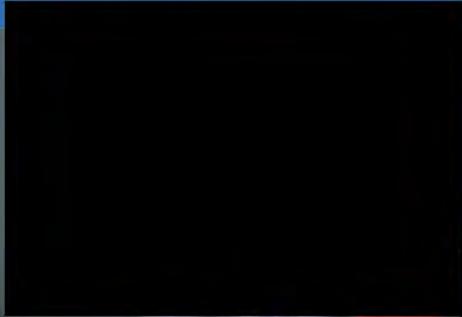


ARTF SCORECARD 2017



Integrated Performance and Management Framework

January – December 2017



Afghanistan
Reconstruction
Trust Fund



PREPARED BY THE ARTF ADMINISTRATOR

In consultation with
the Ministry of Finance
of the Islamic Republic of Afghanistan
and the ARTF Strategy Group



Unless otherwise noted,
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This report and other ARTF documents
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[REDACTED]

[REDACTED] Working Group provided inputs on
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ABBREVIATIONS AND ACRONYMS

AAIP	AFGHANISTAN AGRICULTURE INPUTS PROJECT	IRDP	IRRIGATION RESTORATION AND DEVELOPMENT PROJECT
ACREMAP	ANTI-CORRUPTION AND RESULTS MONITORING ACTION PLAN	ISR	IMPLEMENTATION STATUS AND RESULTS REPORT
AFMIS	AFGHANISTAN FINANCIAL MANAGEMENT INFORMATION SYSTEM	IW	INVESTMENT WINDOW
AFN	AFGHANI	MA	MONITORING AGENT
AHP	AD HOC PAYMENTS	MC	MANAGEMENT COMMITTEE
ALCS	AFGHANISTAN LIVING CONDITIONS SURVEY	MDG	MILLENNIUM DEVELOPMENT GOAL
ANPDF	AFGHANISTAN NATIONAL PEACE AND DEVELOPMENT FRAMEWORK	MMR	MATERNAL MORTALITY RATIO
APSDP	AFGHANISTAN POWER SYSTEM DEVELOPMENT PROJECT	MOF	MINISTRY OF FINANCE
ARAP	AFGHANISTAN RURAL ACCESS PROJECT	MOHE	MINISTRY OF HIGHER EDUCATION
AREDP	AFGHANISTAN RURAL ENTERPRISE DEVELOPMENT PROJECT	MOPH	MINISTRY OF PUBLIC HEALTH
ARTF	AFGHANISTAN RECONSTRUCTION TRUST FUND	NA	NOT AVAILABLE
ASIST	ADVISORY SERVICES, IMPLEMENTATION SUPPORT AND TECHNICAL ASSISTANCE	NGO	NONGOVERNMENTAL ORGANIZATION
BPHS	BASIC PACKAGE OF HEALTH SERVICES	NHLP	NATIONAL HORTICULTURE AND LIVESTOCK PROJECT
BSC	BALANCED SCORECARD	NPP	NATIONAL PRIORITY PROGRAM
CASA	CENTRAL ASIA SOUTH ASIA	NRVA	NATIONAL RISK AND VULNERABILITY ASSESSMENT
CBR	CAPACITY BUILDING FOR RESULTS	NSP	NATIONAL SOLIDARITY PROGRAMME
CCAP	CITIZENS' CHARTER AFGHANISTAN PROJECT	O&M	OPERATIONS AND MAINTENANCE
CCY	CURRENCY	OFWMP	ON-FARM WATER MANAGEMENT PROJECT
CDC	COMMUNITY DEVELOPMENT COUNCIL	PEFA	PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY
CE	CITIZEN ENGAGEMENT	PFFP	PARTNERSHIP FRAMEWORK AND FINANCING PROGRAM
CM	COMMUNITY MONITOR	PFM	PUBLIC FINANCIAL MANAGEMENT
DABS	DA AFGHANISTAN BRESHNA SHERKAT	PFMR	PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT
EG	ENTERPRISE GROUP	PMIS	PROJECT MONITORING INFORMATION SYSTEM
EMIS	EDUCATION MANAGEMENT INFORMATION SYSTEM	PPG	PROJECT PREPARATION GRANT
EQUIP	EDUCATION QUALITY IMPROVEMENT PROGRAM	RAP	RESEARCH AND ANALYSIS PROGRAM
ESF	ENVIRONMENTAL AND SOCIAL FRAMEWORK	RCW	RECURRENT COST WINDOW
FORM	FRAMEWORK FOR OPERATIONS RISK MANAGEMENT	SA	SUPERVISORY AGENT
FS	FINANCING STRATEGY	SAO	SUPREME AUDIT OFFICE
FSP	FISCAL PERFORMANCE IMPROVEMENT SUPPORT PROJECT	SC	STEERING COMMITTEE
FY	FISCAL YEAR	SDG	SUSTAINABLE DEVELOPMENT GOAL
GDP	GROSS DOMESTIC PRODUCT	SEHAT	SYSTEM ENHANCEMENT FOR HEALTH ACTION IN TRANSITION
GOIRA	GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN	SG	STRATEGY GROUP
GRM	GRIEVANCE REDRESS MECHANISM	SGS	SAVINGS GROUPS
GWG	GENDER WORKING GROUP	SMAF	SELF-RELIANCE THROUGH MUTUAL ACCOUNTABILITY FRAMEWORK
HEDP	HIGHER EDUCATION DEVELOPMENT PROJECT	SORT	STANDARDIZED OPERATIONS RISK-RATING TOOL
HFA	HEALTH FACILITY ASSESSMENT	TBD	TO BE DECIDED
HMIS	HEALTH MANAGEMENT INFORMATION SYSTEM	T/HA	TON/PER HECTARE
IDA	INTERNATIONAL DEVELOPMENT ASSOCIATION	TPM	THIRD-PARTY MONITORING
IP	INCENTIVE PROGRAM	VSLA	VILLAGE SAVINGS AND LOAN ASSOCIATION

SECTION I: THE ARTF SCORECARD

ABOUT THE SCORECARD

The Afghanistan Reconstruction Trust Fund (ARTF) Scorecard provides information on the ARTF's overall performance, and on key results achieved by the Government of the Islamic Republic of Afghanistan (GoIRA) through ARTF-financed projects and programs. The ARTF Scorecard facilitates dialogue between the government, ARTF donors, and the World Bank as the ARTF Administrator on portfolio performance, project results, challenges, and areas in need of attention. This information serves to inform the annual discussions on the three-year ARTF Financing Strategy (FS) for Fiscal Year (FY) 1394–FY 1396 (2014–2017) and moving forward the Partnership Framework and Financing Program (PFFP) for FY 1397–FY 1399 (2018–2020).

AN INTEGRATED PERFORMANCE AND MANAGEMENT FRAMEWORK

The ARTF Scorecard uses an integrated results and performance framework, which is organized in a four-pillar structure that groups indicators along the results chain. The four pillars together provide an assessment of whether the ARTF as a multidonor trust fund is functioning efficiently in the Afghan context (**Pillar IV**).

As the ARTF Administrator, the World Bank aims to support satisfactory performance of the ARTF portfolio (**Pillar III**) to ensure that ARTF projects and programs are achieving intended results (**Pillar II**) in support of Afghanistan's progress in development within the context of the Afghanistan National Peace and Development Framework (ANPDF), as well as the Sustainable Development Goals (SDGs) (**Pillar I**).

The ARTF Scorecard is not intended to provide information on specific projects, nor all results indicators for every project, but rather to provide an overall picture of the ARTF at different levels. More detailed information can be found on the World Bank and ARTF websites under portfolio information and in the publicly disclosed reporting on individual ARTF-funded initiatives.



LINKS TO NATIONAL PRIORITIES

The ARTF is situated within the context of the Kabul Process, which was initiated at the 2010 International Conference on Afghanistan held in London and seeks to set the path for an “economically sustainable, socially vibrant and stable Afghanistan, led by Afghans for Afghans, supported by the International Community”.¹

A series of international conferences and senior officials meetings focused on Afghanistan’s development proceeded from the London Conference, leading to the introduction of a mutual accountability framework in 2012, known in 2017 as the Self-Reliance through Mutual Accountability Framework (SMAF), and to the 2016 Brussels Conference on Afghanistan, where the GoIRA introduced the Afghanistan National Peace and Development Framework and its associated National Priority Programs (NPPs). These documents, together with the SDGs, reflect the development and reform priorities of the GoIRA and as such shape the work of the ARTF.

The ARTF Scorecard aims to summarize ARTF program and operational data in a manner that demonstrates how ARTF-financed support, and how the ARTF as an instrument, support these GoIRA priorities.

THE SCORECARD’S DATA

The indicators included in the ARTF Scorecard are drawn from existing, reliable data sets. Most indicators have standard definitions, and most data are available from existing reporting systems established under ongoing ARTF-financed projects and programs.

The data sources for the Scorecard indicators include the following, by pillar:

PILLAR I. Country-level outcomes reported in Pillar I are measured using published data from the Afghanistan Living Conditions Survey (ALCS). The ALCS is a multipurpose household survey that collects information on several dimensions of well-being, including poverty and inequality, food security, labor market outcomes, gender, education, health, and access to services and infrastructure.² Because it provides both national and subnational data, the ALCS is a crucial source of information for tracking Afghanistan’s progress toward achievement of ANPDF/SDG targets, as well as for assessing indirectly the impact of development programs and policies.

1 The development-focused Kabul Process is distinct from the Kabul Process for Peace and Security Cooperation, which held its first meeting in Kabul in June 2017.

2 Annex 1 includes the definitions used for indicators throughout the Scorecard, including those drawn from the ALCS.

THE SCORECARD'S DATA (continued)

PILLAR II. Results of ARTF-financed operations are documented through a rigorous bottom-up process of data collection and reporting by government line ministries and tracking in World Bank operational data systems and documents. Like other World Bank-financed projects, each ARTF-financed operation has a results framework with indicators. During the lifetime of a project, progress on these indicators is tracked through Implementation Status and Results Reports (ISRs), which are updated at least every six months and publicly disclosed. ISRs present data reported by each implementing line ministry that is reviewed by World Bank technical teams before being captured in the World Bank's data systems.

While not all results indicators can be aggregated across operations, a subset—known as Core Sector Indicators—now has standard definitions that allow corporate aggregation and has been used in the Afghanistan portfolio since FY 2009. Pillar II data are updated every year to add relevant indicators from newly operationalized ARTF projects. Pillar II provides an overview of key results and indicators for projects in the ARTF portfolio, Core Sector Indicators that enable aggregation across programs wherever possible. More detailed results and indicator data for each project are available in the public ISRs, which can be accessed through the World Bank website: www.artf.af.

PILLAR III and PILLAR IV. ARTF operational effectiveness (Pillar III) and ARTF trust fund effectiveness (Pillar IV) reporting draws from the World Bank's information systems, which include data on lending volume, disbursements, trust fund, staffing, and diversity indicators. In addition, Pillar IV draws data from sources including ARTF financial reporting and SMAF indicator reporting.

A "LIVING DOCUMENT"

The ARTF Scorecard is issued annually, and it is a "living document" that evolves with each round of publication. In previous years, it was issued in the last quarter of the calendar year and aggregated data from the Administrator's fiscal year (July–June). However, to synchronize the annual reporting of results with the Afghan fiscal year (January–December), the 2016 Scorecard was stretched to cover a period of 18 months (July 2015–December 2016). Starting in 2017, the Scorecard has been synchronized with the Afghan fiscal year. In line with recommendations in the 2017 analysis *Taking Charge: Government Ownership in a Complex Context*, the fourth external review of the ARTF, the World Bank, in partnership with the GoIRA and ARTF donors, will work to further refine the Scorecard in 2018 to ensure that it meets the needs of stakeholders and can be timely produced.



SECTION II: THE AFGHANISTAN RECONSTRUCTION TRUST FUND

ARTF OVERVIEW

The ARTF was established in 2002 to provide a coordinated financing mechanism for the GoIRA's budget and national investment projects. In 2017, fifteen years later, the ARTF is the largest source of on-budget financing for Afghanistan's development, and has repeatedly demonstrated a capacity to adapt to Afghanistan's evolving context. The ARTF is supporting delivery of results in key sectors, including agriculture, education, governance, health, infrastructure, and rural development. It is also the World Bank's largest single country multidonor trust fund. As of December 31, 2017, 34 donors have contributed a total of \$10.3 billion through the ARTF in support of the GoIRA's development objectives.

ARTF GOVERNANCE

The ARTF has a three-tiered governance framework. At the topmost tier is the Steering Committee (SC), co-chaired by the Minister of Finance of Afghanistan and the World Bank Country Director for Afghanistan and consisting of ambassadors from ARTF donor countries, with members of the ARTF Management Committee (MC) as observers. The SC's mandate is to set ARTF policy, endorse the multi-year financing program, and periodically review implementation. The SC is intended to meet quarterly. Proposals for individual projects and programs are presented to the ARTF MC, which is mandated to approve programs and projects, review ARTF finances, and make recommendations to the Administrator on ARTF management. The MC meets as required to review proposals.

The SC and MC are supported by the ARTF Strategy Group (SG), which develops and reviews the Financing Strategy (FS), provides recommendations to the SC, and develops analysis and advice on the ARTF as a whole. The SG meets monthly, gathering more frequently as needs arise. In developing its recommendations to the SC, the SG consults with two related working groups. The Incentive Program Working Group meets at least once a quarter and more frequently as needed to agree with the GoIRA on the policy benchmarks to be tied to releases of funds under the ARTF Incentive Program (IP), and reports on progress and results to the SC and the SG. The Gender Working Group (GWG) meets monthly to review gender aspects of ARTF-financed activities and makes recommendations to the SC and SG on improving gender outcomes, mainstreaming, and reporting in ARTF-financed projects.

The GoIRA, as the main beneficiary and stakeholder of the ARTF, and the World Bank as the Trustee and Administrator of the fund, participate at all levels of the governance framework. The GoIRA is responsible for setting development priorities that guide all ARTF initiatives, as well as for project design and implementation. The World Bank is responsible for ensuring that ARTF-funded initiatives are developed and implemented in a manner consistent with GoIRA guidance and Bank policies and procedures. It provides co-chairing and secretariat support for the governance bodies, and provides implementation, monitoring, and reporting support for ARTF-funded initiatives implemented by the GoIRA.

ARTF STRUCTURE

In 2017, funds contributed to the ARTF to support the GoIRA's programs and development priorities flowed through three main channels: (i) the Recurrent Cost Window (RCW); (ii) the Investment Window (IW); (iii) and the Research and Analysis Program (RAP) window. The first two windows are government-executed ("recipient-executed"), while the latter is World Bank-executed ("Bank-executed").

The RCW provides financing for the GoIRA's recurrent costs through three modalities: baseline support for fiscal stability, policy-based budget support through the Incentive Program, and the Ad Hoc Payments Facility (AHP), which enables donors to channel additional exceptional budget support to the GoIRA through the RCW (benefiting from the fiduciary controls and monitoring arrangements in place for the RCW) under terms agreed directly between the bilateral donor and the Ministry of Finance (MoF) on behalf of the GoIRA.

The IW funds investment projects that are implemented by GoIRA line ministries and agencies. The GoIRA is primarily responsible for project design and implementation, including monitoring and updating results frameworks, establishing adequate monitoring and evaluation arrangements, and reporting progress toward agreed project development objectives and results targets. World Bank technical teams provide support to implementing ministries and agencies during these processes and monitor and evaluate projects based on the agreed monitoring and evaluation framework.

The RAP was introduced as a World Bank-executed window in 2015 to support innovative knowledge generation and analysis in partnership with the GoIRA and other Afghan stakeholders. As of end-2017, a total of \$5.7 million has been allocated to support 18 studies covering a range of sectors and issues, including transport, education, trade and competitiveness, women's economic empowerment, impacts of climate change on agriculture, and forced displacement. Completed studies are available on the ARTF website: <http://www.artf.af/research/artf-research-and-analysis-program>.

ARTF STRATEGY

ARTF FINANCING STRATEGY

The ARTF is financed through a three-year rolling plan that outlines the GoIRA's financing needs and donors' commitments. The Financing Strategy applicable to the performance year covered by this Scorecard (1394–1396 or 2015–2017) was originally programed for a total of \$2.7 billion, while the financing envelopes pledged by donors totaled \$2.4 billion, and actual contributions received from the donors during the three-year period totaled \$2 billion dollars. Most pledged funds were committed during the first two years of the FS.

ARTF STRATEGY (continued)

In 2017, the MC approved the following investment operations: (i) \$44.3 million additional financing to the Citizens' Charter Afghanistan Project (Citizens' Charter); (ii) \$105 million additional financing to the Afghanistan Rural Access Project (ARAP); and (iii) \$75 million for the Fiscal Performance Improvement Support Project (FSP). The MC also approved several strategically important project preparation grants (PPGs): (i) \$5 million to support the operationalization of the strategically important Women's Economic Empowerment NPP; (ii) \$7.3 million for preparation of the Afghanistan Extractives for Development Project; and (iii) \$6.5 million to support the preparation of the Mazar-e-Sharif Gas to Power Project. By the end of the FS, the entire envelop was successfully committed to projects requested by the government.

Throughout the FS period, the ARTF portfolio was aligned with government priorities. These priorities were first articulated in the *Realizing Self-Reliance: Commitments to Reform and Renewed Partnership* ("Realizing Self-Reliance") paper presented at the London Conference on Afghanistan in 2014. Priorities were further elaborated in the ANPDF, presented to the Brussels Conference on Afghanistan in 2016, together with its associated NPPs, which are in varying stages of development. Over the course of 2017, partners began work to prepare the FS for the 1397–1399 (2018–2020) period, which will be known as the PFFP.

ARTF EXTERNAL REVIEW

In line with commitments arising from SMAF indicators agreed ahead of the Brussels Conference on Afghanistan, GoIRA line ministries, led by the MoF, partnered with the ARTF governance bodies in 2017 to conduct the fourth external review of the ARTF. The objective was to "assess the extent to which the ARTF is a Fit for Purpose mechanism that can adapt to [the] needs, purpose and priorities as presented in the ANPDF."

The review set out to identify areas where the ARTF could operate more effectively by assessing it as a funding mechanism (strategy and performance; governance and administration; portfolio management and quality; monitoring and evaluation), while also looking at roles and performance of the ARTF stakeholders. The collaborative review benefited from the extensive inputs of government, ARTF donors, and World Bank teams, and resulted in *Taking Charge: Government Ownership in a Complex Context*, which is available on the ARTF website: www.artf.af.

The review concluded that "in a challenging and rapidly changing context, the ARTF remains a critical arena for joint analysis, discussion, and decision; a mechanism for directive, prioritized collective action; a cost-efficient tool for channeling financial and technical support to the government's priorities; and an enduring commitment and partnership with Afghanistan's future that allows and invites critical assessments of choices ahead," and provided options and recommendations for continuing to adjust to evolving needs. These recommendations helped to shape the preparatory work on the 1397–1399 PFFP.

SECTION III: DETAILED RESULTS BY PILLAR

PILLAR I

Afghanistan Country Level Outcomes: Development progress toward SDGs

PILLAR I —
Country Level
Outcomes

PILLAR II —
ARTF Portfolio
Output and
Outcomes

PILLAR III —
ARTF Operational
Effectiveness

PILLAR IV —
ARTF Trust Fund
Effectiveness

ABOUT THIS PILLAR

The ARTF has been a significant contributor in supporting results at the country level through financing (recurrent and investment financing) and policy dialogue (Incentive Program). Pillar I reports on key development indicators within poverty and human development in Afghanistan and documents long-term development gains.

The Central Statistics Organization conducted the sixth round of data collection under the ALCS in 2016–2017. Results were published in May 2018, and selected results with particular relevance to ARTF-supported programming are excerpted in this Pillar. These high-level outcomes are the achievement of the aggregate contribution of the GoIRA and all of its development partners over the long term through a combination of multisector interventions, actions, and policy decisions. While ARTF programs have played a role in supporting these outcomes, it is generally speaking not possible to isolate direct causality between ARTF-supported initiatives and national development outcomes because of the combination of interventions active during the period.

While ARTF-supported initiatives are not the only programs contributing to Pillar I outcomes, the ARTF plays a central role as a financing source for both the civilian operating and development budgets (28 percent of civilian operating budget and 20 percent of the civilian development budget), and as such plays a key role in the progress that has been made in Afghanistan since 2002.

HIGHLIGHTS

- **A SEVERE SLOW-DOWN IN AFGHANISTAN'S ECONOMIC GROWTH** characterized the period between 2012 and 2017. This sharp deceleration can be attributed to the combined effects of the drawdown of international military forces and a sharp fall in associated international spending, reduction of aid, and increasing conflict and political instability. These trends are reflected in the increasing vulnerability of the Afghan population, as widespread deteriorations in welfare are evidenced in the sharp increase in the poverty rate to 55 percent in 2016–2017. Many inequalities persist in Afghanistan, between regions, cities, and rural areas, and rich and poor Afghans. Poverty headcount rates increased in every region between 2011–2012 and 2016–2017 and the deterioration in welfare was experienced across the distribution, among the poorest households, as well as among the most well-off. These distributional changes imply that while the intensity of poverty has increased between 2011–2012 and 2016–2017, inequality has declined, as the welfare loss among the top of the distribution has been relatively larger than that at the bottom.
- **DEMOGRAPHIC CHARACTERISTICS** remain strongly correlated with poverty headcount rates. Poverty rates increase steadily with household size and are more prevalent in households of larger size, which also face a higher poverty rate. Education (or the lack thereof) is another important correlate of poverty in Afghanistan. Low levels of educational attainment are pervasive and households with illiterate heads account for 74 percent of the population facing poverty rates of 63 percent on average, compared with headcount rates of 40 percent among households with literate heads. While unemployment of the head of household is correlated with higher poverty, employment is no guarantee against poverty.
- **ROUGHLY 51 PERCENT OF THE POPULATION** belonging to households with employed heads live in poverty. Few have access to productive or remunerative employment. Afghans living in households where the household head is employed in agriculture are likely to face higher poverty rates (63 percent) and account for a third of the poor population.
- **THE ECONOMY STRUGGLED TO CREATE ENOUGH JOBS** to accommodate a fast-growing labor force. The unemployment rate stood at 23.9 percent, which meant 2 million Afghans were unemployed in 2016–2017. Youth and women were particularly affected, with unemployment rates of 31 percent and 41 percent, respectively.
- **VIOLENCE ALSO AFFECTS THE SECURITY OF LIVELIHOODS** and economic activity in the country. There were 10,453 civilian casualties reported in 2017.
- **THE INCREASING NUMBER OF REFUGEE RETURNEES** and internally displaced persons due to growing insecurity has escalated the humanitarian challenges for the country. In 2017 alone, 510,000 Afghans were internally displaced due to conflict and over 620,000 returned from Pakistan and Iran.
- **DESPITE THE CHALLENGES**, Afghanistan has made significant progress in human development outcomes and access to basic services, such as education, maternal health, and access to water and electricity.
- **ACCESS TO CLEAN WATER** improved significantly from 46 percent in 2011–2012 to 64 percent in 2016–2017, thus already exceeding the Millennium Development Goal (MDG) target of 61.5 percent by 2020.

SUMMARY OF PROGRESS

DATA FROM THE AFGHANISTAN LIVING CONDITIONS SURVEY (FORMERLY NATIONAL RISK AND VULNERABILITY ASSESSMENT, NRVA)

The Scorecard provides a snapshot of overall poverty trends and challenges to poverty reduction in Afghanistan. In this report, the analyses of poverty trends between 2007–2008, 2011–2012, and 2016–2017 use comparable data and estimates based on four rounds of the ALCS (formerly NRVA). Based on the latest data, the poverty rate in Afghanistan increased from 33.7 percent in 2007–2008 to 54.5 percent in 2016–2017, meaning that almost 16 million individuals are living in poverty.

The overall macroeconomic and security context in the country has deteriorated since 2007. Since 2014, growth has stagnated and the security situation continues to deteriorate. Between 2007 and 2012, gross domestic product (GDP) per capita increased from \$381 to \$691, with economic growth averaging 11.2 percent per year. In contrast, the Afghan economy has grown at an average of 2.1 percent between 2013 and 2016, and GDP per capita in 2016 remains \$100 below its 2012 levels (see Figure 1).

This economic slowdown has been accompanied by a deterioration in the security situation, which has led to large-scale population displacements and has coincided with the return of more than 600,000 Afghans in 2017. Since 2007, the number of injuries and deaths has increased five-fold, and in 2017, there were over 10,000 civilian casualties and more than 500,000 Afghans were internally displaced due to conflict. At the same time, 2017 witnessed the return of more than 600,000 documented and undocumented Afghan refugees, primarily from Pakistan and Iran. Internal displacement and large-scale return within a difficult economic and security context pose risks to welfare, not only for the displaced, but also for the population at large, putting pressure on service delivery systems and increasing competition for already scarce economic opportunities.

Sector specific trends in growth suggest further causes for concern. While agriculture's contribution to GDP declined steadily from around 30 percent in 2007 to 22 percent in 2016, it remains an important sector as a source of livelihoods for the rural poor, in influencing the affordability of basic food items for the population, and its significant inputs into the manufacturing sector. Characterized by significant annual fluctuations, the agricultural sector grew, on average, 8 percent per year between 2007 and 2012. Since then, its annual growth rate has fallen sharply to 0.1 percent on average.

FIGURE 1: GDP PER CAPITA (\$) AND REAL ANNUAL GDP GROWTH (%), 2007–2016



SUMMARY OF PROGRESS (continued)

HUMAN DEVELOPMENT

Poverty and vulnerability also increase with conflict. As conflict intensified and spread through the country, internal displacement reached new highs, further exacerbating the structural poverty and work challenges Afghan households face.

The deterioration in poverty reduction is counterbalanced by improvements in human development. Progress in human development outcomes has been among the most important achievements in post-2001 Afghanistan. Fueled by unprecedented levels of aid, literacy, school enrollment, and access to basic services, such as water, sanitation, and electricity, improved at a fast pace between 2007–2008 and 2016–2017.

