

AFGHANISTAN RESILIENCE TRUST FUND

Annual Progress Report

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Prepared by ARTF Administrator¹



THE WORLD BANK



¹ This trust fund is administered by the World Bank on behalf of the donors.



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Abbreviations and Acronyms

ACG	Afghanistan Coordination Group
ACReMAP	Anti-Corruption and Results Monitoring Action Program
ADU	Afghanistan Development Update
AEM	Afghanistan Economic Monitor
AGMS	Afghanistan Gender Monitoring Survey
ARRNA	Afghan Returnees Rapid Needs Assessment
ARTF	Afghanistan Resilience Trust Fund
ARTF MA	ARTF Monitoring Agent
ASIST	Advisory Services, Implementation Support, and Technical Assistance
AWMS	Afghanistan Welfare Monitoring Survey
CASA	Central Asia South Asia
CBE	Community Based Education
CDC	Community Development Council
CRL	Community Resilience and Livelihoods
CSO	civil society organization
CY	calendar year
DAB	Da Afghanistan Bank
DRM	disaster risk management
EC/EU	European Commission/European Union
ECA	Entry Criteria for Access and Equity
EERA	Education Emergency Response in Afghanistan
EFSP	Emergency Food Security Project
EMERGe	Empowering Microfinance and Enterprises for Resilience and Growth
FHH	female-headed household
FMFA	Financial Management Framework Agreement
FPA	Fiduciary Principles Accord
FSF	Financial Sustainability Framework
GBV	gender-based violence
GRADE	Global Rapid post-disaster Damage Estimation
GSIP	Afghanistan Gender and Social Inclusion Platform
FY	fiscal year
HER	Health Emergency Response
HH	household
HNP	Health, Nutrition, and Population
IFRP	Illegal Foreigners' Repatriation Plan
IDA	International Development Association
IDP	internally displaced person
IPC	Integrated Food Security Phase Classification
IP DPG	Incentive Program Development Policy Grant
ITA	Interim Taliban Administration
IW	Investment Window
MC	Management Committee
MoU	Memorandum of Understanding
MT	metric ton
NCCSP	NGO/CSO Capacity Support Project
NGO	nongovernmental organization
PAD	Project Appraisal Document



PDNA	Post-Disaster Needs Assessment
PDO	Project Development Objective
PFFP	Partnership Framework and Financing Program
PSEA	prevention of sexual exploitation and abuse
RF	Results Framework
SC	Steering Committee
SEA/SH	sexual exploitation and abuse/sexual harassment
SG	Strategy Group
SMEs	small and medium enterprises
STWG	strategic technical working group
SWEEP	Strengthening Women's Economic Empowerment Project
ToC	Theory of Change
TPM	Third-Party Monitoring
TPMA	Third-Party Monitoring Agent
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
US\$	United States dollar
WB	World Bank
WBG	World Bank Group
WERP	Water Emergency Relief Project
WFP	World Food Programme



Introduction

Since the Interim Taliban Administration (ITA) seized and took control of Afghanistan in August 2021, the economy has experienced a staggering 25 percent contraction. This economic downturn has left the country's outlook highly uncertain and fragile. Despite the assistance of international aid, remittances, and declining prices, which have provided some relief to the challenges faced by the Afghan people, the vulnerability to external shocks and crises remains alarmingly high. This was evident in 2023 when the country was confronted with the complex challenges of natural disasters and an influx of returnees from neighboring countries.

The issue of food insecurity in Afghanistan is of grave concern, with 15.8 million people projected to be acutely food insecure between November 2023 and March 2024.² This includes 3.6 million people in Integrated Food Security Phase Classification (IPC) Phase 4, the emergency level. While humanitarian assistance has been instrumental in preventing a human catastrophe, the continuation of such intense aid assistance, particularly in the face of mounting global challenges and increasing crises, is not sustainable.

What makes Afghanistan's situation even more challenging is that a large number of edicts that targeted women and girls relentlessly shuttered them from participating and seeking opportunities in public life. Women's movements and activities are restricted and girls beyond sixth grade have been prohibited from attending schools. Women and girls continue to face unspeakable challenges.

Against the backdrop of the multitude of challenges, the role of the Afghanistan Resilience Trust Fund (ARTF) is to act as a development coordination mechanism among bilateral donors and multilateral development institutions. The ARTF has continued to support essential services, taking an increasingly more sustainable approach, moving the needle from essential aid distributions to supporting productive opportunities that lead to longer-term impacts. In all ARTF support, access and benefits for women and girls are considered most critical and project designs, especially monitoring access conditions for women and girls, embed the principle of Entry Criteria for Access and Equity (ECA) that ensures basic services are made available to women and girls.

ARTF-financed basic services projects have been guided by sound economic, social, and sector-focused studies and analytics, which are collectively called Afghanistan Futures. It is to ensure the “what” and “how” of basic services delivery are grounded in socioeconomic reality. Operating in high-risk environments, the ARTF has adopted a risk management framework that assesses and mitigates risks in close coordination with development partners and donors. The ARTF Monitoring Agent (ARTF MA) continues to monitor that goods and services reach the intended people, respecting the ECA principle.

The ARTF Annual Progress Report summarizes key activities, significant achievements, and challenges of the ARTF program from January to December 2023, including activities under project operations, analytics, and the risk management program. Section I of the report presents the management of the ARTF under the strategies that have taken a step-wise approach of moving from humanitarian gap financing to supporting basic services; Section II presents key highlights of the basic services projects (Investment Window); Section III presents socioeconomic and sector-focused analytics delivered during the year (ASIST³ Window); Section IV presents the risk management program (ACReMAP⁴ Window); Section V presents ARTF's coordination with the broader aid architecture in Afghanistan; and Section VI presents the financial report.

² Integrated Food Security Phase Classification. ‘Afghanistan: Acute Food Insecurity Situation for October 2023 and Projection for November 2023 - March 2024’. <https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1156740/>.

³ Advisory Services, Implementation Support, and Technical Assistance

⁴ Anti-Corruption and Results Monitoring Action Program

The most critical point of the next phase of the World Bank strategy in Afghanistan, Approach 3.0, seeks International Development Association (IDA) resources to be made available again for the people of Afghanistan starting in 2024, which will take a more sustainable approach by providing predictable resources to sustain the ongoing basic services support. However, it will not replace ARTF financial resources nor diminish its important donor coordination role to provide increasingly scarce development aid resources effectively.



Section I. Program Management

ARTF program management in challenging times.

During 2023, management of the ARTF faced continued challenges, including a narrowing of the operations environment primarily due to the ITA's policy to marginalize women and girls and a limited ARTF resource envelope as donor contributions to the ARTF precipitated to slightly above 25 percent of the pre-2021 average caused by various factors. Nonetheless, the World Bank took a stepwise approach to stay engaged and remain impactful by taking the most relevant approach to respond to the situation at hand.

Adaptive and responsive management of ARTF program, taking the stepwise approach.

In the immediate aftermath of Afghanistan's political crisis in August 2021 that shook the country to the core, followed immediately by social and economic crises, the ARTF, in close consultation and coordination with donors and partners, provided humanitarian gap financing under Approach 1.0. Shortly after the immediate support, ARTF support shifted to essential basic services support under Approach 2.0 in early 2022. The essential services supported were health, food security, resilience and livelihoods, education, and water services. These projects were implemented nationwide and at scale by selected United Nations (UN) agencies and an international nongovernmental organization (NGO), supported by local NGOs and community organizations to reach out to the vulnerable population locally. During 2023, the second year into the basic services support, the operations modality began shifting from immediate emergency response to one of sustainable approach.

Besides the direct basic services operations, the ARTF supported the analytical program that is now collectively known as the Afghanistan Futures program. In the absence of reliable economic and social data, these surveys, studies, and reports provided by the World Bank informed not only its own ongoing operations and future plans, including the next phase of approach (Approach 3.0), but also informed ARTF donors and the broader international aid community's aid assistance. The analytics supported by the ARTF shed light on the state of the macroeconomy, behaviors of average households, challenges of the private sector, struggles faced by women and girls as well as the challenges and development aid opportunities for specific sectors.

During 2023, ARTF Strategy Group meetings (technical and strategic forums) convened to brainstorm and formulate the next phase of the World Bank approach and reached a consensus to aim to sustain the basic services results achieved to date and expand resources by accessing IDA resources while selectively engaging the ITA at a technical level to provide effective and more sustainable support to the people of Afghanistan. The "principled approach"—services delivery for and by women—that helped continue deliver equitable access to services under the earlier approaches remained front and center of the discussion of Approach 3.0.⁵

Key elements of Approach 3.0 included:

- (a) Provision of IDA resources to complement ARTF and other Trust Fund financing to continue to deliver basic services at scale to the Afghan people. For IDA to be made available, ARTF donor contributions would need to continue at US\$150 million–US\$200 million annually.
- (b) Selective broadening of interactions with ITA individuals on technical issues that are critical for the World Bank to provide support to the people of Afghanistan.

⁵ Approach Paper 3.0 (a confidential document) was submitted and approved by the Board of the World Bank Executive Directors in February 2024.

- (c) Resumption of the Regional Central Asia South Asia 1000 (CASA-1000) energy project through ring-fenced accounts and closely monitored interactions with contractors. This decision was primarily for the benefit of neighboring countries (Kyrgyz Republic, Pakistan, and Tajikistan).

To reflect major changes in the focus and the approach of the ARTF, the name of the trust fund, Afghanistan Reconstruction Trust Fund, was changed to Afghanistan Resilience Trust Fund in July 2023. Further, to signal the ARTF's commitments to remain engaged in Afghanistan to help stabilize the country, the ARTF end date was extended from December 2025 to June 2028 in alignment with the next IDA cycle for full coordination with IDA assistance. Both of these official changes to the ARTF legal agreements were made by all ARTF donors through the "absence of objection" procedure.

Monitoring progress of the ARTF as a coherent basic services support program.

