

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 73705-AF

PROJECT PAPER

ON A

PROPOSED GRANT
IN THE AMOUNT OF US\$ 100 MILLION

TO THE

ISLAMIC REPUBLIC OF AFGHANISTAN
FOR A

NATIONAL HORTICULTURE AND LIVESTOCK PROJECT

November 19, 2012

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

(Exchange Rate Effective November 5, 2012)

Currency Unit = AFS
AFS 50 = US\$1
US\$ = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AHDP	Animal Health Development Program
AREDP	Afghanistan Rural Enterprise Development Project
ARTF	Afghanistan Reconstruction Trust Fund
CBR	Capacity Building for Results Facility
CDC	Community Development Council
CIG	Common Interest Group
DAIL	Provincial-level Directorate of Agriculture, Irrigation and Livestock
ESMF	Environment and Safeguard Management Framework
FFS	Farmer Field School
FM	Financial Management
GoA	Government of Afghanistan
HLP	Horticulture and Livestock Project
IRDP	Irrigation, Restoration and Development Project
ISN	Interim Strategy Note
IPM	Integrated Pest Management
M&E	Monitoring and Evaluation
MAIL	Ministry of Agriculture, Irrigation, and Livestock
MEW	Ministry of Energy and Water
MRRD	Ministry of Rural Rehabilitation and Development
NADF	National Agriculture Development Framework
NHLP	National Horticulture and Livestock Project
NPP	National Priority Program
NSP	National Solidarity Program
OFWM	On-farm Water Management
PDO	Project Development Objective
PPQD	Plant Protection and Quarantine Department - MAIL
TA	Technical Assistance
VFU	Veterinary Field Unit

Vice President:	Isabel Guerrero
Country Director:	Robert Saum
Country Manager:	Illangovan Patchamuthu
Sector Manager:	Simeon Ehui
Task Team Leader:	Alvaro Soler

AFGHANISTAN
National Horticulture and Livestock Project

CONTENTS

	Page
A. Introduction.....	7
B. Emergency Challenge: Country Context, Recovery Strategy and Rationale for Proposed Bank Emergency Project.....	7
C. Bank Response: The Project	9
D. Appraisal of Project Activities.....	17
E. Implementation Arrangements and Financing Plan.....	23
F. Key Risks and Mitigating Measures	29
G. Terms and Conditions for Project Financing	30
Annex 1: Detailed Description of Project Components.....	31
Annex 2: Results Framework and Monitoring	54
Annex 3: Summary of Estimated Project Costs.....	59
Annex 4: Operational Risk Assessment Framework (ORAF).....	60
Annex 5: Financial Management and Disbursement Arrangements.....	64
Annex 6: Procurement Arrangements	75
Annex 7: Implementation and Monitoring Arrangements	85
Annex 8: Project Preparation and Appraisal Team Members.....	92
Annex 9: Environmental and Social Safeguards Framework	93
Annex 10: Economic and Financial Analysis	105
Annex 11: Documents in Project Files	114
Annex 12: Statement of Loans and Credits.....	115
Annex 13: Country at a Glance	116
Annex 14: Maps.....	117

AFGHANISTAN

NATIONAL HORTICULTURE AND LIVESTOCK PROJECT

PROJECT PAPER

SOUTH ASIA

Basic Information	
Country Director: Robert Saum Sector Manager/Director: Simeon Ehui / Jack Stein Team Leader: Alvaro Soler Project ID: P143841 Expected Effectiveness Date: January 1, 2013 Lending Instrument: SIL	Sectors: Agricultural extension and research (30%), Crops (30%), Animal production (30%), Central government administration (5%), Agro-industry, marketing, and trade (5%) Themes: Rural services and infrastructure (50%), Conflict prevention and post-conflict reconstruction (25%), Gender (10%), Rural markets (10%), Export development and competitiveness (5%) Environmental category: B Expected Closing Date: December 31, 2018 Joint IFC: No Joint Level: N/A
Project Financing Data	
<input type="checkbox"/> Loan <input type="checkbox"/> Credit <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other: Proposed terms:	
Financing Plan (US\$ m)	
Source	Total Amount (US \$m)
Total Project Cost:	
ARTE:	100.0
Recipient:	
Beneficiaries Contribution:	14.6
Total Bank Financing:	
IBRD	
IDA	
New	
Recommitted	
Client Information	

Recipient: Islamic Republic of Afghanistan

Responsible Agency: Ministry of Agriculture, Irrigation, and Livestock (MAIL)

Contact Person: Abdul Hai Raouf, Interim Project Director, HLP/MAIL

Telephone No.: +(93) (0) 793 416 720 / 700 189 607

Fax No.:

Email: abdulhai.rauf@mail.gov.af

Estimated disbursements (Bank FY/US\$ m)

FY	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Annual	6.0	18.6	18.7	17.9	17.4	14.9	6.5
Cumulative	6.0	24.6	43.3	61.2	78.6	93.5	100.0

Project Development Objective and Description

Project development objective: 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.

Project description: The project will contribute to the overarching goal of increased productivity and overall production of horticultural products and improved animal production and health. The technical strategy for achieving this objective is based on the delivery of extension and investment support through strengthened systems. The National Horticulture and Livestock Project (NHLP) will have three components: (1) Horticultural Production, (2) Animal Production and Health, and (3) Implementation Management and Technical Assistance Support. These activities will be implemented in 100 focus districts spread over time as conditions warrant in up to 22 target provinces.

Component 1. Horticultural Production. The component will support target beneficiaries with mostly demand driven extension and productive investment support, based on their expressed interests and needs, through two subcomponents. **Subcomponent 1.1** – Extension, will provide farmers with organizational support, and deliver extension focused on three main thematic areas: orchard management, value addition and marketing. **Subcomponent 1.2** – Productive Investments Support, will complement capacity building delivered through the extension sub-component 1.1, by providing support to productive investments required for actual adoption of improved technology packages in thematic areas mirroring those covered by extension messages.

Component 2. Animal Health and Production. The component will support beneficiaries with extension and investment support based on their needs through two subcomponents. Subcomponent 2.1 – Extension, will provide farmers with organizational support, and deliver extension focused on two main thematic areas: animal production and animal health. Subcomponent 1.2 – Investments Support will have a two pronged approach. At private sector level it will complement capacity building delivered through the extension sub-component 1.1. It will provide farmers with

productive investments support required for actual adoption of improved technology packages in thematic areas mirroring those covered by extension messages. It will also support public sector investments for the establishment of an Animal Health Surveillance and Control System, and in the development of improved models of intervention through trials and studies to inform policy on possible future private investment support.

Component 3. Implementation Management and Technical Assistance Support will cover: (a) implementation management at national and regional levels, and; (b) technical assistance (TA) to inform implementation, policy development and capacity building (CB) of MAIL to mainstream and ensure long term adequate staffing and ability at all levels of the service delivery systems being deployed.

Safeguard and Exception to Policies

Safeguard policies triggered:	
Environmental Assessment (OP/BP 4.01)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Forests (OP/BP 4.36)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Pest Management (OP 4.09)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects in Disputed Areas (OP/BP 7.60)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the project require any exceptions from Bank policies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Have these been approved by Bank management?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Conditions and Legal Covenants:

Financing Agreement Reference	Description of Condition/Covenant	Date Due

A. Introduction

1. This Project Paper seeks the approval of the Management Committee to provide support in an amount of US\$ 100 million, with an initial allocation of US\$ 50 million, to the Islamic Republic of Afghanistan for a proposed a National Horticulture and Livestock Project (NHLP).
2. The proposed grant will help finance the costs associated with expanded efforts to restore the agricultural sector's productive capacity from the negative effects of more than 20 years of conflicts. Building on the Horticulture and Livestock Project (HLP) experience, efforts will expand geographically and gradually shift in focus away from emergency interventions towards sustained development in the horticulture and livestock sub-sectors. The proposed support will help respond to the continued need for recovery, further promoting the adoption of improved production practices by developing demand-driven and more sustainable horticulture and livestock extension delivery systems. It will support increase in production and productivity in 100 districts in selected 22¹ provinces by establishing 8,000 ha of new orchards, directly rehabilitating 50 ha of existing orchard rehabilitation demonstration plots for replication –in approximately 6,000 ha–, setting up 5,000 backyard and 1,000 semi-commercial poultry units managed by women and delivering production related extension messages covering productivity, value addition and market access, and animal production and health improvement, to some 231,000 horticulture and livestock farmers.
3. The project, with a total cost of US\$ 100 million, will be financed by the Afghanistan Reconstruction Trust Fund in two US\$ 50 million tranches. Delivery of the second tranche will be based on project performance related to actual rollout of the regional structure to support service delivery, expected to be completed by the third year of implementation, and full use of the funds earmarked for direct investment for the same period.

B. Emergency Challenge: Country Context, Recovery Strategy and Rationale for Proposed Bank Emergency Project.

4. Since 2002, Afghanistan has made good progress in many areas such as health, education, micro-finance, irrigation, agriculture, rural livelihoods, as well as sound macro-economic management and gradual improvements in public financial management, aided by radical reform of the customs administration. Nevertheless, the country's operating environment remains extraordinarily challenging. Governance and administrative capacity remains weak, and the rule of law has yet to be widely institutionalized. Security has worsened in the last three years. Over 70 percent of the population lives in rural areas, where incidence of poverty is the highest, access to electricity is still among the lowest in the world and much more needs to be done to increase rural productivity. Generally, development needs remain vast.

¹ The tentative list of provinces to be covered, depending on security conditions, includes for horticulture activities: Balkh, Jowzjan, Samangan, Takhar, Sari-e Pol, Baghlan, Kunduz, Faryab, Badakhshan, Kabul, Bamyan, Parwan, Panjshir, Kapisa, Logar, Laghman, Nangarhar, Herat, Ghor and Farah for horticulture activities. Livestock will be active in the same provinces, except Logar, Farah and Ghor, and will add Badghis, and Kandahar if security conditions allow.

5. Agriculture is central to Afghanistan's economy. The sector accounts for 31 percent of GDP but provides employment to 59 percent of the labor force.² Throughout history, the **horticulture subsector** has supported the local population with food and other non-food products, as well as a rich variety of export products, including fresh and dried fruits, nuts, and essential oils. Before the onset of war (1977), horticulture (fresh and dried fruits) represented a substantial portion (41 percent) of Afghanistan's export earnings.

6. The sector was, however, neglected during the next 25 years, while the development of the global horticulture industry was exceptional in terms of selection of improved varieties, better technology and marketing. Since 2002 donors have supported the horticulture sub-sector given that: (i) Afghanistan is a landlocked country and its comparative advantage lies in the value/weight ratio of its perennial horticulture products; (ii) there is a growing demand for horticultural products from the Indo-Pak subcontinent, where the scope for producing temperate fruits crops is limited; (iii) the genetic potential of Afghan fruits is unique; and (iv) perennial horticulture creates demand for goods and services in the non-farm rural economy.³

7. As a result, in 2008, fruits and nuts accounted for the largest share of Afghanistan's formal exports (almost 34 percent).⁴ Between 2006 and 2009, Afghanistan became the seventh largest world exporter of raisins with a total trade value of US\$ 150 million and ranked 11th in almonds at US\$ 110 million, although quality continues to be an issue and represents a threat to continued growth. The main trade partners have been mostly in the region, and included the Russian Federation, Pakistan, and India⁵. However, the emphasis on exports has promoted an unbalanced development of the domestic market. Afghanistan currently imports large amounts of vegetables from neighboring countries. If grown domestically, these could offer opportunities for growth as well as for improved food and nutrition security among the rural population. In addition, it will also be important to: (i) balance the promotion of perennial horticultural crops with that of improved annual horticultural crops, which will have an immediate benefit on both the nutritional needs and, potentially, a steadier stream of income for rural Afghan families; (ii) increase on-farm production and productivity; and (iii) improve post-harvest handling of produce. In this context the main challenge is the low knowledge and skills base among producers and service providers in the horticulture production chains.

8. Meanwhile, the **livestock sub-sector** has traditionally played an important role in the rural economy, that of small farmers in particular, acting as a form of safety net that provides access to cash at the time of need, as well as a contributor to better nutrition, power and fuel for winter. Livestock rearing is based upon two distinct and largely traditional production and management systems, both of which are practiced at little more than subsistence levels of production and require support for the adoption of improved production practices. While the country was self-sufficient in meat and milk in the 1970's, the livestock economy has gravely deteriorated ever since. Between 2008 and 2011, Afghanistan imported a total of US\$ 47.4 million of milk powder

² Afghanistan Interim Strategy Note FY12-14 (draft).