However, declining aid and increasing conflict between 2011–2012 and 2016–2017 slowed the pace of progress, especially on education and maternal health outcomes. The worrying trend of declining primary school attendance rates, especially for girls and in rural areas, between 2011–2012 and 2013–2014 could be reversed. However, primary school attendance in 2016–2017 is still below its 2011–2012 levels and stands at only 56.1 percent. Attendance rates between 2013–2014 and 2016–2017 increased as a result of an increase of boys' attendance rate to 65.5 percent in 2016–2017, while that of girls remained the same at only 45.5 percent. Increasing poverty and the spread and increased intensity of conflict account for much of the slow progress in school attendance. These factors will continue to threaten the education of future generations, as well as the country's capacity for growth and social cohesion.

Improvements to access to basic services, such as water and electricity, remain an important success story in Afghanistan. Despite the challenges of increasing conflict and declining aid, access to water and electricity continued to improve across Afghanistan between 2007–2008 and 2016–2017. The percentage of Afghans with access to safe drinking water more than doubled from 27.2 percent in 2007–2008 to 63.9 percent in 2016–2017. However, there was a slight reduction in access to safe drinking water of 4 percentage points between 2013–2014 and 2016–2017.

Similarly, access to electricity (all sources of electricity including solar) improved from 41.6 percent in 2007–2008 to a striking 97.7 percent in 2016–2017. Furthermore, access to an improved sanitation facility also increased from 39 percent in 2013–2014 to 41.4 percent in 2016–2017. As progress in access to services continues, closer attention should be devoted to narrowing the gap between urban and rural areas and providing access for the poorest Afghans.

Vulnerability to shocks is one of Afghanistan's most defining social and economic challenges. The country's unsophisticated economic structure, heavy reliance on subsistence agriculture, difficult geography and climate-change risk, absence of formal safety nets, and protracted history of conflict all contribute to the vulnerability of the Afghan people.

PILLAR I—AFGHANISTAN COUNTRY LEVEL OUTCOMES³

Results achieved under this pillar are national and cannot be solely attributed to the ARTF.

INDICATORS	OUTCOMES				LINKAGES			
	2007	2011	2013-2014	2016-2017	MDG	TARGETS (T)	SDG	TARGETS (T)
Poverty and Inequality +								
Poverty rate (%)	33.7	38.3	NA	54.5	MDG1	MDG1: Eradicate Extreme Poverty and Hunger T1: The proportion of people whose income is less than \$1 a day decreases by 3% per annum until the year 2020	SDG1	SDG1: End Poverty in all its Forms Everywhere T1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
Depth of poverty	7.2	9.9	NA	15.0	MDG1		SDG1	
Average consumption of the poor as % of poverty line	72.1	69.2	NA	68.4	MDG1		SDG1	
Average per capita monthly total consumption (afghanis in 2016 prices)	2,655	2,727	NA	2,233	MDG1		SDG1	
Inequality—Gini coefficient of per capita total consumption	0.29	0.33	NA	0.31	MDG1		SDG1	
Food Security⁴ +								
Percentage of food insecure population	29.2	30.1	33	44.6	MDG1	MDG1: Eradicate Extreme Poverty and Hunger T2: The proportion of people who suffer from hunger decreases by 5% per annum until the year 2020	SDG2	SDG2: End Hunger, Achieve Food Security and Improved Nutrition and Promote Sustainable Agriculture T2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Diet diversity score	NA	5.0	5.0	5.1	MDG1		SDG2	
Protein deficiency (% consuming less than 50g of protein per day)	17.4	18.5	NA	30	MDG1		SDG2	

³ Please see Annex I for definitions of all ARTF Scorecard indicators.

⁴ Deleted "depth of calorie deficiency" indicator under this section. Indicator was tracked in an early NRVA round, but no longer tracked in subsequent surveys.

PILLAR I—AFGHANISTAN COUNTRY LEVEL OUTCOMES (continued)

INDICATORS	OUTCOMES				LINKAGES			
	2007	2011	2013-2014	2016-2017	MDG	TARGETS (T)	SDG	TARGETS (T)
Gender +								
Female literacy rate, age 15 years and above (%)	12	17	19	19.9	MDG3	MDG3: Promote Gender Equality and Empower Women T4: Eliminate gender disparity in all levels of education no later than 2020	SDG4	SDG4: Ensure Inclusive and Equitable Quality Education and Promote Lifelong Learning Opportunities for All T4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
Female share in active population (%)	34.3	47	29 ^a	27	MDG3	T5: Reduce gender disparity in economic areas by 2020 T6: Increase female participation in elected and appointed bodies at all levels of governance to 30% by 2020 T7: Reduce gender disparity in access to justice by 50% by 2015 and completely (100%) by 2020	SDG5	SDG5: Achieve Gender Equality and Empower all Women and Girls T5.1: End all forms of discrimination against all women and girls everywhere T5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
Girls to boys, age 6–12 years, enrollment ratio	0.7	0.7	0.71	0.71	MDG2	MDG2: Achieve Universal Primary Education T3: Ensure that, by 2020, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling		
Ratio of fully immunized girls to boys, age 12–23 months	1	NA	NA	NA	MDG4	MDG 4 Reduce Child Mortality T8: Reduce by 50%, between 2003 and 2015, the under-5 mortality rate, and further reduce it to 1/3 of the 2003 level by 2020		
Education +								
Literacy rate, age 15 years and above (%)	25	31.4	34.3	34.8				
Net attendance ratio in primary education (%)	46.3	56.8	54.5	56.1	MDG2	MDG2: Achieve Universal Primary Education T3: Ensure that, by 2020, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	SDG4	SDG4: Ensure Inclusive and Equitable Quality Education and Promote Lifelong Learning Opportunities for All T4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
Average years of schooling, age 18 years and above	2.0	2.6	2.8	NA				

^a Labor force participation ratio.

PILLAR I—AFGHANISTAN COUNTRY LEVEL OUTCOMES (continued)

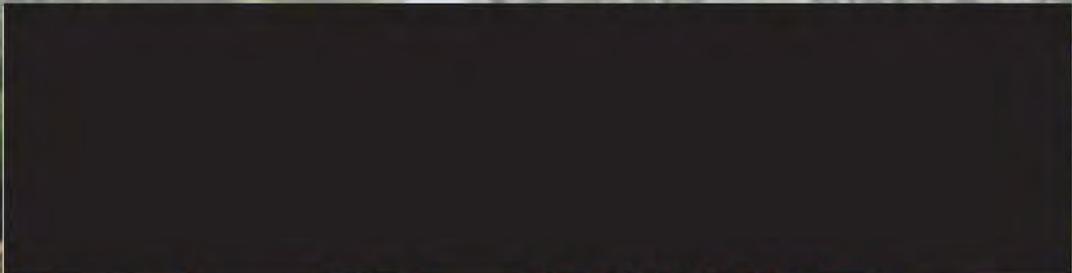
INDICATORS	OUTCOMES				LINKAGES			
	2007	2011	2013-2014	2016-2017	MDG	TARGETS (T)	SDG	TARGETS (T)
Health +								
Full immunization rate among children age 12–23 months (%)	36.7	30 ⁶	29.9 ⁷	58.8 ⁸	MDG4	MDG 4 Reduce Child Mortality T8: Reduce by 50%, between 2003 and 2015, the under-5 mortality rate, and further reduce it to 1/3 of the 2003 level by 2020 T8c: Proportion of 1-year-old children immunized against measles (%): 90% in 2015 – 100% in 2020		
Children age 12–23 months with no vaccination (%)	14.2	NA	NA	NA	MDG4			
Access to skilled antenatal care during pregnancy (%)	32.8	51.2	63.2	70.0	MDG4 MDG5	MDG 4 Reduce Child Mortality MDG5 Improve Maternal Health T9: Reduce by 50% between 2002 and 2015 the maternal mortality ratio (MMR), and further reduce the MMR to 25% of the 2002 level by 2020	SDG5	SDG5: Achieve Gender Equality and Empower all Women and Girls T5.6: Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Program of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences
Births attended by skilled attendants (%)	21.8	39.9	45.2	53.4	MDG4 MDG5			
Disability prevalence rate (%) ⁹				3.2				

6 Multiple Indicator Cluster Survey, 2010–2011.

7 Afghanistan Health Survey, 2012.

8 Afghanistan Health Survey, 2015.

9 New indicator as per the 2016 ALCS. The 2007 NRVA reported on the “percent of households having persons with mild disability”; this indicator has been deleted to be consistent with the ALCS indicators.



PILLAR I—AFGHANISTAN COUNTRY LEVEL OUTCOMES (continued)

INDICATORS	OUTCOMES				LINKAGES			
	2007	2011	2013-2014	2016-2017	MDGs	TARGETS (T)	SDG	TARGETS (T)
Access to Services and Infrastructure ¹⁰ +								
Access to improved drinking water (% of households)	27.2	45.5	68.4	63.9	MDG4	MDG 4 Reduce Child Mortality T13: Halve, by 2020, the proportion of people without sustainable access to safe drinking water and sanitation	SDG6	SDG6: Ensure Availability and Sustainable Management of Water and Sanitation for All T6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all T6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Access to improved sanitation facility (% of households) ¹¹	NA	NA	39.1	41.1	MDG4		SDG6	SDG6: Ensure Availability and Sustainable Management of Water and Sanitation for All T6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
Access to any source of electricity (% of households)	41.1	69.1	89.5	97.7			SDG7	SDG7: Ensure Access to Affordable, Reliable, Sustainable and Modern Energy for All T7.1: By 2030, ensure universal access to affordable, reliable and modern energy services

LINKAGES	MDGs	Afghanistan Millennium Development Goals (Source: Islamic Republic of Afghanistan Millennium Development Goals Report 2010)
DATA	+	Indicators drawn from the Afghanistan Living Conditions Survey

NA: Not available; implies that the indicator is not available or not comparable in the respective survey round.

¹⁰ Indicator: "average distance to nearest drivable road (km)" deleted as it is not consistently measured, with each survey defining it differently.

¹¹ Data reported for earlier years have been deleted as the pre-2013 indicator definitions were not comparable with the current indicators tracked by the ALCS.

PILLAR II

Project and Program Level Outputs and Outcomes

ARTF Results Matrix: Achieving results on the ground



ABOUT THIS PILLAR

As of December 2017, the ARTF comprised two government-executed windows, the Recurrent Cost Window and the Investment Window, and one World Bank-executed window, the Research and Analysis Program. Pillar II reflects the progress of the ARTF government-executed portfolio, the RCW, including the Incentive Program, and projects funded under the IW. Data from each project and program in the ARTF portfolio will feed into the indicators reported under this pillar through the ARTF Results Matrix. Together with Pillar I, Pillar II tracks elements of development results. While Pillar I tracks results at the country level, Pillar II tracks and reports only on results that are directly attributable to projects/programs financed under the ARTF. Pillar II results feed into the results reported in Pillar I.

SUMMARY OF PROGRESS ON THE RECURRENT COST WINDOW, INCLUDING THE INCENTIVE PROGRAM

THE RECURRENT COST WINDOW

The Recurrent Cost Window is a budget support instrument, which—unlike the ARTF investment projects—provides unearmarked financing for the government’s civilian operating budget. It was established in 2002 with a single modality (baseline financing), but consists of three modalities today:

- **BASELINE FINANCING:** Originally the sole modality of the RCW, the baseline financing secures quasi-unconditional budget financing in amounts that have been decreasing over time.
- **INCENTIVE PROGRAM:** Introduced in 2008, the Incentive Program aims at reducing the country’s dependence on aid over time by improving revenue mobilization and strengthening public expenditure management. In 2017, the IP comprised three elements—Structural Benchmarks, Revenue Matching Grant, and the Operations and Maintenance (O&M) Facility. Together, the three elements of the IP reward performance on revenue mobilization, expenditure management, as well as time-bound progress on legal, regulatory, and institutional reforms.
- **AD HOC PAYMENTS:** Introduced in 2013, the Ad Hoc Payments facility enables additional donor contributions (beyond those committed to ARTF programming) to be channeled through the ARTF and made as on-budget contributions. These contributions arise from bilateral agreements between ARTF donors and the GoIRA, to which the World Bank as Administrator of the ARTF is not privy. AHP contributions are disbursed through the ARTF Recurrent Cost Window and as such be subject to the same fiduciary controls and monitoring arrangements as the ARTF RCW.

The RCW has grown from \$59 million in 2003 to notionally \$400 million per year between 2015–2017. Results-based disbursements superseded the baseline financing in 2013. Results-based payments have continued to supersede baseline support since that time, including in each year of the current FS, as illustrated in Table 1, which shows the relative allocation of baseline and incentivized resources in each of the past three years.

While the overall objectives of the RCW have evolved over time, they remain predominantly focused on ensuring the stability of government operations. The objectives broadly are to:

- **Ensure stability of government operations:** Domestic revenues exceeded 11 percent of GDP in 2017 but financed only 59 percent of the operating budget. Baseline financing provided through the RCW enables the GoIRA to make predictable, timely, and accurate payments for approved recurrent costs related to: (i) salaries and wages of civil servants, and (ii) government operating and maintenance expenditures (other than security).
- **Support the development of robust public financial management (PFM) institutions:** Discretionary budget support critically depends on robust institutions to manage public resources. Institutions take time and substantial investment of effort to evolve. For instance, a credible budget process can only emerge if there is sufficient fiscal space around which policy makers can make decisions. The RCW ensures a baseline of fiscal stability to enable room for reform actions and incentivizes key reforms linked to PFM.
- **Support critical reforms to enhance greater fiscal reliance:** In addition to providing financing, budget support operations create a platform for structured, time-bound engagement between government and donors on policy and institutional reforms.

RCW ACHIEVEMENTS IN 2017

As illustrated in Table 2, a total of \$457.46 million was disbursed under the RCW in 2017. Of this amount, \$75 million was provided for baseline financing and \$146.78 million was provided through the Ad Hoc Payments facility pursuant to terms negotiated bilaterally between the GoIRA and individual development partners. The remainder, \$235.68 million, was provided through the Incentive Program, following the fourth and fifth technical reviews of the program conducted in May and December, respectively. The fourth review recommended disbursement of \$189.5 million and the fifth review recommended disbursement of \$46.2 million.

TABLE 1: RECURRENT COST WINDOW ALLOCATIONS, 2015–2017

RECURRENT COST WINDOW CEILING FOR FY 1394–FY 1396 (2015–2017)—\$ MILLION					
COMPONENT	CCY	FY 1394 (2015)	FY 1395 (2016)	FY 1396 (2017)	TOTAL
Baseline Financing	USD	125.00	100.00	75.00	300.00
Incentive Program	USD	275.00	300.00	325.00	900.00
TOTAL	USD	400.00	400.00	400.00	1,200.00

TABLE 2: RECURRENT COST WINDOW DISBURSEMENTS, 2015–2017

RECURRENT COST WINDOW DISBURSEMENTS—\$ MILLION				
COMPONENT	FY 1394 (2015)	FY 1395 (2016)	FY 1396 (2017)	TOTAL
Baseline Financing	125.00	100.00	75.00	300.00
Incentive Program	93.60	244.20	235.68	573.48
Ad Hoc Payments	183.49	125.66	146.78	455.93
TOTAL	402.09	469.86	457.46	1,329.41

TABLE 3: REFORM AREAS TARGETED BY THE RCW/IP IN 2015–2017

AREAS	REFORMS
CUSTOMS	Reforms of enforcement model and requisite institutional changes, competitive and transparent recruitment of customs officers, stringent application of human resources policies, including discouraging lateral recruitment.
E-PAYMENT SYSTEMS	Reduction of leakages in civil service payments through establishment of a robust e-payment system, laying foundation for e-governance reforms across government.
EXTERNAL AUDIT	Move to performance audits, improved audit follow-up with line ministries and citizen engagement mechanisms.
INVESTMENT CLIMATE	Improved business licensing and registration system and unified delivery of business services to improve ease of doing business.
LAND GOVERNANCE	Improved land governance legislations in line with good international practice, grievance redressal mechanisms, and improved participatory land dispute resolution mechanism.
PENSION	Reform pension system with the aim of achieving fiscal sustainability, improved efficiency, and transparency of pension administration by moving from paper based to technology based administration. systems.
PROVINCIAL BUDGETING	Legal and regulatory framework for provincial budgeting, delegation of budget authority in line with fiscal de-concentration.
TAX ADMINISTRATION	Automatization of tax administration process, roll-out of risk-based compliance audits to subnational level, design of comprehensive reform strategy, streamlining of tax payment and filing processes.
TAX POLICY	Introduction of revenue-enhancing measures, including resolution of tax disputes, improvement in income tax legislation, and better coordination of tax policy reforms.

HIGHLIGHTS OF THE INVESTMENT WINDOW

The ARTF IW had a total of 28 active projects in 2017 (including six project preparation grants) within six areas: agriculture, governance, human development, infrastructure, rural development, and urban development. Seven of these projects (including two PPGs) had closed by the end of 2017. Annex III has a list of the active projects at the close of the year.

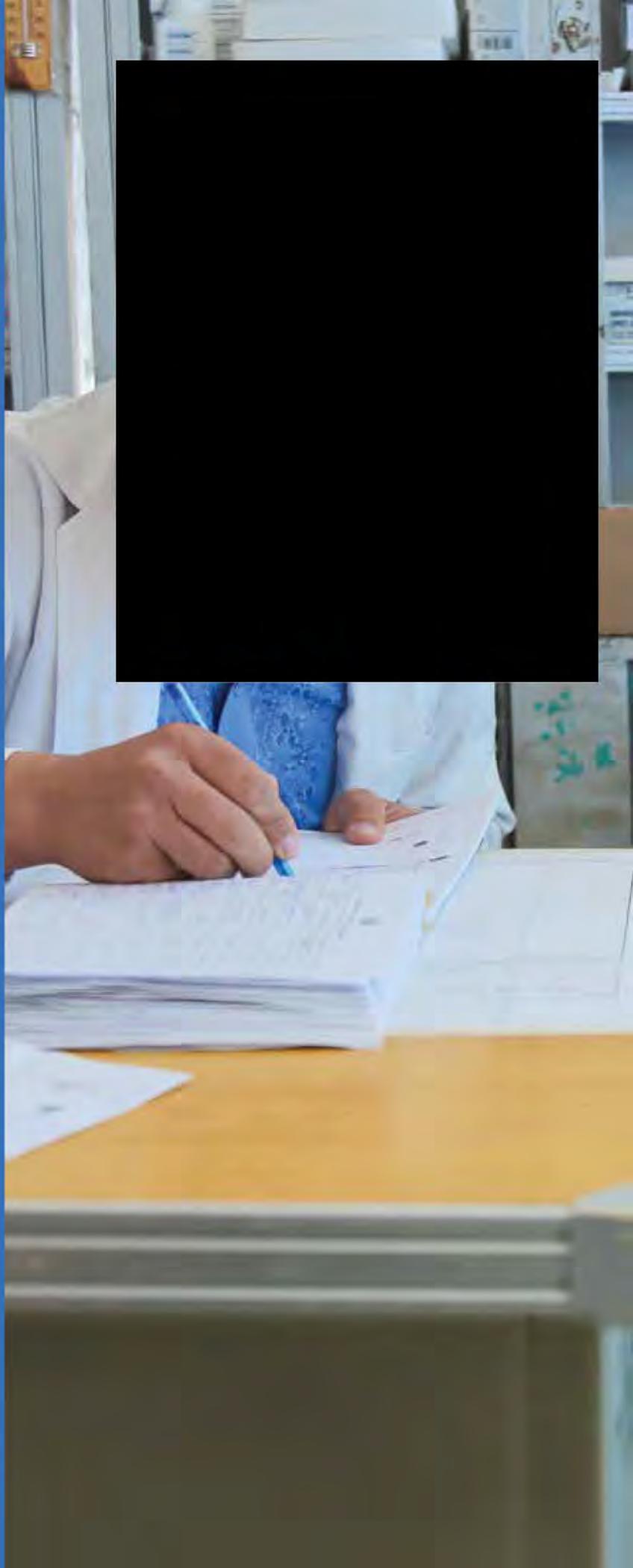
The ARTF support for the government's priorities in these areas is contributing to key development outcomes in Afghanistan. Selected highlights of results from the Investment Window portfolio include:

DIRECT BENEFICIARIES UNDER ARTF PROJECTS	The approximate total number of beneficiaries is 11.5 million for all projects (except the National Solidarity Programme). The NSP reached 28.6 million beneficiaries, 48 percent of whom were female.
ACCESS TO ELECTRICITY	6.2 million beneficiaries.
ACCESS TO SHORT-TERM EMPLOYMENT	66 million labor days created under NSP sub-projects.
ACCESS TO WATER AND SANITATION SERVICES	20.3 million beneficiaries.
ACCESS TO ROADS	18 million beneficiaries.