Before 2021, the ARTF reported its progress on on-budget support to the government using a well-established Scorecard as a reporting tool. Under the new ARTF focus and modality, however, there was a need to have a clearly formulated Theory of Change (ToC) and Results Framework (RF) to assess the overall results of the ARTF. The exercise to develop the ARTF program-level ToC and RF was launched in 2023.⁶

While details of Third-Party Monitoring (TPM) activities are reported under the Risk Management section of this report (see Section IV), it should be highlighted that TPM work is essential to manage the ARTF program and the criticality of the work was even more pronounced as projects were implemented in uncharted territory with high risks and extremely limited readily available information.

TPM activities were mixed. Not only did the Third-Party Monitoring Agent (TPMA) conduct financial and physical monitoring through carefully coordinated field visits besides telephone interviews, they also visited markets and interviewed private businesses and NGOs to collect data and information to feed into key World Bank analytics to report on the socioeconomic conditions of Afghans, especially women, refugee returnees, and other vulnerable population.

The World Bank's ability to closely monitor ARTF-financed operations became possible once Bank staff officially returned to Kabul from evacuation locations in January 2023 and the Bank's technical specialists and country management team began frequently traveling to the its temporary offices set up inside the United Nations Operations Centre in Afghanistan compound in Kabul. This enhanced the coordination and communications of the Bank management and technical teams with the UN implementing agencies, local NGOs, and donors that had returned to Kabul and those based in Doha. During 2023, more than 142 mission trips to Kabul were undertaken by 60 technical experts and country management team members to ensure expert advice and support to ARTF-financed operations.

⁶ In early 2024, the ToC and RF were prepared through a bottom-up process in extensive consultation with World Bank project teams and the ARTF-hired Third-Party Monitoring Agent, followed by discussions with development partners and other stakeholders.







Section II. Investment Window—Basic Services Projects Highlights

ARTF-financed basic services projects made significant progress across the country at scale during the second year of implementation in 2023. Despite relentless challenges, especially a number of edicts issued by the Taliban that have restricted the ability of women and girls to participate in public life, ARTF projects were successful in delivering basic services to 70 percent of the Afghan population. Layers of the monitoring mechanism ensured projects continued to meet the ECA tailored for each project so that services remained accessible to women and girls, ensuring a principled approach.

Achievements (as of December 31, 2023) included over 7.5 million people having received health and nutrition services, 7.3 million people with improved access to basic services, over 4 million children reached and received learning materials and benefited from 5,000 Community Based Education (CBE) facilities in operation, and 4,760 (2,077 female) staff members across 400 NGOs having taken part in capacity building training, with special support for organizations that promoted girls' and women's empowerment and their access to basic services.

Figure 1 summarizes the results achieved by the six ongoing projects.

Figure 1. Cumulative Results Achieved by ARTF-financed Projects since 2022 (as of December 31, 2023)

 Community Resilience and Livelihoods Project	 Health Emergency Response Project	 Emergency Food Security Project	 Education Emergency Response Project	 NGO/CSO Capacity Support Project	 Water Emergency Relief Project
5.4 million (770,000 HHs) benefited from cash-for-work; 45,000 women employed 7.3 million Afghans with improved access to basic services 88,000 female-headed HHs and persons with disabilities received cash transfers/social grants 1.6 million (880,000 women) Afghans trained on DRM, community mobilization, and health 4,000 SMEs supported Earthquake response: 8,600 laborers employed; 938 returnee HHs benefited from jobs and social grants	Over 7.5 million people received HNP services Over 1.5 million children vaccinated Over 5.6 million children & mothers received nutrition services 955,728 births occurred at project-financed facilities 94,253 major surgeries provided 2,396 health facilities supported nationwide 10,265 female health workers Earthquake response: 30 facilities in Herat	Over 4.5 million people directly benefited 101,775 women employed 26% increase in wheat production in 2023 Over 100,000 female-headed households producing vegetables 32,000 MT of certified wheat seeds produced in 2023 Earthquake and locust response: emergency inputs in 4 earthquake-affected districts in Herat and mechanical locust control in affected areas	Over 4 million children reached to date, including every primary student with learning materials Over 200,000 children supported with learning opportunities (73% girls) 5,000 Community Based Education schools built and operational 5,050 teachers hired (1,900 female) 1,000 classrooms without buildings received high-performance tents	4,760 staff members in 400 NGOs/ CSOs trained: 2,683 men (57%) and 2,077 women (43%) 93% of trainees were satisfied with the trainings 210 NGOs/CSOs selected for subgrants; of which nearly 50% are women-led 540 NGOs/CSOs registered as members in platform database	Inception phase of component 2 completed 200 potential sites identified Implementing a proof of concept with 15 sites across 3 private sector companies before scaling up

A. COMMUNITY RESILIENCE AND LIVELIHOODS PROJECT

Figure 2. Key Highlights of the Community Resilience and Livelihoods Project



The Community Resilience and Livelihoods (CRL) Project provided short-term livelihood opportunities to over 770,000 poor and vulnerable households (HHs) and delivered urgent essential services to more than 5.4 million Afghans. It did so by generating a total of 17.3 million labor days through completing over 7,200 subprojects that improved productive assets and access to services (including irrigation, drinking water, rural transport, and agroforestry) in 6,600 rural communities and urban neighborhoods in 26 provinces, 67 districts, and eight cities across the country. The CRL Project provided social grant support to nearly 88,000 HHs that could not provide physical labor, including 51,240 female-headed households (FHHs), 34,670 HHs with persons with disabilities, and 2,030 HHs with drug addicted persons.

The CRL Project successfully engaged women in all project activities despite frequently evolving constraints. The project reactivated or established 6,632 Community Development Councils (CDCs), in which some 54,422 women participated as members. CDCs have proven to be an effective entry point in maintaining women's participation and amplifying community-led self-help activities. Over 2,000 grain banks and 1,900 kitchen gardens were established, which strengthened community resilience to food insecurity. Over 45,000 women from rural and urban areas gained short-term employment in cash-for-work/labor-intensive work subprojects. In urban areas, female laborers constituted 11 percent of all laborers.

The project's community-led targeting mechanism successfully included other vulnerable groups, such as internally displaced persons (IDPs) and returnees from Pakistan. Over 3,700 IDP HHs gained short-term employment through labor-intensive work subprojects in urban neighborhoods. Around 938 returnee HHs, including 169 returnee FHHs, gained short-term employment or benefited from social grant support in urban and rural areas.

The CRL Project also actively engaged the private sector in the urban areas with 147 local urban contractors having won 402 awards for labor intensive works through national competitive bidding. Furthermore, the project purchased supplies and other goods from approximately 4,000 small- and medium-scale Afghan suppliers, thus supporting local businesses in rural areas and cities and stimulating the local economy.

Reviving Dreams: A story of hope in Afghanistan

Restoring an irrigation canal will help bring livelihoods back to a rural community devastated by heavy flooding



Story Highlights

- A rural community dependent on agriculture as their livelihood was left devastated in the wake of heavy flash floods that destroyed their homes, farmlands, and livestock.
- The Community Resilience and Livelihoods Project creates employment opportunities for vulnerable communities through cash-for-work programs to build or rehabilitate their community assets. It aims to increase household incomes, sustain access to basic services and strengthen the communities' resilience to shocks.
- The United Nations Office for Project Services is implementing the project, with support from the Afghanistan Resilience Trust Fund.

In Afghanistan, the seasonal rains and heavy flash floods in July 2023 led to hundreds of lives lost, damage to residential houses, destruction of thousands of hectares of agricultural lands, and the death of livestock.

Mohammadullah, a farmer, is one of many who were affected when his village, in Logar Province, was among those that were hardest hit by the heavy flash floods, which led to the destruction of his farmland, his only source of livelihood.

The vegetables cultivated on his farmland, such as potatoes, were enough to meet the daily needs of his family and he sold the surplus in the market. The income from the sale of surplus products was spent on additional food, medical treatment, and other household expenses.

Life was much easier before the floods, Mohammadullah recalls, because he could make a living through the farmland. Unfortunately, it did not take long for him to lose everything when the unexpected flash flood hit his village, destroying his farmland and leaving him with little choice for survival.

Like Mohammadullah, the majority of people in rural communities in Afghanistan rely on agriculture as the primary source of livelihood and when a natural disaster such as floods strikes communities, it puts them in a fragile situation.

“The flash flood didn’t just destroy my farmland, but it also destroyed the canal that I used to irrigate my land, now I cannot grow anything”, says Mohammadullah, disappointment visible on his face.

Cash for Work, Participating in Community Development

The Community Resilience and Livelihoods (CRL) Project creates employment opportunities through cash-for-work programs for vulnerable people like Mohammadullah to build or rehabilitate their community assets. It aims to help them increase household income levels, sustain access to basic services, and strengthen their resilience to shocks.

Thanks to the CRL Project, Mohammadullah now works as a laborer and takes part in the rehabilitation of the irrigation canal that once irrigated his land. He earns a daily wage of Afghani 450 (about US\$6), which is enough to provide three meals a day for his family.

The project has supported Mohammadullah in many ways. He is pleased that he has a source of income that enables him to provide food for his family and feels proud that he has a small role in the development of his village. Above all, he is happy when he thinks about his farmland being functional again as he believes that he can start cultivating his land again once the irrigation canal is rehabilitated.

“I will be able to cultivate my land in the coming spring and I will get a good income from the sale of those products, my life will go back to normal”, says Mohammadullah happily.



Supporting Communities to Adapt to a Changing Climate

The CRL Project responds to the needs of vulnerable communities through emergency livelihood support and services. The project invites communities affected by natural disasters to share their experiences of the impact of severe weather on their lives. Then, with support from community members, the project identifies and prioritizes issues and addresses them based on the needs of the communities, focusing on the rehabilitation of irrigation canals and construction of trenches and terraces, water reservoirs, check dams, gully plugs, and flood protection walls. This helps the communities improve the efficient use of water for agriculture and store excess water, protect the environment from flooding, and make their community resilient to shocks.