³ World Bank, Technical Annex for the Emergency Horticulture and Livestock Project, May 2006

⁴ According to UN Comtrade. See World Bank, "Understanding Gender in Agricultural Value Chains: the Cases of Grapes/Raisins, Almonds, and Saffron in Afghanistan", June 2011

⁵ According to UN Comtrade. See World Bank, "Understanding Gender in Agricultural Value Chains: the Cases of Grapes/Raisins, Almonds, and Saffron in Afghanistan", June 2011

and US\$ 74.5 million of chicken (meat), and imports are increasing.⁶ In contrast to a human population that has doubled in the last three decades, pastoralist livestock numbers may have fallen by up to 50 percent in face of dwindling traditional sources of grazing, while livestock diseases most likely increased in the absence of any structured livestock disease control system. In consequence, there was a fourfold increase in human brucellosis cases between 2007 (746 cases) and 2009 (3,015 cases). For every reported case, loss of human productivity is estimated at about 230 days in terms of years of healthy life (Disability Adjusted Life Years).⁷

C. Bank Response: The Project

9. The Government's strategy for economic growth and poverty reduction includes development of perennial horticulture and livestock as key activities. The National Agriculture Development Framework (NADF), developed by the Ministry of Agriculture, Irrigation, and Livestock (MAIL) in 2009, has four inter-related pillars⁸ including Agriculture Production and Productivity –pillar II. Furthermore, the National Comprehensive Agriculture Production and Market Development Program –the National Priority Program 2 (NPP2), one of the Agriculture and Rural Development Cluster programs included within the National Priority Programs– includes Horticulture and Livestock sub-components within its Component 1: Food for Life.

10. The ongoing Bank-financed HLP⁹, one of several donor-backed interventions in agriculture and rural development¹⁰, directly supports pillar II. It does it by promoting an extension model based on farmer field schools (FFS) methodology to enhance adoption of readily available improved technology in horticulture and livestock among target households in 11 focus districts in 11 Central and Northern provinces¹¹.

11. The project's 2011 annual outcome survey indicates an adoption rate of improved production practices of 71 percent in horticulture – thus exceeding the 50 percent target by 42 percent– and 67 percent among women poultry producers –also exceeding the 60 percent target. Early data indicates that this uptake of improved practices combined with the corresponding investments, contributed to an average 48 percent increase in horticulture productivity that substantially exceeded the HLP target of 15 percent. As of September 2012, the project had established 4,186

⁶ Central Statistics Office. <http://cso.gov.af/Content/files/12-4.pdf> Accessed in December 2011.

⁷ Central Asia One Health Project, National Economic Impact Report, Tajikistan, September 2011

⁸ The four pillars are: (i) Natural Resource Management; (ii) Agriculture Production and Productivity; (iii) Economic Regeneration; and (iv) Program Support and Change Management.

⁹ HLP, with a total cost of US\$ 70.7 million, is co-financed by IDA (US\$ 21.4 million) and the Afghanistan Reconstruction Trust Fund (ARTF) (US\$ 49.3 million).

¹⁰ These include, *inter alia*, the Bank and ARTF-Supported ongoing On Farm Water Management project (OFWMP, US\$41.0 million total cost) with MAIL; the National Solidarity Program III (NSP, US\$1.5 billion total cost) and the Rural Enterprise Development project (AREDP, US\$87.2 million total cost) with MRRD; the Irrigation Restoration and Development project (IRD, US\$148.7 million total cost) with MEW, as well as the Improving Agricultural Inputs Supply Systems and the Infrastructure for Grain Reserves projects under preparation for implementation with MAIL. Other relevant donor-supported operations with MAIL include the EU-supported Animal Health Disease Project (AHDP) and the ADO-supported Agriculture Market Infrastructure Project (AMIP, US\$33.0 million total cost).

¹¹ HLP's 11 focus districts are: Mir Bacha Kot (Kabul province); Mahmood Raqi (Kapisa province), Sheikh Ali (Parwan province), Bazarak, Rokha and Onaba (Panjshir province), Ayback (Samangan province), Khulm (Balkh province), Sheberghan (Jawzjan province), Sozma Qala (Saripul province), Farkhar (Takhar province), Pul-e-Khumri (Baghlan), and Imam Sahib (Kunduz).

hectares of new orchards in 11 focus districts, thus exceeding the target of 3,500 ha by the end of the project (December 31, 2012). In the livestock component, poultry productivity –egg laying– increased by about 24 percent, which surpassed the target of 15 percent. HLP also supported the transfer of the last remaining –166– public Veterinary Field Units (VFUs) to the private sector, as a first step of its contribution towards improved service delivery. That said, there is still work to be done regarding the sustainability of the service delivery systems used and the outcomes achieved. NHLP will build on and strengthen the HLP extension models for both horticulture and livestock.

12. Although defined as national in scope, the proposed National Horticulture and Livestock Project (NHLP) will have a target geographical coverage of 100 districts in 22 provinces –based on available resources–, and it will actually be the first stage of a national rollout. The project will build on the achievements made and the good performance of its predecessor HLP. However the main thrust of the approach will be centered on effectively **moving out of an emergency phase and into a development one**. This will be attained through a strategy geared towards putting in place a **more robust, better performing and sustainable development platform** worthy of expansion and sustained further support. The strategy to develop such platform is based on two major elements: (i) emphasis on more effective, responsive and sustainable **service delivery systems** for improved performance; (ii) improved internal and external **coordination and complementarity** of activities.

13. Special focus will be given to the deployment of improved service delivery systems. These will be characterized by better targeting and de-concentrated operation with increased participation and ownership of project activities by the main stakeholders at the local level, including community lead farmers and local public and private-sector agents. Delivery of support will be demand-driven; it will only be delivered on demand from, and with simultaneous firm commitment of, project beneficiaries to ensure true interest and maximum retention of interest in project activities. Lately, demand from beneficiaries in HLP has far exceeded project targets and is expected to continue row as the results of the improved technologies promote become evident. These elements along with increased ownership of overall project implementation responsibilities by MAIL leading to reduced overhead costs, will be important contributors to post-project continuity of more effective and sustained support efforts.

14. As another element of effectiveness, increased coherence of support will be sought through improved internal and external coordination focused on complementarity of activities with relevant Bank and other donors-supported operations. Coordination between components will be maximized where feasible, along with mainstreaming of technical crosscutting activities through the extension services. This will ensure adequate timing, relevance –focused on the project’s mandate and contribution to planned results– and costs of cross-cutting activities. In addition, formal coordination and linkages with other Bank and other donors supported projects and activities will also be sought to leverage overall impact.

15. In particular, coordination will be established with OFWMP –for increased productivity under irrigation– and CBR –for capacity building of MAIL, in addition to linkages with NSP –for entry point at the local level– and AREDP –for value addition. Increased consistency through complementarity, synergies and coordination will be sought with nutrition focused and the

resource corridor initiatives –as ancillary activities to promote improved nutrition, and leverage local economic development and diversification based on expanded local market opportunities.

16. In addition, the project will continue focusing on contribution to the gender and employment agendas by promoting and supporting more visible female participation in agricultural activities – both as technical assistance (TA) providers and participants in productive activities– and fuller occupation –through more labor intensive endeavors.

17. All in all it is expected that robustness, performance and sustainability of the development platform will make it worthy of expansion and provide a clear exit strategy within a long term development view for improved prospects of sustained further support.

Project Development Objective

18. The Project Development Objective (PDO) of NHLP will be 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 the definition of services required and in the delivery itself. The project would also promote **improved ratio of overall costs reaching beneficiaries** as direct investments. These two elements of the farmer-centric nature of improved service delivery are directly related to service sustainability, effectiveness and efficiency.

19. Achievement of these goals will lead to increased production and productivity of horticulture products and improved animal productivity and health. This will contribute to a higher objective of improving the livelihoods of beneficiaries, supported by service delivery models that respond better to their needs and demands expressed through a participatory approach.

Summary of Project Components

20. Building on HLP activities and lessons learned, the proposed project will support three components to promote increased adoption of improved technologies: (1) Horticultural Production, (2) Animal Production and Health, and (3) Implementation Management and Technical Assistance Support (see detailed description of components in Annex 1).

Component 1 - Horticultural Production (US\$ 56.0 million)

21. This component will support target beneficiaries with mostly demand driven extension and productive investment support, based on their expressed interests and needs, through two subcomponents.

22. **Subcomponent 1.1 – Extension**, will typically **provide farmers with organizational support** –including *inter alia* formation of: (i) Common Interest groups (CIGs); and (ii) Produce Marketing Organizations (PMOs)–, and **deliver extension messages focused on** three main thematic areas: a) orchard management, including promoting of adoption of improved practices covering *inter alia*: (i) agronomic, (ii) cross cutting –Integrated Pest Management (IPM), On Farm Water Management (OFWM), etc.–, and (iii) environmental issues; b) value addition,

including *inter alia*: (i) picking, grading and packing, (ii) establishment of low-cost pre-cooling facilities, (iii) improved transportation to minimize damage to the fruit, (iv) establishment of packing and short-term storage sheds, and (v) demonstration of improved conventional storage facilities; and c) marketing, including *inter alia*: (i) establishing productive linkages among producer groups and traders, and (ii) providing of capacity building for the development and running of Farm Service Centers. It will at the same time **build MAIL and provincial-level Directorate of Agriculture, Irrigation and Livestock (DAIL) capacity for better support delivery.**

23. Subcomponent 1.2 – Productive Investment Support, will complement capacity building delivered through extension –sub-component 1.1–, by providing support to productive investments required for actual adoption of improved technology packages in thematic areas mirroring those covered by extension messages. Typically, investments supported will include, *inter alia*: a) orchard management, covering: (i) rehabilitation of existing orchards, (ii) establishment of new orchards –new plantings, dry land horticulture, off-season vegetables and soft fruits, kitchen gardening, and grape trellising–, and (iii) cross-cutting agricultural practices – integrated pest management, on-farm water management, reclamation and management of saline and alkaline soils, and apiculture–; b) value addition, post-harvest handling and processing equipment and infrastructure; and c) marketing, establishment of Farm Service Centers.

24. Overall, the Horticultural Production component will support some 98,000 farmers in 100 target districts, 20 percent of whom will be women, who traditionally play a large role in livestock management. To qualify, potential beneficiaries will need to be members of a common interest group (CIG) and to either own one *jerib*¹² of land or have access to 250 square meters of land for cultivation.

25. *Sub-component 1.1 – Extension* will support, on a demand basis, all the activities required to identify and support the organization of male and female target farmers, by providing them knowledge and the tools to identify and solve their own problems. Group formation will initially focus around CIGs such as orchard management, integrated pest management (IPM) and on-farm water management (OFWM). However, if requested, those groups could be aggregated into larger associations focusing on activities such as marketing (PMOs) and establishing Farmer Services Centers (FSC), and receive additional project support for better market access, value addition and improved management of members' service needs. The Extension sub-component will, with support from the Community Development Councils (CDCs), identify and train Lead Farmers, supported by DAIL extension agents so that an improved and sustainable extension delivery service is established. In order to become beneficiaries of extension activities, farmers will need to be members of a CIG.

26. Extension will be delivered to target farmers through the FFS methodology. CIGs own demands, based on their expressed interests and needs for improved orchard management, will drive both the more specific extension curricula delivered. In addition, this sub-component will establish demonstration orchards in target districts to promote best irrigation practices and layouts, and reclamation and management of saline and alkaline soils (on-farm water and soil management). It will also support mainstreaming IPM in the MAIL Plant Protection and

¹² Equal to 0.2 ha

Quarantine Department (PPQD), by providing training for its technical support group, developing training curricula for farmers and establishing Global Plant Clinics (GPC).

27. *Sub-component 1.2 - Productive Investments Support* will support turning the ideas transferred during the knowledge sharing process in the Extension sub-component into productive investments, by financially assisting farmers on a cost-sharing basis. Investments to be supported will basically be focused on the three thematic areas of the extension contents.

28. The sub-component will complement capacity building delivered through sub-component 1.1, by supporting target farmers' investments in farming inputs and equipment to enhance horticulture production and productivity. Overall, it will support 50 ha of existing orchard rehabilitation demonstration plots for replication, the establishment of 8,000 ha of new orchards, 800 ha of vineyard trellising and 500 ha of dry land pistachio groves, as well as 20,000 kitchen gardening plots set up and managed by women, 300 ha of off-season vegetables and 50 ha of soft fruits.

29. In addition, the sub-component will complement capacity building of farmers and private sector stakeholders (such as traders, middlemen, and/or retailers) in post-harvest processing and marketing techniques. It will promote establishment of productive linkages among PMOs and the private sector, by supporting farmers' contributions toward development of demand-driven value addition infrastructures, from simple cold storage pits to more complex endeavors such as FSCs at district level.

Component 2. Animal Production and Health (US\$ 29.7 million)

30. This component will provide beneficiaries with extension and investment support based on their needs through two subcomponents.

31. **Sub-component 2.1 – Extension** will **provide farmers with organizational support, and deliver extension focused on** two main thematic areas covering: a) *animal production*, providing information to prevent and address non-health factors which limit productivity, mostly related to improper livestock management related to, *inter alia*: (i) housing, (ii) nutrition, and (iii) reproductive management; and b) *animal health*, providing information to prevent and address: (i) infectious causes of livestock disease and loss –including main diseases of cattle, sheep and goats (Brucellosis, clostridial diseases, PPR, Pox, Anthrax, Tuberculosis, etc.), and important diseases of poultry (Marek's disease, Coccidiosis, Newcastle disease, etc.)–, and (ii) non-infectious causes of disease –including simple messages dealing with conditions such as bloat, mastitis, uterine prolapse, etc., which directly affect livestock health and production.