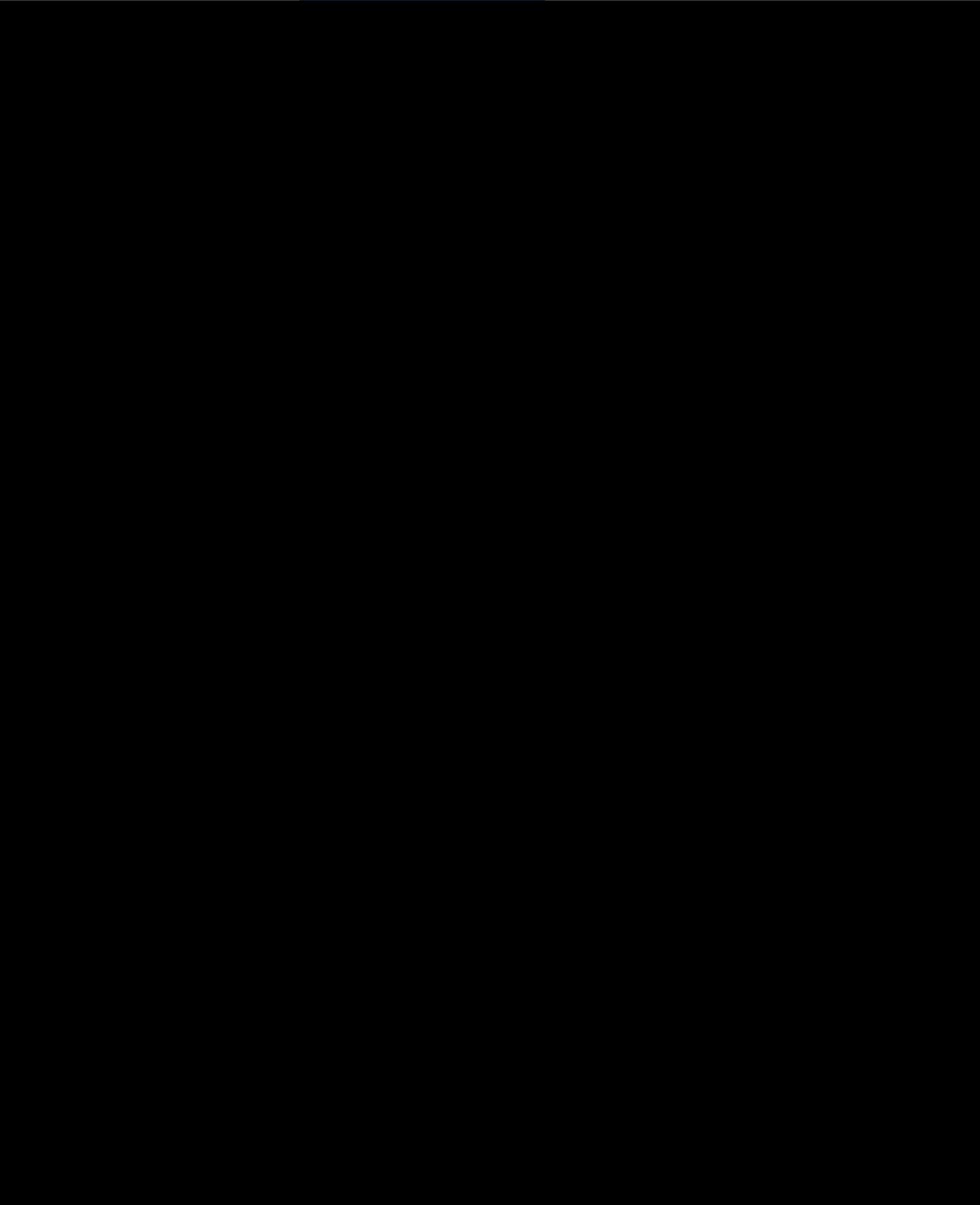


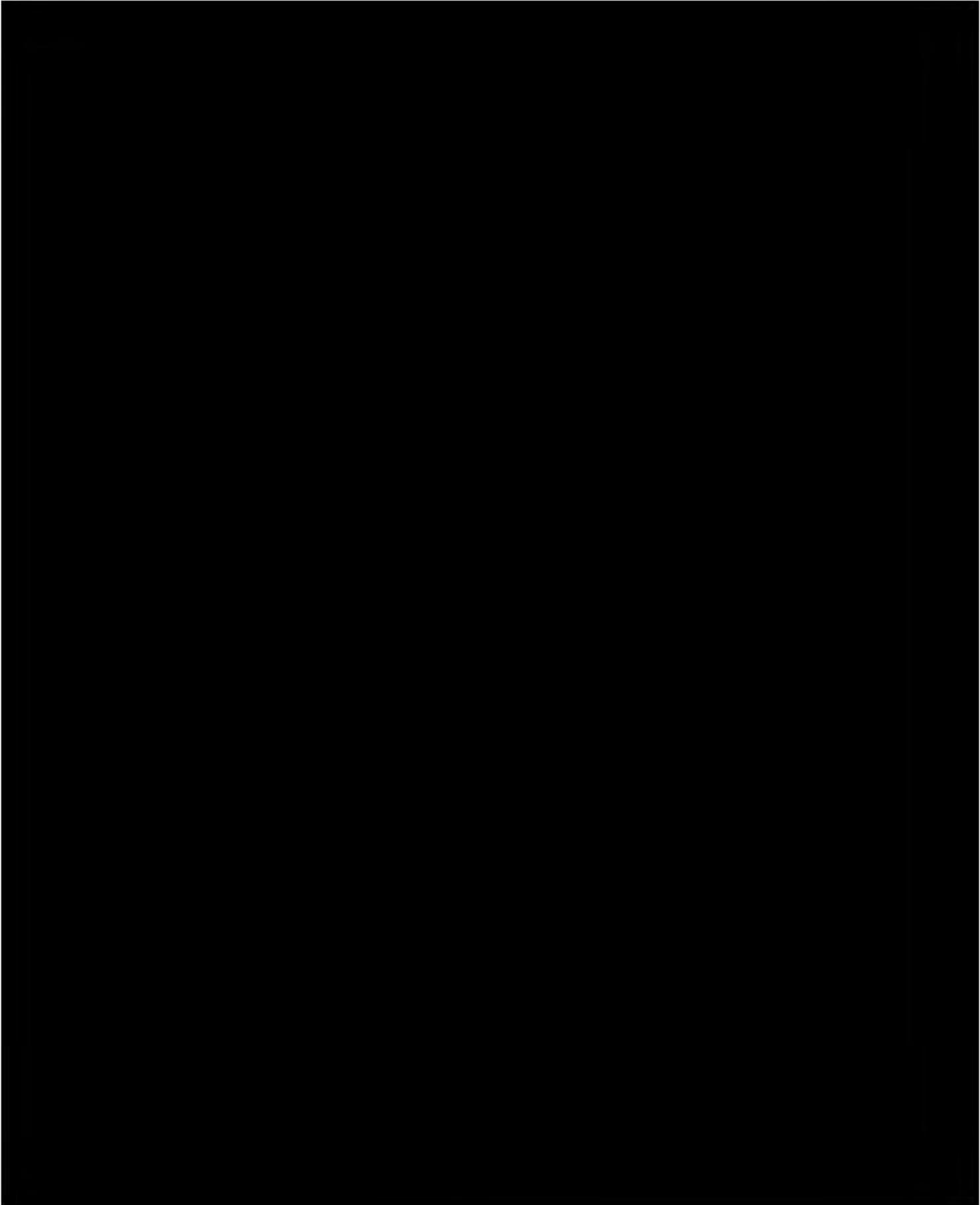


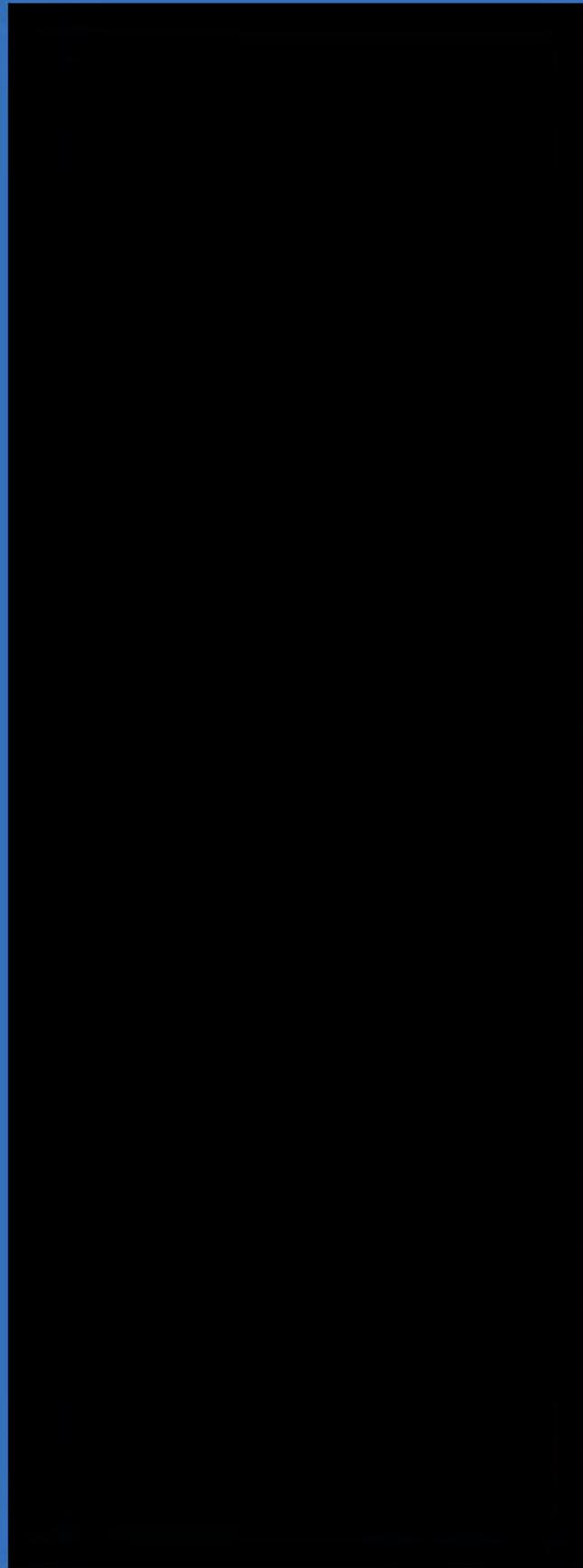
**QUALITY HEALTH
CARE REACHES
VILLAGES IN
MOUNTAINOUS
DAYKUNDI
PROVINCE**



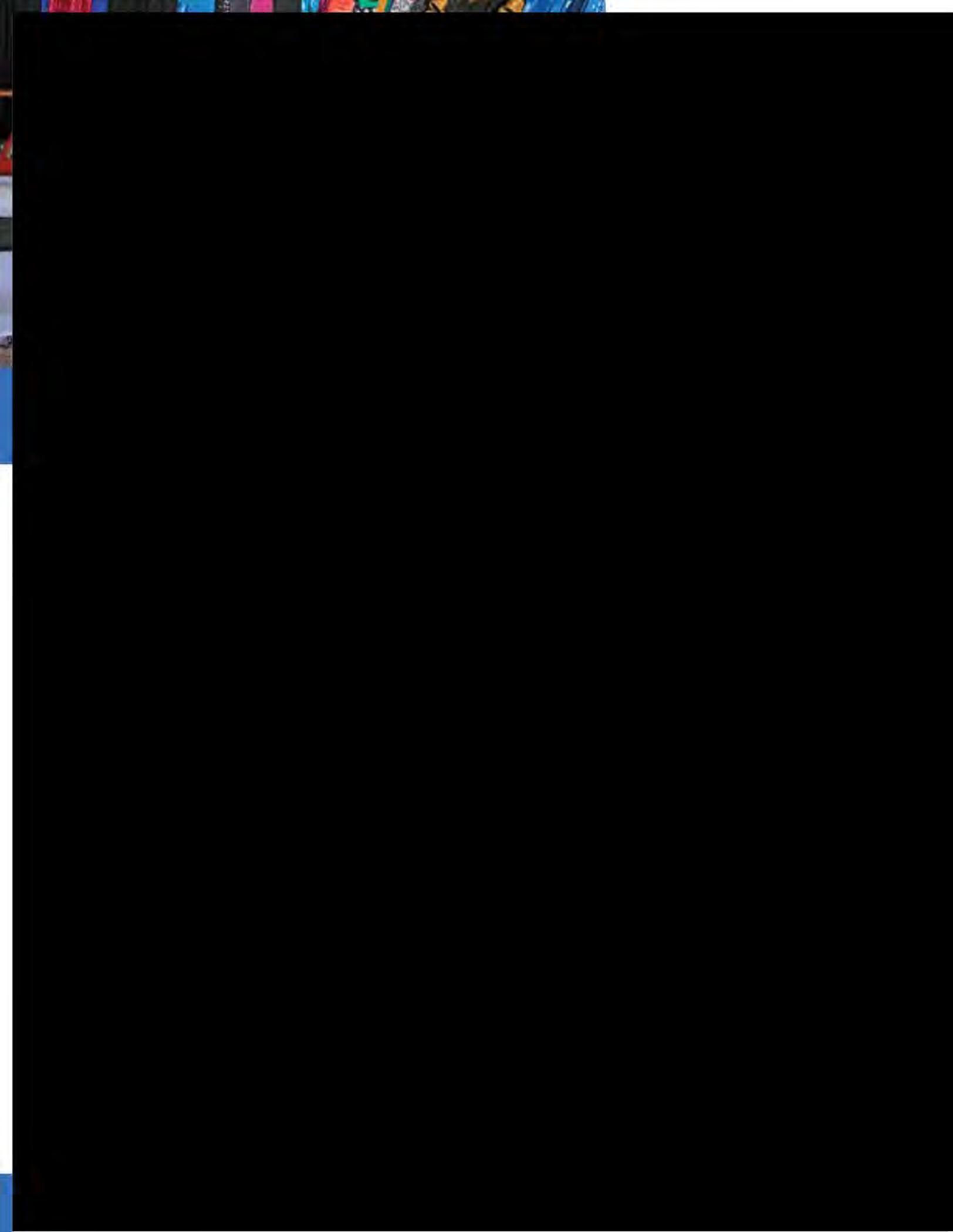


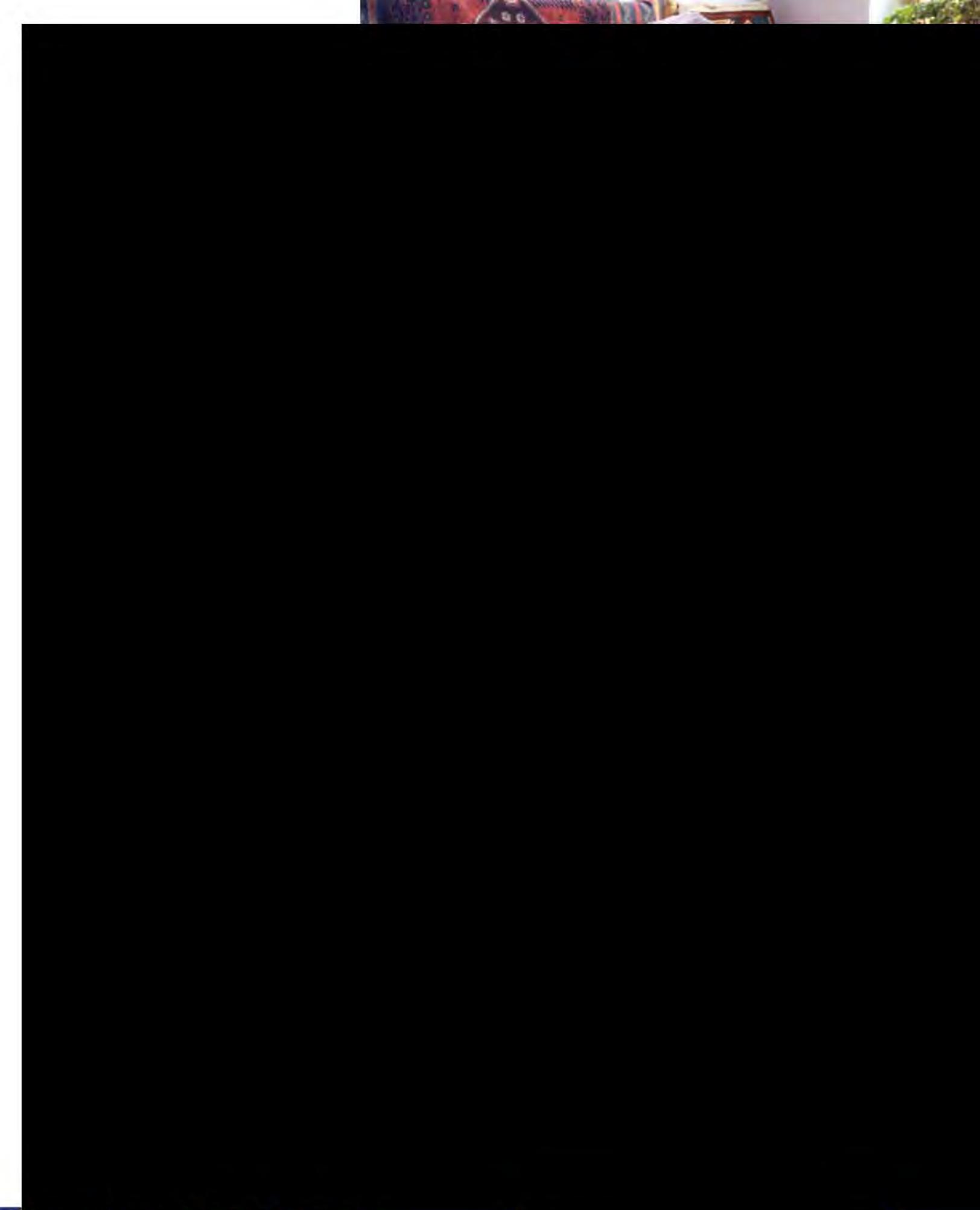


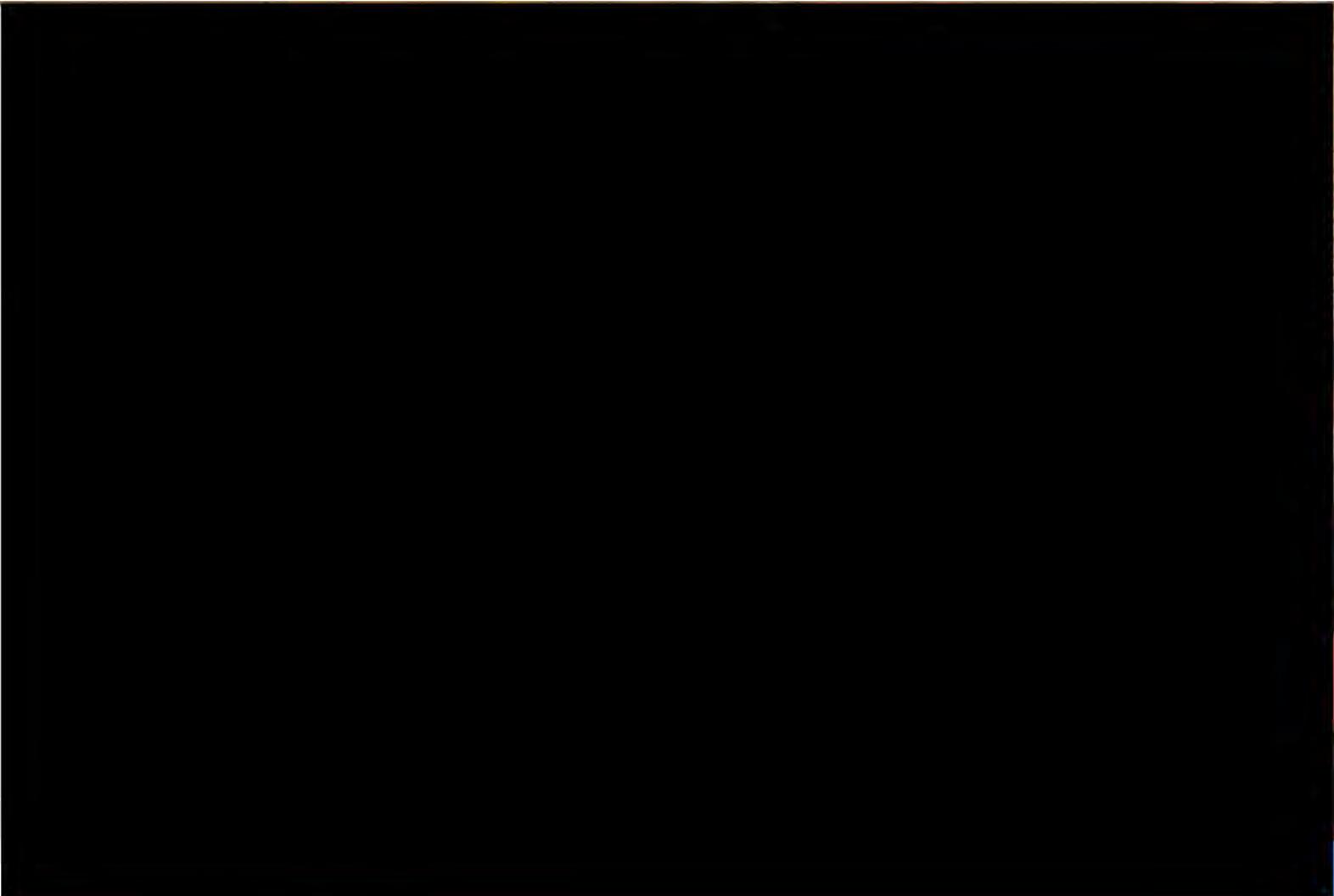




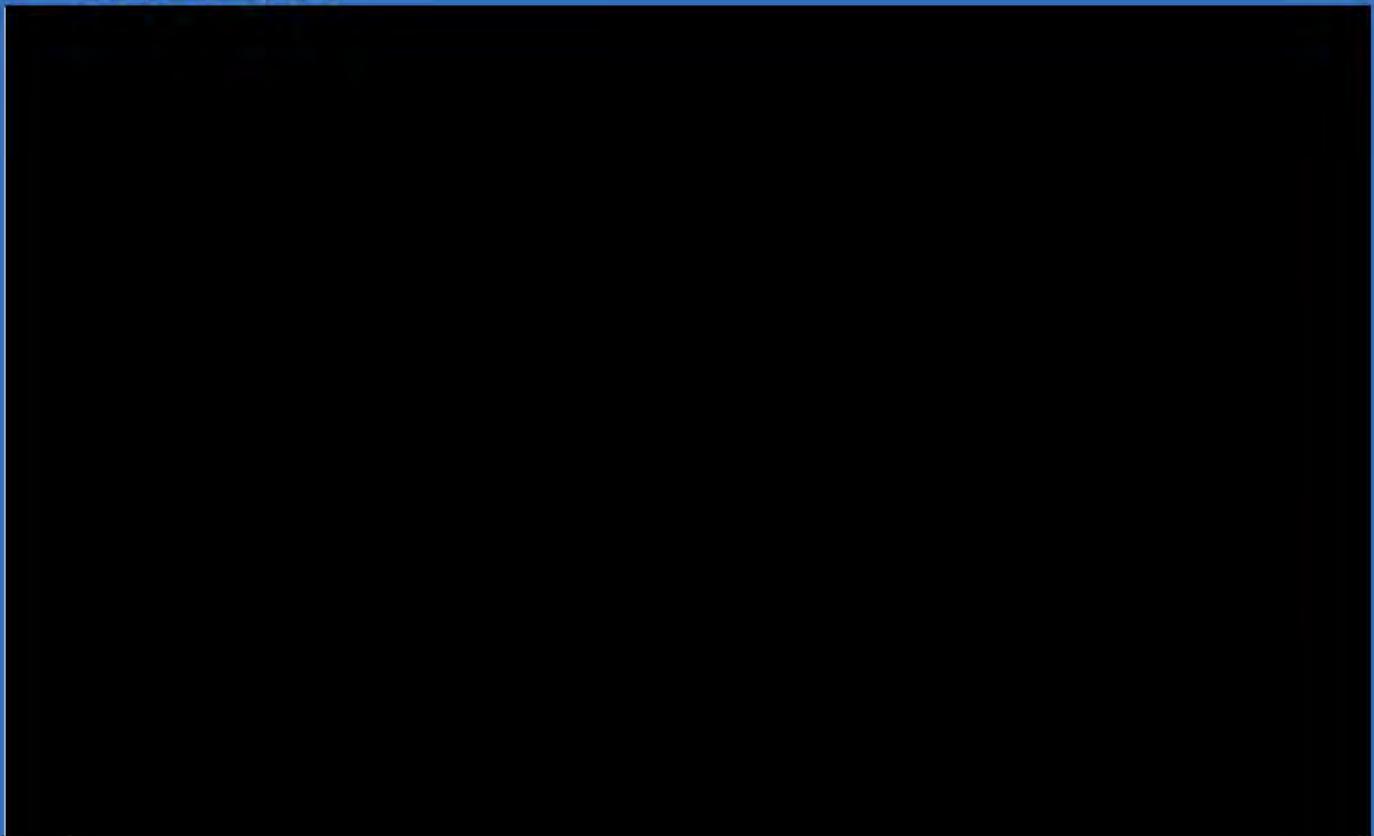


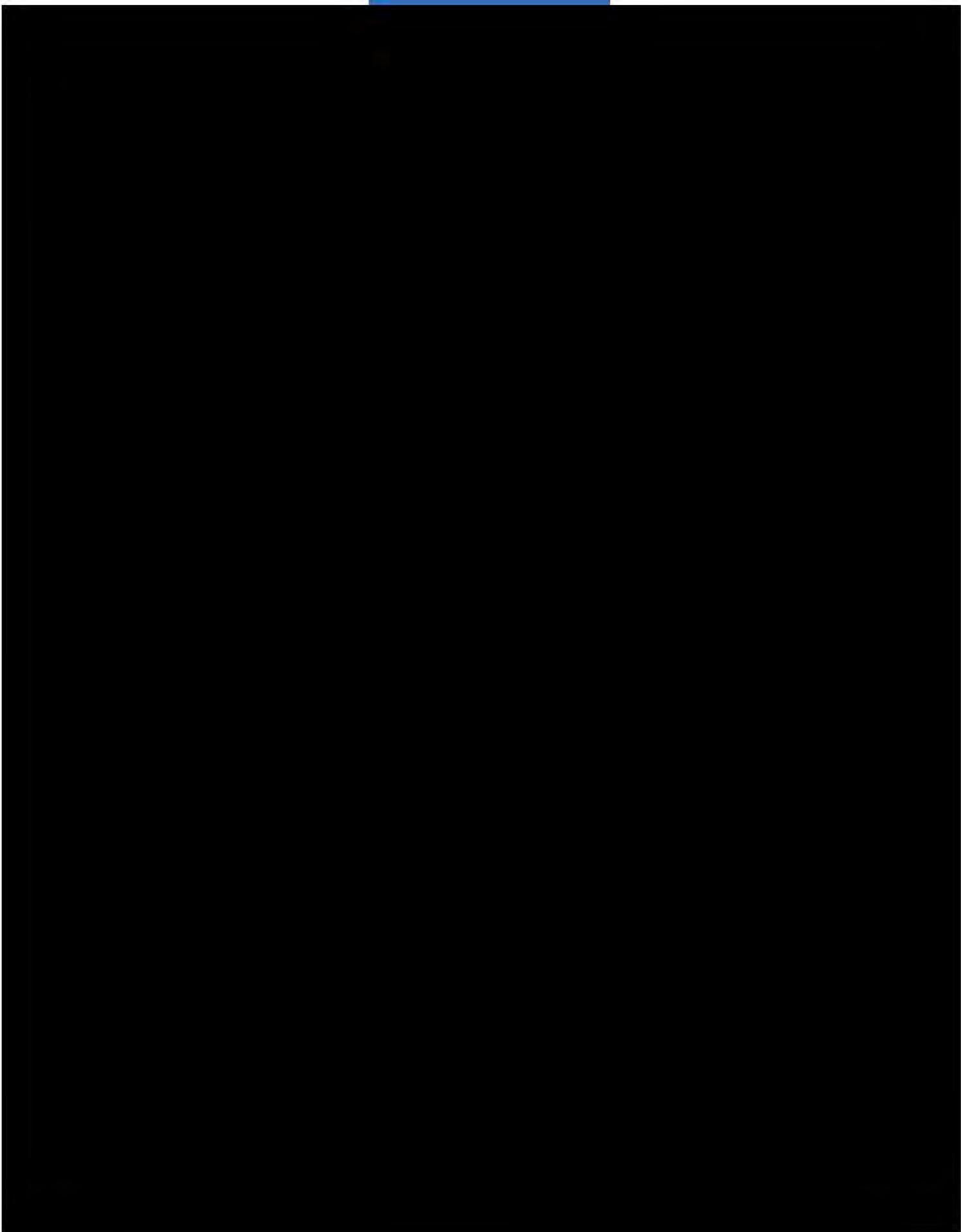


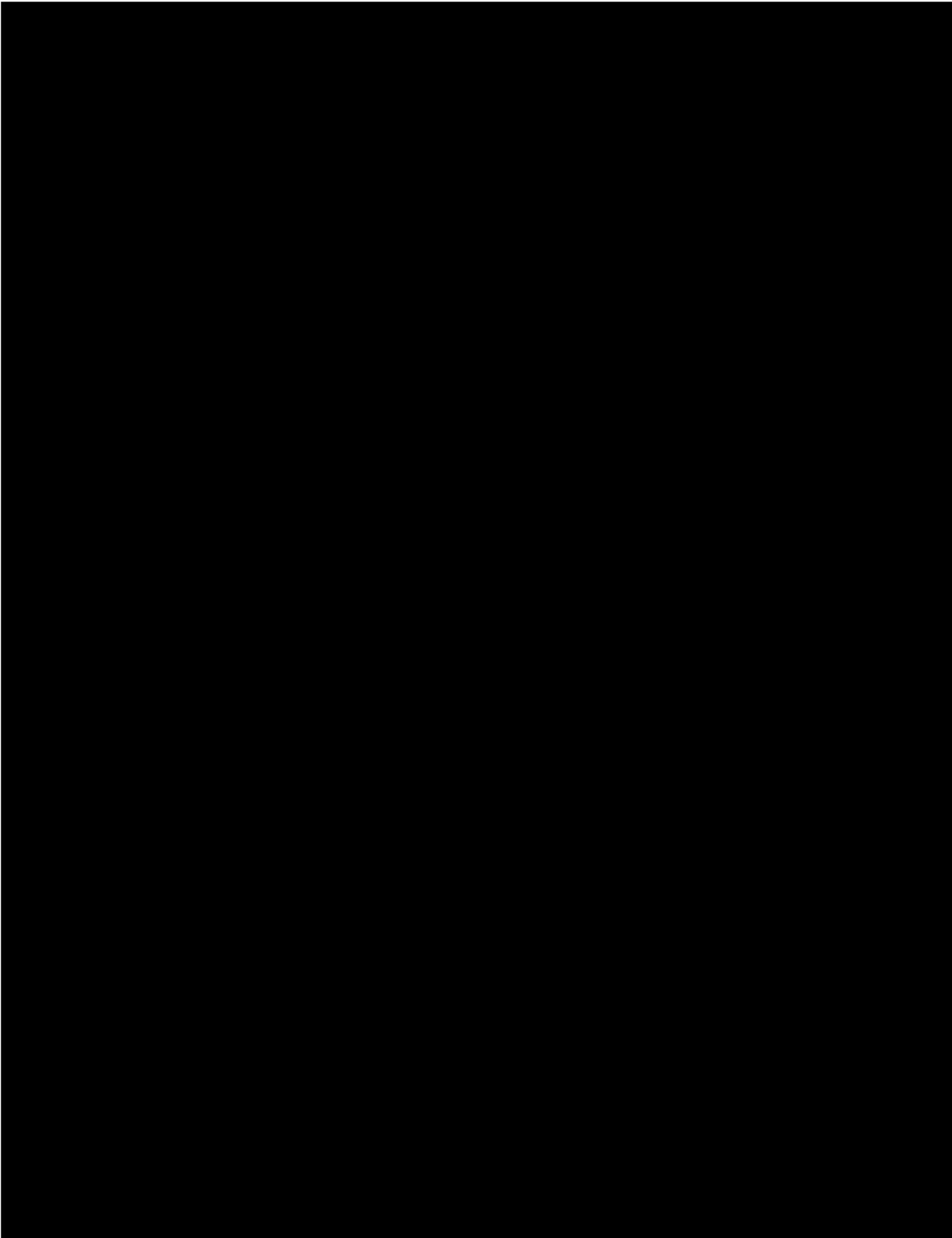




TALENT









PILLAR II: PROJECT AND PROGRAM LEVEL OUTPUTS AND OUTCOMES: ARTF RESULTS MATRIX¹²

AGRICULTURE

NPP KEY OBJECTIVE: NATIONAL COMPREHENSIVE AGRICULTURE PRODUCTION AND MARKET DEVELOPMENT

Sustain economic growth through improved employment and income opportunities for rural people by means of enterprise development, credit, and access to land.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Increases in agricultural, horticultural, and livestock productivity in targeted areas				
01 Increase in agricultural productivity (irrigated wheat yields) (t/ha)	Baseline 2.5 t/ha (2011) Progress 2.8 t/ha (2017) Target 2.6 t/ha (2019)	M1 Area provided with irrigation and drainage service ¹³ (ha)	Baseline 75,000 t/ha (2011) Progress 170,026 t/ha (2017) Target 215,000 t/ha (2020) (IRDP)	ONGOING National Horticulture and Livestock Project (NHLP) ARTF: \$190 million On-Farm Water Management Project (OFWMP) ARTF: \$70 million Irrigation Restoration and Development Project (IRDP) ARTF: \$118.4 million Afghanistan Agriculture Inputs Project (AAIP) (NSP) ARTF: \$74.5 million
			Baseline 0 t/ha (2011) Progress 42,000 t/ha (2017) Target 59,000 t/ha (2019) (OFWMP)	
			Baseline 0 t/ha (2011) Progress 361,523 t/ha (2017) Target 0 t/ha (2017) (NSP)	
02 Water users provided with new/improved irrigation and drainage services ¹⁴	Overall: Baseline 0 (2011) Progress 294,895 (2017) Target 385,000 (2020) (IRDP)	M2 New orchards (including vineyards and pistachio groves) established with at least 65% survival rate (ha)	Baseline 0 (2012) Progress 22,488 ha (2017) Target 19,000 ha (2020)	National Solidarity Programme III, \$1.5 billion: ARTF: \$1,107.25 million IDA: \$41 million
	Females: Baseline 0 (2011) Progress 160,000 (2017) Target 200,000 (2020) (IRDP)			
	Baseline 0 (2011) Progress 6.1 million ¹⁵ (2017) Target None (2017) (NSP)			
		M3 Adoption rate of improved horticulture technology packages ¹⁶ (% of target farmers adopting)	Baseline 0 (2008) Progress 54% (2017) Target 75% (2020)	

¹² See Annex II for further details on the ARTF Results Matrix.