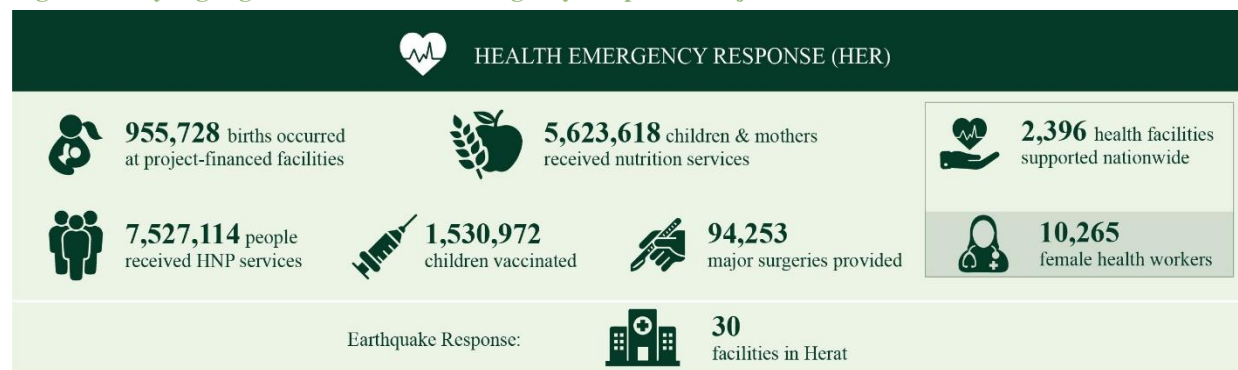
Since the start of the project in 2022, over 3,000 subprojects in urban and rural areas across the country have helped put in place infrastructure that allows local communities to better adapt to a changing climate.

Afghanistan is one of the countries in the world prone to various forms of natural disasters, including floods, earthquakes, and avalanches. Most of these disasters are rooted in climate change, which is expected to worsen in the coming years.

With Afghanistan facing some of the worst threats from climate change, resilience must be built into projects whenever possible. Every protection wall or check dam helps mitigate the risk of unpredictable weather for entire communities, protecting vital crops and livelihoods. When climate adaptation is included in development projects—as it is with CRL—they stand to serve generations to come.

B. HEALTH EMERGENCY RESPONSE PROJECT

Figure 3. Key highlights of the Health Emergency Response Project



The Health Emergency Response (HER) Project builds upon the existing structure of the health system, such as the Basic Package of Health Services and Essential Package of Hospital Services, that had been put in place over the past 20 years. Capitalizing on the existing local institutions has ensured the resilience of the health system even at the most challenging times. Adapting to the changing environment, the project supported delivery of resources to frontline services and a cost-effective package of life-saving interventions at an acceptable level of quality.

Since the project began its implementation in 2022, over 7.5 million people have received Health, Nutrition, and Population (HNP) services, of whom more than 5.6 million are women and children. The project has also achieved immunization of some 1.5 million children. Nearly 1 million births have occurred at project-financed facilities and over 94,000 major surgeries have taken place at these facilities. The total number of health facilities supported by the project reached almost 2,400 across the country.

During the Herat earthquakes in October 2023, around 30 health facilities treated victims in response to the emergency by providing basic health services.

In Afghanistan's Remote Northeast, Midwives Deliver Against the Odds

Harsh winters and towering mountains are all in a day's work for Shazia, who cares for pregnant women and ensures babies are delivered safely.



Story Highlights

- Lack of access to essential health services and health care facilities for women and girls and undernutrition among children were huge challenges for the residents of Loyaba village in Badakhshan Province.
- The Health Emergency Response (HER) Project focuses on increasing the utilization and quality of essential health services to improve health and nutrition outcomes for the Afghan people.
- The United Nations Children’s Fund (UNICEF) is implementing the project, with support from the Afghanistan Resilience Trust Fund (ARTF).

A bumpy ride between snowcapped mountains and across the picturesque Kokcha river brings us to Loyaba village in Afghanistan’s northernmost province, Badakhshan. Harsh winters and snowstorms cut off this province from the rest of the country for part of the year and rural villages like Loyaba are often cut off from the provincial capital, Faizabad. Nestled in the foothills, overlooking the river, is a UNICEF-supported basic health center. This facility provides health services to a population of around 9,000 people, most of whom live in remote mountain villages.

Every morning, the health center bustles with patients. In an overcrowded waiting room, women and children wait their turn. In a small corner room, Shazia Shayan is examining pregnant women, some of whom have walked kilometers to reach the health center. Many of these women are anemic and malnourished because of a diet lacking key nutrients—a situation that is all too common for Shazia’s patients.



Providing Essential Health Care Services

Shazia has been working as a midwife at the health center for the last 10 years. Through rain and snow, she defies the elements and other daily challenges to provide this critical service to women and children even in the most isolated areas of the province.

“There are times when I have had to attend two deliveries at once. It becomes extremely challenging given there is only one delivery room and I am the only midwife at the center,” explains Shazia. “My job doesn’t end at the health center. When women can’t get to the health center, I go to their homes to deliver their babies.”

Badakhshan is a difficult place to give birth. For many women living in this rugged and remote part of the country, the distance to hospitals from their homes can be the difference between life and death. “I have conducted more than 200 deliveries in the last 10 years. I have been lucky not to witness losing a child or a mother during childbirth, but this is not always the case,” says Shazia. “The distance to health facilities combined with poverty means families can’t always afford the cost of transportation. I often pay the transportation costs out of my own pocket to send my patients to the provincial hospital.”

Critical Role of HER Project

Across Afghanistan, the UNICEF-run and ARTF-funded HER Project plays a critical role in supporting the operational costs of around 2,400 health facilities, including paying the salaries of some 27,000 health workers, like Shazia. As a frontline female health worker, Shazia plays a critical role in delivering health care services in Afghanistan, especially to those who may otherwise struggle to access these services, including children and women. In 2023, with the support of HER, health workers reached millions of children and their families with essential health and nutrition services.

Midwives like Shazia are some of Afghanistan’s most vital frontline health workers, ensuring that babies and their mothers survive and thrive in even the most remote rural areas. Over the last two decades, the increased presence of midwives has played a critical role in improving the lives of mothers and babies. The difference is clear: two decades of investment in the health sector has helped reduce the maternal mortality rate significantly in Afghanistan. To maintain the progress, training and resources need to continue at the same level, at the very least.

With thanks to UNICEF for the adaptation of this story.

C. EMERGENCY FOOD SECURITY PROJECT

Figure 4. Key Highlights of the Emergency Food Security Project



The Emergency Food Security Project (EFSP) supports the prospects of sustained reliable access to sufficient and affordable food for the population. Supporting the agricultural sector’s recovery through the project provides opportunities to create conditions for a resilient and inclusive agricultural sector.

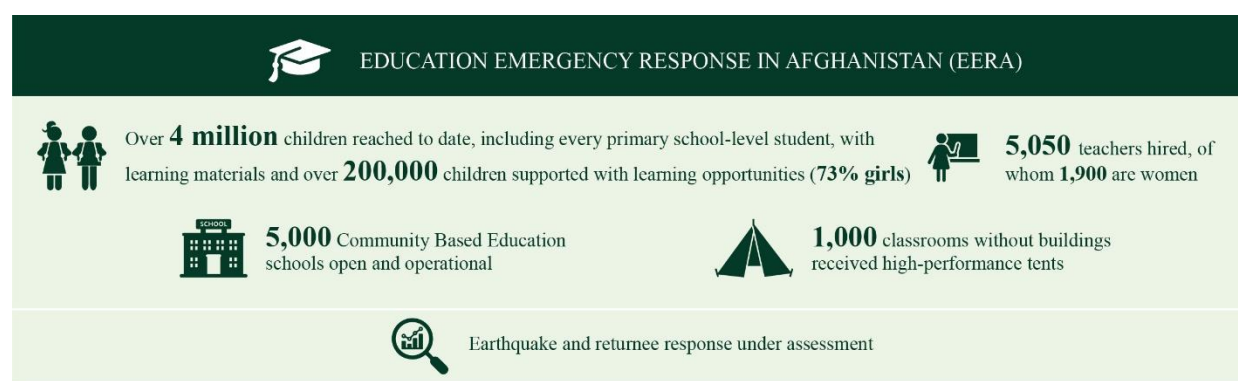
The project supported a 174 percent increase in wheat crop production by the targeted households, in which 67 percent of women farmers were provided agricultural assets or services. Under the cash-for-works program, 101,775 women were employed and 100,000 FHHs produced enough vegetables to increase the consumption of micronutrients and sell a surplus in local markets for income.

Through the project interventions and engagement of the private sector seed enterprises, a record-breaking 32,000 metric tons (MT) of certified wheat seeds were produced across Afghanistan in 2023. The EFSP also extended support to four affected districts in Herat during the October 2023 earthquakes as well as to the Moroccan locust (plant pest) emergency, which applied traditional “mechanical control” methods to reduce the impact of the outbreak in the northern and northeastern regions.

Climate change affects projects facing narrow windows for the wheat planting season. At the same time, the temporal nature of irrigation-related civil works has led to a lag in the visibility of tangible results. Nonetheless, the EFSP has been able to help farmers overcome many challenges to achieve record wheat production and will continue to explore avenues to sustain these achievements.

D. EDUCATION EMERGENCY RESPONSE IN AFGHANISTAN

Figure 5. Key Highlights of the Education Emergency Response in Afghanistan



The Education Emergency Response in Afghanistan (EERA) supports access to learning opportunities for girls and boys and improves learning conditions with a targeted approach to support Community Based Education (CBE) schools where girls make up a substantive portion of the students.

These targeted interventions have resulted in reaching over 4 million children, including every primary school-level student, with learning materials and supporting more than 200,000 children (73 percent girls) with learning opportunities. EERA has also helped establish 5,000 CBE schools with 67 percent of girls enrolled despite the latest bans by the ITA. Almost all of these schools have provided teaching and learning materials. As a result of the interventions, 5,050 teachers (38 percent female teachers) were employed across the CBEs. Through the project, 4,000 high-performance tents were installed in selected schools, of which 10 were allocated to earthquake-affected areas in Herat Province.

The education sector continues to be a challenging sector in preserving women’s right to work in education as well as adolescent girls’ right to education under the current environment. The requirement for

international NGOs to transition their activities to local Afghan NGOs for sustainability also poses difficulty in smooth implementation on the ground.