32. **Sub-component 2.2 – Investments Support** will have a **two pronged approach** focused on private sector and public sector investment. At **private sector level** it will **complement capacity building** delivered through the extension **by providing productive investments support required for actual adoption of improved technology** in thematic areas covered by extension. Support will include a small in-kind contribution of inputs through the VFUs, supporting up to three extension messages that address the most important livestock issues identified, including *inter alia*: vaccines, mineral blocks, pasture seeds and de-wormers, etc. At **public sector level**, it will support public sector investments for: a) establishment of **an Animal**

Health Surveillance and Control System (AHSCS), initially focused on Brucellosis, including: (i) design the initial prevalence survey, plan vaccination program, select vaccines, and adjust the program over time as prevalence changes; (ii) plan vaccination program, select vaccines and adjust the program over time as prevalence changes; (iii) plan, direct and adjust, the post-vaccination serological monitoring; (iv) adjust monitoring and vaccination coverage directed at large and small ruminants, to suit a range of topographies and production systems (sedentary/transhumant); (v) contract under Sanitary Mandate of VFU personnel –for sero-surveillance, vaccination, passive surveillance reporting– in target provinces; (vi) establish close coordination between MAIL and the Department of Public Health (DOPH) in monitoring and reporting of human cases, collaboration in the identification of prevalence foci, and preparation and programming of public health awareness messages related to brucellosis with collaboration and joint (MAIL/DOPH) planning in workshops; (vii) support Central Veterinary Investigation Laboratory (CVIL/MAIL) – international diagnostic expertise, diagnostic materials, training laboratory diagnosis for CVIL staff, and training on sample collection and submission, vaccination and livestock identification for VFUs; (viii) transportation allowances for MAIL provincial office monitoring staff; MAIL assumption of oversight, financial and administrative responsibility at project end; and b) **development of improved models of intervention** through trials and studies **to inform policy** on possible future private investment support, including *inter alia*: (i) backyard and semi-commercial poultry trials; and (ii) winter feeding of sheep.

33. Overall, the Animal Production and Health component will support some 133,000 farmers in 100 target districts, 52 percent of whom will be women, who traditionally play a large role in livestock management. To qualify, potential beneficiaries will need to be members of a CIG and own livestock.

34. *Sub-component 2.1- Extension* will support: (i) all the activities required to identify, help organize and mobilize male and female target farmers by giving them knowledge and tools to identify and solve their livestock-related problems; and (ii) implementation of a more effective and widespread system of livestock extension delivery.

35. The emphasis of the livestock extension activities will be on farmers making simple, low cost changes to their practices as related to animal production and health in order to improve their livestock output. Messages will center on addressing improved farming practices, which in some cases will be supplemented by the provision of small amounts of purchased inputs through subcomponent 2.2.

36. A new system to deliver livestock extension support will be established, as NHLP will support the development of community-based livestock extension services that builds on HLP experiences. Extension services will now be delivered through Veterinary Field Units (VFUs) and Female Extensionists (FEs), under MAIL/DAIL guidance, monitoring and quality control. The focus on involving women from any particular community as FEs, is a key feature of the strategy of the component. Specifically, it allows for the provision of extension support to women from the same community, recognizing the very important role women play in livestock management.

37. *Sub-component 2.2 – Investments Support* will support: (i) farmers in carrying out complementary investments to enable actual adoption of key extension messages; (ii) MAIL in

implementing its sanitary mandate and generating knowledge to inform the decision making process to further develop its animal production support policy.

38. Investment support will occur through three avenues: (i) provision of technology packages –in kind support– to farmers for the actual adoption of improved livestock practices promoted through sub-component 2.1; (ii) support for MAILs Sanitary Mandate to improve the animal health and control system so that the Ministry may progressively comply with international requirements for notifiable diseases as well as, in the long-term, build upon the systems developed under NHLP to extend its Sanitary Mandate functions to other diseases for enhanced national coverage; (iii) support animal production policy development through evidence-based decision-making based on trials and studies run under NHLP in sub-sectors such as poultry and small ruminants.

Component 3. Project Implementation Management and Technical Assistance Support (US\$ 28.9 million)

39. This component will provide: (a) overall project implementation management support at national and regional levels, and; (b) technical assistance to inform implementation and policy development, and capacity building (CB) of MAIL to mainstream and ensure long term adequate staffing and ability at all levels of the service delivery systems being deployed.

40. **Implementation management support** will cover long term TA –provided by international, regional and local consultants– for implementation management of all components at central and regional levels, including technical, procurement and financial management, monitoring and evaluation (M&E), communication functions, as well as de-concentrated¹³ management activities at regional level. An Implementation Management Support Team (IMST) will be established –mostly a carryover from HLP’s IMST– and staffed by permanent national and some regional staff, with assistance from phased temporary international specialists. The international TA will provide temporary support at various implementation phases, start-up of project implementation in particular, regarding key horticulture, livestock, financial management (FM), procurement, and M&E activities. This TA will be time bounded with clear exit strategies.

41. The project will contribute to current Government efforts endorsed by the donor community to review existing practices regarding PIUs. To that end, the component will support phased migration of core functions to MAIL, starting with financial management. It will do so in coordination with proposed complementary CBR support to increase MAIL’s capacity to effectively deliver on its mandate, and capacity building activities as described below.

42. **Additional Technical Assistance and Capacity Building support** to MAIL will provide focused additional temporary international TA to produce technical studies to inform implementation and policy development, including the preparation of a future phase of the project. In coordination with proposed CBR support. It will also provide complementary CB focused on the horticulture, livestock and extension directorates, to pilot mainstreaming of NHLP service delivery systems below the central level within MAIL. Overall, technical assistance provided through this component, including the aforementioned long term

¹³ In the sense of transferring the power to take certain decisions to local levels which remain upwardly accountable to the central hierarchy –there is no autonomy.

international, regional and local consultants of the IMST and the focused additional temporary international TA will amount to 70 percent of component costs.

Eligibility for Processing under OP/BP 8.0

43. Afghanistan is a country in transition after two decades of conflicts and now with the expected NATO withdrawal in end-2014. Under OP/BP 8.0, the Bank may provide rapid response in support of, *inter alia*, rebuilding and restoring physical assets, restoring the means of production and economic activities, preserving or restoring essential services, establishing or preserving human and institutional capital, facilitating peace building, and assisting with the initial crucial stages of capacity building for long-term reconstruction and risk reduction. NHLP will provide timely and strategic continuity of the existing IDA/ARTF funded program of rebuilding the horticulture and livestock sub-sectors by providing tangible inputs to improve production and productivity of key activities within both sub-sectors. Moreover, it will contribute to the country's long-term development by establishing effective and sustainable extension service delivery systems that will improve technology adoption.

Consistency with Country Strategy

44. The Afghanistan Interim Strategy Note (ISN) FY12-14 has three pillars: (a) institutions and capacity, (b) equitable service delivery, and (c) growth and jobs. NHLP will directly support the third pillar. Because 60 percent of employment in Afghanistan is generated by agriculture and livestock activities and 76 percent of the population lives in rural areas, agriculture and rural development activities remain a critical source of growth in geographical areas where poverty is greatest. NHLP will continue providing extension services, albeit with a stronger focus and a new approach, and key inputs to enhance production and productivity in horticulture and livestock. The project will support the ISN's cross-cutting gender agenda by engaging women in kitchen gardening, post-harvest processing, and poultry husbandry.

Expected Outcomes

45. The key project outcomes will be the establishment of efficient, effective, and sustainable extension service delivery systems at village level in the horticulture and livestock sub-sectors. The NHLP extension services will reach out to approximately 231,100 target farmers, about 40 percent of which will be women, mostly in the livestock sub-sector. It is expected that about 67 percent of these target farmers will adopt new technologies and that 75 percent of the farmers will be satisfied with NHLP extension services. As a result, it is expected that an approximate 70 percent adoption rate of improved technologies be achieved among project target beneficiaries.

46. In achieving these outcomes, the Horticultural Production component will support some 98,000 target farmers, about 20 percent of which will be women, mostly involved in kitchen gardening activities. The component will support establishment of 8,000 ha of new orchards and 800 ha of trellised vineyards as well as 500 ha of pistachios groves, which will contribute to an expected 15 percent long term increase in production. The livestock component will support some 133,000 target farmers, about 52 percent of which will be women. The component will support investments in improved animal production and health practices, and an animal health surveillance and control system which will contribute to an expected 50 percent adoption rate of

regular livestock inoculation among target farmers, and a 75 percent reduction in animal brucellosis prevalence in target areas. In building MAIL and DAIL capacities, NHLP will train at least 200 of these staff and will support decentralization through various knowledge management activities. NHLP will also support MAIL by contributing to mainstreaming NHLP service delivery system.

D. Appraisal of Project Activities

Economic and Financial Analysis

47. The ongoing HLP demonstrated that farmers, once they perceive the benefits involved, adopt most of the recommended technologies aiming to increase production. The proposed new NHLP builds on the experience gained by HLP and MAIL, and expands its coverage to new regions. NHLP will also promote adoption of improved practices within a longer term strategy based on establishing and consolidating more effective service delivery systems. Achievement of these goals will lead to sustained increases of production and productivity of horticultural products, and improved animal productivity and health, which will in turn bring long term increased income for target beneficiaries within the rural population, where most Afghan rural poor reside.

48. The Economic Rate of Return (ERR) is estimated at about 25 percent and it is fairly robust, dropping to 23 percent for an estimated 20 percent increase in costs, and to 18 percent in case of an estimated 20 percent drop in products prices. Meanwhile the Financial Rate of Return (FRR) is estimated at about 87 percent.

49. The ERR estimates are based on conservative assumptions in line with expected quantitative project achievements. In the case of horticulture activities, these relate to areas with rehabilitated and new systems of production, and they also reflect increases in production that draw on actual monitoring data collected by HLP. In the case of livestock activities, benefit streams include those derived from general production and animal stock losses avoided due to improved surveillance and disease control, and human productivity losses avoided due to decreased brucellosis infection, as well as increased animal productivity due to improved husbandry practice.

Technical Aspects

50. Consistent with Government's priorities, the Bank has contributed to promote increased adoption of production practices in horticultural and animal production. HLP has shown that there is ample unsatisfied demand for productive support focused on improved technology. NHLP will intensify and geographically expand for such support based on a similarly simple design, yet focused on improved service delivery to beneficiaries. Since being restructured in 2009, which substantially simplified project implementation to focus on production support, HLP's overall performance substantially improved and, as a result of the consolidation of its performance, the project made commendable achievements during the ensuing period.

51. The revised design builds on its simplicity, but adds elements of effectiveness and sustainability. These include making support demand driven and with larger stakeholder involvement, and increasing reliance on partnerships with the private sector for service delivery when reach of public sector systems is insufficient. It will also promote better coordination

between components and core and ancillary activities. To that end, all activities related to beneficiary organizational support will now be mainstreamed within core horticulture and livestock activities. These will now use a similar approach and instruments to support beneficiary organization, ensure the demand driven nature of services provided, and promote local stakeholder decision making regarding the characteristics of, and participation in, services delivered.

52. In addition, in line with stated government objectives of progressive decentralization, the project will de-concentrate planning and implementation of front line activities to improve implementation performance. Finally, the project will promote increased ownership of project activities by MAIL by supporting less reliance on facilitating partners for implementation, and phased migration of core project functions to MAIL structure along with capacity building to that effect.

53. All in all the aforementioned elements, based on lessons learned in HLP, should lead to improved performance based on lower overhead rates, larger sustainability and ownership by beneficiaries of project activities, and quality of services. A summary of main lessons learned and how they are embedded in project design is shown below.

Lessons Learned and Reflected in Project Design

54. The NHLP is, as its predecessor HLP, a Government of Afghanistan (GoA) National Priority Program. The Bank has supported HLP since 2006, which actual implementation required understanding of shifting conditions on the ground and higher degree of flexibility that need to feed into evolving design and expectations vis-à-vis operations in non-volatile and institutionally more robust environments. In that sense, lessons learned and applied to NHLP design include:

55. PDO should be realistic, focused and achievable in the country, sector and implementing agency context — PDO basically carries over, with strengthened focus on service delivery systems, an essential platform for sustainability and sustained support. Targets are realistic based on recent HLP performance and the pilots carried out to test new activities

56. Design should be simple and project components closely aligned with the PDO — Simplicity of design carries over, albeit with more cohesiveness through explicit conceptual blocks – extension and investment support–, and clarity on how they feed into the expected results, and how they can be monitored. Complementing these, and based on large overhead costs incurred by HLP, other elements of NHLP design such as increased ownership and responsibility of MAIL over project implementation and project control over service delivery, will allow overhead costs reduction. Also, focusing on actual results under project control and highlighting the importance of more effective service delivery systems will add to that end. New elements within those systems are the tighter connection with local social structures and the ability to work with local leaders as active participants of the process; which should enhance ownership and continuity of service delivery under varying circumstances and, hence, sustainability. In turn all of these should directly feed into the stated objective of services being farmer centered, thus greatly improving on the ratio of overall costs reaching beneficiaries as direct investments.

57. Implementation support TA needs should be carefully assessed to address risks in a weak capacity and poor governance environment, ToRs should be clearly defined and agreed with implementing agency, and advance procurement action taken so that technical assistance teams can be mobilized by project approval — TA assistance for implementation support carries over albeit, based on HLP experience, with on a temporary basis for international TA for pre-identified technical issues, and additional TA for capacity building and policy development for implementation. Agreed ToRs are already available and advance procurement is ongoing.