¹³ This refers to either new areas or improved service for already existing areas.

¹⁴ Indicator and data updated based on the IRDP results framework.

¹⁵ Through canals and related infrastructure, 361,523 hectares of land were provided with new or improved irrigation or drainage services, benefiting 3.4 million people under NSP IIIA and 2.7 million people under NSP IIIB. NB: There may be some double counting in beneficiary numbers for NSP IIIA and NSP IIIB for irrigation, which come from the NSP Management Information System. Combined numbers are not available.

¹⁶ Defined as improved technology in production and animal health care. Adoption of new technologies is a reflection of changed behavior and improved capacity of farmers. This element is key to sustaining the achievements in productivity. No progress is reported during this reporting period for NHLP, as the annual outcome survey for year 2017 has not been completed yet.

RURAL DEVELOPMENT

NPP KEY OBJECTIVE: STRENGTHENING LOCAL INSTITUTIONS

Build the capacity of CDCs to enable them to function as village-level governance bodies and facilitate communities' gainful participation in various sectoral programs.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Established and strengthened Community Development Councils as effective institutions for local governance and social-economic development ¹⁷				
03 Communities with elected and functioning CDCs (% conducting elections/re-elections as per mandated procedures)	Baseline 31,000 CDCs elected through democratic processes (2014) Progress 96% (2017) Target 80% of baseline CDCs (2017)	M4 Number of sub-project proposals financed	Baseline 0 (2003) Progress 88,586 (2017) Target NA	ONGOING National Solidarity Programme III, \$1.5 billion: ARTF: \$1,107.25 million IDA: \$41 million Afghanistan Rural Enterprise Development Project (AREDP has been restructured and thus targets have been revised) ARTF: \$10.93 million IDA: \$30 million Afghanistan Rural Access Project (ARAP), \$332 million: ARTF: \$207 million IDA: \$125 million
04 Number of beneficiaries with access to improved services ¹⁸ as a result of completed NSP sub-projects ¹⁹	Baseline 0 (2003) Progress 28,693 communities (2017) Target NA	M5 Total amount of block grants disbursed directly to CDCs (\$)	Baseline 0 (2003) (start of NSP III in 2010: \$662 million) Progress \$1.56 billion (2017) Target NA	
		M6 Female CDC members (%)	Baseline 38% (2010) Progress 32% (2017) Target >1/3 CDC members	
05 Number of labor days generated by sub-project implementation ²⁰	Baseline 0 (2003) Progress 66.8 million (2017) Target NA			
NPP KEY OBJECTIVE: NATIONAL COMPREHENSIVE AGRICULTURE PRODUCTION AND MARKET DEVELOPMENT Sustain economic growth through improved employment and income opportunities for rural people by means of enterprise development, credit, and access to land.				
Outcome: Improved rural employment and development of rural enterprise groups				
06 At least 35% of participating enterprises will have increased direct and/or indirect employment by at least 30%	Baseline 0 (2010) Progress 36% (59% female members) (2017) Target At least 35% of participating small and medium enterprises and enterprise groups or their members will have increased direct or indirect employment by at least 30% (at least 50% female) (2017)	M7 Total amount of savings collected by Savings Groups (SGs), Village Savings and Loan Associations (VSLAs), and Enterprise Groups (EGs)	Baseline 0 (2010) Progress AFN346.8 million (2017) Target No target set	
07 Amount of savings inter-lended to members of SGs, VSLAs, and EGs for productive and consumption purposes	Baseline 0 (2010) Progress AFN924.8 million (2017) Target No target set	M8 Beneficiaries participating in Saving Groups and Enterprise Groups (% women) ²¹	Baseline 0 (2010) Progress 69,427 (56% women) (2017) Target 68,500 (50% women) (2018)	

¹⁷ Targets have not been established for all indicators as this is a demand-driven project where CDCs prioritize sub-projects for financing.

¹⁸ Services under NSP sub-projects include water, irrigation, education, health, power, and roads.

¹⁹ There will be several who benefit from more than one sub-project, and also from both first and second block grants, but they are counted only once here.

²⁰ A "labor day" is defined as eight hours of paid work. This covers both skilled and unskilled work.

²¹ VSLAs do not appear in this milestone to avoid double counting as they are an aggregation of Saving Groups.

RURAL DEVELOPMENT (continued)

NPP KEY OBJECTIVE: NATIONAL RURAL ACCESS PROGRAM

Promote equitable economic growth by providing year-round access to basic services and facilities in rural Afghanistan.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Improved rural access				
08 The proportion of rural population living within 2 km of all-season road	Baseline 58% Progress TBD Target 65% (2018)	M9 Total rural roads rehabilitated and maintained ²² (km)	Baseline 0 (2002) Progress 12,634 km (2017) Target NA (NSP) Baseline 0 (2013) Progress 2,240 km (2017) Target 2,550 (2017) (ARAP)	

CITIZENS' CHARTER

NPP KEY OBJECTIVE: IMPROVING SERVICE DELIVERY

Whole-of-government effort to build state legitimacy through providing communities in Afghanistan with basic services, based on community prioritization.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Build on the NSP's platform of CDCs to deliver a broader range of basic services and help foster trust between citizens and the state				
09 Number of CDCs in rural and urban areas able to plan and manage their own development projects	Baseline 0 (2016) Progress 1,743 (2017) Target 11,750 (2021)	M10 Number of communities meeting all minimum service standards	Baseline 0 (2016) Progress 0 (2017) Target 9,600 (2021)	ONGOING Citizens' Charter Afghanistan Project (Citizens' Charter) \$800 million: ARTF: \$444.3 million IDA: \$227.7 million GIRA: \$128 million
10 Number of residents (rural and urban) (male/female) benefiting from each type of sub-project	Baseline 0 (2016) Progress 0 (2017) Target TBD (2021)	M11 Percentage of grievances received that are resolved	Baseline 0 (2016) Progress 0 (2017) Target 70% (2021)	
11 Number of vulnerable households benefiting from social inclusion grant	Baseline 0 (2003) Progress 0 (2017) Target NA	M12 Percentage of CDC members in rural areas who are women	Baseline 0 (2016) Progress 47% (2017) Target 35% (2021)	

²² There was an earlier error in reporting a single sub-project, which was stated in meters but was captured as kilometers, which when addressed, significantly reduced numbers earlier reported under this indicator.

INFRASTRUCTURE

NPP KEY OBJECTIVE: NATIONAL ENERGY SUPPLY

Provision of sufficient electricity through affordable and sustainable electricity supplies.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Improved power supply and access to electricity in the target areas ²³				
12 Increase in the number of beneficiaries with new and rehabilitated metered connections to the grid in the target areas ²⁴	Baseline 0 (2004) Progress 6.2 million (2017) Target NA (NSP)	M13 Distribution lines constructed or rehabilitated under the project ²⁵ (km)	Baseline 0 (2008) Progress 425 km (2017) Target 626 km (2017)	ONGOING Afghanistan Power System Development Project (APSDP) ARTF: \$75 million National Solidarity Programme III, \$1.5 billion: ARTF: \$1,107.25 million IDA: \$40 million Naghlu Hydropower Rehabilitation Project ARTF: \$83 million CASA 1000 Community Support Project ARTF: \$40 million DABS Planning and Capacity Support Project ARTF: \$6 million
	Baseline 0 (2004) Progress 119,392 (2017) Target 190,000 (2017) (APSDP)			
NPP KEY OBJECTIVE: URBAN MANAGEMENT SUPPORT PROGRAMME Investing in urban infrastructure.				
13 Number of people provided with access to all-season roads within a 500-meter range of their house entrance	Baseline 13.5 million (2012) Progress 18.8 million (2017) Target 15.1 million (2019) (ARAP)			
	Baseline 0 (2014) Progress 2,240 km (2017) Target NA (ARAP)			
14 Kilometers of roads constructed or rehabilitated	Baseline 0 (2014) Progress 12,493 km (2017) Target NA (NSP)			
	Baseline 0 (2014) Progress 12,493 km (2017) Target NA (NSP)			

²³ Some projects count households; an average of seven people per household is assumed.

²⁴ A comprehensive target cannot be established because NSP is a demand-driven project wherein CDCs prioritize sub-projects for financing. This target therefore only captures the Afghanistan Power System Development Project.

²⁵ Defined as the km of medium and low voltage distribution network built or rehabilitated and measured/verified using the Operational Acceptance Certificate.

HEALTH

NPP KEY OBJECTIVE: HEALTH FOR ALL AFGHANS

Improved health status of Afghans resulting from increased access to and expansion of health services.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Improved access to basic health services and systems, particularly for pregnant women and children				
15 Births attended by skilled attendants (%) ²⁶	Baseline 429,305 (2007–2008) Progress 938,799 (2017) Target 566,683 (2018)	M14 Number of health consultations per person per year ²⁷	Baseline 1.6 (2017) ²⁸ Progress 1.9 (2017) Target 2.0 (2018)	ONGOING System Enhancement for Health Action in Transition (SEHAT), \$437 million: ARTF: \$300 million IDA: \$100 million Health Results Based Financing: \$7 million GIROA: \$30 million ARTF IP 2017: \$325 million ARTF Recurrent Cost Baseline Financing 2017: \$75 million
16 Scorecard score examining quality of care in health facilities (average score) ²⁹	Baseline 55 (2012) ³⁰ Progress 62 (2017) Target 70 (2018)	M15 Proportion of health facilities staffed with at least one female health worker	Baseline 74% (2012) Progress 85% (2017) Target 86% (2018)	
17 PENTA3 coverage among children age 12–23 months in lowest income quintile	Baseline 28% (2011) Progress 59.6% (2017) Target 60% (2018)	M16 Proportion of children under five years with severe acute malnutrition who are treated	Baseline 24% (2011) Progress 46% (2017) Target 55% (2018)	

²⁶ Going forward, the indicator will use the National Risk and Vulnerability Assessment data as the primary source of information to maintain consistency.

²⁷ The Ministry of Public Health (MoPH) has in the past used an indicator on the Basic Package of Health Services (BPHS) showing contractual coverage, i.e., the percentage of the population living in districts where service providers deliver the BPHS. Recently, however, MoPH has discontinued the use of this indicator as it does not capture outreach and mobile services to remote and isolated parts of the country. It also does not capture the fact that people may have physical access to health facilities but may still not make use of the services. MoPH therefore uses the utilization indicator instead, which is expressed in the form of the number of consultations per person per year.

²⁸ Data updated based on the SEHAT Project results framework.

²⁹ Since 2004, the Balanced Scorecard (BSC) has shown remarkable improvement in the quality of care in Afghanistan. In 2010, MoPH revised the content of the BSC as well as its benchmarks, resulting in a different and lower score. Therefore, post-2011 scores are not comparable with previous years.

³⁰ Data updated to reflect SEHAT Project results framework.

EDUCATION

NPP KEY OBJECTIVE: EDUCATION FOR ALL

Improve access to basic and secondary education.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Increased equitable access to quality education, especially for girls				
18 Increase in student enrollment (basic education) (number) (% girls) ³¹	Baseline 6.3 million (36% girls) (2008) Progress 8.9 million (39% girls) (2017) Target 8.5 million (42% girls) (2017)	M17 Number of rehabilitated or built additional classrooms at primary level ³²	Baseline 0 (2007) Progress 8,541 (2017) Target NA (EQUIP) ³³ Baseline 0 (2007) Progress 2,995 (2017) Target 7,330 (2017) (NSP)	ONGOING Second Education Quality Improvement Program (EQUIP II), \$438 million: ARTF: \$408 million IDA: \$30 million Skills Development, \$29 million: ARTF: \$9 million IDA: \$20 million Higher Education Development Project ARTF: \$50 million ARTF IP 2017: \$325 million ARTF Recurrent Cost Baseline Financing 2017: \$75 million
19 Grade 12 completion rate girls/boys	Baseline 103,622 (31,790 girls/ 71,832 boys) (2012) Progress 210,274 (74,758 girls/ 135,516 boys) (2017) Target 200,000 girls and boys (2017)	M18 Number of qualified teachers as a result of EQUIP financing ³⁴	Baseline 37,000 (2008) Progress 115,000 (2017) Target 30,000 (2017)	
20 Average student attendance (percentage)	Baseline 78% (2010–2011) Progress 77% (2017) Target 84% (2017)			
NPP KEY OBJECTIVE: SUSTAINABLE DECENT WORK THROUGH SKILLS DEVELOPMENT AND EMPLOYMENT POLICIES FOR JOB-RICH GROWTH Effectively prepare Afghan nationals for the labor market.				
Outcome: Increased access to high quality vocational education and training				
21 Share of apprentices who find employment within 6 months of graduation	Baseline 0 (2014) Progress 0 Target 15% (2018)			Non-formal Approach to Training, Education and Jobs in Afghanistan ARTF: \$15 million
22 Total number of beneficiaries (% females)	Baseline 0 (2014) Progress 0 Target 44,500 (30% female) (2018)			
23 Student enrollment in priority degree program for economic development	Baseline 73,200 total (11,200 females) (2015) Progress 79,479 total (15,095 females) (2017) Target 103,100 total (29,290 females) (2020)			

31 The current enrollment number is based on new, verified enrollment numbers.

32 Including EQUIP I and II and NSP.

33 EQUIP financed both the construction/rehabilitation of classrooms as well as school quality enhancement grants to all schools in Afghanistan. The total number of enrolled students have therefore benefited from ARTF support.

34 A qualified teacher has 14 years of schooling, including 12 years of primary and secondary school and two additional years at a teachers' training college.

GOVERNANCE

NPP KEY OBJECTIVE: FINANCIAL AND ECONOMIC REFORM (PUBLIC FINANCIAL MANAGEMENT ROADMAP)

Strengthening the budget in driving effective delivery of key priority outcomes; improving budget execution; and increasing accountability and transparency.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcomes: Strengthened Public Financial Management				
24 Improved Public Expenditure and Financial Accountability (PEFA) ratings for external/internal audit	PEFA assessment completed. Draft report under preparation as of end December 2017. ³⁵	M19 Number of internal/external audits verified as done to international auditing standards	Baseline 4 World Bank grant audits ³⁶ (2011) Progress 34 World Bank grant audits (2017) Target 34 World Bank grant audits and 9 regulatory audits (2017)	ONGOING Capacity Building for Results (CBR) ARTF: \$100 million Public Financial Management Reform II ARTF: \$73 million Justice Services Delivery II, \$85 million: ARTF: \$40 million ARTF IP 2017: \$325 million ARTF Recurrent Cost Baseline Financing 2017: \$75 million
25 Procurement done by line ministry using stand-alone procurement (%)	Baseline 0 (2011) Progress 25% (2017) Target 50% (2017)	M20 Number of procurement units of line ministries and provincial offices restructured for stand-alone procurement	Baseline 7 (2011) Progress 52 (2017) Target 61 (2017)	
26 Increased development budget execution rate ³⁷	Baseline 54% (2017) Progress 54% (2017) Target 75% (2022)	M21 Improvement in core institutional capacity, represented by a reduction in the number of long-term technical assistants	Baseline 499 (2017) Progress 499 (2017) Target 250 (2022)	
27 Increased domestic revenue as a percentage of GDP ³⁸	Baseline 10.7% (2017) Progress 10.7% (2017) Target 12.2% (2022)	M22 Web-based AFMIS extended to embassies ³⁹ and selected districts, municipalities, and State Owned Enterprises (SOEs). Rolling out e-Government Procurement in the pilot phase in 3 or more departments ⁴⁰	Baseline 0 (2017) Progress 0 (2017) Target All embassies, 300 districts, 20 municipalities, and at least 5 SOEs (2022)	
28 Effective implementation by budgetary units on the external audit recommendations ⁴¹	Baseline 15% (2017) Progress 15% (2017) Target 60% (2022)			

³⁵ The methodology for the 2017 PEFA Assessment covering the years 2014–2016 has changed. The new PEFA Framework published in 2016 upgraded the methodology and scoring criteria used for the 2017 assessment. While the revisions in the PEFA Framework provide for a deeper analysis, they hinder a direct comparison with prior reviews. Details of the 2017 PEFA Assessment will be provided in the 2018 results matrix.

³⁶ Audits of projects financed under the World Bank (ARTF/IDA) are carried out annually. This amounts to about 40 audits a year.

³⁷ Newly added indicator.

³⁸ Newly added indicator.

³⁹ Newly added milestone.

⁴⁰ Newly added milestone.

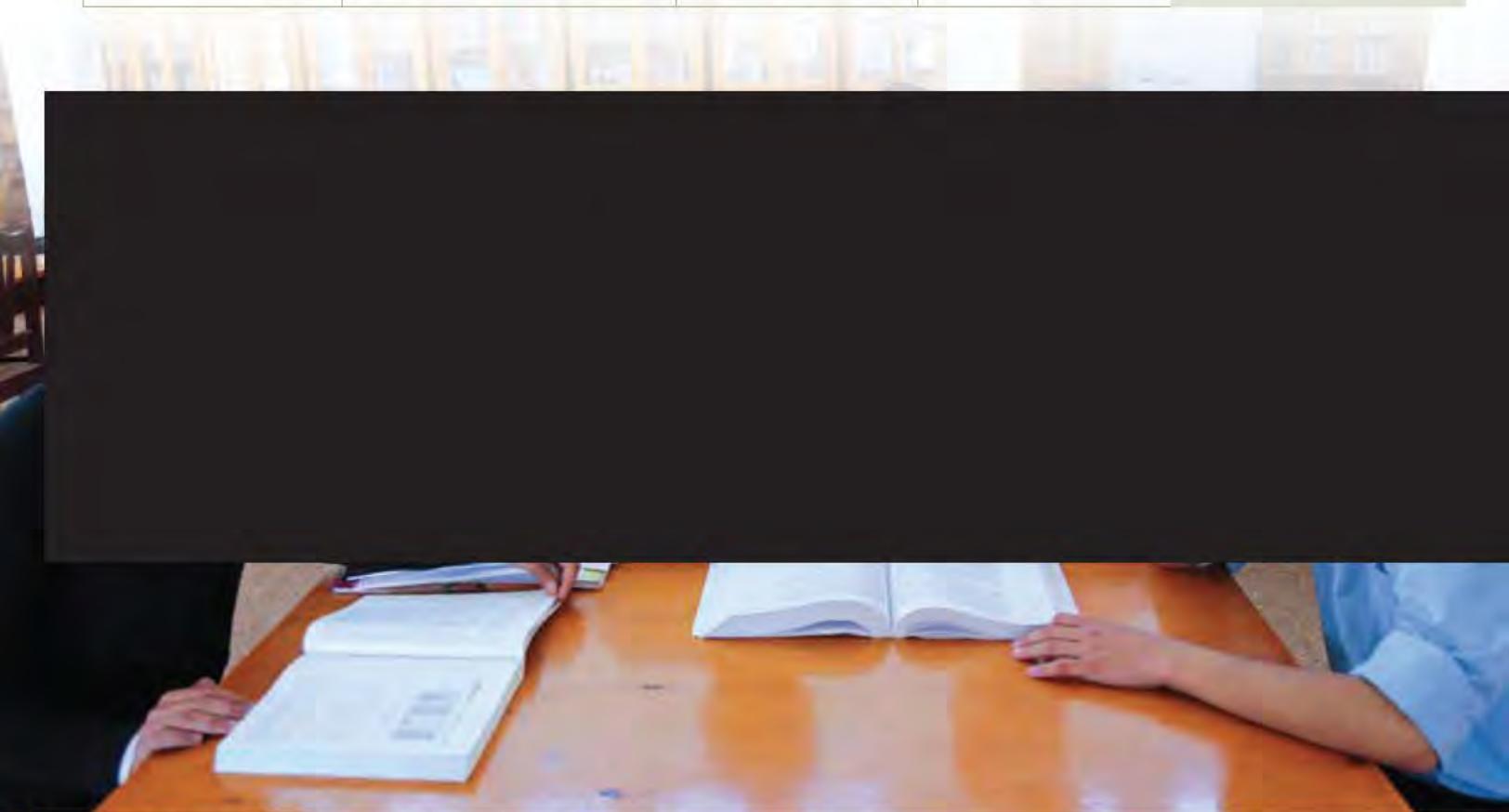
⁴¹ Newly added indicator.

GOVERNANCE (continued)

NPP KEY OBJECTIVE: FINANCIAL AND ECONOMIC REFORM (PUBLIC FINANCIAL MANAGEMENT ROADMAP)

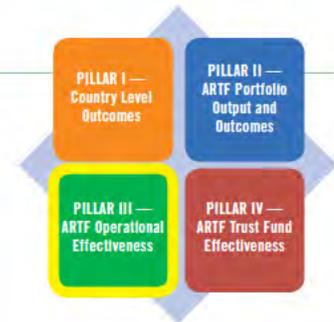
Strengthen the institutional, organizational, administrative, and individual capacities of the government at both central and local levels to enable more efficient and effective service delivery, economic growth, justice, stabilization, and security.

ARTF Outcomes and Indicators		ARTF Milestones/Outputs		ARTF Portfolio
Outcome: Strengthened performance of line ministries		ARTF Milestones/Outputs		
29 Priority line ministries and independent agencies that have implemented at least two business process simplifications from their CBR Plan	Baseline 0 Progress 7 (2017) Target 13 (2017)	M23 Civil service positions recruited by CBR	Baseline 0 Progress 680 (2017) Target 1,500 (2017)	
30 Number of ministries that have completed pay and grading increases	Baseline 8 (2011) Progress 23 (2017) Target 22 (2017)			
Outcome: Fiscal sustainability through (reform-linked) increasing domestic revenue mobilization and strengthening expenditure management				
31 Increase in customs revenue	Baseline AFN30 billion (2012) Progress AFN36.75 billion (2017) Target 25% increase on baseline (2017)			
32 Increase of the Open Budget Index score	Baseline 21 (2012) Progress 49 (2017) Target 48 (2017)			



PILLAR III

ARTF Operational Effectiveness/Quality of Portfolio: Managing for Results



ABOUT THIS PILLAR

The third pillar measures the operational effectiveness of ARTF projects/operations in support of development results (including on gender aspects), as well as the overall quality of the ARTF portfolio.

Pillar III tracks progress on a set of indicators that report on the performance and overall operational effectiveness of the ARTF portfolio and the performance of the World Bank as the ARTF Administrator in ensuring satisfactory portfolio performance. Satisfactory operational effectiveness is critical to ensuring progress at the project/program level (Pillar II), which supports progress on development within the context of the ANPDF (and previously within the context of its predecessor, the Afghanistan National Development Strategy), as well as the SDGs (Pillar I, which previously focused on the MDGs). As such, Pillar III offers an important operational complement to Pillars I and II.

HIGHLIGHTS

- **SATISFACTORY IMPLEMENTATION** of 93 percent of ARTF investment projects compared to 86 percent in 2016.
- **INVESTMENT WINDOW DISBURSEMENT LEVELS** have decreased slightly to a disbursement ratio of 43 percent compared to 47 percent in 2016, but are still above the ARTF target of 25 percent.
- **WITH SUPPORT AND ENGAGEMENT FROM THE ARTF GENDER WORKING GROUP**, 72 percent of the portfolio projects have Gender Focal Point staff in client project teams, and 68 percent of projects are fully collecting required gender-disaggregated data, a minor increase from 67 percent in 2016. The proportion of projects producing gender-related knowledge has also increased slightly, moving from 48 percent in FY16 to 50 percent in 2017.
- **THE “FACETIME INDEX”**, which measures World Bank staff presence in Afghanistan, significantly exceeded its target of 12,000, with staff (including visiting missions) spending 27,659 days in Afghanistan in 2017.