E. NGO/CSO CAPACITY SUPPORT PROJECT

Figure 6. Key Highlights of the NGO/CSO Capacity Support Project



The NGO/CSO Capacity Support Project (NCCSP) completed the mapping of over 1,500 national and local NGOs and civil society organizations (CSOs) present in Afghanistan. A gap analysis identified the 10 core training areas needed to strengthen the managerial, administrative, and service delivery aspects of NGOs/CSOs and 400 NGOs/CSOs were identified as beneficiaries. A total of 4,760 NGO/CSO staff members, including 2,077 women, were trained in the 10 modules. The variance in scores between the pre- and post-training testing showed a significant increase in the knowledge of the trainees. Overall, 93 percent of trainees were satisfied with the training and the organizations' management reported a marked improvement in staff work performance as a result of the training.

Of the 400 NGOs/CSOs that received training, 210 were selected through a competitive process to receive the operational support subgrants and also received training on the prevention of sexual exploitation and abuse (PSEA). By late 2023, 180 organizations had received the first tranche of the low value grants and many of them were also able to begin their work on the ground after obtaining the required Memorandum of Understanding (MoU) from the ITA. The project also launched on-the-job training for the 210 subgrantee organizations in three phases. Five thematic areas were selected, with the training moving from individual staff members to focus on organizational capacity. The first round covering 94 organizations was also largely completed in 2023.

Project implementation was done against an extremely challenging context marked by the ban on women NGO staff. While it affected the overall delivery, all training modules were rolled out. The project team found ways to troubleshoot, including for the CSOs whose licenses had been revoked and/or experienced difficulty in opening bank accounts to receive subgrants. The United Nations Development Programme (UNDP) proved agile to respond to the operational challenges faced.

The NCCSP set up the single-largest NGO platform in the country. By late 2023, the platform already had over 450 registered NGOs and a database covering more than 1,000 NGO activities nationwide. The platform served as an effective and efficient means of peer learning, information sharing, advocacy, collaboration, and coordination among the members and some donors as well. Monthly centralized meetings (four held in 2023) and regional meetings (two held in 2023) witnessed active and enthusiastic participation, covering a range of key issues affecting NGO operations on the ground.

F. WATER EMERGENCY RELIEF PROJECT

Figure 7. Key Highlights of the Water Emergency Relief Project



The Water Emergency Relief Project (WERP) aims to improve access to safe drinking water and surface water irrigation sources in selected rural areas as water is critical to Afghanistan's economic recovery. This project also aims to leverage the private sector for solar pump systems via private sector energy service companies, prioritizing women-owned and women-employing companies.

WERP was approved on June 29, 2023, with a total funding of US\$100 million from the ARTF that runs through June 30, 2025. This project also marks the World Bank's first third party implementing partner with an international NGO in Afghanistan (to date, all grant recipients have been UN agencies) as one component of the project will be implemented by the Aga Khan Foundation.

The project is in its inception phase and was rated "Satisfactory" and on track toward achieving all the project development objective (PDO) indicators meeting the ECA and regularly reporting on the UN Harmonized Monitoring and Reporting Indicators for Afghanistan Response. The project received its initial disbursement of US\$30.6 million and hired project implementing unit staff to expedite the implementation.

ARTF'S SUPPORT TO REINTEGRATION OF RETURNEES FROM PAKISTAN

The October 2023 announcement by the Government of Pakistan to repatriate all undocumented foreigners under the Illegal Foreigners' Repatriation Plan (IFRP) impacted some 1.3 million undocumented Afghans in Pakistan. This coupled with an unfavorable political and socioeconomic environment led to a large scale return of undocumented Afghans from Pakistan between September and December 2023.

From September 15 to December 31, 2023, at the height of the displacement, a total of 490,200 returnees reached Afghanistan.⁷ While 89 per cent of returnees were undocumented Afghans directly affected by the IFRP, the hostile conditions in Pakistan, including intimidation and fear of deportation, also spurred the return of Afghanistan Citizen Card holders and Proof of Registration card holders (refugees), and Voluntary Return Form holders and United Nations High Commissioner for Refugees (UNHCR) slip holders (asylum seekers). The scale and compressed timeframe of these returnees elicited the concerns of humanitarian and basic human needs actors as well as the wider international community in terms of managing the needs of returnees within a context whereby one in two Afghans lived in poverty,⁸ unemployment was soaring, and public services were insufficient to absorb new arrivals.

⁷ Border Consortium. Emergency Border Operations. 24 December - 30 December 2023. https://afghanistan.iom.int/sites/g/files/tmzbd11071/files/documents/2024-01/en-30dec-border-consortium-pakistani-border-operations_m.pdf.

⁸ World Bank. 2023. *Afghanistan Welfare Monitoring Survey*. Round 3. <https://thedocs.worldbank.org/en/doc/975d25c52634db31c504a2c6bee44d22-0310012023/original/Afghanistan-Welfare-Monitoring-Survey-3.pdf>.



The World Bank has jointly produced the Afghan Returnees Rapid Needs Assessment (ARRNA) to identify the needs and profiles of current and potential Afghan returnees. This desk review⁹ was led by the World Bank in collaboration with UNHCR and the International Organization for Migration within the framework of the Durable Solutions Working Group for Afghanistan.

ARTF investments contributed to alleviating the crisis through the World Bank knowledge products, including ARRNA, and projects that are designed at scale to respond effectively to assisting vulnerable HHs at their points of destination in rural and urban settings. As of the end of December 2023, some 938 returnee HHs had received jobs or social grants from the CRL Project, benefiting 7,200 Afghans. An assessment of the number of primary school-level children was underway (as of December 2023) to assess the needs of the returnee girls and boys.

ARTF'S CONTRIBUTION TO THE HERAT EARTHQUAKE RELIEF

In October 2023, a series of devastating earthquakes struck Afghanistan's Herat Province, tragically claiming over 1,500 lives and exposing the region's vulnerabilities. With contributions from the ARTF, the World Bank and its partners carried out a remote desk-based assessment of the physical damages using the Global Rapid Post-Disaster Damage Estimation methodology¹⁰ to develop a model-based estimate of the direct physical damages¹¹ to residential and non-residential buildings and infrastructure, followed by a Post-Disaster Needs Assessment (PDNA) to provide a comprehensive analysis of the impact of the disaster on the people and the region.

The PDNA estimated the impact of the earthquakes on physical assets and service delivery in the nine most affected districts covering 2.2 million inhabitants, of whom a total of 275,256 (around 13 per cent) were directly impacted by the earthquakes.

Concurrently, the ARTF-funded World Bank projects extended emergency response to the affected population to mitigate the compounding effects of the earthquakes by providing emergency health, agriculture, education, and livelihood support. As part of the response, around 30 health facilities provided basic health services through the HER Project and an intervention provided emergency inputs in four districts through the EFSP.

⁹ The ARRNA desk review was completed in January 2024 and was part of the Integrated Appeal for Afghans returning from Afghanistan that was later launched in May 2024 by UN.

¹⁰ The Global RAPid post-disaster Damage Estimation (GRADE) approach was developed at the World Bank and conducted by the Global Practice for Urban, Disaster Risk Management, Resilience and Land (GPURL) Disaster-Resilience Analytics & Solutions (D-RAS) Knowledge Silo Breaker (KSB). The methodology aims to address specific damage information needs in the first few weeks after a major disaster, https://www.gfdr.org/sites/default/files/publication/DRAS_web_04172018.pdf. To date, over 40 different GRADE assessments have been conducted and experience so far has shown that, on average, the estimated damages are more than 80 percent accurate relative to detailed on-ground assessments that follow in the weeks and months after a disaster.

¹¹ Direct physical damage is quantified using the gross capital stock, which is the replacement cost of an asset, if newly rebuilt, based on current unit costs and construction practices in the affected region. Replacement cost does not include fixed/mobile industry capital, transport equipment, household contents, commercial stock contents, etc.



Section III. ASIST Window—Socioeconomic and Sector-Focused Analytics

In addition to the basic services projects on the ground, analytics supported by the ARTF have played a pivotal role in Afghanistan where official information and data have been extremely scarce.

Afghanistan Futures is the World Bank’s program of analytical reports and research on the state of the Afghan economy and society. It seeks to inform the international policy dialogue as the international community assesses how it can support the people of Afghanistan.

The **Afghanistan Gender Monitoring Survey** aimed to capture women's perspectives on their circumstances and incorporate Afghan women's voices into data collection initiatives to inform humanitarian and development responses. The **Welfare Monitoring Survey** continues pre-August 2021 household surveys by the national statistics authority to show changes in the basic living conditions of the population and the third round of the survey was published in 2023. The statistics and information collected via these products culminate in the **Afghanistan Development Update**, a biannual flagship report, which presents the current state of the economy, short-to-medium term outlook, and the overall risks to the baseline. The **Afghanistan Economic Monitor** provides a monthly assessment and summary of high-level macroeconomic indicators.

Table 1 summarizes the analytics published during 2023.

Table 1. Analytics Published in 2023

REPORT	DATE ISSUED	SUMMARY
<u>AFGHANISTAN GENDER MONITORING SURVEY (AGMS)</u>	February 2023	The AGMS provided a snapshot of women’s perceptions of their situation and brought the voices of Afghan women into data collection efforts to inform the humanitarian and development responses in Afghanistan. Aspects of the AGMS are now included in the Afghanistan Welfare Monitoring Survey and gender aspects will be included in future household surveys.
<u>AFGHANISTAN’S HEALTH SYSTEM IS UNDER DURESS, BUT HAS NOT COLLAPSED (THE LANCET ARTICLE)</u>	February 2023	The article focuses on the resilience exhibited by the nationwide health service system continued by nongovernmental service providers in Afghanistan.
<u>AFGHANISTAN WELFARE MONITORING SURVEY (AWMS, ROUND 3)</u>	October 2023	The AWMS uses a representative sample of Afghan households covering all regions of the country. Conducted by telephone, the AWMS reinterviewed households that were surveyed previously through Afghanistan’s primary multipurpose household survey, the Income, Expenditure, and Labor Force Survey.