58. Interventions that yield quick returns should be targeted in a post-conflict environment reconstruction effort, with appropriate attention to putting in place basic building blocks to support transition from emergency recovery to medium to long term reconstruction and development. — Interventions focus on quick returns within the reality of the biological systems project outcomes. Addition of investments support for kitchen gardens, vegetables and soft fruits, and livestock production and health activities add to HLP's menu of quick return activities. Key building blocks to support transition towards longer term development include: focus on effective service delivery systems; TA for enhanced MAIL capacity for its new role in service delivery; and improved ratio of direct investments in beneficiaries in total project costs.

59. Delivery of tangible outputs and ratio of direct investments reaching beneficiaries in overall project expenditures. — In addition to high overhead costs, HLP experienced low coordination between components and cross cutting activities as well as lack of focus of the latter, all of this negatively impacting on the amount of funds reaching beneficiaries. NHLP design promotes increased coordination between components, and mainstreaming and efficiency of cross cutting activities, to promote positive interaction and avoid usage of resources to deliver outputs not aligned with the project's mandate. In addition, the combination of thematic areas and individual units of extension support will allow flexibility of support to different groups of beneficiaries with varying production interests and degrees of entrepreneurial and organizational development along the value chain system. This will address HLP issues of relevance of technology contents delivered vis-à-vis actual potential beneficiaries needs, and commitment and retention of beneficiaries, as well as continuity of support as beneficiary capacity and organization consolidates.

60. Use of implementing partners. Private sector IPs are a key element of improved service delivery systems at local level — Based on HLP uneven experience with the use of IPs, and pilot experience in direct management of some activities, NHLP will promote rationalization in use of IPs, improved guidance and monitoring of their activities, and avoiding excessive overhead costs (mostly at central level) associated with the use of a LFP.

61. Decentralization. — NHLP will support de-concentration of activities and larger say of decentralized level of implementation in planning and implementation of front line activities. This is a key element for sustainability and improved delivery performance, as these are the levels that have a better grasp of reality on the ground and continuity of presence to improve project planning and delivery.

62. Coordination between project components/activities, and with other projects, and mainstreaming of organizational support and other technical crosscutting and ancillary activities — NHLP will support coordination between components where feasible, and mainstreaming of

organizational support and other technical crosscutting activities through the extension services, to ensure coordinated action, and adequate timing, relevance –focused on the project’s mandate and contribution to planned results– and costs of such activities. In addition, formal coordination with other Bank supported projects and activities, such as OFWM, CBR and improved nutrition will be supported.

Institutional

63. In general, institutional arrangements for HLP worked reasonable well as they evolved throughout implementation. Experience shows that changes piloted through the last year in HLP worked well and closely monitored scaling up is a logical next step. The changes piloted included increased responsibility of MAIL in contracting core technical and implementation assistance, and trial runs of the revised approach to beneficiary identification and organizational support as well as use of extension instruments, and models for poultry production support. NHLP will also contribute to Afghanistan’s ongoing process of devolving greater responsibilities to the provincial level and empowerment of local stakeholders in decision-making involving their economic wellbeing.

Environment and Social

Environment

64. ***Environment*** .NHLP is not expected to have significant adverse impacts and is classified as Category B according to the World Bank (WB) safeguards policy requirements. During NHLP implementation, all proposed subprojects will be screened to ensure that the environmental and social risks can be adequately addressed through the application of standardized guidelines and tools provided in the Environmental and Social Management Framework (ESMF) document. To do this properly for each NHLP subproject, a site specific Environmental and Social Management Plan (ESMP), to function as an action plan for managing and due diligence of safeguards issues has been prepared and is ready for implementation by project staff.

65. The proposed NHLP will expand coverage to the national level, encompassing different ecological zones in the country when compared to those of its predecessor HLP. It will comprise sub-components focused on extension and complementary investment support to promote actual adoption of improved production practices with positive environmental externalities. The project in addition to its overall positive impacts on improvement of food security and livelihoods of the rural communities will have some positive environmental impacts as well in the specific project areas. The project activities will promote awareness of local farmers about environmental concerns regarding excessive use of agrochemicals and fertilizers and their possible residues into the food chain. Also, the NHLP will promote more awareness about issues related to: zoonotic diseases and how to prevent them; promotion of hygienic practices; animal health and sanitation; improved agricultural methods and practices; efficient utilization of farm inputs and natural resources; strengthening of farmer organizations and optimization of their operational performance; and will improve the application of IPM approaches in their farming practices.

66. However, the potential increase in application of pesticides in the project area, if not managed properly, may also have potential adverse impacts on the health of the relevant local

population and their environment. In order to safeguard the relevant communities and their environment from the potential direct or indirect potential adverse impacts of NHLP's subprojects activities, MAIL and the NHLP have developed relevant needed mitigation measures and will apply required WB safeguards policies as well as National legislation and regulation. The summary of the project's ESMF is enclosed as Annex 9 of this project paper; it was prepared to provide guidance during project implementation regarding the selection and design of subprojects, screening their environmental and social impacts and the planning of relevant mitigation measures.

67. The WB Operational Policy on Pest Management (OP/BP 4.09) requires that projects similar to NHLP apply and promote an IPM approach and requests preparation of a project-specific Pest Management Plan (PMP). Accordingly, during the preparation the initial stage HLP, a reconnaissance level PMP was prepared, followed by a second phase implementation level PMP that took into consideration the detailed information from relevant project intervention sites, which is still being utilized. Since NHLP will expand to new areas with different ecological and farming conditions, it will prepare with the help of a competent international expert a second stage and implementation level PMP taking into consideration the characteristics of the new areas, farming systems and application of agricultural inputs. NHLP project will mainstream the IPM approach into the project extension services and its M&E system as well. The project will promote safe agricultural practices, e.g. cultural and mechanical methods for fighting pests and diseases, in the relevant project areas.

68. The project is planned to expand to the national level and into different ecological zones in the country having longer term perspective which require proper policy and planning tools at the ministry level. Therefore, MAIL and the Bank decided to undertake a Strategic Environmental Assessment (SEA) for the horticulture and livestock subsectors to mainstream the environmental concerns into the relevant policy, plans and program levels of MAIL. As per the SEA document MAIL will establish a high level Steering Committee for operationalization of the SEA recommendations into MAIL policies, plans and programs. The SEA document is also available in the project files and the WB InfoShop.

69. Appropriate institutional and implementation arrangements for the safeguards implementation, monitoring, reporting will be implemented by NHLP. For example, qualified safeguards Focal Officers and IPM specialists are already in place and additional will be hired by NHLP management. These project team members will work under relevant terms of reference (ToRs) and have access to necessary resources at central and regional levels. These staff members will help mainstream relevant aspects of the SEA and other safe cultural practices into NHLP implementation through the Banks approved ESMF.

70. The Executive Summary of ESMF was disclosed in country and at the InfoShop on November 15, 2012.

Social

71. MAIL contracted an independent local consultancy firm to undertake a Social Assessment (SA) and preparation of Social Management Framework (SMF) as part of the preparatory work of NHLP. The SA comprises Provincial profiles for the 22 provinces to be potentially covered

under NHLP, providing basic data on cropping patterns, livestock, tenure patterns, access to credit, use of fertilizer, gender and age division of labor and basic infrastructure.

72. Since details of all subprojects are not known at appraisal, MAIL contracted preparation of the ESMF to guide reduction and mitigation of any adverse environmental and social impact of the project. No Social Safeguards policies will be triggered and no land acquisition or involuntary resettlement will be funded or take place under NHLP. All planned project interventions will take place on individual's own land where NHLP targets individual producers. In case any minor areas of land will be needed for a project targeting a group of beneficiaries (e.g. in case of construction of small water harvesting /irrigation structures), the land should either be: (i) available government land; (ii) private land obtained through compensation paid by the community (i.e. transaction between willing buyer and willing seller) or, as a last resort; (iii) land obtained through private voluntary donations, provided the donation will have minimal livelihood impact on the concerned person, i.e. less than 10 percent. Private voluntary donations and community purchases will be fully documented as required by the ESMF and for government land, documentation will be needed that the land in question is free of encroachments, squatters or other encumbrances, and has been transferred to the project by the authorities. The project will ensure that no subsidies are given to interventions on land which are subject to dispute, and the ESMF contains specific screening requirements to ensure this. This will for example apply in case of establishment of new orchards.

73. Interventions on dry land horticulture in particular, could focus on the wild pistachio forests of Samangan, Jawzjan and Sar-i Pul. These pistachio forests are not individually owned, but part of the 'commons' which communities in these areas have traditional usufruct rights to. Any intervention here will thus, unlike other subcomponents of NHLP, not target individual producers but will target whole communities in whom the usufruct rights are invested. Special attention will be paid to the fact that such communal usufruct rights are non-transferable, and play a particularly important role for the livelihood strategies of the poorest in the rural community.

74. **Beneficiary Identification:** Following the established practice across projects with community outreach, the NHLP (like indeed HLP) will be introduced to communities through CDCs. However, since NHLP's interventions target individual or groups of farmers/livestock owners with specific interests rather than communities, selection criteria are quantifiable, robust and transparent in order to minimize risk of favoritism and exclusion. Beneficiaries of various project interventions will thus be men/women who fulfill a range of specific requirements in terms of available land and other preconditions, willingness to commit own resources/labor and to abide by given instructions etc. relevant for the individual subcomponent. The implications for the CDC role is that the CDC introduces the NHLP to the community members (men and women), and the CDC will subsequently be part of community monitoring of the project and of its outreach/targeting to ensure that nobody are left out based on ethnic, religious or gender bases. Third party monitoring is planned for Mid-term review and for end-of-project.

75. **Regional Equity:** selection of districts is based on existing potentials for horticulture and livestock development, and based on transparent criteria formulated by MAIL plus security considerations as to where the project is physically implementable.

76. **ESMF Implementation:** Environmental and Social Safeguards Officers with specific responsibility for implementing the ESMF provisions during subproject identification, preparation, and development will be added to the IMST at headquarters as well as at the regional level.

77. **Gender Mainstreaming:** HLP gained considerable positive experiences in outreach to female producers, and these experiences formed important lessons for development of the NHLP gender strategy across sub-components, with requisite measures for how to ensure the necessary female staffing at different levels. Apart from application of quantifiable, robust and transparent selection criteria, additional measures have to be in place to ensure women's active participation in the project. In view of the prevailing socio-cultural context of Afghanistan each relevant CDC has to clearly endorse NHLP outreach to women, and each female beneficiary needs to have the explicit support of their household (i.e. husband or father) to engage in NHLP subcomponents in order not to risk a backlash detrimental to the overall program and particularly to the women involved.

78. In addition to a national coordinator at central level, environment and social specialists will be recruited as focal points at regional level. An independent third party reporting directly to the Deputy Minister MAIL will be hired to monitor and report on quality of gender and safeguards implementation. To facilitate the involvement of women in project activities, the project will hire female technical staff including IPM officers and will also offer internship for female graduates. In order to facilitate outreach to and involvement of women in the different components of NHLP, the program has provided for *maharam* arrangement to facilitate female staff's mobility.

Implementation Arrangements and Financing Plan

Implementation Arrangements

79. The overall implementation arrangements will remain similar to that of HLP, with progressively increased direct involvement in project implementation by MAIL, and increased responsibilities and enhanced structure of regional offices. High-level management and strategic overall guidance will continue to be provided by a Project Steering Committee chaired by the Minister of Agriculture, Irrigation and Livestock (MAIL), with right of veto, and with Deputy Minister level representation of several key agencies including Ministry of Finance, Ministry of Economy and Ministry of Law and Justice.

80. The IMST will be responsible for implementing the NHLP project under delegation from MAIL. The IMST will be led by the Project Director, who will have overall responsibility for project implementation. Support will be provided by the Technical Liaison and Operations managers, Support Units coordinators, and the coordinators of the Monitoring and Evaluation, and Environmental and Social Safeguards units that directly report to the Project Director.

81. Overall arrangements for project implementation will evolve towards de-concentration of project activities, by moving the focus of operational planning and implementation to the regional level. Thus, MAIL will implement the project with support of a two-tiered IMST, including a core group at central level in Kabul supported by up to five regional centers.

82. The core group of senior staff in Kabul will have overall implementation management and guidance, and monitoring and quality control responsibilities, including safeguards compliance. They will also retain responsibility over aspects of fiduciary activities –financial management and procurement– that cannot legally be delegated. Regional centers will be responsible of: compiling and consolidating local beneficiary demand information gathered through provincial teams; preparing implementation plans and, once approved at the central level, executing them.

83. The regional offices will be located within MAIL facilities and project staff from the main two components will work alongside MAIL staff in that region, who will assist NHLP staff with program oversight for the provinces engaged within the region. Having together staff from the two main components both components will promote cohesiveness of the technical approach to the extent possible, and better coordination of field activities with positive impact on costs. The head of the regional office will be a Regional Horticultural Coordinator. On the horticulture side, reporting to this chief officer will be all five officers dealing with the specialties of the horticulture component. As all extension activities, including organizational support for beneficiaries will now be embedded within the two technical components, specific posts for Head of Horticulture Extension and Livestock Extension activities will be added to the team. On the livestock side NHLP will contract a Senior Livestock Officer (SLO) for each of the regional offices to serve as the livestock resource person and VFU trainer for the region, directed by the SLO. The SLO will have responsibility for all livestock component activities implemented in the region –the animal production (extension) and health, with MAIL personnel teaming with NHLP staff for M&E. Joining with NHLP extension staff in hired vehicles, they will monitor the extension program on MAILs behalf, report on the extension performance of the VFU paravets and FEs through to MAIL’s Extension Department in Kabul and assist with maintaining the standard of extension content and delivery

84. Animal Health Implementation arrangements. These activities will be implemented as a MAIL/GDAH program. Guided and working directly with NHLP staff, the Epidemiology Unit at MAIL will implement animal health activities utilizing Central Disease Investigation Laboratory diagnostic capability and the VFUs for the field work, with MAILs regional and provincial offices used for oversight and coordination. NHLP will also work closely with MAIL in the Sanitary Mandate Contracting Department in Kabul for VFU contracting. NHLP will coordinate all activities with MAIL staff in the regional and provincial offices and this arrangement will apply for the animal production (extension) program.