SUMMARY OF PROGRESS

PORTFOLIO PERFORMANCE

The portfolio continues to perform well, with 93 percent of ARTF-supported investment projects performing at satisfactory levels, an increase in comparison to the 86 percent of projects that achieved this benchmark in 2016.

HUMAN RESOURCES

The “facetime index”, which measures World Bank staff presence in Afghanistan, significantly exceeded its target of 12,000, with staff (including visiting missions) spending 27,659 days in Afghanistan in 2017, a 38 percent increase relative to 2016.

The World Bank has also increased both local and international staff in Afghanistan in 2017. A total of 9 staff members and 48 term consultants joined the World Bank Afghanistan office during this period.

COMMITMENTS AND DISBURSEMENTS

Since its inception in 2002 through end-2017, the ARTF has committed \$9.8 billion in funds to support GoIRA civilian operations and development objectives, including more than \$4.8 billion under the Recurrent Cost Window and \$4.9 billion under the Investment Window.

Disbursements in the same period have totaled \$8.9 billion. Of this amount, \$4.7 billion was disbursed through the Recurrent Cost Window (including \$602 million delivered through the Ad Hoc Payments facility) and \$4.1 billion under the Investment Window. Gross disbursement levels in 2017 remained similar to previous years, with total disbursements of \$934 million, of which some \$310 million was disbursed through the RCW for operating expenses and incentive payments, an additional \$146.78 million was disbursed through the RCW in connection with the Ad Hoc Payments facility, and \$476 million was disbursed through IW-financed initiatives.

The ARTF IW has supported 65 development initiatives, of which 35 projects, with disbursements totaling \$1.3 billion, have closed. In 2017, the ARTF IW portfolio included 28 approved ARTF IW-supported initiatives (including project preparation grants). Seven of these including two PPGs closed by the end of 2017. Collectively, these initiatives had a total committed value⁴² of \$3.5 billion. Of the funds committed for IW-supported initiatives that were approved as of 2017, \$2.8 billion has been disbursed to the GoIRA, leaving \$793 million committed but yet to be disbursed.

The disbursement ratio indicator, which tracks investment project funds disbursed during the Administrator’s fiscal year⁴³ as a percent of investment project funds committed at the beginning of the Administrator’s fiscal year, dropped slightly in 2017, falling to 43 percent in 2017 relative to 47 percent in 2016.⁴⁴ It remains, however, well above the ARTF target of 25 percent.

⁴² Funds are “committed” to investment projects once legal agreements between the ARTF Administrator and GoIRA are signed. After signing the legal agreement for a new ARTF Investment Window operation, the ARTF Administrator transfers funds for the full project amount from the ARTF parent account to a “child trust fund”. Once transferred to a child trust fund, the funds are “locked” and are not available to fund other activities.

INTEGRITY RISKS

In Afghanistan, security conditions make project supervision difficult. This challenge is compounded by a relatively weak private sector, which reduces competition and performance, limited operational capacity among civil society organizations to conduct independent oversight, and a weak reporting culture. All of these factors contribute to integrity-related vulnerabilities.

To address integrity concerns, the ARTF Administrator organizes ARTF's on-budget operations around a strong fiduciary framework, including ring-fencing of funds, technical assistance to strengthen government systems, additional controls applied by the Monitoring Agent and Supervising Agent, and oversight by the World Bank's fiduciary teams. The World Bank Integrity Vice Presidency maintains an independent investigatory function and accepts direct reporting of a complaint via a form on its website.⁴⁵

Generally, integrity risks are found in three operational areas: (i) Procurement receives by far the most allegations and is subject to the largest number of substantiated cases. Recurrent vulnerabilities are related to tailored specifications, fraudulent bids, collusion, and biased bid evaluations; (ii) Contract management, where the key risk areas include substandard work, substitution of consultants, false claims, and variation orders; and (iii) Financial management, which sees the fewest number of allegations. It includes diversion of funds and false/inflated invoices.

The number of allegations reported in 2009–2017 totaled 51, which is within the expected average range for countries of Afghanistan's size and with equivalent-sized portfolios. The World Bank Group's Integrity Vice Presidency investigations completed between 2009–2017 found the following:

- **2008:** ARTF Feasibility Studies Facility: A director hired under the project had a falsified CV.
- **2009:** Short-Term Urban Water Supply: A firm falsified a manufacturer's authorization and business registration under a tender (EURO.8 million).
- **2013:** Expanding Microfinance Outreach: An NGO's internal audit identified fraud and mismanagement amounting to \$2.2 million, resulting in the termination of its chief executive officer, 18 expatriate staff, and nearly 200 local staff. Criminal charges were filed with local authorities.
- **2014:** Second Customs Reform and Trade: Employees of the management services company corruptly manipulated two tenders totaling \$1.9 million.
- **2016:** A construction company, Rosta Construction, was debarred for five years for engaging in corrupt and collusive practices.
- **2016:** A consulting company and its principals falsely claimed for reimbursable vehicle expenses totaling up to \$481,093.91.
- **2016:** A project staff member was hired as a Bank-financed consultant under the Afghanistan Skills Development Project and Non-Formal Approach to Training Education and Jobs in Afghanistan as a Senior Monitoring and Evaluation Officer based on a fraudulent educational qualification.

⁴³ Note that while the Scorecard in general has been amended to correspond to the GoIRA's fiscal year, the disbursement ratio indicator is calculated by the Administrator's financial systems and accordingly aligns with the Administrator's July–June fiscal year.

⁴⁴ 2016 also included six months of calendar year 2015.

⁴⁵ The form is accessible at: https://intlbankforreconanddev.ethicspointvp.com/custom/ibrd/_crt/english/form_data.asp. Stakeholders also have the option to write to the World Bank Integrity Vice Presidency Investigations team leader for South Asia at mkaushal@worldbank.org. Concerns may also be submitted via email to any member of the World Bank staff in Afghanistan for forwarding on to the Integrity Vice Presidency.

- 2017: A bidder under the Kabul Urban Transport Efficiency Improvement project submitted misleading bank statements in its bid that misrepresented its true financial position in order to meet the financial requirements of the Bidding Documents.
- 2017: A shortlisted consulting company failed to disclose its conflict of interest and that it benefited from the terms of reference for the contract that was allegedly prepared by the owner of the company. As the company is also a corporate vendor to the Bank, the company has been sanctioned through the Bank's corporate vendor ineligibility process.

Funds found to be lost to fraud and corruption are to be returned by government to the ARTF. If no such appropriate action is taken by government, the World Bank may suspend its right to make withdrawals under ARTF projects.

The World Bank continues to strive to mitigate integrity risks. Mitigation measures include:

- identifying high-risk projects;
- assessing fraud and corruption risks within the projects;
- building precautions against fraud and corruption into ARTF projects;
- conducting risk-based reviews to detect red flags;
- investigating allegations of fraud corruption;
- debarring firms that have engaged in misconduct;
- referring corruption allegations to national authorities;
- training World Bank staff and clients in red flag detection; and
- strengthening country systems (e.g., procurement and financial management).

THIRD-PARTY MONITORING

In 2011, ARTF support to the GoIRA expanded to include monitoring of ARTF-financed initiatives by third party monitors contracted by the Bank.

Third-party monitoring of Recurrent Cost Window expenses by a "Monitoring Agent" (MA) supplements the GoIRA's own public financial management systems. The Bank has hired BDO, an internationally accredited accounting firm, as monitoring agent to verify the eligibility of the expenditures incurred by the government for reimbursement through the RCW.

Within the scope of the current ARTF TPM program, BDO employs statistical sampling techniques to test operations and maintenance as well as payroll expenditures for eligibility, maintains a "headcount database" to assist in payroll verifications, conducts physical verification of employees with the aim of identifying instances of "ghost" civilian employees, has provided trainings on ARTF procedures to assist line ministries in ensuring that expenditures are eligible for reimbursement, and has facilitated working meetings and reporting products to provide support to line ministries for improving eligibility rates.

Third-party monitoring of Investment Window-financed development projects by a "Supervisory Agent" (SA) offsets the Bank's limited ability to conduct direct field supervision of such projects due to security constraints. In 2015, the Bank engaged Management Systems International to provide supervisory agent services for Investment Window-financed projects.

The SA conducts periodic project site visits in all 34 provinces of Afghanistan and provides monthly, quarterly, and annual reporting on its findings. Quarterly and annual reports are shared with ARTF partners and monthly reports are available on request but are not regularly disseminated owing to large data file sizes. The SA is contracted to conduct 1,900 unique monitoring and verification missions in each contract year (October through September). SA missions employ multiple approaches, which can involve:

- **TPM** conducted by experienced local national and expatriate subject matter experts (engineers and social scientists);
- **Participatory Monitoring** by trained male and female Citizen Monitors living near sub-project sites; and
- **Remote Monitoring** using available technologies, including currently low-cost, programmable sensors, and potential future use of crowdsourcing, satellite imagery, and other approaches.

The SA uses commercially available mobile and web-based software for data collection, processing, and quality control. Field staff equipped with a mobile app collect data at ARTF sub-project sites using smartphones, and submitted data are vetted rigorously for accuracy, completeness, and integrity. Each month, the SA provides raw data in PDF and MS Excel format, as well as geotagged and date-stamped photos taken in the field, to GoIRA implementing ministries. Follow-up engagements with ministries and Bank task teams enable the SA to track remediation of deficiencies that are reported.

In calendar year 2017, the SA conducted 1,377 site visits across all 34 provinces of Afghanistan. The year opened with six IW-financed projects receiving supervisory visits: Afghanistan Rural Access Project, Education Quality Improvement Program, Irrigation Restoration and Development Project (IRDP), National Solidarity Programme, On-Farm Water Management Project (OFWMP), and Afghanistan Power System Development Project (APSDP).

Site visits to APSDP were completed in January and site monitoring of NSP sites concluded in April. From April through December, ARAP, EQUIP, IRDP, and OFWMP were the focus of the SA's activities. With the start of the third contract year in October, three additional initiatives (Afghanistan Agricultural Inputs Project, Citizens' Charter Afghanistan Project, and National Horticulture and Livestock Project) were added to the portfolio, although site visits had not yet begun.

GENDER

Gender continued to be a core thematic focus of the ARTF portfolio in 2017, with significant emphasis on providing technical support to ensure that gender is mainstreamed in both active and pipeline projects.

To support commitments in the World Bank Group Gender Strategy (2016–2021), the Bank Group has operationalized the Country Gender Action Brief, which identified key gender gaps and instruments for addressing those gaps, with a particular focus on health, education, and women's economic empowerment as priority areas. The Gender and Social Inclusion Platform, established in 2016, operates as a framework for organizing and consolidating gender data collection and analysis, improving monitoring and evaluation of gender-related activities, and supporting targeted operational, analytical, and knowledge work.

Operationally, GoIRA ministries and Bank Group technical teams rely on the guidance to consider gender in the initial stages of project preparation, with a particular focus on identifying gender gaps that an operation can address. Project planning devotes attention to gender across three dimensions: (i) analysis—identification of a gender gap; (ii) action—including actions and interventions contributing to closing the identified gap; and (iii) monitoring and evaluation—including incorporating gender-specific indicators in projects to measure the outcomes of the identified actions. Operations that include all three dimensions are considered “gender-tagged.” Specific measures vary based on the needs of individual operations, but have included targeted gender analyses, consultations, data collection, and specific support to facilitate women’s access to services or opportunities that have previously been inaccessible.

In 2017, all ARTF-financed operations were gender-tagged, and ARTF-supported programs continue to perform well on gender targets, with improvements relative to 2016 in the inclusion of gender-specific objectives and outcomes, appointment of gender focal points, provision of technical assistance and supervision on gender issues during implementation support missions, and production of gender-related knowledge.

The ARTF Gender Working Group continues meeting monthly. In this reporting period, the World Bank has made efforts to engage the ARTF GWG in the design stage of the ARTF-funded projects, and in the coming year will continue to refine its secretariat support to the GWG in line with suggestions made by donor partners in November 2017 and in the fourth external review of the ARTF.

ANALYTICAL WORK

The ARTF continued to fund high-quality research and analytical products through the Bank-executed Research and Analysis window of the ARTF. Four studies and one discussion note were completed in 2017 and are being used to inform ARTF-supported programming:

- Afghanistan: Unlocking the Potential of Horticulture—Discussion Note and Input to Agribusiness Charter, June 2017 (available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/28326/117202-PUBLIC-Output-P158552-final-clean.pdf?sequence=1&isAllowed=y>)
- Trade as a Vehicle for Growth in Afghanistan: Challenges and Opportunities, June 2017 (available at: <http://www.artf.af/research/artf-research-and-analysis-program>)
- Women and the Economy: Lessons Learned on Operational Approaches to Women’s Economic Empowerment in Afghanistan, June 2017 (available at: <http://www.artf.af/research/artf-research-and-analysis-program>)
- Managed Labor Migration in Afghanistan: Exploring Employment and Growth Opportunities for Afghanistan, together with related thematic papers, January 2018 (available at: <http://www.artf.af/research/artf-research-and-analysis-program>)
- Progress in the Face of Insecurity: Improving Health Outcomes in Afghanistan, March 2018 (available at: <http://www.artf.af/research/artf-research-and-analysis-program>)

SOCIAL SAFEGUARDS

In 2017, third-party monitoring data collected by the ARTF Supervisory Agent and records of implementation support missions both indicate that ARTF-supported projects demonstrated solid progress in key aspects of



social safeguard compliance, including plan documentation and implementation, with improvements relative to 2016. EQUIP was found to have comparatively low indicators on some safeguard measures, including land documentation and women's consultations. Monitoring has suggested that lower safeguard compliance indicators may be a function of a lack of funding allocated in contractor bills of quantity.

Potential areas of concern with respect to social safeguard compliance include: (i) land donation practices for linear projects; (ii) capacity of the implementing agencies to manage large-scale land acquisition and resettlement; (iii) capacity of local consulting firms to conduct comprehensive Social Impact Assessment and Resettlement Plan studies; and (d) some gaps in dissemination practices of information brochures for projects where Resettlement Action Plans are being implemented, according to project aide-memoire reports.

GRIEVANCE REDRESS MECHANISM

In 2017, all ARTF-supported projects had grievance redress mechanisms (GRMs) in place, according to the project monitoring reports. Project data indicate complaints were lodged most frequently about issues with design, with contractors, and with land donation/other land disputes, although a range of other inquiries were also raised via GRM. However, bottlenecks, particularly related to capacity limitations of implementing agencies, remain an area of concern. For example, capacity to sort and prioritize grievances effectively remains weak in some agencies, such as the Ministry of Public Health and the Ministry of Education.

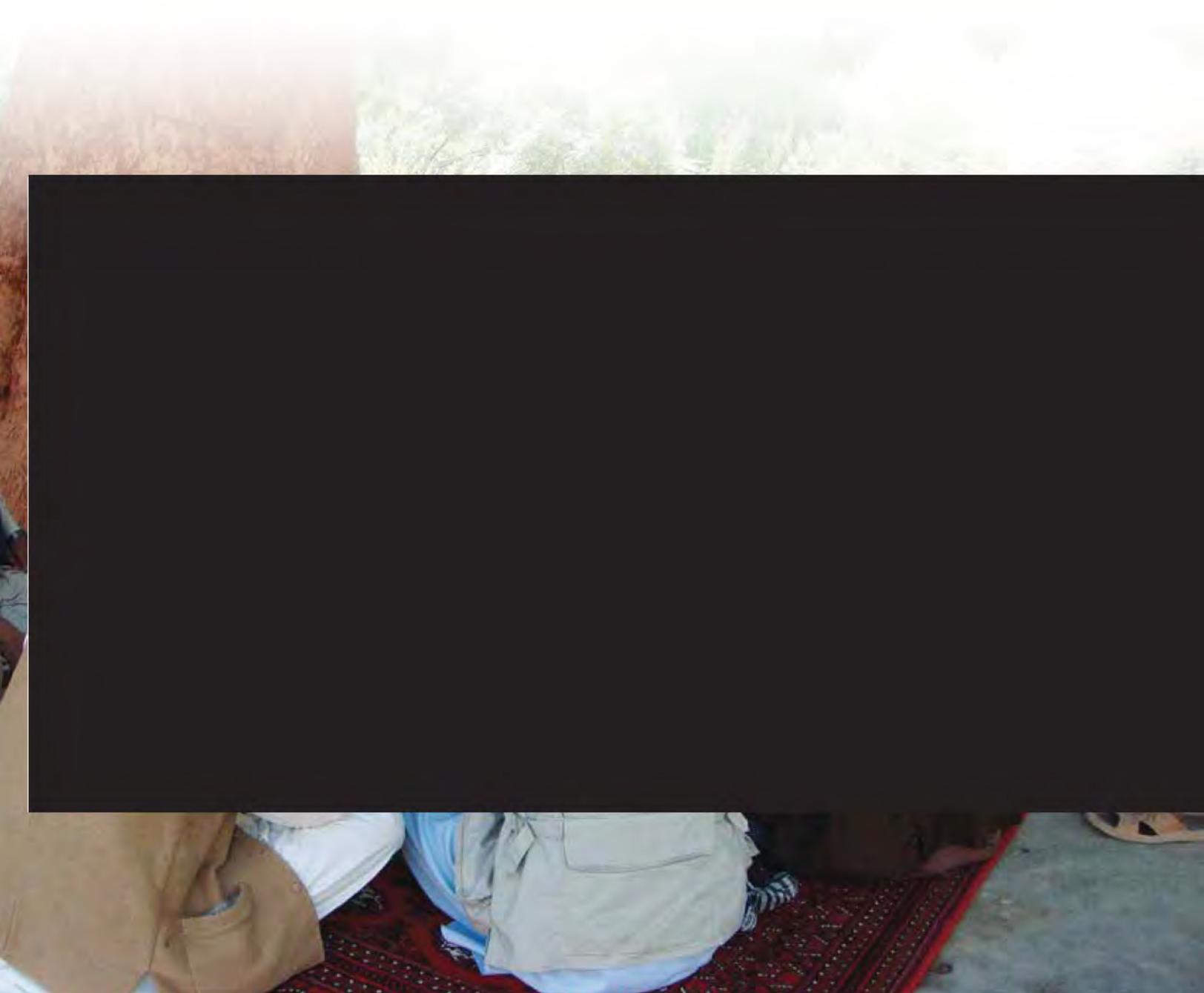
Ministries' appreciation of the ability of GRM and Citizen Engagement tools to enhance the quality of project service delivery remains inconsistent. The Administrator is working with implementing ministries to: (i) ensure adequate allocation of resources required to sort, prioritize, and address grievances; (ii) establish multiple channels and locations for grievance registration; (iii) conduct public information campaigns to ensure that both men and women in local communities are able to access and use grievance services; (iv) consistently register all grievances in both local complaint logbooks and central project databases; and (v) ensure timely responses to complainants and timely resolution of the issues.

CITIZEN ENGAGEMENT

Current data indicate that 95 percent of projects in the Afghanistan portfolio, including the ARTF-supported projects have Citizen Engagement (CE) tools. The key CE tools under ARTF-supported projects include: (i) beneficiaries' feedback and collection follow-up; (ii) consultation; (iii) collaboration in decision-making; (iv) grievance redress mechanism; (v) citizen-led monitoring and oversight; (vi) empowerment of citizens with resources and authority over their use; and (vii) citizen monitoring. Community or citizen-led monitoring has proved to be an effective tool, especially for remote and insecure areas where it is difficult for ministry officials to visit.

Through the ARTF third-party monitoring program, a total of 71 out of 76 Community Monitors (CMs) situated in very remote and insecure areas, where even ministry engineers cannot conduct regular quality control visits, have been able to provide useful information on progress of projects on the ground. CMs use smartphones and GPS, which identifies project sites, and upload field reports from project sites with photos and send information to TPM in Kabul.

Apart from this, all new projects have included at least one Citizen Engagement result indicator with an appropriate tool, such as a satisfaction survey to evaluate beneficiary satisfaction with Citizen Engagement measures. However, these new projects with CE indicators have yet to conduct a survey to measure the level of beneficiary satisfaction. It is essential to note that the level of fragility and the weakness of the state structures necessitate a closer engagement with people and communities. This is a major driver of the citizen engagement agenda in Afghanistan. Citizen engagement in planning, implementation, and monitoring of development activities leads to greater ownership, particularly in sub-project activities that directly impact peoples' lives.



PILLAR III—ARTF OPERATIONAL EFFECTIVENESS/QUALITY OF PORTFOLIO

INDICATORS	BASELINE		PROGRESS					TARGET		RATING	
	Value	Year	Value FY13	Value FY14	Value FY15	Value FY16	Value FY17	Value	Year		
Ensuring Sound Quality and Portfolio Performance											
Project readiness for implementation	Number of months between project effectiveness to first disbursement	2	FY09	2	3	NA ⁴⁶	3	2	2 ⁴⁷	Per year	
Satisfactory implementation of active projects	Active operations rated moderately satisfactory or higher on implementation progress (%) ⁴⁸	78%	FY08	73%	87%	88%	92% ⁴⁹	93%	Greater than 75% ⁵⁰	Per year	
Gross disbursements	Disbursed amount in an Afghan fiscal year disaggregated for the Recurrent Cost Window and the Investment Window (\$)	RCW \$214 million/ IW \$15.59 million	FY 1382	1392 RCW \$256 million/ IW \$424 million	1393 RCW \$272 million/ IW \$570 million	1394 RCW \$252 million/ IW \$394 million	1395 RCW \$344 million/ IW \$402 million	1396 RCW \$310 million/ IW \$476 million	RCW \$400 million/ IW \$400 million ⁵⁵	1396	
Disbursement ratio ⁵⁶	Fiscal year ⁵⁷ disbursement of active grants divided by total undisbursed funds in active grants by the beginning of the fiscal year (excluding the RCW) (%)	55%	FY04	59%/28%	61%/43% ⁵⁸	38%/24% ⁵⁹	47%	43%	23%–25% ⁶⁰	2020	
Gender mainstreaming in results monitoring	ARTF projects that include gender-specific objectives/outcome/output data with targets (%)	32%	FY14	NA	32%/42%/32%	37%/38%/33%	37%/52%/57%	40%/68%/55%	40%/40%/60% ⁶¹	2020	
	Percentage of portfolio fully collecting required gender-disaggregated data	38%	FY14	NA	38%	57%	68%	68%	80%	2020	
	Percentage of portfolio projects with Gender Focal Point staff in client project teams	71%	FY14	71%	60%	66%	70%	72%	60%	2020	
	Percentage of portfolio projects that include technical assistance on gender issues and gender supervision in implementation support missions	63%	FY14	NA	63%	57%	63%	82%	60%	2020	
	Percentage of portfolio projects that have produced gender-related knowledge in completed knowledge products	38%	FY14	NA	38%	47%	NA	50%	50%	2020	
Citizen Engagement	Percentage of projects that incorporate beneficiary feedback	94%	FY15	NA	NA	94%	95%	95%	100% ⁶²	2020	
Human resources	Facetime with the client counted as total number of days spent on Afghanistan, including resident international and national staff and visiting missions (days)	~12,000	FY12	13,024	11,990	13,207	20,003	27,659	16,500 ⁶³	2020	

RATINGS



ON-TRACK



OFF-TRACK



SLIGHTLY OFF-TRACK



NO DATA

FOOTNOTES

- 46 No new projects were approved in FY15.
- 47 Average for the past three years.
- 48 Please see Annex III for full overview of project ratings. Only projects that have gone through their first evaluation cycle are included in this indicator, i.e., not projects tagged as "NA". This results in 24 out of 26 projects rated "Moderately Satisfactory" (MS) or higher.
- 49 Includes 24 out of 26 active projects rated MS or higher as of December 2016.
- 50 This takes into consideration the challenging operating environment as well as the fact that new projects generally face challenges during the early years of implementation and pick up in the outer years. The ARTF portfolio is currently very young with many new projects still in the early phase of implementation. Projects are therefore more likely to have ratings below moderately satisfactory. This indicator and target of 75% is aligned with the target of the World Bank President's Delivery Unit.
- 51 This does not include Ad Hoc Payments of \$147 million.
- 52 This does not include Ad Hoc Payments of \$183 million.
- 53 This does not include Ad Hoc Payments of \$125 million.
- 54 This does not include Ad Hoc Payments of \$146 million.
- 55 Investment Window target set as the average increase of the previous two years' disbursements; RCW target set as the RCW baseline as per the Financing Strategy plus approximate IP amounts. Amounts are taken per Afghan fiscal year to ensure they correspond to the Financing Strategy.
- 56 The disbursement ratio is calculated based on the undisbursed balance in the active projects at the start of the year.
- 57 While gross disbursements are calculated using the Afghan fiscal year so it can be compared to the planned allocations in the ARTF Financing Strategy, the disbursement ratio is calculated using World Bank systems, which are based on the World Bank's fiscal year.
- 58 Including/excluding NSP.
- 59 Including/excluding NSP.
- 60 25% is the general target for the annual disbursement ratio per project. The target has been slightly revised to 23%–25% to account for capacity issues in Afghan implementing agencies, which are likely to affect project performance and disbursement.
- 61 It is important to note that not all ARTF projects are able to include meaningful gender indicators or collect gender-disaggregated data in a meaningful way due to the nature of the projects themselves.
- 62 This indicator and target of 100% is aligned with the target of the World Bank President's Delivery Unit.
- 63 The average facetime in a non-fragile, low-income country (IDA) is around 7,700 days a year. Recognizing that fragile states like Afghanistan are often in need of more client support, the target for Afghanistan is set higher at the level of the baseline from FY12. Depending on portfolio progress and the security context, this number could fluctuate by +/-10%–15% annually.



Pillar IV

ARTF Trust Fund Effectiveness

Managing Resources Effectively in the Afghan Context and Increasing National Ownership



ABOUT THIS PILLAR

Pillar IV captures the ARTF's efficiency and effectiveness as a mechanism to provide predictable, coordinated financing to Afghanistan. While Pillar IV does not directly feed into the other three pillars, it provides a picture of an important aspect of the ARTF—its effectiveness in operating as a multidonor trust fund in the Afghan context. It thereby complements Pillars II and III, in particular by reporting on results directly linked with and attributable to the ARTF and the trust fund mechanism.