<u>GLOBAL RAPID POST-DISASTER DAMAGE ESTIMATION (GRADE) REPORT</u>	October 2023	A remote assessment of the physical damages caused by the sequence of earthquakes in Herat Province from October 7 to 15, 2023, used the GRADE methodology. It aims to support the development of a roadmap for recovery and reconstruction.
<u>AFGHANISTAN DEVELOPMENT UPDATE (ADU)</u>	Semi-annual	The ADU is a semi-annual comprehensive report on the state of the Afghan economy. It covers recent economic developments and the medium-term outlook for Afghanistan. Each edition includes Special Focus sections that provide in-depth analysis of specific topics. The ADU is intended for a wide audience, including policymakers, donor community, private sector, and analysts and professionals engaged in Afghanistan's economy.
<u>AFGHANISTAN ECONOMIC MONITOR (AEM)</u>	Monthly	The AEM provides a monthly summary of the latest economic developments and key economic indicators. Drawing from a range of data sources, including real-time data collection by the World Bank's Third-Party Monitoring Agent, the AEM provides up-to-date information on trends in prices, exchange rates, availability of key household items, and the operations of financial sector institutions.

AFGHANISTAN GENDER AND SOCIAL INCLUSION PLATFORM

The Afghanistan Gender and Social Inclusion Platform (GSIP) is a long-term initiative aimed at enhancing the focus on gender and social inclusion in the World Bank's activities in Afghanistan. Since the transition in 2021, the GSIP has focused on ensuring the portfolio delivers “by women, for women and girls”, including by supporting projects to design gender interventions and monitor compliance with project ECA, with sexual exploitation and abuse/sexual harassment (SEA/SH) risk management, incident reporting, and response. In 2023, the GSIP:

- **Supported operations with gender-sensitive design and targets** to ensure effective inclusion of women and girls in core services and livelihood activities, despite the context. New projects supported in 2023 included WERP, the additional financing for the CRL Project, and the Empowering Microfinance and Enterprises for Resilience and Growth (EMERGE) project.¹² The GSIP regularly reviews all pipeline projects and offers advisory support to task teams on gender inclusion and targeting.

¹² EMERGE was approved in March 2024.

- **Developed an Afghanistan-specific risk screening and mitigation tool to help active operations adjust their design and implementation methods to address gender and SEA/SH risks.** The aim is to make operations more effective in reaching women with an acceptable level of risk and to guide new operations in selecting interventions and developing appropriate risk mitigation strategies.
- **Conducted a review of Community-Based Support Models for Adolescent Girls.** Based on interviews and focus group discussions with adolescent girls, teachers, service providers, and other women in their communities, this study examined the programming currently provided to adolescent girls, the available service packages, and the resources allocated for these services. The report compiled girls' insights on their current circumstances, hopes, and fears to inform recommendations for future programming for adolescent girls across the portfolio.
- **Launched a research partnership on gender between the World Bank and World Food Programme (WFP), beginning with a study on gender norms and nutrition analytics.** In April 2023, the World Bank and WFP signed an MoU and agreed on an ongoing research partnership to develop gender analytics. The first study on gender and nutrition is ongoing and the findings will inform the design of social behavior change interventions for women and health workers in future phases of projects.
- **Ensured effective SEA/SH risk management and incident response across the portfolio.** Given the exceedingly high risk of gender-based violence (GBV) in Afghanistan and the lack of available GBV services, the GSIP provides support to all projects and implementing agencies on the effective management of SEA/SH risks through the development and implementation of SEA/SH action plans. The GSIP also manages SEA/SH risk reporting and response by UN agencies, including providing training on the World Bank's Environmental and Social Framework requirements to all implementing partners.
- **Evaluated the Strengthening Women's Economic Empowerment Project (SWEET).** Prior to 2019, SWEET organized women's community-based self-help groups into larger platforms and introduced a revolving grant to fund women's business investments. The team completed the analysis for the impact evaluation in 2023 and prepared a Policy Research Working Paper, which is under review. Given that clustering or federating savings groups is increasingly recognized as a strategy to enhance the economic sustainability of these groups in various low-income contexts, these evaluation results will provide crucial insights into effective approaches, relevant not only to Afghanistan but also to other countries.

Figure 8. Key Highlights of Gender Results under the ARTF



Section IV. ACRemap Window—Risk Management Program

The ARTF support of basic services in Afghanistan continues in a fluid and unpredictable political and security environment. To manage the operational risks of ARTF-financed projects, the World Bank has put in place and implemented enhanced fiduciary and monitoring arrangements.

Enhanced Fiduciary and Monitoring Arrangements

The World Bank has corporate agreements with UN organizations, specifically the Financial Management Framework Agreement (FMFA) and the Fiduciary Principles Accord (FPA). Based on these agreements, the World Bank relies on the systems of the respective UN organizations for project implementation, risk management, monitoring and evaluation, and fiduciary assurance. However, due to the unique and high-risk conditions in Afghanistan, the World Bank has arranged enhanced fiduciary and monitoring frameworks with UN agencies for projects funded by the ARTF. These frameworks are specific to each project and the responsible UN agency, as detailed in the corresponding Project Appraisal Documents (PADs) that specify project designs.

The project framework has the following four distinct aspects and the PAD elaborates the manner in which these elements are applicable to each project:

Entry Criteria for Access

Every ARTF-financed project includes measures known as ECA to promote fair access to services for women and girls as a principled approach. The UN agencies overseeing the project provide regular updates on adherence to the ECA. The ARTF MA conducts regular monitoring and communicates results to the World Bank and relevant UN agencies. In case of non-compliance, a consultation process is initiated to develop a mitigation strategy, including the potential suspension of project activity in affected areas. During 2023, the ARTF MA reported more than 95 per cent adherence to the ECA by the ARTF-financed projects.

Grant Release in Tranches

The World Bank, for the first time, has negotiated with UN agencies the release of ARTF grant proceeds in tranches by signing multiple financing agreements for each project. The World Bank conducts an appraisal of the project's overall value and signs a grant agreement for the initial tranche amount. After six months of project implementation, a review is conducted with the ARTF implementing partners to assess progress and ensure compliance with the ECA. The release of the second tranche and any increase in the grant amount are based on satisfactory progress and adherence to the agreed-upon ECA. The approach has been taken to carefully manage projects in an evolving environment.

Regarding the actual disbursements of the committed financing, after ITA's announcement of gender-discriminating ITA edicts in December 2022, ARTF projects were restructured to disburse in smaller grant amounts with added disbursement conditions in order to put a higher level of the risk-mitigating mechanism in place.

In 2023, the World Bank was able to disburse all planned tranches to UN agencies based on satisfactory progress and adherence to the ECA.

Quarterly Supervision Missions

The World Bank has increased the frequency of monitoring by conducting quarterly missions instead of semi-annual implementation support missions. This change aims to effectively manage performance and mitigate risks. The objectives of these missions are to (i) assess the progress and accomplishment of the PDO and intermediate indicators; (ii) offer advice to resolve any implementation challenges that may arise; (iii) provide technical support regarding implementation, achievement of results, and capacity development; and (iv) discuss pertinent risks and measures to mitigate them.

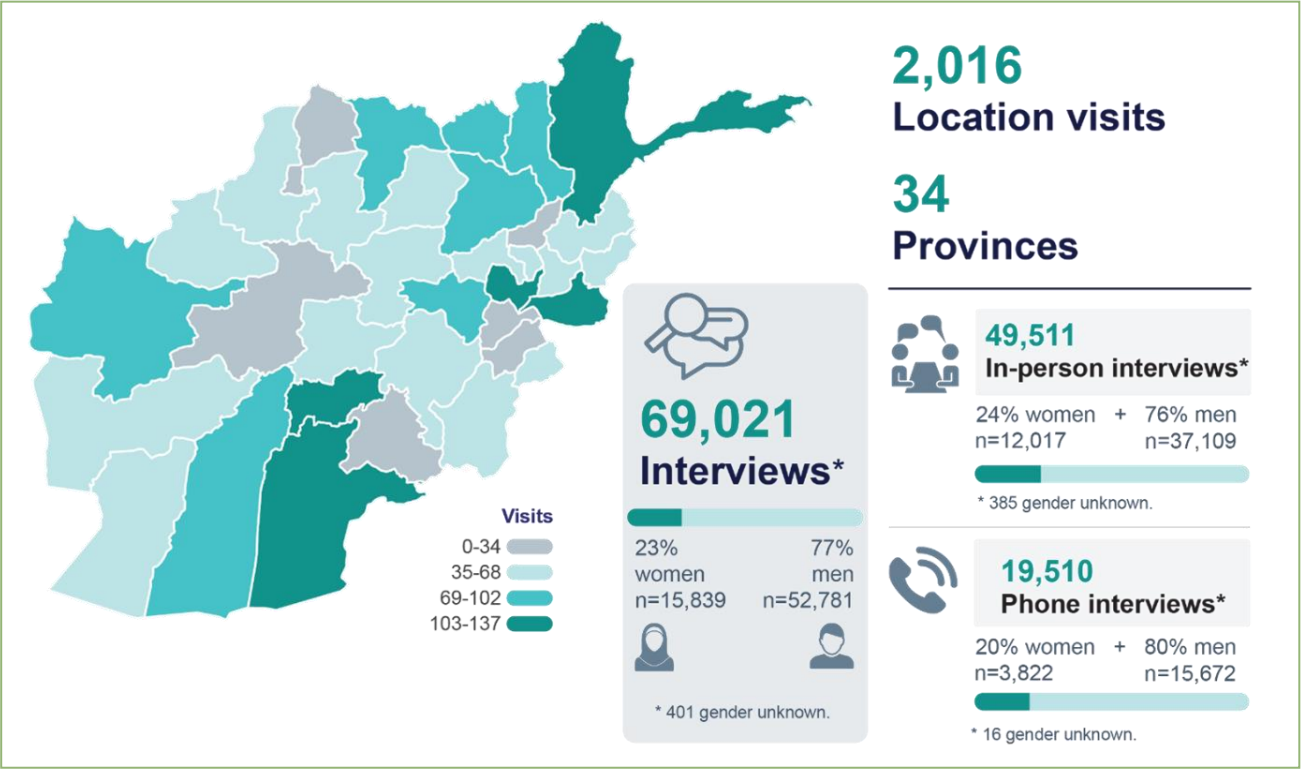
Given the corresponding elevated risks, the World Bank's role in monitoring and evaluation includes not only quantifying project outcomes but also extracting valuable insights and formulating recommendations to improve project effectiveness and future donor interventions. Additionally, when necessary, the World Bank team has held careful engagements with ITA technical staff, with the consent of management. In 2023, 60 World Bank technical experts and country management team members carried out a total of 142 mission trips to Kabul.