85. The poultry activities will be planned and coordinated between NHLP and the Poultry Department of GDAH in Kabul, and in implemented through the regional and provincial offices with MAILs officers at those levels. Trial interventions of small-scale flocks will be conducted to document the viability or otherwise of these flocks. If there is a clear case for supporting further distribution of poultry units. The program will be expanded by contracting and closely supervising an Implementing Partner for the purpose. In that case, the Senior Poultry Officer and a Poultry Master Trainer (PMT) working from the NHLP office in Kabul will direct implementation of pilots through the IP. They will be assisted by two poultry officers based in each regional office for supervising the work of the IP.

86. In addition to their responsibility in overall implementation, technical staff at the IMST in Kabul will act as Master Trainers. They will be in charge of training the technical 40 staff at

regional level, who in turn will train the front line staff at provincial level. Throughout implementation there will be an average of 1,150 front line staff conducting key extension and investment support activities. Twinning of front line staff with MAIL/DAIL staff will be promoted whenever possible in order to progressively build their capacity through on the job training in project promoted technologies and extension approaches. This capacity would be further supported through TA under the planned coordinated activity with the CBR facility.

87. Overall, readiness for implementation is high. The last year of implementation of HLP has been a transitional year, during which innovations have been piloted to test them under actual implementation conditions. Advanced procurement activities have been carried out to promote readiness of field activities for the spring of 2013, and the process of current staff contact renewal based on performance is ongoing. Institutional arrangements carry over from HLP, and implementation strategy is geared towards maintaining HLP disbursement performance by focusing investments during the first year in areas currently covered by HLP. This will allow time to establish the first expansion regional office and launch preparatory activities at district level. The process would be repeated in subsequent years, to build up implementation pace as the regional offices are established and coverage expands to new areas.

Project Costs and Financing Plan

88. The total cost of the six-year project is estimated at US\$ 114.6 million, including beneficiaries contribution, physical and price contingencies. The project will be financed from ARTF resources according to the following plan.

Financing Plan (US\$ million)

Source \ Currency	Local	Foreign	Total
ARTF		100.0	100.0
Beneficiaries	14.6		14.6
Total Project Cost	14.6	100.0	114.6

Financial Management, Disbursement and Audit Arrangements

89. A Public Finance Management (PFM) performance rating system has been developed for Afghanistan by the Public Expenditure and Financial Accountability (PEFA) multi-agency partnership program, which includes the WB, IMF, EC, and other agencies. Afghanistan’s ratings against the PFM performance indicators portray a public sector where financial resources are, by and large, being used for their intended purposes as authorized by a budget that is processed with transparency and has contributed to aggregate fiscal discipline.

90. Financial management and audit functions for the proposed project will be undertaken through the agents contracted under the IDA-financed Public Financial Management Reform project II. This is the primary instrument for continuing to strengthen the fiduciary measures put in place for ensuring transparency and accountability of funds provided by the Bank and other donors. Under these contracts, two advisers—Financial Management and Audit—are responsible

for working with the government and line ministries to carry out these core functions. The former, the Financial Management Agent (FMA) is responsible for helping the Ministry of Finance (MoF) maintain the accounts for all public expenditures, including IDA-financed projects and for building capacity within the government offices for these functions. The latter, the Audit Agent is responsible for providing technical assistance to the Control and Audit office in the performance of annual audits.

91. The project will be managed and implemented by MAIL. Implementation Management Support Team (IMST) personnel will be directly employed by MAIL to run the Project implementation Unit (PIU). The PIU will be established in MAIL in Kabul, and it will consist of the Project Director, the heads of the technical, operations and support areas, and key technical personnel of the different components, whose primary task will be to supervise and coordinate project activities and provide guidance and technical support to the decentralized implementation structure. The FM consultants recruited for the project under the IMST will be working with the Finance and Administration department of MAIL and assist them in the financial management of the project and undertake capacity building of the finance staff of MAIL.

92. Interim Un-Audited Financial Reports will be prepared by finance and administration department of MAIL every quarter and submitted to the Bank within 45 days from the end of the quarter. Consolidated project reports will be prepared, reviewed, and approved by the MoF, supported by the FMA.

93. A Designated Account (DA) will be opened at Da Afghanistan Bank (DAB, Central Bank) in the name of the project on terms and conditions satisfactory to IDA. The DA will be maintained by the MoF. Withdrawal applications for new advances and expenditure reports will be submitted monthly. Detailed FM arrangements for the project can be found in Annex 5.

Fund Flows

94. Fund management for the project will follow existing procedures. As with all public expenditure, all payments under the project will be routed through MoF. The FM Adviser will assist the MoF in executing and recording project payments. In keeping with current practices for other projects in Afghanistan, the DA will be operated by the Special Disbursement Unit (SDU) in the Treasury Department MoF. Requests for payments from DA funds will be made to the SDU by Finance and Administration Department of MAIL. All documentation will be maintained by the Finance and Administration Department of MAIL.

95. In addition to payments from DA funds, Finance and Administration Department (MAIL) can also request the SDU to make direct payments to consultants or consulting firms, and special commitments for contracts covered by letters of credit. Such requests will follow WB's procedures. All withdrawal applications to IDA, including advances, reimbursement, and direct payment applications, will be prepared and submitted by MoF.

Accounting and Reporting

96. The Finance and Administration Department (MAIL), in assistance with the financial management consultants from the project IMST will maintain essential project transaction

records using computerized accounting system/Excel spreadsheets and generate required monthly, quarterly, and annual reports.

97. The FM Manual to be prepared by the Finance and Administration Department (NHLP/MAIL) and to be approved by the Bank, will include: i) roles and responsibilities for all FM staff, ii) documentation and approval procedures for payments, iii) project reporting requirements, and iv) quality assurance measures to help ensure that adequate internal controls and procedures are in place and are being followed.

98. The FM Manual will also establish project financial management in accordance with standard Afghan government policies and procedures including use of the government Chart of Accounts to record Project expenditures. Overall Project accounts will be maintained centrally in SDU, which will be ultimately responsible for recording of all Project expenditures and receipts in the Government's accounting system. Reconciliation of Project expenditure records with MoF records will be carried out monthly by the finance unit of the project.

Disbursement Method

99. Disbursements from the grant will be made using advances, reimbursement, direct payment, and payments under Special Commitments including records or against reports, in the form of statements of expenditures, as appropriate.

Audit of Project Funds

100. The Auditor General, supported by the Audit Agent, is responsible for auditing the accounts of all IDA and ARTF-financed projects; it will also be responsible for this Project's audit. Annual audited project financial statements will be submitted within six months of the close of GoA's fiscal year.

101. The Bank-funded projects already or currently being implemented by MAIL (HLP, OFWMP and AAIP) have no overdue audit reports. The key issues raised in these projects' audit reports for Solar Year 1390 have been communicated to the projects for their response.

Audit – Responsible Entity

102. The responsible entity for the audit report is the Ministry Agriculture, Irrigation and Livestock.

Procurement Arrangements

103. Procurement for the project will be administrated in accordance with the WB's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011. Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 and the provisions stipulated in the Financing Agreement. In addition, the WB's "Guidelines on Preventing and Combating Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006 revised January 2011 has been shared with the recipient.

104. The WB's Standard Bidding Documents, Requests for Proposals, and Forms of Consultant Contract will be used. Civil works and goods following National Competitive Bidding (NCB) procedures shall be procured using the agreed Standard Bidding Documents (SBDs) for Afghanistan. In case of conflict/contradiction between the World Bank's procurement procedures and any national rules and regulations, the World Bank's procurement procedures will take precedence as per the Article 4(2) of the Procurement Law July 2008 (Amendments in January 2009 incorporated) of the GoA, the IDA Procurement/Consultant Guidelines shall prevail. The general description of various procurements under different expenditure categories are described in Annex 6: Procurement Arrangements. A detailed procurement plan has been prepared for the project as part of the Procurement arrangements.

105. The proposed project is implemented by MAIL. The procurement staff already working in HLP has experience to handle non-complex and medium value contracts. For complex and large value contracts MAIL will hire an International Procurement Advisor (IPA) to provide on the job training to the current procurement staff of the ministry as well as advice to the national procurement staff of the ministry in handling complex and large value contracts. The Procurement Manual is part of the Project Operation Manual agreed by the Bank.

106. With donor assistance, Afghanistan has made considerable efforts to establish the Legal and Regulatory Framework for public procurement over the last five years. A Procurement Law, reflecting international best practice in public procurement was enacted in November 2005 replacing earlier procurement regulations. While the law provides a very modern legal system for procurement, effective implementation of the law may encounter difficulties given the current weak institutional structure and capacity of the Government. A Procurement Policy Unit (PPU) has now been established under MoF to ensure implementation, through the creation of secondary legislation, of standard bidding documents, provision of advice, and the creation of the necessary information systems for advertising and data collection. The "Rules of Procedure for Public Procurement", which details better implementation of the Procurement Law, has been issued by MoF as circular number PPU/C005/1386, dated April 12, 2007. The Procurement Appeal and Review mechanism is in place and the Manual of Procedures for "Procurement Appeal and Review" has been issued by MoF as circular number PPU/N001/1385, dated 18 March 2007. The Procurement Law was revised in July 2008 and amended in January 2009, issued as a new Law by the Ministry of Justice (MoJ) and published in the Official Gazette Number 957, 29.10.1387, dated 18 January 2009. The revised "Rules of Procedures for Public Procurement" was issued as circular PPU/C027/1387, dated 18 November 2009.

107. The Special Procurement Commission (SPC), comprised of the Ministry of Justice (MoJ) and Ministry of Economy (MoE), under the chairmanship of MoF, approves high-value contracts. These approvals are done according to Article 91 of the Afghan Public Procurement Law.

108. In the absence of adequate capacity to manage procurement activities effectively, some interim arrangements have been put in place to improve Afghanistan's procurement management. A central procurement facilitation service, the Afghanistan Reconstruction and Development Services Procurement Unit (ARDS PU), has been established under the supervision of MoE.

E. Key Risks and Mitigating Measures

109. Based on the experience of ongoing IDA and ARTF projects in Afghanistan, given the still volatile security situation, limited institutional and human capacity, and uncertain political environment, the proposed project will face serious and tangible challenges. Major challenges that the project can expect relate to implementation capacity –including technical, fiduciary and safeguards– and security. They are outlined in the table below, along with mitigation measures and corresponding ratings before mitigation measures. Detailed descriptions are provided in the ORAF in Annex 4.

Risk Description	Mitigation Measure	Risk rating*
Project Stakeholder Risks		S
Not be enough buy-in from male and female producers, and relevant MAIL Directorates, as well MAIL ownership in sustaining project investments, including extension delivery systems and sanitary mandate.	Act on expressed demand from potential beneficiaries; involve local lead farmers for extension delivery; support traditionally female dominated activities and promote larger female involvement in general agriculture activities; provide increasing levels of support depending on group development level, to ensure a wide array of potential beneficiaries. Support new service delivery systems, along with CB for their management by MAIL, that enhance MAIL’s role and should be more cost efficient.	S
Implementation Agency Risks		H
<i>FM Risks:</i> weak internal controls at MAIL with risk of misappropriation of funds and delay in preparation and submission of acceptable financial reports.	Minimize use of Designated Account; maximize direct payments to consultants. FM agent posted at MoF Treasury Dept., responsible for processing of payments, transaction recording and reporting. Audit Agent posted at the Control and Audit Office, responsible for external audit of the project.	H
<i>Procurement Risks:</i> Protracted procurement process: is a risk which affects performance and outputs of the proposed project.	Bank provides periodic training to address emerging procurement issues. Focus on minimizing unrealistic cost estimate that affects bid evaluation process An International Procurement Advisor (IPA) will be hired to provide on the job training to the current national procurement staff of the MAIL and help the national procurement staff in handling complex and large value contracts. Also, MAIL is one of the three ministries which has been accredited by Procurement Policy Unit (PPU) to handle procurement independently without going through ARDS	H

<i>Governance Risks:</i> Insufficient transparency in personnel management and accountability in procurement and contract management	MAIL website established for wider and transparent dissemination of procurement processes. A grievance redress mechanism developed.	S
Project Risks		S
<i>Design Risks:</i> While project design is similar to the ongoing HLP, MAIL still has limited capacity (technical, managerial and fiduciary) and experience. Limited capacity of local implementation support agents	NHLP will build on existing central-level capacities, and add capacity building at the regional, provincial and local levels to facilitate de-concentrated implementation. In addition, NHLP will coordinate with planned CBR support that should lead to mainstreaming of management and implementation functions and responsibilities within MAIL structure. It will also create opportunities for absorption of some of the capacity already created by HLP among local professionals. NHLP will also transfer to MAIL the existing capacity for FM within the project, to be shared with other MAIL projects.	S
<i>Social and Environmental Risks:</i> while NHLP falls in the category B and triggered Integrated Pest Management (IPM) (OP/BP 4.09), there is potential for negative social and environmental impacts of project activities due of the dispersed nature and flexible support of the project	SA was prepared and SEA was developed for MAIL and, based on them, a comprehensive EMSF was produced for the project. Its implementation will be monitored by a dedicated mobile team, and an updated PMP will be in place. Social issues, such as gender, conflict resolution, and grievance redressing, will be addressed by regional gender officers. IPM will be mainstreamed in MAIL structure and will be specifically implemented and monitored by the horticulture component.	S
Overall Risk		S

* H - High; S - Substantial; M - Moderate

F. Terms and Conditions for Project Financing

110. The financing will be on standard ARTF grant terms and will finance 100 percent of project expenditures, including taxes.