HIGHLIGHTS

- **100 PERCENT OF ARTF FINANCING** is on-budget.
- **IN 2017, THE ARTF FINANCED** 28 percent of the civilian operating budget and 20 percent of the civilian development budget.
- **100 PERCENT OF ARTF FINANCING** is aligned with the current NPPs at the strategic and programmatic level.
- **DONOR PREFERENCING OF CONTRIBUTIONS** decreased to 43 percent in 2017, a decrease of 4 percentage points since last reporting year. Donor preferencing has remained consistently within the target range of less than 50 percent.
- **100 PERCENT OF AUDIT REPORTS** for ARTF investment operations (21 of 21 projects, including 25 grants) received reported unqualified (clean) audit opinions, and auditors concluded that ARTF financial statements fairly presented the receipts and payments under the trust fund.⁶⁴

⁶⁴ All ARTF projects are audited annually by the GoIRA's Supreme Audit Office (SAO) with technical assistance from an international audit firm. Audit reports received in 2017 covered the preceding year (2016/FY 1395). Owing to delays in recruiting a firm to support the audit of 2016 (FY 1395) expenditures, the deadline for receipt of audit reports was extended to August 2017 and was met. The quality of audit reports was judged as satisfactory, although the SAO remains dependent on international technical assistance to complete ARTF audits. ARTF programming aims to build SAO capacity to undertake such audits independently by the end of 2021.

SUMMARY OF PROGRESS

ALIGNMENT INDEX

The ARTF Administrator developed the ARTF Alignment Index to inform a useful discussion on alignment. Introduced in 2014, the index outlines alignment on four levels—strategic, programmatic, project, and transaction. Breaking alignment into several levels allows for a more detailed and constructive discussion of remaining challenges.

As the government rolls out its development strategy and operational priorities in a revised set of NPPs, the ARTF Alignment Index will be further revised. In brief, the index outlines the following levels:

- At the **strategic level**, the ARTF is 100 percent aligned with the priorities outlined in the *Realizing Self-Reliance* paper and further developed in the ANPDF and its associated NPPs finalized as of December 2017.
- At the **programmatic level**, the ARTF is 100 percent aligned with the programs outlined in the existing set of NPPs. The programmatic level comprises several ARTF-financed programs that are included in full in the current NPPs—EQRA (the proposed basic education support), Afghanistan Rural Access Project, Sehatmandi (health), CBR, and the Citizens' Charter Afghanistan Project.
- The **project level** sees more variation than the strategic and programmatic levels, but even here, as the older projects closed, and new projects were introduced, most activities are 100 percent aligned. Projects are confirmed together with the government through an exhaustive process of pipeline review to ensure full alignment with government priorities.
- Finally, the alignment at the **transaction level** refers to the alignment and use of country systems in the implementation of projects (e.g., disbursement processes and tracking, procurement systems, subnational tracking, monitoring systems). The transaction alignment is not an indication of the share of ARTF funds that go through government systems (100 percent of ARTF funds are channeled on-budget, apart from the small amount of Bank-executed research through the Research and Analysis Program window). It is, rather, an indication of the challenges still faced at the transaction level to ensure the efficient transfer of funds from the ARTF through the government system to beneficiaries and the efficiency of implementation processes and systems.

SHARE OF ASSISTANCE PROVIDED VIA INCENTIVE MECHANISMS

The ARTF Incentive Program comprise a Structural Reform Scheme, a Revenue Matching Grant, and an Operations and Maintenance Facility. The O&M Facility was introduced at the beginning of FY 1392 as a pilot to incentivize spending on O&M at the provincial level in particular. The ARTF IP is a three-year rolling program, i.e., funds can be earned throughout the program irrespective of the allocations in a particular year. In the current program cycle of 2015–2017, the GoIRA earned a total of \$573.48 million through the IP as of end December 2017. Discussions on the design of the next phase of the IP are ongoing in the IP Working Group.



The Ad Hoc Payments were introduced under the ARTF in 1393 to allow donors to use the ARTF to channel funds with fiduciary oversight to the government's civilian operating budget based on bilateral incentive schemes. In 2017, \$146.78 million was disbursed under the AHP. Since this is regarded as a bilateral incentive mechanism and not a core ARTF instrument, it does not count toward the ARTF incentive funds.

In addition to the Higher Education Development Project, two more pipeline projects are exploring the use of results-based financing modality in their design. These are the EQRA project and the new civil service reform program (successor to the CBR Project).

DONOR ENGAGEMENT INDEX

Dialogue at the Strategic Level: Donor engagement is a key aspect of the ARTF governance structure and portfolio management. The World Bank as the ARTF Administrator has facilitated new and expanding opportunities for donors to be well informed and actively involved in ARTF issues, at both the program and project levels. Analysis and discussion by the ARTF SG, the findings of *Taking Charge: Government Ownership in a Complex Context*, the 2017 External Review of the ARTF, and recommendations from other review and audit procedures⁶⁵ have identified areas where ARTF operations can be enhanced to ensure more impactful delivery and more effective collaboration. Some key initiatives preliminarily discussed within the ARTF partnership include sharing of ARTF project implementation mission schedules with donors to enable them to participate in meetings, organizing regular project briefing sessions for donors, sharing project aide-memoires, and inviting donors to participate in ARTF portfolio review meetings with the GoIRA.

The ARTF Steering Committee convened once in 2017, on March 6. The meeting endorsed: (i) the 1395 Update to the ARTF Financing Strategy; and the (ii) the plans to begin preparations of the next ARTF Financing Strategy for 1397–1399 (2018–2020) as part of the process of supporting the operationalization of the ANPDF. Both issues put forward for the ARTF Steering Committee's endorsement were discussed and supported by the ARTF Strategy Working Group during meetings held in late 2016 and in February 2017. The three working groups (the Strategy Group, the Gender Working Group, and Incentive Program Working Group) continued to meet regularly throughout the year. The agendas for the monthly Strategy and Gender Working Group meetings are developed in close cooperation with the government, donors, and the ARTF Administrator to ensure strategic, sectoral, and project-specific questions are discussed and donors are kept informed on critical developments.

Collaboration at the Project Level: While the working groups have continued to meet regularly, World Bank implementation support missions have also briefed donors regularly on the progress of their respective project(s) to keep them updated on the implementation status and ARTF engagement, and to ensure coordination among different donor agencies. Due to the active ARTF portfolio and robust pipeline, despite the security risks in 2017, the number of visiting missions to Kabul remained high.

FUNDING PREDICTABILITY INDEX

The Administrator carefully managed the ARTF cash flow and ensured sufficient funds were available in the ARTF account to meet demand from the pipeline during the period when the National Unity Government, after a prolonged political transition, launched its development agenda with several burning priorities. This exercise

65 For example, see *Afghanistan Reconstruction Trust Fund: The World Bank Needs to Improve How It Monitors Implementation, Shares Information, and Determines the Impact of Donor Contributions*, United States Special Inspector General for Afghanistan Reconstruction Audit Report, pp.18–42, April 2018.

was challenging since donor contributions are often difficult to predict and pledged amounts can change. To be as accurate as possible, the Administrator asks donors on an annual basis to submit pledges and, if possible, multi-year pledges to increase predictability and facilitate better planning for the government and the ARTF. The FS is updated annually to reflect the incoming pledges and ensure that supply and demand of funds are balanced.

The ARTF ended 2017 with an unallocated cash balance of \$447 million and a **negative net balance of \$302**. Outstanding commitments from the previous years amount to \$749 million (rounded) to be allocated to various child trust fund accounts during the 2018–2020 PFFP period, of which \$533 million represents outstanding commitments for the Investment Window and \$215 million represents outstanding commitments under the Recurrent Cost Window for IP payments. These commitments will have to be financed alongside new projects to be endorsed under the new PFFP during 2018–2020.

The share of donor financing that is preferenced—or provided with a specific project in mind—has decreased from 47 percent in 2016 to 43 percent in 2017, still remaining well within the set target. A low preferencing level ensures that the Administrator and the government have the necessary flexibility to manage incoming donor contributions in accordance with the agreed ARTF FS, rather than allocating funds based on preferences. Several donors continue to provide their funds entirely unpreferenced, including Italy, Netherlands, Switzerland, and United Kingdom.

INCREASED GOVERNMENT CAPACITY AND OWNERSHIP

Government ownership of the ARTF continues to be strong. The Ministry of Finance has continued to play a significant role in determining ARTF priorities. MoF ensured that the ARTF funding pipeline was in line with government priorities, but also asked that the pipeline for 1395–1396 remain flexible to allow the government sufficient time to consolidate its development strategy for the coming years and establish priorities for ARTF financing.

ANNUAL AUDITS

The government experienced delays submitting its FY 1395 audits. Audit reports for FY 1395 (2016) were due on June 21, 2017, but were received in July 2017. Delays were due to hiring a new audit firm to support the Supreme Audit Office (SAO) in its audits. It is to be noted that the delays were not significant to be flagged in the system and with the hiring of a new firm to support SAO, the quality of audit reports has significantly improved.

BUDGET EXECUTION RATE

The target for this Scorecard indicator is an annual increase of 5 percent in the execution of the development budget. Execution of the overall budget (including recurrent and development budgets) improved significantly from 77 percent in 1395 to above 83 percent in 1396. This was due to better execution of both the operating and development budgets, but particularly the execution of the development budget, which improved significantly from 55 percent in 1395 to 68 percent in 1396. Nonetheless, execution of the development budget still has much scope for improvement. Protracted procurement procedures, low capacity in provinces, and overall deterioration of the security environment are considered the main causes of low execution rates in the development budget.



PILLAR IV—ARTF TRUST FUND EFFECTIVENESS

INDICATORS ⁶⁶		BASELINE		PROGRESS					TARGET		LINKAGES	RATING
		Value	Year	Value FY13 ⁶⁷	Value FY14	Value FY15	Value FY16	Value FY17	Value	Year	SMAF ⁶⁸	
Share of assistance provided via incentive mechanisms	Share of planned financing under the ARTF Incentive Program that had been earned by government by end of the fiscal year (%)	100% (\$40 million)	1388	46% (\$23 million) (1391)	40% ⁶⁹ (\$83.6 million) (1392)	36% (\$98.6 million) (1393)	22% ⁷⁰ (\$60.6 million) (1394)	26% (\$235.68 million) (1396)	45% ⁷¹	Per year	4.1	
Donor Engagement Index	Number of implementation support missions with joint partner participation (%)	50% (of 40 missions)	FY11	65% (of 34 missions)	76% (25 of 33 missions)	67% (20 of 30 missions) ⁷²			Over 66% ⁷³	Per year	NA	
Alignment Index	ARTF development aid aligned with current NPPs at the programmatic level (%)	0%	1389 ⁷⁴	100%	100% (1392)	100% (1393)	100% (1395)	100% (1396)	80% at the programmatic level	1395	3.4	
ARTF resources as share of civilian budget	Recurrent/development resources as share of government's civilian operating/development budget (%)	RCW: 48%/ IW: 20%	1382	RCW: 22%/ IW: 23% (1391)	RCW: 18%/ IW: 32% (1392)	RCW: 23%/ IW: 41% (1393)	RCW: 28.9%/ IW: 28.8% (1395)	RCW: 26%/ IW: 31% (1396)	NA ⁷⁵	NA		
Increased government capacity	Increase in the execution rate of the development budget	51%	1390 ⁷⁶	50% (1391)	47% (1392)	46% (1393)	54% (1395)	68% (1396)	5% increase per year ⁷⁷	Per year		
	Audits received on time (%)	0%	1386	77% (1391)	96% (1392)	65% (1393)	100% ⁷⁸ (1395)	100% (1396)	75% ⁷⁹	Per year		
Funding Predictability Index	Total ARTF pledges/indications deposited by donors by end of fiscal year (%)	86%	1384	94% (1391)	86% (1392)	97% (1393)	63% ⁸⁰ (1395)	92% (1396)	100%	Per year		
	Unallocated cash balance at the end of the fiscal year as a proportion of the pipeline for the coming year (%)	27%	1390 ⁸¹	56% (1391)	39% (1392)	53% (1393)	33% (1395)	48% (1396)	Minimum 30% ⁸²	Per year		
	ARTF contributions preferred (%)	30%	1384	42% (1391)	28% (1392)	43% (1393)	47% (1395)	43% (1396)	Maximum 50% ⁸³	Per year		

RATINGS



ON-TRACK



OFF-TRACK



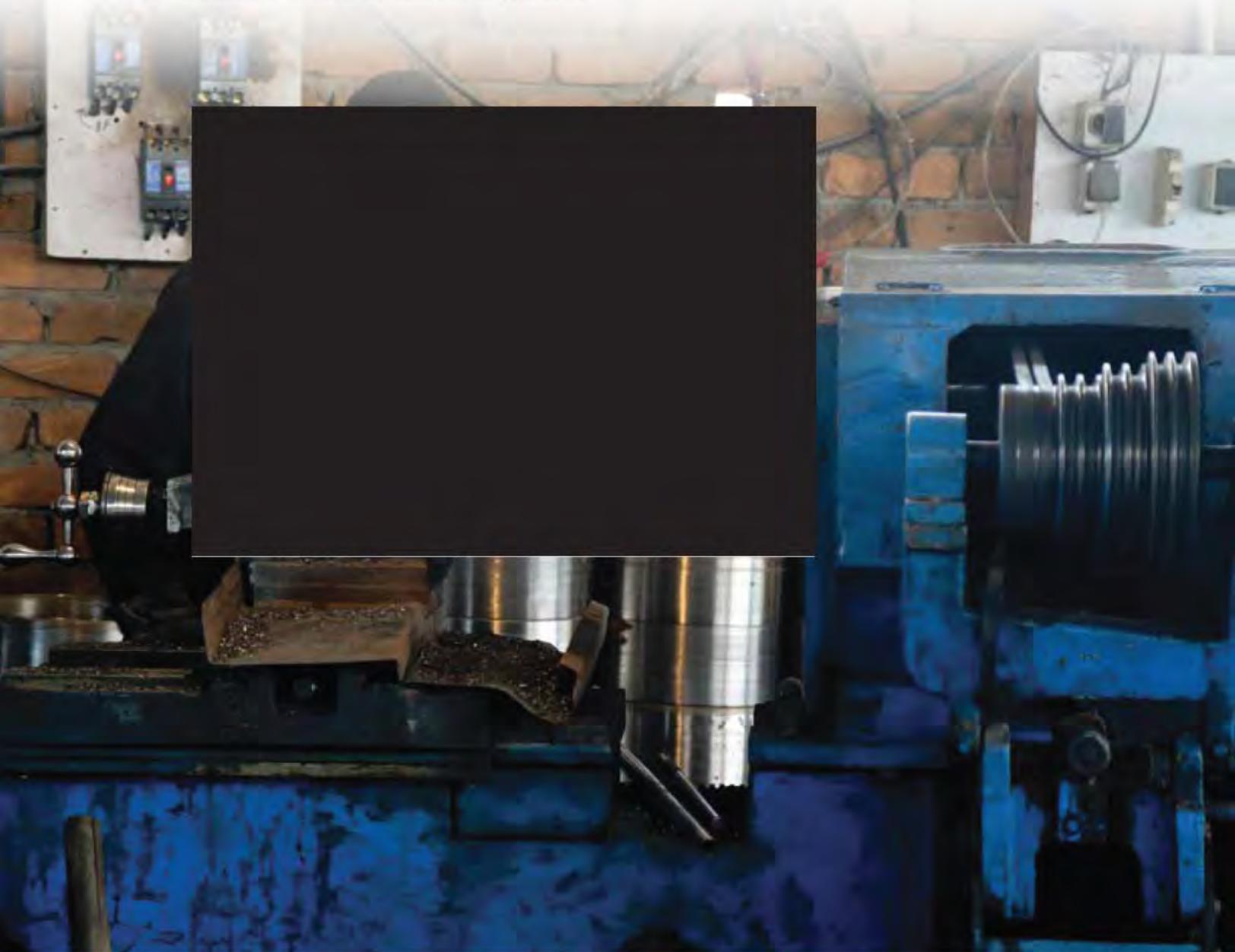
SLIGHTLY OFF-TRACK



NO DATA

FOOTNOTES

- 66 Indicator on alignment with government salary scales deleted, as there have been no data in the last couple of years. Possible new replacement indicator to be formulated in context of new civil service reform program.
- 67 This represents the Bank's fiscal year while the government's fiscal year given in parenthesis runs from December 22 to December 21.
- 68 Self-Reliance through Mutual Accountability Framework.
- 69 This value is based on the full 1392 incentive financing envelope (Incentive Program, including the O&M Facility), totaling \$182 million, as well as the carry-over incentive funds from 1391, totaling \$27 million, which was made available to the government for the following year.
- 70 Calculation excludes Ad Hoc Payments to the government. The percentage would be 23% including AHP.
- 71 The strength of the IP is determined by how challenging it is for the government to deliver. If benchmarks are too easy, one would expect 100% delivery. Target revised based on the average achievement between FY15–FY17 to 45%.
- 72 Number of missions (a mission visit consists on average 5 Bank staff) to Kabul between July 2015–December 2016 exceeded 120. This includes project preparation, implementation support, and implementation completion missions, technical discussions, and workshops with government counterparts.
- 73 The target is equivalent to two-thirds of the missions.
- 74 The year before any NPP was approved.
- 75 No target is set for this indicator. It is included for monitoring purposes only.
- 76 The baseline is set in 1390 as this was the year the Ministry of Finance first started producing reports on the budget execution rate.
- 77 Pressure from additional funds being channeled on-budget as well as the earmarking/lack of flexibility within the budget hinder the achievement of 100% budget execution (See more in Section IV on risk management). It is therefore important to have a realistic sense of what is feasible in terms of annual improvement.
- 78 Audit reports were received with a month's delay.
- 79 The ability to submit audits in a timely manner is dependent on availability of technical assistance for the Supreme Audit Office, which given the security situation, can easily be delayed. The timely submission of audits is therefore difficult, and the target is set at a realistic yet challenging level of 75%.
- 80 Indicated contribution at start of the year compared to actual contributions at the end of the year.
- 81 First year of the Financing Strategy and therefore the first year the ARTF had a formalized pipeline.
- 82 The Administrator has strived to maintain an unallocated cash balance of around \$300 million to be able to respond to needs for financing both investment projects and the Recurrent Cost Window, including the IP. This is proportionate to around 30% as a target, assuming an overall financing envelope of around \$900 million to \$1 billion.
- 83 Target revised to match the ARTF rule of 50% annual preferencing limit for donor contributions.



SECTION IV: ARTF RISKS AND RISK MITIGATION

Overall, the risks to the ARTF, the projects and operations it funds, and their expected outcomes are considered high. The security situation has deteriorated over the past several years and continues to be challenging. The ARTF Administrator acknowledges these risks and attempts to the extent possible to mitigate some of the identified stresses. However, a majority of political and security risks cannot be mitigated easily.

This section outlines the key principles of ARTF risk management and the most important risk areas and mitigation measures. Recognizing that Afghanistan presents a high-risk and continuously evolving context, risks are being monitored on a continual basis. While the broad parameters are outlined, mitigation measures continue to evolve in response to a changing context.

The ARTF's approach to risk management builds on the World Bank's Framework for Operations Risk Management (FORM). The Framework promotes higher development impact for the World Bank's client countries through better risk assessment and management for results, empowering clients to assess and mitigate risks more effectively. The Framework also facilitates the systematic analysis of risks trends for all World Bank programs and operations. The ARTF Risk Management Framework is structured along similar lines to the ARTF monitoring framework with risk mitigation and monitoring structured in accordance with key risks at two levels—trust fund and project.

THE WORLD BANK'S OPERATIONS RISK MANAGEMENT

In the World Bank risk framework, risks are defined as “risks to the client's achieving the expected results of the project, program, or strategy; and the risks of unintended impacts.” The World Bank's FORM rests on three pillars:

- (i) standardized systems and tools;
- (ii) an institutional structure and policies that support proactive risk management; and
- (iii) a culture of informed risk-taking.

The standardized systems and tools establish a unified and standardized risk-rating tool, the Standardized Operations Risk-Rating Tool (SORT), that integrates information systems and links results to risks. SORT contains a risk category matrix, rates risks at the country and project levels, and assesses risk throughout the life of project (see Annex V).

SORT helps the Bank as the ARTF Administrator assess and monitor risks consistently both at the trust fund and project levels. At the portfolio level, the data collected through SORT are used to create portfolio reports that help the Bank define its tolerance and appetite for various risks. Thus, SORT provides the project-level foundation for portfolio-level risk management.

RISK MANAGEMENT AT THE TRUST FUND LEVEL

While Annex V outlines the ARTF SORT, including specific risks and risk management approaches at the trust fund level, the following outlines three main principles for how the World Bank, as the ARTF Administrator, manages risks:

- **Partnership and communication:** ARTF risk management is primarily carried out by the World Bank as the ARTF Administrator but is done in close collaboration with the government and donors through the ARTF governance structure. The institutional mechanisms provided by the ARTF governance structure allow for candid and open dialogue on risks to the ARTF and on mitigation measures.
- **Flexible approach:** Due to the relative volatility of the context in which the ARTF operates, the risk mitigation framework cannot be overly prescriptive. Instead, it outlines through SORT the broad principles and the main measures to mitigate risk along several critical parameters while leaving room for adaptation in response to a changing environment.
- **Continuous monitoring:** Continuous monitoring of risks includes collecting information, making assessments, and rendering judgments on both new and ongoing risks. The ARTF Administrator works with its technical teams and the government and its development partners to understand the risks of the environment in which ARTF programs operate.

RISK MANAGEMENT AT THE PROJECT LEVEL

ARTF risk management at the project level is based on the World Bank's FORM and makes use of SORT to carry out risk analysis linked to results management. Also, it is organized around the ARTF monitoring framework to ensure weaknesses, highlighted in the risk assessment, are addressed and mitigated to the extent possible in the monitoring framework.

SORT looks at and rates the risk for the following areas, after which an overall project risk rating is then generated: political and governance; macroeconomics; sector strategies and policies; technical design of project/program; institutional capacity for implementation and sustainability; fiduciary; environment and social; stakeholders; and others.

SORT is initiated during the design process of each individual ARTF/World Bank-financed project and updated throughout the implementation process. Risk ratings of individual ARTF projects are made available to the government and donors in the biannual implementation status and results reports that are published for each project in the portfolio and in the project aide-memoires following implementation support visits by World Bank technical teams.

Fiduciary risks are monitored and carefully managed for all ARTF projects. ARTF investment projects are subject to the same fiduciary arrangements as all IDA-financed projects in Afghanistan. The World Bank requires that each project maintains financial management and procurement systems capable of accurately reporting on use of funds, linking funds flow to project activities, ensuring compliance with agreed procurement procedures, and providing timely and reliable financial and procurement progress reports. These systems (encompassing budgeting, procurement, accounting, internal control, funds flow, financial reporting, and auditing arrangements) are assessed during the design phase of each new project and are reviewed as part of formal and ongoing project implementation support. A comprehensive fiduciary risk assessment is likewise conducted for each new investment.



ANNEX I: Definitions of the ARTF Scorecard Indicators by Pillar

PILLAR I - AFGHANISTAN COUNTRY LEVEL OUTCOMES: DEVELOPMENT PROGRESS TOWARD MDGS AND SDGS	
ACCESS TO SERVICES AND INFRASTRUCTURE	FOOD SECURITY
Access to improved drinking water (% of households)	Percentage of food insecure population
Percentage of households whose main source of drinking water is one of the following: hand pump (in-compound or public); bored well (hand pump or motorized); protected spring; pipe scheme (gravity or motorized); and piped water provided by the municipality.	Proportion of households not meeting a minimum of 2,100 calories per person per day.
Access to improved sanitation facility (% of households)	Inadequate dietary diversity (%)
Percentage of households that use an improved sanitation facility—a flush latrine or any other improved latrine.	Percentage of population whose food consumption scores are 42 and below. This measure aggregates the population that falls under the categories of “borderline” and “poor” food consumption.
Access to electricity (% of households)	Protein deficiency (% consuming less than 50g of protein per day)
Percentage of households that have access to electricity from any of the providers (government, community, or private) and sources (e.g., electric grid, government generator, personal generator, community generator, solar, wind, or battery).	Percentage of population whose daily consumption of protein is less than 50 grams per day.
EDUCATION	GENDER
Literacy rate—age 15 and older (%)	Female literacy rate—age 16 and older (%)
Percentage of population (age 15 years and above) that is literate.	Percentage of female population (age 16 and older) that is literate.
Net attendance ratio in primary education (%)	Female share in active population (%)
The number of pupils of the theoretical school-age group for a specific level of education, expressed as a percentage of the total population in that age group.	Proportion of women in the labor force (labor force being the population age 16 and older that is economically active).
Average years of schooling—age 18 and above	Girls to boys, age 6–12 years, enrollment ratio
Average years of education among the population age 18 years and above.	Ratio of girls to boys enrolled in schools. The reference age group is 6–12 years.
	Ratio of fully immunized girls to boys, age 12–23 months
	Ratio of girls to boys age 12–23 months who have received complete vaccines (as per official schedule) for BCG, DPT3, OPV3 and measles. In calculating this measure, provinces where the full immunization rate for either girls or boys was zero or missing are left blank.

PILLAR I (continued)

HEALTH

Full immunization rate among children age 12–23 months (%)

Proportion of children (age 12–23 months) that have received complete vaccines for BCG, DPT3, OPV3, and measles.

Children age 12–23 months with no vaccination (%)

Proportion of children (age 12–23 months) that have not received any of the scheduled vaccines for BCG, DPT3, OPV3, and measles.

Access to skilled antenatal care during pregnancy (%)

Percentage of pregnant women who have visited any skilled provider (doctor, midwife, nurse, or community health worker) for prenatal care during pregnancy.

Births attended by skilled attendants (%)

Proportion of child deliveries that are attended by any skilled birth attendant, such as a doctor, midwife, or nurse.

Disability prevalence rate

Proportion of the population classified as disabled (i.e., people experiencing some difficulty in at least one of the five abilities—vision, hearing, mobility, self-care, and remembering)

POVERTY & INEQUALITY

Poverty rate (%)

Poverty rate (or poverty head count rate) refers to the percentage of population living below the official poverty line.