Project's Physical and Financial Monitoring

The primary role of the ARTF MA is to evaluate the physical performance of projects, ensure compliance with ECA as well as environmental and social standards, and conduct financial assessments and reviews. The ARTF MA is prohibited from examining the financial records of the UN agencies due to FMFA and FPA regulations. However, the ARTF MA is responsible for conducting comprehensive financial assessments, reviews, or audits of implementing/facilitating partners employed by UN agencies for project implementation. Specific terms of reference and monitoring protocols have been established for individual projects and the ARTF MA adheres to these guidelines during monitoring. It is essential to note that the utilization of a monitoring agent appointed by the World Bank/ARTF to oversee projects executed by UN agencies is a practice unique to Afghanistan. In contrast, in other countries, the UN agencies engage third-party monitors for projects financed by the World Bank.

The ARTF MA reviewed project expenditures of over US\$100 million in 2023 and reported observations of less than 1 percent of the total expenditure. In addition, it reviewed transactions of more than US\$400 million related to the portfolio of pre-August 2021. The physical monitoring was spread across all 34 provinces in 2023 (map 1).

Map 1. Physical Monitoring Activities of the ARTF Monitoring Agent in 2023



Source: Generated by the ARTF TPM project monitoring database.



Section V. Development Partner Coordination

The ARTF governance structure, comprising the Strategy Group, Management Committee, and Steering Committee, continues to play an important role in coordinating and collaborating with donors and other major funding streams in Afghanistan (Asian Development Bank, Islamic Development Bank, and Sustainable Trust Fund for Afghanistan administered by the United Nations Assistance Mission in Afghanistan). During 2023, the ARTF Administrator convened a total of 20 Strategy Group meetings, two Management Committee meetings, and sought one decision by the Steering Committee. A summary of the ARTF governance meetings held in 2023 is provided in Annex II of this report.

In addition, the World Bank/ARTF supports the Afghanistan Coordination Group (ACG), including the in-person meetings held biannually (ACG-Quarterly).¹³ The ACG is the coordination and review mechanism for strategic dialogue on progress in implementation of basic human needs programs and exchange of views about the changes in policy and normative environments. It provides policy recommendations to the donor community and the de facto authorities.

On a technical level, the ACG is organized in five strategic technical working groups (STWG). The World Bank co-chairs the Economic Stabilization STWG, Gender and Human Rights STWG, Health STWG, and Education STWG.

During the in-person ACG meetings, the World Bank/ARTF hosts in-person ARTF Strategy Group Meetings and, jointly with the UN, risk management workshops to discuss the potential risks associated with aid delivery in Afghanistan, identify emerging risks and mitigate them, and examine potential collaboration opportunities for development partners in the realm of risk management for efficient and effective aid delivery.

In 2023, two ACG in-person meetings were held:

Afghanistan Coordination Group-Quarterly, Dubai, March 2023: Focused on maintaining cohesion across the ACG and reaffirmed commitment to basic services and livelihood support in line with principled engagement, including a Basic Needs Principles non-paper. **Follow-up:** Adoption of the ACG Framework for International Partner Support in June 2023.

Afghanistan Coordination Group-Quarterly, Istanbul, September 2023: Sought a principled and sustainable path for support to the people of Afghanistan in accordance with the ACG Framework for International Partner Support.

Other relevant international meetings on Afghanistan in 2023 (organized by World Bank):

- Afghanistan Dialogue “Continuing Support to the People of Afghanistan”: Roundtable Discussion with G7 partners and ARTF donors on April 13, 2023, during the World Bank–IMF Spring Meetings
- Afghanistan Payment Workshop “Building a Shared Understanding of the International & Domestic Payments Ecosystem in Afghanistan”, June 15–16, 2023, Dubai.

¹³ The ACG currently comprises representatives of the Governments of Australia, Canada, Czechia, Denmark, Finland, Germany, Italy, Japan, Luxembourg, Netherlands, Norway, Qatar, Sweden, Switzerland, Türkiye, United Kingdom, and United States as well as the Asian Development Bank, European Union, International Monetary Fund, Islamic Development Bank, United Nations and World Bank. Civil society groups, international and national NGOs, regional partner countries as well as private sector actors are also represented in the ACG structure, mainly through the technical working groups and regular consultations.



- Virtual Round Table Discussion with G7 partners and ARTF donors, October 24, 2023, following the World Bank–IMF Annual Meetings.



Section VI. 2023 Financial Report

This section provides an overview of ARTF resources, donor contributions, commitments, and disbursements during the reporting period.

SOURCES AND USES OF FUNDS

Table 2 presents sources and uses of funds for fiscal year (FY)1402¹⁴ compared with the prior eight years—three years under the Financing Program FY1394–FY1396 (roughly equivalent to CY2015–CY2017), three years under the Partnership Framework and Financing Program FY1397–FY1399 (CY2018–CY2020) and the two immediate prior years that are in an off-financing strategy cycle because of the Taliban control of the government.

The **Sources of Funds** are net donor contributions, investment income less administration fees, and the cash balance carried forward from the previous year. FY1402 started with a cash balance of US\$970.51 million that included (a) US\$246.59 million of commitments and (b) US\$723.92 million unallocated cash balance, primarily from the remaining cancelled portfolio balance in 2022.

The **Uses of Funds** are net of actual disbursements and commitments under the three active¹⁵ ARTF windows (Investment Window, ASIST Window, and ACREMAP Window). As of December 31, 2023, the cash balance stood at US\$674.70 million comprising (a) the combined undisbursed balance of the ARTF active investment portfolio of US\$158.40 million; (b) US\$1.32 million combined undisbursed balance of the ASIST Window; and (c) US\$12.25 million reserved for the ACREMAP Window, leaving a net unallocated cash balance of US\$502.72 million. Of the US\$502.72 million balance, US\$247 million was further planned/committed toward additional financing for the HER Project, US\$17 million toward risk management activities allocation under the ACREMAP Window, and US\$2 million planned analytics under the ASIST Window in the following year.

¹⁴ The Afghan Solar fiscal year runs from December 22 to December 21 (in most years). The calendar year (CY) refers to the January–December cycle.

¹⁵ The Recurrent Cost Window ceased being active from August 2021.

Table 2. FY1402 Sources and Uses of Funds Comparison with Last Two Financing Periods, as of December 31, 2023 (US\$, millions)

SOURCES AND USES OF FUNDS	Financing Program FY1394-1396			PFFP 2018-2020			PFFPII 2021-2024		
	FY 1394 Total Actual	FY 1395 Total Actual	FY 1396 Total Actual	FY 1397 Total Actual	FY 1398 Total Actual	FY 1399 Total Actual	FY 1400 Total Actual	FY 1401 Total Actual	FY 1402 Total Actual
SOURCES OF FUNDS (A+B)									
A. Net Donors Contributions (A1-A2+A3)	643.26	906.53	840.44	1011.63	789.28	718.16	244.08	55.23	254.12
A.1. Donors Contributions	651.50	917.92	853.05	1021.10	780.38	718.63	248.41	59.40	218.77
A.2. Admin fees minus Investment Income	8.23	11.39	12.61	9.47	-8.90	0.46	8.32	4.17	-35.35
A.3. Refund of Ineligible Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	4.00	0.00	0.00
B. Cash Carried-Over (=D previous year)	1677.88	1482.90	1502.70	1398.32	1358.23	1480.74	1450.33	1259.75	970.51
USES OF FUNDS (C+D)									
C. Disbursements (C1+C2+C3+C4+C6+C7+C8+C9)	838.24	886.73	944.82	1051.72	666.77	748.58	434.66	344.47	549.93
C.1. Recurrent window - Disbursed by DAB ^a	435.69	469.86	457.46	385.07	9.53	66.06	0.00	0.00	0.00
• Wages	125.00	100.00	75.00	0.00	0.00	0.00	0.00	0.00	0.00
• O&M	33.60	0.00	0.00	0.00	0.00	50.00	0.00	0.00	0.00
• Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
• IP (Incentive Program)	93.60	244.20	235.68	225.83	0.00	0.00	0.00	0.00	0.00
• AHP (Ad Hoc Payments)	183.49	125.66	146.78	159.24	9.53	16.06	0.00	0.00	0.00
C.2. Investment window	394.69	401.98	476.25	555.94	345.23	445.98	135.15	328.69	537.54
C.3. Pass-through to LOTFA (UNDP Police)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C.4. Fees to monitoring agent	7.86	13.37	8.10	9.40	9.45	7.13	0.00	0.00	0.00
C.5. Research and Analysis Program	0.00	1.51	3.01	1.09	0.04	0.00	0.00	0.00	0.00
C.6. ASIST Window	0.00	0.00	0.00	0.22	1.96	1.04	0.41	0.24	1.01
C.7. ACRMAP Window ^b	0.00	0.00	0.00	0.00	0.55	8.37	19.11	15.54	11.39
C.8. Recurrent Cost Window (FSF & IP DPG)	0.00	0.00	0.00	100.00	300.00	220.00	0.00	0.00	0.00
C.9. Transfer out Window	0.00	0.00	0.00	0.00	0.00	0.00	280.00	0.00	0.00
D. Cash Balance (end-of-period) (A+B-C=D1+D2)	1482.90	1502.70	1398.32	1358.23	1480.74	1450.33	1259.75	970.51	674.70
D.1. Committed Cash Balance (end of period):	1129.89	1015.79	951.40	999.21	724.87	902.68	887.36	246.59	171.97
• to Recurrent Window special account	50.00	50.00	50.00	50.00	50.00	0.00	0.00	0.00	0.00
• to Recurrent Window Trust Fund	151.75	51.88	84.42	11.35	1.82	0.00	0.00	0.00	0.00
• undisbursed Investment Window balance	897.74	890.45	793.63	920.36	654.73	865.30	876.65	221.94	158.40
• to Monitoring Agent	30.25	20.08	22.15	12.75	12.30	5.17	0.00	0.00	0.00
• to Research and Analysis Program	0.15	3.38	1.19	0.31	0.00	0.00	0.00	0.00	0.00
• to ASIST Window	0.00	0.00	0.00	3.94	3.33	3.13	1.00	1.11	1.32
• to ACRMAP Window	0.00	0.00	0.00	0.50	2.69	29.08	9.71	23.54	12.25
• undisbursed Recurrent Cost Window balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D.2. Unallocated Cash Balance (end of period)	353.01	486.91	446.92	359.02	755.88	547.65	372.39	723.92	502.72

