10.00</td>
<td>14.00</td>
</tr>
</tbody>
</table>

### Afghanistan: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2019–2020

<table>
<thead>
<tr>
<th>No. of Ongoing Loans* (as of 31 Dec 2020)</th>
<th>2019 ($ million)</th>
<th>2020 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Awards#</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Disbursements*</td>
<td>80.00</td>
<td>243.70</td>
</tr>
<tr>
<td>No. of Ongoing Grants* (as of 31 Dec 2020)</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Contract Awards*</td>
<td>199.01</td>
<td>333.05</td>
</tr>
<tr>
<td>Disbursements**</td>
<td>80.00</td>
<td>243.70</td>
</tr>
<tr>
<td>At Risk Projects (%) (as of 31 Dec 2020)</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

* Based on commitments.
# Includes closed loans/grants that had contract awards or disbursements during the year.
* Includes policy-based, results-based, and financial intermediation/credit loans and grants.
** Includes only Asian Development Fund and other ADB special funds.
and commitments of ADB’s nonsovereign transactions in the country as of 31 December 2020 was $13.6 million.

**PARTNERSHIPS**

ADB applies its long experience in fragile and conflict-affected situations to address development challenges in Afghanistan. The bank collaborates with the government to promote the Afghanistan Infrastructure Trust Fund and expand financial and technical resources. ADB also encourages public–private partnerships to attract greater investment and operate and maintain critical infrastructure more sustainably.

ADB attends regular coordination meetings of agencies involved in development programs. It cooperates with nongovernment organizations, including civil society organizations, and maintains close engagement with the private sector to improve Afghanistan’s business environment.

**FINANCING PARTNERSHIPS**

Financing partnerships enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of loans and grants, technical assistance, and other nonsovereign cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s Trade and Supply Chain Finance Program and Microfinance Program.

ADB began cofinancing operations in Afghanistan in 1973. Since then, sovereign cofinancing commitments for Afghanistan have amounted to $1.34 billion for 31 investment projects and $30.16 million for 19 technical assistance projects. Nonsovereign cofinancing for Afghanistan has amounted to $25.05 million for three investment projects and $0.23 million for one technical assistance project.

In 2020, Afghanistan received a total of $240 million grant cofinancing from the International Fund for Agricultural Development and the World Bank for the Arghandab Integrated Water Resources Development; and $118 million grant cofinancing from Afghanistan Infrastructure Trust Fund for the Energy Supply Improvement Investment Program – Tranche 7.

A summary of projects with cofinancing from 1 January 2016 to 31 December 2020 is available at www.adb.org/countries/afghanistan/cofinancing.

**PROCUREMENT**

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from all ADB members.

**Share of ADB’s Procurement Contracts**

**Goods, Works, and Related Services**

ADB’s procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled $14.19 billion in 2019 and $22.79 billion in 2020. Cumulative procurement since 1966 has been $216.35 billion covering 222,415 contracts.

For contractors and suppliers from Afghanistan, 2,005 contracts worth $1,168.52 million have been awarded since 1966.

**Consulting Services**

ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled $756.72 million in 2019 and $732.11 million in 2020. Cumulative procurement since 1966 has been $14.13 billion covering 67,086 contracts.

For consultants from Afghanistan, 450 contracts worth $51.66 million have been awarded since 1966.

**OPERATIONAL CHALLENGES**

Economic growth and the business environment in Afghanistan are impeded by the precarious security situation.
FUTURE DIRECTIONS

In September 2020, ADB approved the country operations business plan, 2021–2023 for Afghanistan, which is consistent with national development strategies and reflects the government’s priority areas. Under the plan, ADB will continue to assist with pandemic recovery while focusing on agriculture, natural resources, rural development, energy, and transport along with capacity building, institutional development, and sector reform.

In line with the country partnership strategy, 2017–2021 for Afghanistan, ADB will work to expand access to economic opportunities, markets, and services; build stronger institutions and human capital through better governance and skills development; and increase environmental sustainability and resilience to climate change and disasters.

ADB remains committed to tackling Afghanistan’s poverty rate and establishing stronger foundations for more inclusive and sustainable growth. It is formulating a new country partnership strategy for 2021–2025.

ABOUT AFGHANISTAN AND ADB

ADB Membership

United States dollar figures are valued at rate as of 31 December 2020.

Shareholding and Voting Power

Number of shares held: 3,585 (0.034% of total shares)
Votes: 42,699 (0.321% of total membership, 0.493% of total regional membership)
*Overall capital subscription: $51.63 million
*Paid-in capital subscription: $6.88 million

The Afghanistan government agency handling ADB affairs is the Ministry of Finance.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from Asia and the Pacific and 19 from other parts of the world. ADB’s main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2020, lending volume was $26.9 billion (149 projects), with technical assistance at $293.56 million (275 projects) and grant-financed projects at $1.08 billion (62 projects). In addition, $16.41 billion was generated for sovereign and nonsovereign cofinancing in the form of loans and grants, B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB’s Trade and Supply Chain Finance Program and Microfinance Program. From 1 January 2016 to 31 December 2020, ADB’s annual lending volume averaged $19.69 billion.

In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged $805.5 million and $230.81 million respectively over the same period. As of 31 December 2020, the cumulative commitments excluding cofinancing were $323.17 billion in loans for 3,369 projects in 44 countries, $11.3 billion in 495 grants, and $5.01 billion in technical assistance grants, including regional technical assistance grants.

Notes:

- Figures are estimated by ADB unless otherwise stated. “$” refers to United States dollars.
- Data are updated as of 31 December 2020 unless otherwise indicated.