Depth of poverty

Depth of poverty, also known as poverty gap, is the average shortfall of per capita consumption from the poverty line, shown as the percentage of the poverty line. In calculating the depth of poverty, the shortfall of non-poor is treated as zero.

Average consumption of the poor as percentage of poverty line

This measure is obtained by subtracting the ratio of poverty gap to poverty rate from 1.

Per capita monthly total consumption

Value of food and non-food items consumed by a household in a month (including the use value of durable goods and housing) divided by the household size.

Inequality—Gini coefficient of per capita total consumption

Gini coefficient measures the deviation of a given distribution of per capita consumption from a perfectly equal distribution. The value of Gini coefficient ranges from 0 to 1.

PILLAR II - PROJECT AND PROGRAM LEVEL OUTCOMES

AGRICULTURE

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 01: Increase in agricultural productivity (irrigated wheat yields) (t/ha)			
Productivity will be measured as the average variation in irrigated wheat yields, in tons per hectare (t/ha) in the targeted areas.		Monitoring & Evaluation (M&E) seasonal crop survey, Project Monitoring Information System (PMIS), follow-up surveys, impact evaluation	Annually, end of project (impact evaluation)
INDICATOR 02: Water users provided with new/improved irrigation and drainage services			
This indicator will be measured based on number of households provided with water services through rehabilitation of systems.	Guidance on "water users": This refers to the recipients of irrigation and drainage services, i.e., the owners or, in case the land is leased, the lessees of the land provided with irrigation and drainage services.	M&E Seasonal crop survey, PMIS	Annually
MILESTONE M1: Area provided with irrigation and drainage service (ha)			
The total area of land provided with irrigation and drainage services under the financed projects, including (i) the area provided with new irrigation and drainage services, and (ii) the area provided with improved irrigation and drainage services, expressed in hectare (ha).	<p>Guidance on "irrigation and drainage services": This refers to the better delivery of water to and drainage of water from arable land, including better timing, quantity, quality, and cost-effectiveness for the water users.</p> <p>Guidance on "new irrigation and drainage services": This refers to the provision of irrigation and drainage services in an area that has not had these services before. The area is not necessarily newly cropped or newly productive land but is newly provided with irrigation and drainage services and may have been rain fed before.</p> <p>Guidance on "improved irrigation and drainage services": This refers to the upgrading, rehabilitation, and/or modernization of irrigation and drainage services in an area with existing irrigation and drainage services.</p>	Project implementation reports	Biannually
MILESTONE M2: New orchards (including vineyards and pistachio groves) established with at least 65% survival rate (ha)			
Newly developed orchards supported by the project with a survival rate of saplings of different kinds of crops as measured one year after the initial development.		Annual outcome monitoring/ Project M&E	Annually; end of project
MILESTONE M3: Adoption rate of improved technology among target farmers (%)			
The number of farmers who have adopted an improved agricultural technology promoted by the project.	<p>Guidance on "adoption": A change of practice or change in use of a technology that was introduced/promoted by the project. Measured as the target farmers who have adopted at least five elements of the horticulture package promoted by the project.</p> <p>Guidance on "technologies": The term "technology" includes a change in practices compared to current practices or technologies (seed preparation, planting time, feeding schedule, feeding ingredients, post-harvest, storage, processing). If the project introduced or promoted a technology package in which the benefit depends on the application of the entire package (e.g., a combination of inputs such as a new variety and advice on agronomic practices, for example, soil preparation, changes in seeding time, fertilizer schedule, plant protection)—this will count as one technology.</p>	Annual outcome monitoring/ Project M&E	Annually; end of project

RURAL DEVELOPMENT

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 03: Communities with elected and functioning CDCs (i.e., conducting elections/re-elections as per mandated procedures) (%)			
A functioning Community Development Council (CDC) is one that meets regularly, records the minutes of the meetings, shares information within the community, and holds re-elections every three years through secret ballot and open elections for CDC membership, including the CDC executive committee, which comprises four office bearers, namely, (a) Chairperson, (b) Deputy Chairperson, (c) Secretary, and (d) Treasurer.		Post Implementation Monitoring (PIM) and Implementation Monitoring reports	Biannually
INDICATOR 04: Number of beneficiaries with access to improved services as a result of completed NSP sub-projects			
The number of community members, both male and female, who either directly utilize or benefit from the completed functional sub-projects and facilities funded by the NSP block grants.		PIM report–focus group discussion	Biannually
INDICATOR 05: Number of labor days generated by sub-project implementation			
The number of skilled and unskilled labor days worked during the implementation of sub-projects. Laborers are paid hourly/daily wages at market rates.		PMIS	At completion of sub-projects
INDICATOR 06: At least 35% of participating enterprises will have increased direct and/or indirect employment by at least 30%			
Proportion of enterprise groups providing employment opportunities for their members.	AREDP identifies and organizes rural entrepreneurs from existing Savings Groups (SGs) into Enterprise Groups (EGs), aiming to maximize their economic potential and skills, and leverage economies of scale to increase the value of their sales.	PMIS	Biannually
INDICATOR 07: Amount of savings inter-lended to members of SGs, VSLAs, and EGs for productive and consumption purposes			
Village Savings and Loan Associations (VSLAs), formed from federated SGs, also address the financial needs of EG members for business investment. VSLA and SG members will meet regularly and save an agreed amount of money, which will be inter-loaned among members for productive and consumption purposes.		PMIS	Biannually
INDICATOR 08: The proportion of rural population living within 2 km of all-season roads			
The proportion of rural people in the project area who live within 2 kilometers (typically equivalent to a 20-minute walk) of an all-season road. This indicator is also known as the Rural Access Index.	Guidance on “all-season road”: An all-season road is one that is motorable all year by the prevailing means of rural transport (often a pick-up or a truck that does not have four-wheel drive). Predictable interruptions of short duration during inclement weather (e.g., heavy rainfall) are acceptable, particularly on low volume roads.	PMIS	Biannually

RURAL DEVELOPMENT (continued)

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
MILESTONE M4: Number of sub-project proposals financed			
The number of sub-project proposals prioritized by CDC members and approved by NSP–Program Management Unit engineers. NSP pays 90% of the cost through the block grant into the CDC bank account and the remaining 10% is paid by the community in cash or in-kind as part of their “Community Contribution”.		PMIS	Biannually
MILESTONE M5: Total amount of block grants disbursed directly to CDCs (\$)			
Each CDC, after completing its Community Development Plan, receives a block grant to implement its priority sub-projects. The block grant amount is determined by the number of families in a community at the rate of \$200 per family, but with a maximum ceiling of \$60,000 per community. The average block grant per community is estimated at \$33,000.		PMIS	Biannually
MILESTONE M6: Female CDC members (%)			
The percentage of CDC members who are women.		PMIS	Biannually
MILESTONE M7: Total amount of savings collected by Savings Groups, Village Savings and Loan Associations, and Enterprise Groups			
Tracks the amount of money saved by SGs and VSLAs and Enterprise Groups in afghanis and U.S. dollars.		PMIS	Biannually
MILESTONE M8: Beneficiaries participating in Saving Groups and Enterprise Groups (% female)			
Total number of members in the SGs and EGs formed by the project.		PMIS	Biannually
MILESTONE M9: Total rural roads rehabilitated and maintained (km)			
The cumulative number of kilometers of all roads constructed, reopened to motorized traffic, rehabilitated, graveled, or upgraded by: (i) the NSP CDCs using their block grants; and (ii) funds from the National Emergency Rural Access Project/ARAP projects.		PMIS	Biannually

CITIZENS' CHARTER

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 09: Number of CDCs in rural and urban areas able to plan and manage their own development projects			
There are two measurements: (i) under the planning component, the number of CDCs that have developed a Community Development Plan (CDP) and sub-project proposals, and (ii) under the management component, the number that have implemented the sub-projects.	For the current report, the numbers refer to successfully created CDPs.	Project MIS CDC Maturity Index CDC Evaluation Third-party monitoring reports	Biannually
INDICATOR 10: Number of residents (rural and urban) (male/female) benefiting from each type of sub-project.			
Number of residents that benefit from each type of sub-project i.e., drainage, streets, street lighting, parks in urban areas, and access to water, roads, irrigation and electricity in rural areas.	It is not possible to forecast beneficiary target numbers as communities decide on types of projects they need and prioritize. The program will be tracking the number of persons benefiting directly from each type of service.	CCAP MIS	Biannually
INDICATOR 11: Number of vulnerable households benefiting from social inclusion grant			
Number of vulnerable households in Citizens' Charter communities that benefit from social inclusion grants. Social inclusion grants aim to promote collective action and community philanthropy in an effort to provide sustainable welfare support for these "ultra-vulnerable" households, through establishment of food/grain banks for instance.		CCAP MIS	Annually
MILESTONE M10: Number of communities meeting all minimum service standards			
Number of rural and urban communities that have met all the agreed minimum service standards under the Citizens' Charter.	Due to high risks related to fragility and insecurity, as well as sectoral challenges in providing some services, the end target is about 70% of the planned total, e.g., 8,600 out of planned 12,000 rural communities and 400 out of planned 600 urban communities. Therefore, total communities by end of project for this particular indicator are 9,000 communities.	Project MIS Improved service delivery evaluation Third-party monitoring	Biannually
MILESTONE M11: Percentage of grievances received that are resolved			
Proportion of reported grievances that have been followed up and resolved.		CCAP MIS	Quarterly
MILESTONE M12: Percentage of CDC members in rural and urban areas that are women			
Proportion of CDC members that are female.		CCAP MIS, gender study	Reported once elections are held and confirmed at mid-term and final

INFRASTRUCTURE

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 12: Increase in the number of beneficiaries with new and rehabilitated metered connections to the grid in the target areas.			
The number of people that have received an electricity connection via new and rehabilitated connections to the grid.	Guidance on “people with electricity connection”: Data on the number of people with electricity connections are estimated by multiplying the actual number of household connections with an estimate of the average household size, assuming about 7 people per household. This indicator covers both NSP and power projects financed by the ARTF. A target could not however, be established under the NSP due to the nature of the project. The target therefore only covers the power project(s).	ARTF Report/ Power project report	Quarterly
INDICATOR 13: Number of people provided with access to all-season roads within a 500-meter range of their house entrance			
All-season road is defined as a road that is motorable all year by the prevailing means of transport (e.g., car, fire truck or ambulance, which may not have four-wheel drive). Predictable interruptions of short duration during inclement weather (e.g., heavy rainfall) are acceptable, particularly on low volume roads. Road access in slums often does not exist and presents additional risks to residents in emergencies as ambulances or fire trucks cannot enter. It also reduces the ability for home-based income generating activity as it is difficult to bring goods and supplies in and out without road access.	Guidance on “people with access”: The data on the number of people provided with access will come from estimates by task team leaders, and can be measured by assessing the kilometers of roads constructed or rehabilitated, and estimates of the population in the project area within a 500-meter range that will access these roads (based on population density estimates); 500 meters is roughly equivalent to 5–10 minutes walking time.	Field Survey	Biannually
INDICATOR 14: Kilometers of road constructed or rehabilitated			
The kilometers of community and trunk roads constructed or rehabilitated.	Kilometers of all non-rural roads reopened to motorized traffic, rehabilitated or upgraded. Non-rural roads are functionally classified in various countries as trunk or primary, secondary, or link roads, or sometimes tertiary roads. Typically, non-rural roads connect urban centers/towns/settlements of more than 5,000 inhabitants to each other or to higher classes of road, market towns, and urban centers. Urban roads are included in non-rural roads.	Field Survey	
MILESTONE M13: Distribution lines constructed or rehabilitated under the project (km)			
The length of distribution lines constructed or rehabilitated/ upgraded and the amount of transformer capacity added under the project. For purposes of allocating the incremental transformer capacity to distribution, it is counted by the higher voltage at which it is rated—hence any transformer with a voltage rating of 20kV or less is counted as distribution transformation.		ARTF Report/ Electricity project report	Annually

HEALTH

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 15: Births attended by skilled attendants (%)			
The cumulative number of women who delivered with the assistance of a health provider as a result of ARTF activities. This indicator includes deliveries by a skilled health provider (specialist or non-specialist doctor, midwife, nurse or other health personnel with midwifery skills). Deliveries by trained or untrained traditional birth attendants are excluded. It captures deliveries by skilled health providers either in health facilities or homes of pregnant women.		Health Management Information System (HMIS)/Household Survey	Annually/ Every two years
INDICATOR 16: Scorecard score examining quality of care in health facilities (average score)			
The composite score out of 100 on indices of quality of care as judged by the third party monitor. The health sector of Afghanistan adopted the Balanced Scorecard (BSC) as a tool to measure and manage the performance in delivery of the Basic Package of Health Services throughout the country. The BSC provides a framework to look efficiently at several key areas or domains of the health sector. Each domain is made up of several indicators that provide information about performance in that domain. Provincial results are color coded and for each indicator, upper and lower benchmarks have been defined based on the performance found across the provinces in Afghanistan. This allows the Ministry of Public Health and other stakeholders in the health sector to visualize quickly the performance of each province for each indicator.		Health Facility Assessment (HFA)	Annually
INDICATOR 17: PENTA3 coverage among children age between 12–23 months in lowest income quintile			
The number of children age 12–23 months in lowest income quintile that received PENTA3 vaccine before their first birthday. Denominator: Total number of children age 12–23 months in lowest income quintile. (The data are disaggregated by gender)		Household Survey (Third Household Survey, Third Party Monitoring and Central Statistics Organization)	Every two years
MILESTONE M14: Number of health consultations per person per year			
Numerator: The number of outpatient department clients/patients seen at all health facilities Denominator: Total population in same period		HMIS	Annually
MILESTONE M15: Proportion of health facilities staffed with at least one female health worker			
The proportion of BPHS-supported health facilities with at least one female health worker (doctor, midwife, or nurse).		HMIS/HFA	Annually
MILESTONE M16: Proportion of children under five years with severe acute malnutrition who are treated [new milestone].			
The number of children under age five treated for severe acute malnutrition out of the total number of children under age five with severe acute malnutrition.		HMIS	Annually

EDUCATION

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 18: Increase in girls'/boys' enrollment (basic education) (number) (% girls)			
All children enrolled in schools supported by various interventions/ components of EQUIP: (i) School grants—physical infrastructure improvement grants and quality enhancement grants; (ii) teacher and principal education and in-service training; and (iii) improved monitoring and evaluation systems. These components are aimed at promoting equitable access to basic education, improving quality of education, and strengthening capacity for better management and service delivery.		EQUIP Unit, calculated using Education Management Information System (EMIS) data collected every year	Annually
INDICATOR 19: Grade 12 completion rate (% female)			
The Grade 12 completion rate helps in measuring the dropout rates in the last stage of the upper secondary system and also in determining the yearly outputs of the general education system either into higher education or the workforce.		EQUIP Unit, calculated using EMIS data collected every year	Annually
INDICATOR 20: Average student attendance (percentage)			
The average number of students present in the class as percentage of the total number of students enrolled in the class for the school year. Individual classroom averages are compiled into an overall average.		EMIS	Annually
INDICATOR 21: Share of apprentices who find employment within 6 months of graduation			
The extent to which practical skills have been imparted to apprentices enrolled in the program.		Tracer Studies/ Impact evaluation	Annually
INDICATOR 22: Total number of beneficiaries (% females)			
Total beneficiaries include apprentices, principals, training providers, trainees, graduates, savings group members, grant recipients/share of female beneficiaries.		National Skills Development Program/Third Party Monitoring	Annually
MILESTONE M17: Number of rehabilitated or built additional classrooms at primary level			
The number of additional classrooms constructed or rehabilitated at the primary level through the ARTF program.		Civil Works unit of EQUIP	Annually
MILESTONE M18: Number of qualified teachers as a result of EQUIP financing			
The number of qualified teachers made available in the teaching force through different types of teacher training programs financed by the ARTF program.		Teacher Education Department of the Ministry of Education	Annually

EDUCATION *(continued)*

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 23: Student enrollment in priority degree program for economic development			
The number of male/female students enrolled in priority disciplines as defined in the National Higher Education Strategic Plan 2015–2020.	Priority disciplines include physical and life sciences; computing; engineering, manufacturing and construction; health; environmental protection; agriculture; communication and information technologies; management and policy administration; English language and English literature.	Ministry of Higher Education	Annually

GOVERNANCE

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 24: Improved PEFA ratings for external/internal audit			
	The methodology for the 2017 PEFA assessment covering the years 2014–2016 has changed. The new PEFA Framework published in 2016 upgraded the methodology and scoring criteria used for this assessment. While the revisions in the PEFA Framework provides for a deeper analysis, it hinders a direct comparison with the prior reviews.	PEFA report	Every 3-5 years
INDICATOR 25: Procurement done by line ministry using stand-alone procurement (%)			
Percentage of stand-alone procurements done by line ministries compared to other procurement modalities		PMIS	Annually
INDICATOR 26: Increased development budget execution rate [new indicator]			
The proportion of actual development expenditure during the fiscal year against development budget approved by the legislature at the start of the fiscal year.		Annual audited financial statement and budget execution reports for development budget	Annually
INDICATOR 27: Increased domestic revenue as a percentage of GDP [new indicator]			
The revenue collected and reported by the government as a percentage of the country's gross domestic product (GDP).		Macro-Fiscal Policy Department, Afghanistan Revenue Department, and Customs Department report	Annually
INDICATOR 28: Effective implementation by budgetary units on the external audit recommendations [new indicator]			
For each audit year, the number of audit recommendations implemented by the 10 largest spending ministries against total number of audit recommendations agreed between the Supreme Audit Office (SAO) and respective ministry during annual audit.		Report from AFMIS established and implemented at SAO, verified by a third party.	Annually
INDICATOR 29: Priority line ministries that have implemented at least two business process simplifications in their CBR plan.			
Total number of ministries out of 13 priority line ministries that have implemented proposed business process simplification plans.		CBR Reports	Annually
INDICATOR 30: Number of ministries who have completed pay and grading increases			
Ministries will be assisted to complete the government's Pay and Grading process, which moves government staff onto an eight-grade, uniform pay scale. Includes all ministries (23), except the Ministry of Interior and Ministry of Defense. Completion is measured as a ministry having recruited 60% of its reformed <i>tashkeel</i> (organizational structure).		PMIS	Annually

GOVERNANCE (continued)

DEFINITION	GUIDANCE	DATA SOURCE	FREQUENCY
INDICATOR 31: Increase in customs revenue			
The revenue mobilization effort of customs as compared to the previous year's collection.		Afghanistan Financial Management System/Ministry of Finance (MoF)	Annually
INDICATOR 32: Increase of the Open Budget Index score			
Progress in budget transparency over time. The indicator relies on the rating of the Open Budget Index, which is compiled by the Open Budget Initiative.		Open Budget	Annually
MILESTONE M19: Number of internal/external audits verified as done to international auditing standards			
The internal audits indicator measures progress in strengthening internal controls, while the external audit indicator measures external audits of the development budget performed in line with international standards.		PMIS	Annually
MILESTONE M20: Number of procurement units of line ministries and provincial offices restructured for stand-alone procurement			
The number of procurement units of line ministries and provincial offices restructured for stand-alone procurement in line with the established guidelines.		MoF/Control and Audit Office	Annually
MILESTONE M21: Improvement in core institutional capacity, represented by a reduction in the number of long-term technical assistants [new milestone]			
Measures the performance by MoF civil servants of functions previously performed by consultants, by tracking the reduction in numbers of long-term consultants.		Monitoring report of the MoF, verified by the World Bank	Annually
MILESTONE M22: Web-based AFMIS extended to embassies and selected districts, municipalities, and SOEs [new milestone]			
Measures progress on extension of AFMIS to embassies and selected districts, municipalities, and State Owned Enterprises (SOEs), through provision of access rights and training to users at targeted spending units.	MoF Treasury Department will collect the data.	AFMIS extension progress reports against approved rollout plan	Annually
MILESTONE M23: Civil service positions recruited by CBR			
The number of civil servant positions in line ministries recruited as per the CBR program.		PMIS	Annually

PILLAR III - ARTF OPERATIONAL EFFECTIVENESS/QUALITY OF PORTFOLIO

DEFINITION	DATA SOURCE	FREQUENCY
INDICATOR: Average time from approval to first disbursement		
Number of months between project approval to first disbursement.	World Bank data	Annually
INDICATOR: Satisfactory implementation of active projects (%)		
Percentage of active operations rated moderately satisfactory and above on implementation progress and likelihood of achieving development objectives.	World Bank data	Annually
INDICATOR: Disbursement ratio		
Disbursed amount under the ARTF including both the Recurrent Cost Window and the Investment Window as a ratio of undisbursed balance in a fiscal year.	ARTF database	Annually
INDICATOR: Gender mainstreaming (%)		
Percentage of ARTF projects that include gender-disaggregated indicators in their results framework.	World Bank data	Annually
INDICATOR: ARTF projects that include gender-specific objectives/outcome/output data with targets (%)		
Percentage of ARTF projects that include gender-specific development objectives, or gender-disaggregated indicators at outcome and output level in their results frameworks.	Project results frameworks	Annually
INDICATOR: Percentage of portfolio projects fully collecting required gender-disaggregated data		
Percentage of projects that report data and results on the gender-specific indicators within their results frameworks. The source for this information is the Implementation Status and Results Reports for relevant projects.	World Bank data	Annually
INDICATOR: Percentage of portfolio projects with Gender Focal Point staff in client project teams		
Percentage of relevant projects (those with gender-specific objectives/outcomes/output) that have gender focal points in client project teams.	Project data on staffing	Annually
INDICATOR: Percentage of portfolio projects that include technical assistance on gender issues and gender supervision in implementation support missions		
Percentage of relevant projects (those with gender-specific objectives/outcomes/output) that include technical assistance on gender issues and gender supervision in the implementation support missions.	Project paper/aide-memoires/ Implementation Status and Results Reports	Annually
INDICATOR: Percentage of portfolio projects that have produced gender-related knowledge in completed knowledge products		
Percentage of projects that have produced gender-related knowledge during the whole project cycle.	Knowledge Product Library and consultation with project teams	Project life cycle
INDICATOR: Percentage of projects that incorporate beneficiary feedback (citizen engagement)		
Percentage of projects with beneficiary feedback mechanisms in place. The ARTF portfolio has incorporated various Citizen Engagement activities and tools depending on the sector and type of project. A large roads project, for example, has different challenges and mechanisms in place compared to an education project.	Project data	Annually
INDICATOR: Human resources		
Number of days that staff spent on Afghanistan, including resident international and national staff and visiting mission days.	World Bank data	Annually

PILLAR IV—ARTF TRUST FUND EFFECTIVENESS

DEFINITION	DATA SOURCE	FREQUENCY
INDICATOR: Share of assistance provided via incentive mechanisms		
Share of planned financing under the ARTF Incentive Program that had been earned by government by the end of the fiscal year.	ARTF database	Annually
INDICATOR: Donor Engagement Index		
Number of preparation/implementation support missions with World Bank team and ARTF donor engagement through participation of donors in missions/donor briefings on ARTF programs.	World Bank data	Annually
INDICATOR: Alignment Index		
Percentage of ARTF development aid aligned with Afghanistan National Priority Programs.	World Bank data	Annually
INDICATOR: Increased government capacity		
<ol style="list-style-type: none"> Increase in the execution rate of the development budget. Percentage of audits received on time. 	MoF data/ World Bank data	Annually
INDICATOR: Funding Predictability Index		
<ol style="list-style-type: none"> Percentage of total ARTF pledges deposited by donors by end of fiscal year (%). Unallocated cash balance at the end of the fiscal year as a proportion of the pipeline for the coming year (%) Percentage of ARTF contributions preferenced (%) 	ARTF database	Annually

ANNEX II: Pillar II ARTF Results Matrix—Key Features

STRUCTURE

The Results Matrix provides an overview and aggregated results of the Afghanistan Reconstruction Trust Fund portfolio. The Matrix outlines horizontally several National Priority Programs and the ARTF portfolio. Under each NPP, indicators for ARTF portfolio output and outcome results are listed that feed into the NPPs. Reading from right to left, the Matrix provides the implementation progress and flow, from inputs (ARTF financing and projects) to milestones/outputs to outcomes and indicators.

CONTENT

ARTF outcomes, indicators, milestones, and outputs have been defined in line with the individual results frameworks in each of the ARTF projects as well as the Incentive Program and Recurrent Cost financing. Some of the indicators, milestones, and outputs may relate to a single ARTF project (if it is the only project in that area) or a group of ARTF projects, which contribute to that specific element (e.g., “roads rehabilitated” will aggregate data from both the rural roads projects as well as from the National Solidarity Programme). The Results Matrix does not include all available indicators for all ARTF-financed projects. All projects financed by the ARTF have individual detailed results frameworks, which are accessible on the ARTF website. While the Results Matrix does not currently report results at the sector level, this is an area that will be explored further as part of future work on results tracking and reporting under the ARTF.

UPDATES

The ARTF Results Matrix will be updated twice a year and be made available on the ARTF website. Once a year it will be included in the published ARTF Scorecard under Pillar II. The reported progress data will relate to the latest available data provided by all the ARTF projects at the time of the update. Progress data for some of the milestones, outputs, and outcome indicators might not change from one reporting period to another due to a different data collection schedule or the implementation pace of related activities.

LINKAGES

The output and outcome results of the ARTF portfolio in the Matrix are linked to the NPPs and their defined objectives. NPP output/indicators are not included here as few of the NPP results frameworks are fully developed. The indicators can be added to the ARTF Results Matrix as they mature. It should be noted, however, that the government and the respective line ministries will be responsible for tracking progress under the NPP indicators and results frameworks. While the ARTF feeds into the indicators agreed under the Self-Reliance Mutual Accountability Framework, these indicators are not included in this Results Matrix as they are not linked directly to outputs/outcomes of the ARTF portfolio. Select process-oriented SMAF indicators will be captured instead under Pillar IV in the ARTF Results Management Framework as they are key to measuring the organizational effectiveness of the trust fund.