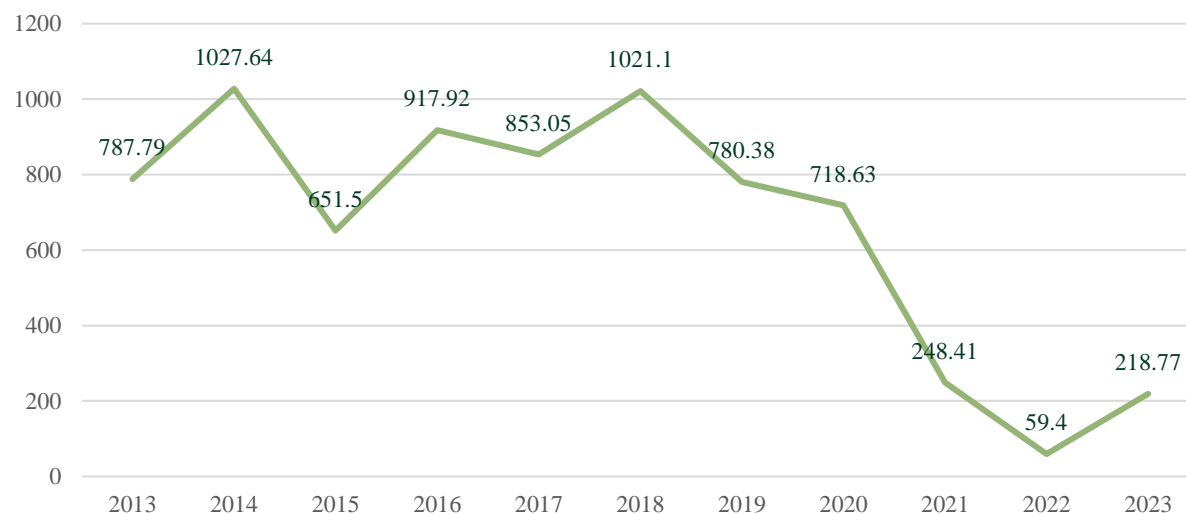
- a. US\$50 million was disbursed to the government under the Recurrent and Capital Cost Operation in 2002 but was reported as an advance provided to the government. With the closure of the Recurrent and Capital Cost Operation, we adjusted this entry and reported US\$50 million as disbursed in 1399. With this adjustment, all commitment and disbursements to the Recurrent and Capital Cost operation are consolidated.
- b. Disbursements under the ACRMAP Window include fees to the monitoring agent from FY1399 onwards.

CONTRIBUTIONS

Since 2021, there has been a notable significant drop of donor contributions to the ARTF—from an average of US\$856 million per annum until FY1399 (2020) to US\$248.41 million in FY1400 (2021), a precipitous drop to US\$59.4 million in FY1401 (2022), and a modest recovery to US\$218.77 million in FY1402 (2023), which is slightly above a quarter of the average of earlier contributions. Figure 9 presents the change of ARTF donor contributions over the past 10 years.



Figure 9. ARTF Donor Contributions between 2013 and 2023 (US\$, millions)



The top five donors (cumulative contributions since inception to December 31, 2023) are the United States (32 percent), United Kingdom (16 percent), Germany (9 percent), European Commission (9 percent), and Canada (7 percent). Together, these donors account for over 73 percent of the total contributions toward the ARTF.

Post-August 2021, Canada, Germany, Japan, the Netherlands, Norway, Switzerland, United Kingdom, United States, and the Global Fund (a new donor since 2023) have kept their financial contributions to the ARTF.

Table 3. Donor Contributions since ARTF Inception in 2002, as of December 31, 2023 (US\$, millions)

Donor	Previous ARTF Financing Strategies					FY 1400	FY 1401	FY 1402	Grand Total Paid-In Since Inception Through Dec 2023
	SY 1381-1390	FY 1391-1393	FY 1394-1396	FY 1394-1396	FY 1397-1399				
	Paid-in								
Australia	188.88	143.27	16.75	68.15	55.94	10.07	0.00	0.00	466.31
Bahrain	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
Belgium	8.03	5.10	0.00	0.00	0.00	0.00	0.00	0.00	13.13
Brazil	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20
Canada	556.13	56.59	0.00	114.76	126.89	35.56	0.00	33.06	922.98
Czechia	0.00	0.00	0.46	3.41	1.77	0.94	0.00	0.00	6.11
Denmark	73.27	28.59	11.41	76.82	80.51	21.23	0.00	0.00	280.42
EC/EU	361.75	150.53	173.12	324.79	315.85	18.20	0.00	0.00	1171.12
Estonia	0.29	1.89	0.17	1.31	1.01	0.49	0.00	0.00	4.99
Finland	53.50	36.75	6.51	34.29	36.39	12.10	0.00	0.00	173.03
France	16.41	10.69	0.00	0.00	0.00	0.00	0.00	0.00	27.09
Germany	382.92	208.43	78.56	243.89	159.65	115.74	0.00	84.19	1194.81
Global Fund	0.00	0.00		0.00	0.00	0.00	0.00	2.37	2.37
India	1.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.79
Iran, Islamic Republic of	0.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.99
Ireland	16.12	0.00	0.00	0.00	0.00	0.61	0.00	0.00	16.74
Italy	94.33	25.17	0.00	34.56	26.04	15.16	0.00	0.00	195.27
Japan	25.00	318.00	6.15	136.03	6.00	12.50	0.00	10.00	507.53
Korea, Republic of	6.00	10.00	0.00	0.00	15.00	0.00	0.00	0.00	31.00
Kuwait	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00
Luxembourg	8.59	1.15	0.00	0.30	0.00	0.00	0.00	0.00	10.04
Netherlands	388.05	81.18	0.00	67.90	69.04	0.00	0.00	14.55	620.72
New Zealand	0.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63
Norway	289.31	145.48	2.32	73.93	93.59	0.00	5.68	10.77	618.76
Poland	5.33	1.85	0.00	1.36	0.50	0.54	0.00	0.00	9.58
Portugal	1.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.18
Russian Federation	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
Saudi Arabia	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00
Spain	91.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	91.50
Sweden	187.62	103.59	9.43	107.17	150.53	3.06	0.00	0.00	551.97
Switzerland	0.67	0.00	0.00	9.54	9.22	2.21	0.00	2.86	24.51
Turkiye	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
UNDP	2.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.41
United Kingdom	994.52	399.29	0.65	401.88	372.18	0.00	0.00	10.98	2178.85
United States	1371.99	1033.30	122.46	722.38	1000.00	0.00	53.72	50.00	4231.40
TOTAL	5172.43	2760.84	427.99	2422.47	2520.11	248.41	59.40	218.77	13402.43

PROJECT DISBURSEMENTS—INVESTMENT WINDOW

A sum of nearly US\$1.2 billion in ARTF grants was cancelled and reimbursed to the ARTF main fund from the cancelled portfolio. The released grants were subsequently redirected to support the newly initiated basic services delivery grants under Approach 2.0, which began in FY1401 (2022) and continued throughout 2023.

There were six active investment projects under the ARTF Investment Window during the reporting period, all of which focused on basic services delivery. Table 4 summarizes the grant allocations and disbursements during FY1402 (2023).

Table 4. Disbursements under Active ARTF Projects



PROJECTS	FY 1402 (2023) US\$, MILLIONS	
	Commitments	Disbursements
TF0B8537 - AFGHANISTAN COMMUNITY RESILIENCE AND LIVELIHOODS PROJECT	165.00	219.51
TF0B8720 - AFGHANISTAN EMERGENCY FOOD SECURITY PROJECT	45.00	54.60
TF0B8512 - AFGHANISTAN HEALTH EMERGENCY RESPONSE PROJECT	164.00	189.42
TF0B9025 - AFGHANISTAN NGO/CSO CAPACITY SUPPORT PROJECT	0.00	12.83
TF0B9497 - EDUCATION EMERGENCY RESPONSE IN AFGHANISTAN	0.00	30.00
TF0C1926 - WATER EMERGENCY RELIEF PROJECT	100.00	31.18
TOTAL - ACTIVE INVESTMENT WINDOW PROJECTS	474.00	537.54

BANK-EXECUTED WINDOWS DISBURSEMENTS – ASIST AND ACREMAP WINDOWS

Table 5 provides a detailed overview of allocations and disbursements over the last three years for the two Bank-executed trust fund windows under the ARTF, namely ASIST and ACREMAP. Notably, disbursements for the TPMA constituted nearly 95 percent of the total ACREMAP disbursements. As of December 31, 2023, US\$29.30 million had been allocated for the TPMA program, of which US\$43.56 million was disbursed to support monitoring of projects and data collection on the ground. The excess in the disbursed amount shows the utilization from the past year's allocations.