Annex 1: Detailed Description of Project Components

AFGHANISTAN: National Horticulture and Livestock Project

111. The proposed NHLP is a follow-on project to the Bank supported Emergency HLP which is scheduled to close on December 31st, 2012 with a satisfactory performance following its restructure in 2009. Both HLP and NHLP are part of the Government's national priority programs¹⁴ focused on a broader vision of improving sustainable agriculture production and productivity, and increase on and off-farm enterprises, contributing to food security and inclusive economic growth. In line with this vision, the project will contribute to long term increased market-driven agricultural productivity and production by, as stated in its development objective, promoting adoption of improved production practices by target producer households in focus areas.

112. The proposed project builds on the successful performance and simplified design, after its restructure in 2009, of the current IDA and ARTF-funded HLP. MAIL will implement the project, with management, implementation and technical assistance support from an IMST of mostly permanent local and some temporary international consultants. For HLP, the ministry appointed management of overall implementation support responsibilities to a Lead Facilitating Partner (LFP), the German Agency for International Cooperation (GIZ). The design of NHLP, however, aims at MAIL at initially taking on increasing implementation responsibilities on a trial basis, including management and contracting of overall implementation support to reduce dependence on international technical assistance. In addition, the proposed project will implement a decentralized project implementation structure to the extent possible by current regulations and security conditions on the ground. The arrangement will foster strong participation of MAIL regional and provincial staff and engagement of local private stakeholders –individuals or firms– to improve efficiency of delivery and promote sustainability of project activities.

113. The objective of the proposed NHLP is to *promote adoption of improved production practices by target farmers, with gradual rollout of farmer-centric agricultural services systems and investment support*. The strategy for achieving the objective is based on the delivery of: a) extension and; b) investment support.

114. The total estimated cost of the proposed project is US\$ 114.6 million, including beneficiary contribution of US\$ 14.6 million. It will be funded by an ARTF grant of US\$ 100 million equivalent to be disbursed in two tranches, with a first tranche of US\$50 million and a subsequent one based on project performance. The project will be implemented over a period of six years (January 2013 to December 2018).

115. The proposed project will have the following components:(a) Horticultural Production;(b) Animal Production and Health; and (c) Implementation Management and Technical Assistance Support.

¹⁴ those for the Agriculture and Rural Development Cluster and, specifically, NPP-2: National Comprehensive Agriculture Production and Market Development Program.

116. **Component 1: Horticultural Production (US\$ 56.0 million).** This component will support target beneficiaries with mostly demand driven extension and productive investment support, based on their expressed interests and needs, through two subcomponents. **Subcomponent 1.1** – Extension, will provide farmers with organizational support, and deliver extension (messages) focused on three main thematic areas: orchard management, value addition and marketing. It will at the same time build MAIL and DAIL capacity for better support delivery. **Subcomponent 1.2** – Productive Investments Support, will complement capacity building delivered through the extension sub-component 1.1, by providing support to productive investments required for actual adoption of improved technology packages in thematic areas mirroring those covered by extension messages.

117. The aim of the component will be to promote the adoption of improved Agronomic, Cross Cutting (IPM, OFWM, etc.) and Marketing practices to contribute to increased productivity and production of horticulture products by target farmers. Different practices could be mixed and matched, thus allowing flexibility of support to cater to the specific demands of groups with varying production interests and degrees of entrepreneurial and organizational development along the value chain system. The component will also broaden the scope of assistance provided and the number of households receiving inputs and extension support, by supporting kitchen gardening as a contribution to improved household nutrition, dry land agriculture as a contribution to the expansion of improved horticultural production systems, and high value off-season vegetables and soft fruits production as an alternative to orchard production for smallholders.

118. In line with the overall aim of ensuring sustainability of all activities, the project will seek to build capacity within MAIL and DAIL for better service delivery. Central to achieving the component's overall aim, is NHLP's introduction of new methodology in delivering extension services. On the demand side, rather than being supply driven and top down, the new extension method will be bottom-up and demand driven. NHLP will focus on the Farmer Field School (FFS) approach based around technical interventions. This, it is hoped, will lead to the eventual formation of viable farmer groups based on common technical interest and/or business interests, e.g. crop-specific growers' group, PMOs and FSC membership.

119. On the supply side, it is foreseen that the interaction of project extension staff with DAIL staff will lead to improved capacity of the latter. This capacity should be to both deliver extension and to oversee and monitor potential partnerships with the private sector for extension delivery as MAIL transitions towards full implementation of its mandate as expressed by the NADF. The expectation is that service delivery for horticulture will evolve much like the one being set up for livestock activities (see description of Component 2), by establishing partnerships with the private sector that build on the experiences of a number of NGOs (DCA, Madera, Mercy Corps) in providing livestock extension. This set up will allow MAIL to focus its limited resources for "public good" type service delivery in areas or subjects where the private sector may have no edge.

120. Overall, the Horticultural Production component will support some 98,000 farmers in 100 target districts, 20 percent of whom will be women engaged in kitchen gardening. To qualify beneficiaries will need to be land owners, have access to land in the case of kitchen gardening activities. However, it is expected that project interventions, such as new orchard establishment

and marketing, will positively influence fuller employment opportunities for landless laborers in target orchards and women in post-harvest handling at home or through FSCs.

121. **Subcomponent 1.1 – Extension** will support all the activities required to identify and support the organization of male and female target farmers, by providing them knowledge and the tools to identify and solve their own problems. Group formation will initially focus around a common interest such as orchard management, IPM and OFWM. However, if requested, those groups could be aggregated into larger associations focusing on activities such as marketing (PMOs) and establishing FSCs. The Extension sub-component will, with support from the CDCs, identify and train Lead Farmers, supported by DAIL extension agents so that an improved and sustainable extension delivery service is established. In order to become beneficiaries of extension activities, farmers will need to be members of a CIG.

Approach

122. In the inception phase of NHLP's new methodology in delivering extension services the project team will initially conduct, with the assistance of CDCs as the entry point to make the project known within the communities, a series of detailed topical participatory rural appraisals (PRAs) to identify the Lead Farmers (LFs) linked to the horticultural sector. The PRAs will help identify specific problems, causes, solutions and the identification of local and external resources to address priority problems related to farmers' productive endeavors. The results of the PRA will be used to identify the training activities and design of the curricula and standards to be developed by the project for the implementation of Good Agricultural Practices (GAP) across the horticulture value chain. Listed below are the specific activities to be carried out.

123. Training of Trainers (ToT), Farmer Field School (FFS), Global Plant Clinic (GPC) and Participatory Technology Development (PTD) encompass the NHLP core methodologies for farmer-led Capacity Building, which should lead to farmers adopting Good Agricultural Practices (GAP). Common Interest Group-oriented learning activities in FFS and PTD classes will enable the project to better reach out to the target beneficiaries within the framework of a six-year project.

124. The ToT method for building local capacity aims to sustain the training capacities after the end of the project. The themes proposed for the ToT, FFS, PTD and GPC activities will address the training and service needs and priorities of farmers identified during the topical PRA to be carried out during the inception phase of NHLP at the local level.

125. FFS and PTD will support the horticulture value chain by promoting increased quantity and quality of production. The FFS, a group-based, intensive and hands-on extension methodology, will emphasize discovery-based learning through regular field observations and collective analyses of the results, rather than adopting pre-designed techniques and solutions. The FFS approach to learning will ensure that the work is relevant to the needs of resource-poor farmers, enabling their own decision-making on undertakings within their means and due consideration of the environmental context. FFS adopts an informal approach to educate farmers through learning-by-doing process. The horticulture growers will form the prime 'learning material' while additional field studies may be conducted to address specific problems. The PTD approach to interactive learning and innovation, with emphasis on sustainable agriculture, will

promote collaboration between researchers, extension facilitators and farmers in the analysis of agricultural problems and testing of alternative farming practices. Overall, topics to be covered through both systems will range from orchard management issues relevant to each specific group's interests, to cross cutting practices such as IPM and OFWM, to value addition and processing practices.

126. As the project expands its geographical coverage, there will be a need to complement this approach with the use of information and communications technology. Over 60 percent of rural Afghans own a mobile phone. This creates an opportunity for the Project to explore the possibility of using this widespread medium as a means to provide beneficiaries with access to information and markets. NHLP will thus consider using mobile tools to support project components. As a first step, the NHLP will include a pilot for an information service that will expand the reach of extension services and promote good production practices. This service could, for example, provide customized information to beneficiaries tailored to their products and location. The information would be provided through text and voice messages to cover the range of literacy levels. Furthermore, information could be delivered in a gender-specific voice, recognizing that social norms might otherwise prevent female beneficiaries from communicating on the phone. Such a service could draw on lessons learnt from India, Chile, and Turkey. In these examples, mobile tools have provided farmers with information on techniques to enhance productivity or tackle specific pests or diseases. Key implementation considerations include ensuring high quality and locally relevant content, engendering trust among users, and promoting sustainable operation of the service. NHLP will also consider expanding a pilot for a beneficiary and asset verification tool completed under HLP.

127. From a technical point of view, technologies promoted by the project are readily available and do not represent an acquisition problem, while transfer could either be straightforward or adapted to special local conditions and needs through the PTD. In addition to promoting collaboration between researchers, extension facilitators and farmers, the project will seek complementarity with USAID (AGRED) and JICA (proposed CDIS) projects promoting tighter integration between research and extension. Another important activity will be to increase awareness of the potential income gains achieved through using quality inputs. The project will promote the availability of quality inputs by liaising with input suppliers to make sure such inputs were available, knowing the demand the project will be creating amongst the beneficiaries. There is also scope for the project to collaborate with other Bank funded activities that specifically focus on input supply.

Activities

128. *Training of Trainers:* the project's core technical team in Kabul will train an extension team that could deliver farmer-led specific Orchard Management practices, cross cutting practices such as IPM and On-Farm Water Management, and Marketing related practices and activities. These Master Trainers will work with and through Lead Farmers –to be identified in each community with support from local level institutions such as CDCs– and DAIL staff at the district level. Extension activities will eventually lead to the organization and support of PMO's and FCS's. Ongoing emphasis on farm-level productivity and market development will remain a critical building block for the broader horticulture value chain. To facilitate farmers' capacity development in crop husbandry practices in general and specifically IPM, 25 selected

male/female lead farmers (LFs), ten nominated male/ female DAIL staff (Plant Protection and Agriculture Extension staff) in each province will be trained during one horticulture season to become Training of Trainers (ToTs) agents. The ToT course content will aim to address the problems and needs identified in PRA exercises.

129. *Farmer Field Schools*: according to the FFS approach, farming is considered as a matter of decision-making, such as which crop to grow, variety to use, management practices to adopt, etc., and the decision-making is basically determined by the degree of understanding of all these practices. Traditionally all farmers have a wealth of practical experience, but they also have many misconceptions and fears about farming. Many farmers do not get the opportunity to benefit themselves from the understanding of basic science about farming. Farmer Field Schools train farmers to make wise decisions by combining the basics they learn during FFS and their inherited practical farming experience. This better decision-making enables farmers to improve their production and farm income on a sustainable basis and paced according to their means.

130. Chart 1 presents a schematic picture of the approach and process described above and the support the process will receive from the NHLP and DAIL teams.