ANNEX III: Summary of ARTF Active Projects

(on following pages)

SUMMARY OF ARTF ACTIVE PROJECTS (as of December 31, 2017)

No.	Sector	Project			Approval date by the Management Committee	Closing date	Development Objective	Rating	
		Name	Loan #	Amount \$				PDO	IP
1	Agriculture	Afghanistan Agricultural Inputs Project	TF015003	67,250,000.00	30-Jun-2013	30-Jun-2019	To strengthen institutional capacity for safety and reliability of agricultural inputs and sustainable production of certified wheat seed. The development objective would be achieved through: (i) strengthening capacity in the value chain for producing certified wheat seed; (ii) preventing marketing of banned, hazardous, sub-standard, and unreliable pesticides and fertilizers; (iii) lowering the risk of introduction and spread of plant quarantine pests into the country; and (iv) improving farmers' access to agricultural inputs of reliable quality.	MU	MU
2		Irrigation Restoration and Development	TF012029	118,400,000.00	14-Mar-2012	31-Dec-2020	To increase agriculture productivity and production in the project areas.	MS	MS
3		National Horticulture and Livestock Project	TF013820	190,000,000.00	22-Dec-2012	31-Dec-2020	To promote adoption of improved production practices by target farmers, with gradual rollout of farmer-centric agricultural services systems and investment support. Service delivery centered on farmers will promote in practice increased participation of beneficiaries, both in defining the type of services required and in the delivery itself. The project would also promote improved ratio of overall costs reaching beneficiaries as direct investments. The aim is thus to promote sustainability, effectiveness, and efficiency.	S	S
4		On-Farm Water Management Project	TF099074	70,000,000.00	16-Mar-2011	31-Dec-2019	To improve agricultural productivity in project areas by enhancing the efficiency of water usage.	S	S
Agriculture Total				445,650,000.00					
5	Education	Higher Education Development Project	TF0A0730	50,000,000.00	15-Sep-2015	31-Dec-2020	To increase access to and improve the quality and relevance of higher education in Afghanistan.	S	S
6		Non-Formal Approach to Training, Education and Jobs in Afghanistan	TF016354	15,000,000.00	11-Apr-2014	30-Dec-2018	To increase the potential for employment and higher earnings of targeted young Afghan women and men in rural and semi-urban areas through non-formal skills training.	MU	MU
Education Total				65,000,000.00					

IP: IMPLEMENTATION PROGRESS; PDO: PROJECT DEVELOPMENT OBJECTIVE

RATINGS: MS: MODERATELY SATISFACTORY; MU: MODERATELY UNSATISFACTORY; S: SATISFACTORY

SUMMARY OF ARTF ACTIVE PROJECTS (continued)

No.	Sector	Project			Approval date by the Management Committee	Closing date	Development Objective	Rating	
		Name	Loan #	Amount \$				PDO	IP
7		Capacity Building for Results Facility	TF011447	100,000,000.00	21-Jan-2012	31-Dec-2017	To improve the capacity and performance of priority line ministries and independent agencies in selected reform areas.	MS	MS
8		Technical Assistance Facility Project	0A2839	5,000,000.00	29-Jun-2016	30-Jun-2020	To strengthen the fiscal management and the budget planning performance of the Government of Afghanistan.	S	S
Governance Total				105,000,000.00					
9	Health	System Enhancement for Health Action in Transition Project	TF015005	420,000,000.00	6-Oct-2013	30-Jun-2018	To expand the scope, quality, and coverage of health services provided to the population, particularly for the poor, in the project areas, and to enhance the stewardship functions of the Ministry of Public Health.	MS	MS
Health Total				420,000,000.00					

IP: IMPLEMENTATION PROGRESS; PDO: PROJECT DEVELOPMENT OBJECTIVE

RATINGS: MS: MODERATELY SATISFACTORY; MU: MODERATELY UNSATISFACTORY; S: SATISFACTORY

SUMMARY OF ARTF ACTIVE PROJECTS (continued)

No.	Sector	Project			Approval date by the Management Committee	Closing date	Development Objective	Rating	
		Name	Loan #	Amount \$				PDO	IP
10	Infrastructure	Afghanistan Rural Access Project	TF013093	312,000,000.00	15-Sep-2012	31-Mar-2018	To enable rural communities to benefit from all-season road access to basic services and facilities.	S	S
11		CASA-1000 Community Support Program	TF017012	40,000,000.00	11-Apr-2014	30-Jun-2022	To provide access to electricity or other social and economic infrastructure services to communities in the project area in order to strengthen community support for the CASA-1000 transmission line.	S	S
12		Naghlu Hydropower Rehabilitation Project	TF0A1691	83,000,000.00	14-Dec-2015	30-Sep-2022	To improve dam safety and sustainability of hydropower, and to increase the supply of domestically generated hydroelectricity at the Naghlu Hydropower Plant.	S	S
13		DABS Planning and Capacity Support Project	TF0A2026	6,000,000.00	10-Feb-2016	31-Jul-2020	To improve DABS capacity in distribution investment planning, implementation, and operation and maintenance.	S	S
14		Digital CASA PPG	TF0A2907	5,000,000.00	29-Jun-2016	31-Dec-2018	To facilitate the preparation of the proposed Digital Central Asia South Asia Project, which will support Afghanistan to increase access to and reduce costs of regional and domestic internet traffic, improve public service delivery through the development of e-government services, and promote access to digital job opportunities.	S	S
15		Afghanistan Extractives for Development - PPG	TF0A4809	7,300,000.00	30-May-2017	30-Apr-2018	To enhance administration of extractive resource development by strengthening the capacities of key government institutions, strengthening professional skills, and supporting sector investment opportunities.	S	S
Infrastructure Total				453,300,000.00					

IP: IMPLEMENTATION PROGRESS; PDO: PROJECT DEVELOPMENT OBJECTIVE

RATINGS: MS: MODERATELY SATISFACTORY; MU: MODERATELY UNSATISFACTORY; S: SATISFACTORY

SUMMARY OF ARTF ACTIVE PROJECTS (continued)

No.	Sector	Project			Approval date by the Management Committee	Closing date	Development Objective	Rating	
		Name	Loan #	Amount \$				PDO	IP
16	Rural Development	Afghanistan Rural Enterprise Development Project	TF0A3502	9,700,000.00	3-Oct-2016	30-Jun-2018	To increase income and sustainable employment opportunities for men and women through supported rural enterprises.	MS	MS
17		Citizens' Charter Afghanistan Project	TF0A3827	144,300,000.00	21-Sep-2016	31-Oct-2020	To improve the delivery of core infrastructure and social services to participating communities through strengthened CDCs.	S	S
RURAL DEVELOPMENT TOTAL				154,000,000.00					
18	Social Development	Support to the Independent Afghan Land Authority PPG	TF0A1898	4,950,000.00	15-May-2016	30-Jun-2018	To support the Afghan government to develop the policy and regulatory framework and build capacity to deliver transparent, pro-poor land services.	S	S
19		Women's Economic Empowerment NPP - PPG	TF0A5400	5,000,000.00	12-Jul-2017	31-Jul-2020	To support the government to establish a National Priority Program on Women's Economic Empowerment that advances women's access to economic assets and opportunities.	S	S
SOCIAL DEVELOPMENT TOTAL				9,950,000.00					
20	Urban Development	Kabul Municipal Development Program	TF017016	110,000,000.00	11-Apr-2014	31-Dec-2019	To: (i) increase access to basic municipal services in selected residential areas of Kabul city; (ii) redesign Kabul Municipality's financial management system to support better service delivery; and (iii) enable early response in the event of an eligible emergency.	S	S
21		Kabul Urban Transport Efficiency Improvement Project	TF017061	90,500,000.00	11-Apr-2014	31-Dec-2019	To improve road conditions and traffic flows on selected corridors of Kabul city.	S	MS
URBAN DEVELOPMENT TOTAL				200,500,000.00					
TOTAL		21		1,853,400,000.00					

IP: IMPLEMENTATION PROGRESS; PDO: PROJECT DEVELOPMENT OBJECTIVE
RATINGS: MS: MODERATELY SATISFACTORY; MU: MODERATELY UNSATISFACTORY; S: SATISFACTORY

ANNEX IV: ARTF/IDA NPP MAPPING

NPP	PROJECT			MC APPROVAL DATE	CLOSING DATE	PROJECT CONVERGENCE WITH NPP (%)
	NAME	LOAN #	ARTF AMOUNT \$			
National Comprehensive Agriculture Development Priority Program	Afghanistan Agricultural Inputs Project	TF015003	74,750,000.00	30-Jun-2013	30-Jun-2019	100
	Irrigation Restoration and Development	TF012029	118,400,000.00	14-Mar-2012	31-Dec-2020	100
	National Horticulture and Livestock Project	TF013820	190,000,000.00	22-Dec-2012	31-Dec-2020	100
	On-Farm Water Management Project	TF099074	70,000,000.00	16-Mar-2011	31-Dec-2019	100
Human Capital NPP	Higher Education Development Project	TF0A0730	50,000,000.00	15-Sep-2015	31-Dec-2020	100
	Non-Formal Approach to Training, Education and Jobs in Afghanistan	TF016354	15,000,000.00	11-Apr-2014	30-Dec-2018	100
	Second Education Quality Improvement Program	TF093962	408,000,000.00	14-Apr-2009	31-Dec-2017	100
	System Enhancement for Health Action in Transition Project	TF015005	300,000,000.00	6-Oct-2013	30-Jun-2018	100
Governance	Afghanistan Justice Service Delivery Project	TF012533	25,000,000.00	31-May-2012	1-Jun-2017	100
	Capacity Building for Results Facility	TF011447	100,000,000.00	21-Jan-2012	31-Dec-2017	100
	Second Public Financial Management Reform Project	TF010024	114,125,000.00	9-Aug-2011	30-Jun-2017	100
	Technical Assistance Facility Project	0A2839	5,000,000.00	29-Jun-2016	30-Jun-2020	100
National Infrastructure Plan	Afghanistan Rural Access Project	TF013093	207,000,000.00	15-Sep-2012	31-Mar-2018	100
	Naghlu Hydropower Rehabilitation Project	TF0A1691	83,000,000.00	14-Dec-2015	30-Sep-2022	100
	DABS Planning and Capacity Support Project	TF0A2026	6,000,000.00	10-Feb-2016	31-Jul-2020	100
	Digital CASA PPG	TF0A2907	5,000,000.00	29-Jun-2016	31-Dec-2018	100
	Power System Development Project	TF093513	75,000,000.00	19-Mar-2009	31-Mar-2017	100
	Afghanistan Resource Corridor Project	TF014845	2,700,000.00	29-May-2013	31-Dec-2017	100
Women's Economic Empowerment NPP	Afghanistan Rural Enterprise Development Project	TF0A3502	4,700,000.00	3-Oct-2016	30-Jun-2018	100
	Third Emergency National Solidarity Project	TF098459	1,107,255,800.00	24-Jan-2011	31-Mar-2017	100
Citizens' Charter NPP	Citizens' Charter Afghanistan Project	TF0A3827	100,000,000.00	21-Sep-2016	31-Oct-2020	100
	CASA-1000 Community Support Program	TF017012	40,000,000.00	11-Apr-2014	30-Jun-2022	100
Justice and Legal Sector Reform NPP	Support to the Independent Afghan Land Authority PPG	TF0A1898	4,950,000.00	15-May-2016	30-Jun-2018	100
Urban National Priority Program	Urban Development Support Program PPG	TF0A3425	2,900,000.00	21-Sep-2016	21-Sep-2017	100
	Kabul Municipal Development Program	TF017016	110,000,000.00	11-Apr-2014	31-Dec-2019	100
	Kabul Urban Transport Efficiency Improvement Project	TF017061	90,500,000.00	11-Apr-2014	31-Dec-2019	100

ANNEX V: ARTF SORT Framework for Risk Management

SORT is applied to the ARTF at the trust fund level, which includes an assessment of risks in eight categories.⁸⁴

RISK AREA	RISK	RISK RATING ⁸⁵	MITIGATION MEASURES
1. POLITICAL AND GOVERNANCE			
POLITICAL AND GOVERNANCE	<p>The political situation remains fragile and violence pervasive. Power-sharing arrangements under the National Unity Government are a continued source of tension and potential future instability. Election outcomes and potential political instability associated with the forthcoming parliamentary elections in late 2018 and presidential election in 2019 present important risks to the overall ARTF program.</p> <p>Potential increase in conflict and continued violence around the country adversely affects the ability to operate and implement projects.</p>	H	<p>The World Bank as the ARTF Administrator continues to monitor the potential impact of changes to the political economy on ARTF financing. This risk is directly addressed by the strong ARTF fiduciary framework and will be mitigated to the extent possible through close cooperation with key government counterparts in the Ministry of Finance.</p> <p>ARTF-financed projects are implemented by the government. While violence and conflict also affect government staff and is a constant challenge, line ministries and national staff have so far maintained the ability to reach most areas in the country to ensure project implementation and service delivery. This is also helped by project designs that take into consideration the difficult operating environment and make use of design models that rely on community involvement for implementation.</p>
	<p>While the National Unity Government was negotiated to prevent political crisis, some level of volatility continues. This has affected the pace of certain reforms as well as the implementation progress of some ARTF-financed development programs.</p>	H	<p>The ARTF Administrator continuously monitors the situation closely and, through ongoing policy and technical dialogue with key counterparts in the Ministry of Finance and the line ministries, can minimize adverse impacts on the ARTF program to the extent possible.</p> <p>The Administrator has worked to ensure that financing has been/will be allocated to all major service delivery programs in the portfolio so that delivery of health, education, community development, and other critical services can continue without interruption. The Bank's technical teams continue to work closely with the relevant government agencies and development partners to address factors that might impede basic services reaching people.</p> <p>Apart from this, the Administrator will maintain a flexible approach, adjusting the level of its ambition to address short-term service delivery if necessary, and downscaling engagement in reform areas where the political will or ability to move forward is lacking.</p>

⁸⁴ 1. Political and governance; 2. Macroeconomics; 3. Technical design of a project; 4. Institutional capacity for implementation and sustainability; 5. Fiduciary; 6. Environment and social; 7. Stakeholders; and 8. Others. The ninth category that is part of SORT, Sector Strategies and Policies, is not included at the program level.

⁸⁵ H=High, S=Substantial, M=Moderate, L=Low.

RISK AREA	RISK	RISK RATING	MITIGATION MEASURES
2. MACROECONOMICS			
ECONOMIC RISKS	Afghanistan's macroeconomic outlook is subject to substantial downside risks, given the uncertain and limited nature of both domestic and external fiscal resources, and the likely continued high-level of security expenditures. Previous experience suggests that elections and associated political instability can have major negative impacts on growth, investment, and revenues: Revenues fell from 11.6 percent of GDP in 2013 to 8.4 percent of GDP in 2014 due to the combined impacts of withdrawal of international security forces and political instability following the elections.	H	<p>Funds through the Recurrent Cost Window will help mitigate the risk of a potentially increasing fiscal gap. It cannot, however, cover the growing government expenditures and further revenue increases will be required.</p> <p>In this regard, the government through its Fiscal Performance Improvement Plan, and supported through continued policy dialogue under the World Bank Incentive Program, has embarked on ambitious revenue mobilization and expenditure management reforms.</p>
FISCAL SUSTAINABILITY	Increasing public expenditures and simultaneous reductions in the government's revenues impact fiscal sustainability negatively. The government not meeting its basic operating expenditures, salaries, could have severe effects on the stability of the country.	H	<p>The ARTF continues to support the government's operating budget with annual disbursements through the Recurrent Cost Window, including the Incentive Program. This allows government to finance (civilian) salaries and operations and maintenance expenditures.</p> <p>While stronger coordination through a single platform for incentivized budget support is ideal, donors can also provide financing directly to government based on bilateral agreements and channel the funds through the ARTF ad hoc payment modality. The ad hoc payment modality allows donors to support government in addressing fiscal gaps.</p> <p>Risks are also partly mitigated by the government's previously demonstrated capacity to maintain overall macroeconomic stability in the context of revenue declines, through effective expenditure control and maintenance of a sound monetary policy framework.</p> <p>ARTF-financed programs, including the Incentive Program, and the recently approved Fiscal Performance Support Improvement Project continue to support the government in strengthening revenue collection with a specific focus on customs.</p>

RISK AREA	RISK	RISK RATING	MITIGATION MEASURES
3. TECHNICAL DESIGN OF A PROJECT			
PROJECT DESIGN	Project performance is easily affected by the challenging context, which risks impacting results.	M	<p>Project design should take into consideration the low capacity and challenging operating environment including security constraints. This requires use of flexible modalities and innovative project design, weighing long-term sustainability gains against short/medium-term service delivery:</p> <ul style="list-style-type: none"> • Outsourcing service delivery: SEHAT and proposed Sehatmandi projects: Using NGOs to deliver a basic health package across the country; contracts managed by the Ministry of Public Health. • An in-between model: NSP and Citizens' Charter: Using facilitating partners to work with communities in the field, but general operations maintained by the government implementing agencies. • Using country systems: FSP: fully integrated into the ministry systems, no Project Implementation Units.
PORTFOLIO PERFORMANCE	The overall ARTF program portfolio performance is impacted by the high-risk environment, coupled with weak institutional capacity for implementation and sustainability.	M	<p>Portfolio management requires an integrated approach with regular troubleshooting:</p> <ul style="list-style-type: none"> • Careful and continuous monitoring at several levels: <ul style="list-style-type: none"> (i) Operational—through regular discussions of the World Bank technical teams on various program implementation issues; (ii) Quarterly Portfolio Operational Status Reviews to be introduced in the FY 1397–FY 1399 financing period that will focus on a subset of projects for which project-level operational bottlenecks and fiduciary, safeguards, governance or performance issues have been flagged during the preceding quarter; (iii) Annual Portfolio Performance Reviews focusing on identifying key bottlenecks to portfolio performance. • Proactive approach to restructuring non-performing projects. • Introduction of enhanced mechanisms to ensure quicker identification and resolution of program implementation bottlenecks through regular Afghanistan country management unit check-ins with Bank technical teams and the Ministry of Finance and other government entities to ensure ownership and a proactive approach.

4. INSTITUTIONAL CAPACITY FOR IMPLEMENTATION AND SUSTAINABILITY

IMPLEMENTATION CAPACITY	<p>The absorptive and implementation capacity of line ministries is a key factor in how projects perform and how funds can be allocated and disbursed. While the ARTF portfolio is generally performing well with high disbursement rates on average, implementation continues to face a number of challenges affected by the implementation capacity in line ministries and agencies.</p>	S	<p>Implementation risks are mitigated through careful project design, capacity building supported by ARTF programs such as Capacity Building for Results and its planned successor, TAGHIR, and ongoing close implementation support by Bank technical teams to government agencies implementing projects. The proposed TAGHIR program aims to further support the professionalization of the Afghan civil service through support to human resource management and institutional reform. It also aims to support improved structures and strengthened capacity of priority line ministries and independent agencies.</p> <p>Under the forthcoming FY 1397–FY 1399 PFFP, the ARTF proposes to add a new Bank-executed window to be known as Advisory Services, Implementation Support and Technical Assistance (ASIST). The ASIST window will enable the Bank to respond to GolRA requests for external advisory services in high-priority and highly technical sectors, such as fiscal management, energy, mining and public-private partnerships.</p>
WORLD BANK RESOURCES	<p>The Bank's capacity to support line ministries in project preparation and implementation and to provide implementation support is critical to the quality and effectiveness of the portfolio.</p>	L	<p>With some Bank staff based in the Dubai office, more visiting missions now take place, allowing the Bank to move in skills as needed for the program. Almost all ARTF programs either have a task team leader who is a national staff member and based in Kabul, or is co-led by a national staff member based in country. The capacity of national staff is continuously being improved to ensure they can increasingly take on more responsibility for technical support to the client. The total number of Bank staff based in Kabul is 93, with a steady increase in the number of national staff at technical analyst level and higher from 24 in 2011 to 43 in 2018.</p> <p>In terms of facetime,⁸⁶ the World Bank in Afghanistan continues to be at the forefront in the World Bank with about 20,003 days annually, compared to the average for fragile states (3,000 days) or IDA countries (7,500). As a result, Afghanistan leads within the World Bank for hands-on support to and engagement with the client.</p> <p>To continue supporting the large ARTF program, the World Bank will be adding an internationally recruited Operations Officer position to the ARTF program management team to focus on results monitoring and reporting of the ARTF. The Program Leader for the human development and governance programs has been based in Kabul since mid-2017.</p>

⁸⁶ Facetime is a measure of the Bank's engagement with client countries that aggregates multiple forms of engagement in a single scale, including field staff (both national and international) and mission travel (from both headquarters and nearby offices).

RISK AREA	RISK	RISK RATING	MITIGATION MEASURES
5. FIDUCIARY			
FIDUCIARY RISKS	Fiduciary risks are significant despite good progress made with establishing and strengthening public financial management systems. ARTF-financed investment operations (e.g., Public Financial Management Reform Project I and II) have helped put in place adequate processes and practices for financial management, procurement, and control.	H	<p>Safeguarding funds is a multifaceted approach taking place through four complementary modalities:</p> <ol style="list-style-type: none"> 1. Technical assistance through individual investment projects. 2. Capacity building: Through the Capacity Building for Results Facility, PFMR, and the Fiscal Performance Improvement Support Project, and other investment projects. The ARTF-financed PFMR II focused on technical assistance to further strengthen government control systems. 3. Policy reform work: Supported through the Incentive Program. The next phase of the IP and the successor to the PFMR II project, the FSP, continue to support implementation of reforms and building systems and capacity in government. 4. The IP focuses on the timely implementation of PFM measures, which include better internal and external budget controls, greater budget transparency, procurement certification, deep customs reforms aimed at improving efficiency, enhancing controls, and reducing rent-seeking opportunities, and incentives for domestic revenue growth and improved budgetary spending. 5. A robust and comprehensive fiduciary framework to safeguard ARTF funds channeled through the budget along four lines: (i) Strong community ownership and monitoring; (ii) Government-wide controls; (iii) World Bank technical assistance and implementation support; and (iv) Additional controls: third-party monitoring—Monitoring and Supervisory Agents. <p>The National Unity Government has emphasized its strong stance against corruption and highlighted its intention to root out such practices. In support of the government’s strategy, the ARTF Administrator will work with the government and donors to assess potential additional anti-corruption measures.</p>
CONTROLS	Strong controls are needed to mitigate fiduciary risks, including independent verification, to ensure donor confidence in ARTF systems and fiduciary controls and to allow donors to continue providing financing on budget.	H	<p>Third-Party Monitoring agents address the specific weaknesses of the operating environment and provide an additional layer of control:</p> <p>ARTF MONITORING AGENT (accounting firm): Monitors the entire civilian operating budget for eligibility:</p> <ul style="list-style-type: none"> • Performs automated desk review of 100 percent of recurrent cost expenditures; and • performs risk-based review of expenditures, including visits to provinces. <p>ARTF SUPERVISORY AGENT: Carries out asset verification, quality assurance, and data mapping of national infrastructure projects (NSP/Citizens’ Charter, rural roads, education, on-farm water management, and irrigation):</p> <ul style="list-style-type: none"> • Provides the Bank with strengthened outreach to all 34 provinces of Afghanistan, including highly insecure areas, to obtain data from key national programs. <p>In addition, the World Bank, with the agreement of the government and ARTF donors in late 2017, developed the Anti-Corruption and Results Monitoring Action Plan (ACReMAP), a proposal to enhance overall ARTF results monitoring and anti-corruption efforts. The ACReMAP, proposed as a fourth window under the ARTF, would be used to consolidate the management and expand the scope of third-party monitoring of ARTF-financed operations, and would support the costs of conducting periodic in-depth fiduciary reviews of ARTF-financed operations.</p>

RISK AREA	RISK	RISK RATING	MITIGATION MEASURES
6. ENVIRONMENT AND SOCIAL			
ENVIRONMENT	Lack of implementation and monitoring capacity of the national environmental law.	S	<p>Environment risks are analyzed on a project-by-project basis. All projects and operations financed under the ARTF follow World Bank policies and procedures for environmental safeguards, including the World Bank Group's new Environmental and Social Framework (ESF), which will apply to projects to be prepared from October 1, 2018. The ESF offers a broad and systematic coverage of environmental and social risks. The ESF makes important advances in areas such as transparency, non-discrimination, public participation, and accountability, including expanded roles for grievance mechanisms.</p> <p>Each investment project is required to develop environmental and social management plans.</p>
SOCIAL	Tenure insecurity and land conflicts plus multiple, inconsistent, and overlapping legal frameworks.	S	Social risks are analyzed on a project-by-project basis. All projects and operations financed under the ARTF follow World Bank policies and procedures for social safeguards.
IMPLEMENTATION AND MONITORING	Weak implementation and monitoring capacity in implementing ministries.	H	Assessed during design phase and identified weaknesses addressed through project design, implementation arrangements, and ongoing World Bank technical assistance and implementation support.
DISASTERS	Natural disaster risks, including flooding, droughts, earthquakes, locusts.	H	The World Bank focuses on disaster risk management at the project level, where appropriate response mechanisms are incorporated into the project design to be activated in an emergency. Also, infrastructure quality specifications consider potential disaster risks.
GENDER	Marginalization of women in the economy and broader development.	H	<p>The World Bank follows a mainstreaming approach to ensure gender issues are addressed as a crosscutting issue in the ARTF portfolio. This includes careful attention to gender issues at the project level, where project designs and implementation take into consideration the relevant challenges and opportunities.</p> <p>The World Bank gender specialists works closely with line ministries to provide input and guidance to ensure gender inclusion and equity.</p> <p>Policy dialogue with line ministries, as well as MoF, to emphasize the importance of increased gender equity.</p>

Afghanistan Reconstruction Trust Fund



The ARTF was established in 2002 to provide a coordinated financing mechanism for the Government of Afghanistan's budget and national investment projects. Fifteen years later, the ARTF is the largest single source of on-budget financing for Afghanistan's development. The 2017 ARTF External Review of the ARTF concluded that "in a challenging and rapidly changing context, the ARTF remains a critical arena for joint analysis, discussion and decision; a mechanism for directive, prioritized collective action; a cost-efficient tool for channeling financial and technical support to the Government's priorities; and an enduring commitment and partnership with Afghanistan's future that allows and invites critical assessments of choices ahead" (External Evaluation 2017, "Taking Charge: Government Ownership in a Complex Context").

The ARTF is delivering important results within key sectors, including education, health, agriculture, rural development, infrastructure, and governance. It is also the World Bank's largest multidonor trust fund. As of December 31, 2017, the ARTF has received a total of \$10.3 billion from 34 donors.

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