Table 5. Allocations and Disbursements under ASIST and ACREMAP Window, as of December 31, 2023 (US\$, millions)

Engagements	FY 1400	FY 1400	FY 1401	FY 1401	FY 1402	FY 1402	Total	Total
	Allocation	Disbursement	Allocation	Disbursement	Allocation	Disbursement	Allocation 1400-1402	Disbursement 1400-1402
Advisory Services, Implementation Support, and Technical Assistance (ASIST Window)								
TF0A8749 - Evidence for Action	-2.18	0.04	0.00	0.00	0.00	0.27	-2.18	0.31
TF0A8768 - Extractives Sector Asset and Institutional Development Task Force (ESAD)	-0.05	0.07	0.00	0.00	0.00	0.00	-0.05	0.07
TF0A8790 - Fiscal Performance Improve Plan (FPIP) Advisory Facility	-0.01	0.01	0.00	0.00	0.00	0.00	-0.01	0.01
TF0B0096 - FPIP Implementation: Procurement	-0.04	0.02	0.00	0.00	0.00	0.00	-0.04	0.02
TF0B2345 - FPIP Implementation: Core Public Financial Management	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01
TF0B3726 - ASIST - ARTF - Digital CASA	0.00	0.19	0.00	0.15	-0.04	0.00	-0.04	0.34
TF0B5350 - Afghanistan Urban Programmatic Analytics	0.25	0.06	0.35	0.09	0.50	0.41	1.10	0.56
TF0B6043 - Afghanistan Energy Study 2.0	0.30	0.00	0.00	0.00	0.00	0.12	0.30	0.12
TF0C1968 - Welfare Monitoring and Dialogue Support	0.00	0.00	0.00	0.00	0.45	0.11	0.45	0.11
TF0C2068 - Afghanistan: Digital Sector Assessment	0.00	0.00	0.00	0.00	0.15	0.09	0.15	0.09
Subtotal ASIST Window	-1.73	0.41	0.35	0.24	1.06	1.01	-0.31	1.65
Anti-Corruption and Results Monitoring Action Program (ACReMAP Window)								
TF0B0245 - Phase 3 of the Afghanistan Reconstruction Trust Fund Third Party Monitoring Program	0.00	17.64	29.30	14.97	0.00	10.95	29.30	43.56
TF0B0738 - Procurement Management Support Tools under Afghanistan Anti-Corruption and Results Monitoring Action Program (ACReMAP)	0.10	0.08	-0.13	0.00	0.00	0.00	-0.03	0.08
TF0B1993 - GBV ETC Benefits	-0.07	0.11	0.00	0.00	0.00	0.00	-0.07	0.11
TF0B1994 - Gender Based Violence	0.07	0.57	-0.53	0.00	0.00	0.00	-0.46	0.57
TF0B2046 - ACReMAP - INT Investigations	0.00	0.14	0.00	0.16	0.00	0.00	0.00	0.30
TF0B3134 - Environmental Capacity Support and Risk Management	0.23	0.20	0.50	0.24	0.10	0.19	0.83	0.62
TF0B3329 - Afghanistan - Priority Monitoring and Evaluation Support	-0.03	0.31	-0.29	0.00	0.00	0.00	-0.31	0.31
TF0B3448 - Independent Evaluation of the ARTF Third-Party Monitoring	-0.01	0.01	0.00	0.00	0.00	0.00	-0.01	0.01
TF0B3539 - Pillar 3: Strengthening Regulatory and Institutional Capacity for Social Safeguards Management	-0.20	0.05	0.30	0.14	0.00	0.07	0.10	0.26
TF0B7742 - GBV Prevention and Response	0.00	0.00	0.22	0.03	0.00	0.19	0.22	0.22
Subtotal ACReMAP Window	0.09	19.11	29.37	15.54	0.10	11.39	29.56	46.04

Annexes

Annex I: Afghanistan Resilience Trust Fund

About ARTF

The Afghanistan Resilience Trust Fund (ARTF) is a multidonor trust fund that coordinates international aid to improve the lives of the people of Afghanistan. It is administered by the World Bank and currently supported by 32 donors.

Established in 2002, the ARTF was the largest source of on-budget financing for Afghanistan's development until August 2021. Prior to that, it funded Afghanistan's national priority projects, including in health, education, agriculture, rural development, infrastructure, and public financial management. It also met recurrent costs of the public offices.

Since 2022, the ARTF has been contributing to basic services and livelihood support for the Afghan people through United Nations (UN) agencies and selected nongovernmental organization (NGO) partners.

The ARTF was originally known as the "Afghanistan Reconstruction Trust Fund", however, to reflect the recent shift in focus of the Trust Fund's strategic intervention, the trust fund name has been changed to "Afghanistan Resilience Trust Fund" since July 2023.

The Fund Structure

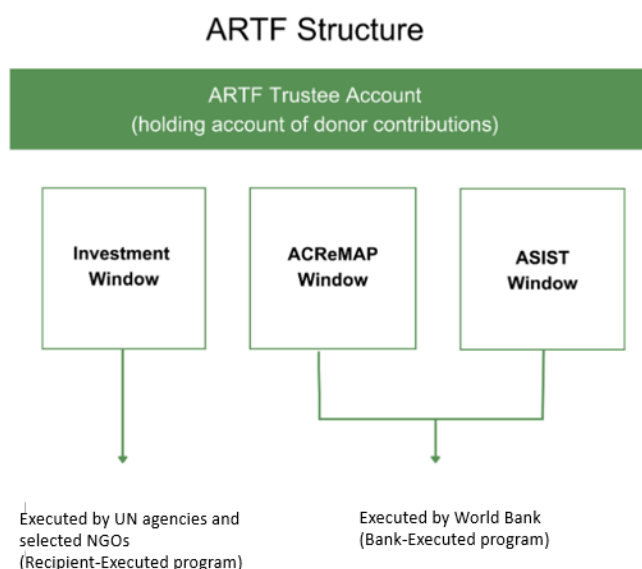
ARTF fund allocations are made from the ARTF Trustee Account through the following active windows:

Investment Window (IW): Recipient-executed. It is executed by UN agencies and selected NGOs and provides grant financing for basic services and livelihoods.

Advisory Services, Implementation Support, and Technical Assistance (ASIST): Bank-executed. This Window currently supports socioeconomic analytics.

Anti-Corruption and Results Monitoring Action Program (ACReMAP): Bank-executed. This Window supports initiatives to enhance anti-corruption, safeguards, and result monitoring efforts in the ARTF portfolio and maximize the Trust Fund's development impact.

Figure A1. A ARTF Structure



Governance Structure

The ARTF has a three-tier governance structure that plays a critical role in managing the ARTF program. Governance entities set policy and strategy, oversee finances and allocations, and manage contributions and administrative functions of the ARTF.

ARTF Steering Committee (SC): Sets policy and the strategy for the ARTF. The SC consists of the World Bank and ARTF donor countries as members (ambassador-level representation). It makes decisions based on consensus, informed by recommendations of the ARTF Strategy Group. Management Committee members serve as observers to the SC.

Management Committee (MC): Oversees ARTF finances and reviews proposals to commit ARTF funds, considering technical quality, alignment with the current financing strategy, and coordinated engagement with other major funding streams in Afghanistan. The MC consists of the World Bank as the Chair and the Asian Development Bank, the Islamic Development Bank, and the United Nations Development Programme as members. The United Nations Assistance Mission in Afghanistan serves as an official observer to the MC.

Strategy Group (SG): Supports the SC and MC, which contributes to the implementation of the ARTF program. The SG contributes to the development of ARTF strategy/approach and implementation of strategy and individual ARTF programs, and advises the SC on updates to the strategy/approach.

The World Bank serves as ARTF Administrator. In this capacity, the World Bank is responsible for ARTF finances. The World Bank also manages secretariat functions to monitor and report on ARTF program performance and convene governance meetings.



Strategic Thematic Working Groups (STWGs) serve as sectoral working groups coordinated across bilateral and multilateral partners under the new Afghanistan aid architecture (post-August 2021). The previous ARTF Gender Working Group is now part of the Human Rights and Gender STWG.

Annex II: ARTF Governance Meeting Details

ARTF Strategy Group meetings (20 meetings were held in 2023)

Table A2. 1. ARTF Strategy Group Meetings, 2023

Date	Discussion Topic
January 25	Brief on Portfolio Review outcomes; health project updates
February 9	Joint UN–WB Portfolio Review outcomes
February 21	Gender Monitoring Survey findings
March 7	Implementation progress and required restructuring of ongoing projects
March 14	Responding to changing context; proposed measures at the level of the ARTF portfolio; project restructuring overview
April 5	Afghanistan Futures analytics
April 27	Afghanistan Water Emergency Relief Project discussion and roadmap for donor consultation
May 16	Voices from the ground (experience from Community Resilience and Livelihoods Project); mid-term consultation of the WBG Fragility, Conflict, and Violence Strategy
June 26	Senior Officials Meeting in Brussels updates; second joint UN–WB portfolio performance review; supporting Afghanistan to 2025 and beyond
July 27	ARTF official name change; updates from the field: health (International Committee of the Red Cross proposal), education, localization, and updates on reverse expenditure review
August 24	ARTF TPMA activities; financing cliff and tough choices ahead; briefing on additional financing for health project
September 12	Financing post-2025—Funding options for “Approach 3.0” / leveraging IDA
September 25	Focus on AFG 2023—What have we learned to guide our collective interventions?; Emerging Themes and Financing Cliff and Future: “Approach 3.0” and ARTF Post-2025
October 10	WBG Annual Meetings Round Table (October 24); Approach 3.0; ARTF financial overview and ARTF reporting
October 26	Afghanistan Development Update and Afghanistan Welfare Monitoring Survey
November 3	Briefing on CASA-1000 regional project



November 8	2024 ARTF funding outlook, results achieved, and prioritization
November 22	Discussion on additional financing for food security project
December 6	Discussion on additional financing for community resilience project
December 14	Proposed extension of ARTF closing date from December 2025 to June 2028

ARTF Management Committee meetings (2 meetings were held in 2023)

Table A2. 2. ARTF Management Committee Meetings, 2023

Date	Discussion Topic
June 15	US\$100 million allocation for Water Emergency Relief Project (Investment Window)
November 7	US\$247 million additional financing to health project (Investment Window); US\$17 million for TPMA 2024–2025 and other risk management activities (ACReMAP Window); US\$2 million for economic and sectoral analytics (ASIST Window)

ARTF Steering Committee decision (one decision was taken virtually in 2023)

Table A2. 3. ARTF Steering Committee Decisions

Date	Decision Taken
July 14	A decision, based on <i>absence of objection</i> , was taken to officially change the ARTF name to Afghanistan <u>Resilience</u> Trust Fund (formerly Afghanistan Reconstruction Trust Fund)