Contents

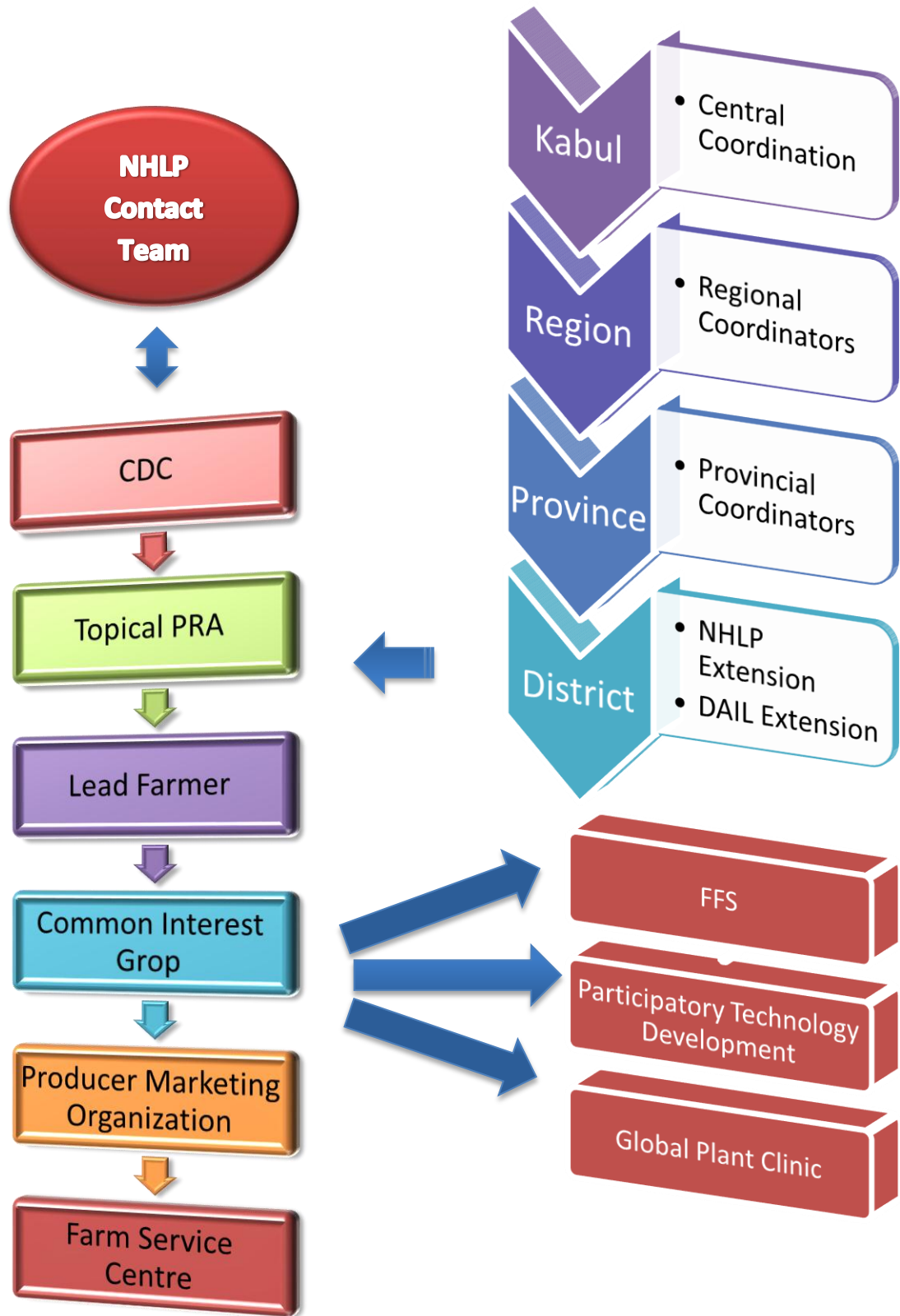
131. **(I) Orchard Management** will follow the FFS approach to learning which, as explained, will ensure that the work is relevant to the needs of resource-poor farmers, enabling their own decision-making on undertakings, including best crop management practices, within their means and due consideration of the environmental context. The season-long but modular horticulture FFS classes will cover different aspects of horticulture management. The particular subjects will provide farmers with basic farming education on agro-ecology, agronomy, soil science, plant protection, water management, farm economics, etc.

132. The Horticulture Extension team will closely work in coordination with Gender, Environment and Social Safeguards Coordinators to ensure conformity and compliance of NHLP to Environmental and Social Safeguards, and Social Inclusion and Gender issues. The project will seek to minimize negative environmental impact from horticultural, processing and marketing activities. NHLP will ensure the safe use and disposal of chemicals, on-farm and off-farm. Since farmer' literacy level is generally low, specific modular training on environment and social safeguard will be required.

133. The project will hire female technical staff including IPM officers and will also offer internships for female graduates. In addition, the internship system will help the project by creating a pool of potential female technical/extension staff

134. Cross-cutting issues such as environmental safeguards and sustainability will form an integral part of the component. A key activity will be Gender Sensitive Agriculture, which will include kitchen gardening and post-harvest extension and advice on nutrition. Social safeguards will look at issues of targeting, social inclusion and land tenure. The issue of equitable use of water will be assisted by the formation of water user associations. Among cross cutting issues to be covered by extension, Integrated Pest Management (IPM) is worth emphasizing.

Chart 1 – Extension Approach



135. *Integrated Pest Management (IPM) Extension* will include: (i) IPM curriculum development; (ii) Establishment of Global Plant Clinic; and (iii) Technical Support Group to the Plant Protection and Quarantine Department of MAIL.

136. IPM curriculum development will use PRAs to define the training topics based on the horticultural seasonal and problem calendars. Skill levels to be developed among farmers, based on existing knowledge and improved Best Management Practices, would also be determined. NHLP IPM staff would facilitate theme-based curricula development. A two-day curriculum development workshop would be organized to ensure that the curricula reflect the needs and expectations of key stakeholders regarding pest management. The workshop and subsequent meetings would serve to identify sustainable solutions for enhanced IPM implementation. The Horticulture IPM seasonal and off-seasonal curricula modules would be developed to encompass the entire Horticulture season based on the PRA findings. The project would contribute towards buying improved chemicals, training aid materials and basic tools to facilitate training and demonstration.

137. Establishment of Global Plant Clinics (GPC). The GPC is a plant health service provider designed mainly for organizations that serve the needs of farmers in developing countries, linking extension to research for the benefit of farmers. Diverse groups such as farmer cooperatives, NGOs, research institutes, Government Extension Workers, Private Service providers, universities and extension services independently run the clinics. MAIL agriculture extension department through NHLP, would need to incorporate clinics in their wider farmer programs and activities. Clinics are a service and not a project and their durability would depend on a close integration with other types of support for farmers.

138. The Global Plant Clinic (GPC) would train plant doctors, establish plant health clinics and provide a comprehensive and unique diagnostic service for all crops and problems. Clinics have several key features: they are held in places that farmers visit regularly, such as market places. Most of the thousands of farmers who have used existing clinics have had no previous contact with advisory services. Clinics are run regularly, usually once a week. Choosing the best location and time for a clinic depends on farmer responses and may require adjustments.

139. Technical Support Group (PPQD). The IPM coordinator in NHLP would work with the Plant Protection and Quarantine Department (PPQD) to set up a technical support group to oversee all issues relating to the development of an effective plant protection and quarantine service.

140. **(II) Value Addition** activities, including post-harvest handling, are designed to build the capacity of key stakeholders along the horticultural value chain. Using the FFS approach, a comprehensive training program will deal with issues related to harvesting, post-harvest handling and processing and marketing activities and will deal with topics such as: (i) picking, grading and packing; (ii) establishment of low-cost pre-cooling facilities; (iii) improved transportation to minimize damage to the fruit; (iv) establishment of packing and short-term storage sheds; and (v) demonstration of improved conventional storage facilities.

141. **(III) Marketing Extension** activities will cover support for the establishment of: *a) Capacity Building of Key Stakeholders* along the horticultural value chain. Using the FFS

approach, a comprehensive training program would deal with issues related to harvesting, post-harvest handling and processing and marketing activities and would deal with topics such as: (i) picking, grading and packing; (ii) establishment of low-cost pre-cooling facilities; (iii) improved transportation to minimize damage to the fruit; (iv) establishment of packing and short-term storage sheds; (v) demonstration of improved conventional storage facilities

142. *a) Produce Market Organization (PMO)*: members of CIGs participating of Farmer Field Schools could be organized into PMOs if this is what they desire. PMOs could be formed from a cluster of 10 FFS groups. The PMO will be in a stronger position to negotiate with traders and wholesale markets, due to their increased supply capabilities. The PMOs will also be able to buy inputs at cheaper prices due to volume discounts they will be in a position to negotiate.

143. The PMO will be eventually organized into district level PMOs. The PMO will be registered with the Ministry of Justice and other relevant governmental organizations e.g. ASSA, Ministry of Agriculture, Department of Seed etc. Importantly, PMOs will play an advocacy role with a stronger collective voice. The PMOs could develop and lead to the establishment of Farm Services Centers (FSC).

144. *b) Productive linkages among producer groups and traders* as part of the FFS approach, when common interest groups see the benefits of associating to market their produce and request support, the project will help in the formation of Producer Marketing Organizations (PMO). This particular activity will work with selected PMOs and facilitate meetings with national and international traders. The PMOs will also be trained in how to gather and analyses market information, so that they are in a better negotiating position, when meeting buyers.

145. *c) Farm Services Centers (FSC)*: NHLP plans to promote and pilot the FSC concept, following a model which is adapted from the North-West Frontier Provinces region of Pakistan, to better organize farmers (PMOs) for demand-driven service provision. The objective is to provide all relevant facilities/services to members under one roof for easy approach in short time, focused on delivery of inputs, market facilitation and exchange of experiences and knowledge. This will link farmers/livestock owners with agriculture inputs providers, veterinary workers and paravets, thus enabling farmers and livestock owners to use demand-driven services more efficiently. Evaluations showed that the FSC members feel empowered through their involvement in the process of decision making at FSC forum, and that they highly value the facilitations provided in the shape of “one window operation” and “linkages with public sector government departments”.

146. FSCs are commercially managed to provide a wider range of services to farmers than that provided by farm input shops, while at the same time facilitating development of linkages with public sector agencies. The services can be as diverse as is required, including: (i) high quality agriculture inputs; (ii) support to local production of inputs including seed, saplings, seedlings, organic fertilizer, fodder, etc.; (iii) packaging material; (iv) leasing of tools and machinery; (v) procurement and wholesale of farmer produce; (vi) renting of storage facilities; (vii) fee-based services/advice to farmers; (ix) develop and ensure utilization of localized Good Agriculture Practices (GAP) Standards through a GAP Secretariat based in FSC; (x) provision of fee-based training to farmers (PTD/FFS); (xi) quality control management of farm products; (xii) distribution/sales of learning materials (brochures, leaflets etc.); (xiii) provision of price and

market information using ICT (radio, mobile phone etc.); (xiv) linking farmer groups and centers of competence including research, micro finance institutions or traders etc.; and (xv) implementing donor funded mandates.

147. **Subcomponent 1.2 – Productive Investments Support** will support turning the ideas transferred during the knowledge sharing process in the Extension sub-component into productive investments, by financially assisting farmers on a cost-sharing basis. The levels of beneficiaries' contribution to capital expenditures involved are based on the experience of HLP, where farmer demand outstripped project supply of financial support, the economic status of the beneficiaries of those activities, and the need to expand the coverage of general beneficiaries. For direct productive investments they vary from 50 percent for the establishment of new orchard, to 35 percent for grape trellising to 25 percent for dry land horticulture based on unitary costs and level of risk involved (see Appendix to Annex 1). No project money is transferred to beneficiaries. Money contributed is deposited into a bank account, and the project delivers 100 percent of the inputs included in the investment. Investments for kitchen gardening and vegetables and soft fruits do not require farmer contribution.

148. Investments to be supported will basically be focused on the three thematic areas of the extension contents:

149. **(I) Orchard Management** - Investment support, focus on productivity, will cover, *inter alia*:

150. **a) Rehabilitation of Existing Orchards:** NHLP's FFS-based Orchard Management (OM) program will complement extension messages by carrying out orchard rehabilitation activities in the 100 districts that are planned to be included in the project. This will be meant as a purely demonstration activity to spur replication. Therefore a total of only 50 ha –for a total of 250 one-*jerib* demonstration plots– are planned for direct support, which will receive the appropriate tools and inputs required to implement the improved practices. Farmers will be instructed in how to prune, fertilize, spray and generally manage their orchards to a higher standard than is current practice in Afghanistan. It is expected that the demonstration plots will spur replication of about 6,000 ha of rehabilitation. The systems to be used have been well tested in HLP. What will differ will be the extension method, which will now be based on the FFS model.

151. **b) Establishment of New Orchards** – including *New Plantings*: in addition to the direct rehabilitation of 50 ha of existing orchards to spur replication, the project will plant up to 8,000 ha of new orchards using the existing orchard layout of individual trees, but promoting use of improved varieties and ensuring best practices within this system, including fertilizing, spraying and pruning. The process of farmer selection will be carried out with the assistance of the Community Development Councils (CDC). One of the selection criteria is that farmers have to be prepared to contribute up to 50 percent of the costs of all inputs. In this way, the project will ensure that establishment of new orchards will be demand driven. The establishment process will follow the FFS approach and will identify Lead Farmers at the community level, supported by over 150 project staff and at least an equal number of DAIL staff. In kind will be provided for the establishment of a minimum of one *jerib* and up to a maximum of five *jeribs* of orchard per

beneficiary¹⁵ based on demand. The orchard saplings must come from Perennial Horticulture Development Project (PHDP) accredited nurseries, and must also show marketable potential. From current experience, the list of varieties to be planted will include almonds, apricots, peach, pomegranate, cherry, pears and apples. The supply of saplings and inputs will be partially paid for by farmers on a 50 percent contribution basis that will be collected prior to the receiving of the inputs. The mechanism for the collection of this money has been used in HLP where 25 percent contributions were achieved in the past, and procedures will be enhanced in order to be more transparent to beneficiaries, by making it clearly visible that the money collected from the farmers is actually used by the project to buy inputs, when combined with the 50 percent contribution from the project.

152. *Grape Trellising*: The majority of grapes grown in Afghanistan are grown on the ground. This causes major losses in yield and quality of the product. HLP has successfully trialed a trellising system, using concrete posts, which dramatically improves the yield, up to 400 percent, and the quality of the grapes grown. Pest and disease attack is also reduced. The project seeks to replace the current Kishmishi variety with more marketable Thaifi and Shindu Khani varieties for table grape and raisin production. Support for 800 ha of trellising is planned, which will be done on up to 35 percent contribution basis.

153. *Dry Land Horticulture*: this is a new line of action to be formally introduced through NHLP to expand support for improved horticultural activities. The vast majority of land available to cultivate in Afghanistan is rain fed and the quantities of precipitation available are only able to sustain the hardiest of vegetation. The OFWM interventions are promoting different methods of water capture to concentrate precipitation when it occurs. Such techniques are ideally suited to dry land crop production.

154. Pistachio production will be the focus of support for dry land horticulture. Currently pistachio production in Afghanistan, a main horticulture crop, comes from wild forests. The plants are single-sexed and produce a crop that is low in taste, conformation and are small. In view of this, HLP piloted 100 ha of pistachio plantings in Samangan, Jowjan and Sar-e-pul. The variety chosen, sourced from Iran, is hermaphrodite and has a pink testa, good conformation and opens cleanly. It is planned to introduce 500 hectares of pistachios in private dry land areas at the rate of 100 ha per year, with each beneficiary receiving a level of support similar to that for the establishment of new orchards. The geographical focus will continue to be Northern provinces but adoption can be expanded if demand is present. Contributions of 25 percent will be required from farmers. This contribution is lower than the rate set for the other orchard crops, to accommodate for the higher risks involved in establishing tree planting in rain fed areas. Total cost of establishing one hectare will be \$1,000.

155. *Off-season vegetables and soft fruits*: if there is demand from farmers wishing to engage in high-value horticulture, soft fruits such as strawberries could be trialed in some of the new provinces that are entering the project. Currently such fruits are supplied from Pakistan, India and Iran. The advantage of a high value crop such as strawberries is that smallholders can easily grow it and gain access to valuable additional income to their households, who may otherwise

¹⁵ Detailed description of eligibility requirements for project financial support of different project activities is included in the project's Operational Manual agreed with the Bank.

not have as they do not have the resources to engage in more costly orchard production. The same rationale applies for the introduction of off-season vegetables using plastic tunnels. Some provinces in the east are already exporting vegetables across the border. Using forcing techniques, such as extra heat with the use of greenhouses, a crop can be supplied to market when supply is low and prices are high.

156. *Kitchen Gardening*: The Horticulture component plans to build on a successful pilot, through which 5,000 kitchen gardens were established. The aim is to establish over 20,000 kitchen gardens, each measuring at least 250 square meters. Female beneficiaries will receive vegetable seeds, watering cans and up to 5 meters of plastic tunnels, along with a Kitchen Gardening manual, translated into the local language. This will be supported by extension using the FFS approach. The activity will be coordinated with Bank-supported activities focused on support to the Afghanistan Multi-sectoral Nutrition Action Framework. Through the coordination, nutrition-sensitivity of the Kitchen Gardening activity will be enhanced by ways of, *inter alia*, further development of the project's manual on nutrition, preparation of content/tools to leverage the extension sessions with nutrition information, generally improving coordination with the Ministry of Public Health and promoting linkages with its Community Health Workers.

157. **c) Cross-cutting Agricultural Practices** will include support for:

158. *Integrated Pest Management* - Demonstration chemical, natural control methods such as clay suspension and bio-agents will be used during FFS demonstrations on selected farmer's fields to demonstrate the efficacy of innovative pest control measures.

159. *On-Farm Water Management - Lift Irrigation Societies*. The use of surface and ground water can be attained by sinking community bore wells at the tail of end of irrigation canals. Irrigation societies could be formed to utilize this resource. There are very successful lift irrigation societies running in Afghanistan within the legal framework of the country under supervision of *Myrabs*. They have agreed byelaws. The same framework would be used and the bylaws would be further improved with the assistance of OFWM project, which is currently making bylaws for irrigation associations and water user associations.

160. The program would fund infrastructure including pumps and bore wells. The infrastructure would be handed over to the farming community for further maintenance. The Horticulture team would be responsible for developing a full operational manual, which would include the rights and responsibilities of all parties involved. The existing management system for water distribution would administer the equitable distribution of water. The program would: (i) train farmers and extension workers about care and preventive maintenance of pumps and other equipment; (ii) organize exposure visit to successful societies to make beneficiaries familiar with the modalities of operation; (iii) procurement of materials and services for organizing tube wells pumps etc.; (iv) support farmers to administer suitable water distribution cycle and other modalities; and (v) provide capacity building to water users for maintenance of record and registers.

161. Water Harvesting: is a cost-effective way of providing supplementary irrigation to orchard crops. For flat irrigated areas, the project will support different methodologies to choose

from depending on actual requirements will be supported by the project, including: (i) variations on the micro-catchment theme –negarim micro-catchments, bunds, etc. –; (ii) flood water harvesting or spate irrigation; (iii) rock filled or brush wood dams for diversion of water in gentle sloping valleys; and (iv) percolation tanks. This activity will be implemented solely by NHLP, as the Bank-supported OFWM project does not extend to the farmers’ fields.

162. In undulating topography the earthen embankments are formed upstream of the orchards to store water to provide seeping water to offer good moisture regimes for plant growth. These embankments are effectively soil bunds whose size depends on the slope, runoff available and catchment or water shed size. The size ranging from few centimeters to two meters in height with a suitable cross section of 0.5 sq. m. These are used to stop the accelerated runoff water to hold and give more opportune time to seep in to the plant root zone. The proposal of water harvesting is mainly for new areas in dry land horticulture for pistachio and grapes or olives. The earthen embankments can be used in smaller catchments of up to 2,000 sq. m. The microcatchment can be as small as that of an irrigation basin of a fruit plant. The size of catchment is inversely proportional to the efficiency of water being harvested. In a gently sloping topography the earthen embankments are placed five to six meters apart so sufficient run off can be harvested at the base of the fruit trees. The spacing between earthen embankments again depends on the spacing in between fruit plants, soil characteristics, percent slope, precipitation etc. Farmers based on the nature of catchment, can put up the earthen embankments collectively and also individually. In a sloping topography the seepage & percolation progressively benefit the downstream orchards with moisture regimes. Suitable sites will be identified in dry areas for selected orchard varieties. The farmers themselves, supported by project extension workers and DAIL staff, will facilitate this process. Extension workers and farmers will be trained through the FFS model, to enable farmers to design the negarim.

163. Best Irrigation Practices and Irrigation layout - Present water use efficiency is as low as 25-30 percent because of improper land leveling and inappropriate irrigation layouts for the main crop and the intercrops. Since the crop water requirement of main crop and intercrop are different, the irrigation lay out should meet water needs of the main crop as well as inter crop. The activity will seek to train farmers and extension works on the principles of: (i) best irrigation practices and irrigation lay outs; (ii) demonstration with best irrigation practices in all fruit crops; (iii) computation of exact water requirement of fruit crops in specific areas; and (iv).developing irrigation schedules for intercrops as well as main crops separately.

164. Pedal Pumps - These are manual water lifting devices designed to lift water from streams and rivers with a suction limit up to 6m deep with a delivery of 5,000 liters per hour. These are widely used by small farmers. Pedal pumps are useful for supplemental irrigation when the main irrigation source failed to provide irrigation in certain areas. The activity will assist in the: (i) identification of orchards near to the water sources with low lifts of five to six meters; and (ii) training of extension workers and farmers on effective use of pedal pumps.

165. Procurement and supply of these pumps to farmers will depend on the feasibility for their use. These pumps are proposed to be deployed in small streams, natural creeks and depressions in consultation with the Ministry of Water and Energy and will conform to all the legal requirements. Irrigation practices will need to be coordinated with MIRABS and Chack Bashis along with water users. The Water User Association byelaws are presently made by OFWM

project. Hence technical coordination is needed with OFWM project for suitable water rotations, enabling the farmers at the end of canals to get their fair share of water for NHLP orchards.

166. Diesel Pumps - Diesel pumps are used to lift water from deeper water tables, as well as from harvested and stored water. Irrigation rotation practices, especially at the tail end of irrigation canals, often leads to erratic water supply. This can lead to inefficient water management, resulting in poor yields. The use of low powered diesel pumps facilitates irrigating the orchards at critical stages of the production cycle, leading to higher fruit yields. The activity will assist in the: (i) assessment for the requirement of diesel pumps; (ii) training of Extension workers and farmers in care and preventive maintenance of diesel pumps; and (iii) procurement of supply of the diesel pumps.

167. The size of pumps envisaged will be of the order of 3 horsepower capacity. This capacity is capable of only drawing water from creeks and natural depressions and will not be used for tube well irrigation. Pumps required for that will have to be in the order of 15-20 horsepower. The extraction of this water using these small pumps will not require any permits. The use of diesel pumps is to supplement irrigation requirements for vegetable production as well as orchard irrigation.

168. Canal Rehabilitation - The conveyance and application losses of irrigation water is as high as 30-60 percent in on-farm distribution canals like secondary and tertiary channels, due to percolation, seepage and breaching of earthen embankments. The project will work with the On-Farm Water Management Project (OFWM), which is rehabilitating primary and secondary canals and where feasible, rehabilitate tertiary canals that could supply water to project beneficiaries. The project will coordinate with other line departments and ministries for identification of canals for rehabilitation. It will also collaborate with OFWM project for training of extension workers and farmers on various canal rehabilitation techniques.

169. There will be Technical coordination between OFWM project and NHLP in the preparation of plans for Turn Outs and lined channels, laboratory assistance, supply of costs & prices for making bills of quantities, and weather data from proposed weather stations. HLP will assist in Assessment of crop water requirements, irrigation scheduling to mandatory horticulture crops or other technical assistance for increasing water use efficiency and curriculum development for training of the staff from the OFWM project. There will also be exchange and sharing of technical data on water management practices. Operational manual will be produced along with the orchard management team in areas where supplementary irrigation will be used.

170. The activity will design interventions, carry out estimate preparations and procurement of materials and prepare of bills of quantities for canal lining. It will then assist in the purchase of: (i) low cost plastic lining of Canals; (ii) pre-cast concrete lining; (iii) turn-outs and drop structures; (iv) High Density Polyethylene (HDPE) pipes to replace canals.

171. Drip Irrigation Demonstrations - The drip irrigation systems are capital intensive and need frequent maintenance, but the irrigation efficiency is as high as 90 percent. Such irrigation systems are suitable for peri-urban horticulture and can be extended to orchards where farmers have enough capital to bare some of the costs of installation. Areas experiencing severe water shortage and where the cost of land leveling for surface irrigation is too expensive are also

suitable candidates for drip irrigation. US\$600 has been allocated per site to set up drip demonstration sites.

172. *Reclamation and Management of Saline and Alkaline Soils* - Saline and alkaline soils in dry regions limit the area that can be cultivated. Yields are adversely affected in the existing orchards due to salinity and alkalinity problem. Reclamation of these problem soils using chemical amendments including raw sulphur and gypsum, and the creation of drainage will help to alleviate the problem.

173. *Apiculture*: in addition to the above activities, support will be given to introduce 100 hives to facilitate pollination in the orchards. The hives will be provided to farmers with a demonstration purpose and this will facilitate production of fruits. Where this was trialed in the past, dramatic increases in production of up to 40 percent were recorded.

(II) Value Addition – Post Harvest Handling and Processing

174. Support to post harvest handling and processing equipment and infrastructure will initially focus on establishment of simple cold storage pits. Building on the success of the introduction of storage pits for potatoes in Bamyán, the project will support farmers who wished to introduce such simple technologies to improve the storage of their orchard fruits. The mechanism used will again be a beneficiary contribution of 50 percent of the capital expenditures involved.

(III) Marketing.

175. Establishment of FSCs. FSCs will operate on the premise that farmers/livestock owners are generally resource poor and that it is thus important to bring them to a collective platform (Produce Market Organization) where they can pool their resources. This resource pooling may result in the establishment of FSCs, towards which MAIL/NHLP will help by providing 50 percent of capital expenditures involved to establish the productive assets required to manage the service needs of the member farmers. FSC management committees will run the centers and make decisions on their own accord.

Component 2: Animal Production and Health (US\$ 29.7 million).

176. The component will provide beneficiaries with extension and investment support based on their needs through two subcomponents. **Subcomponent 2.1 – Extension**, will provide farmers with organizational support, and deliver extension (messages) focused on two main thematic areas: animal production and animal health. **Subcomponent 2.2 – Investments Support**, will have a two pronged approach. At private sector level it will complement capacity building delivered through the extension sub-component 2.1. It will provide farmers with productive investments support required for actual adoption of improved technology packages in thematic areas mirroring those covered by extension messages. It will also support public sector investments for the establishment of an Animal Health Surveillance and Control system, and in the development of improved models of intervention through trials and studies to inform policy on possible future private investment support.

177. Overall, the Animal Production and Health component will support some 133,000 farmers in 100 target districts, 52 percent of whom will be women, who traditionally play a large role in livestock management. To qualify, potential beneficiaries will need to own livestock.

178. **Sub component 2.1: Extension** will support: (a) all the activities required to identify, help organize and mobilize male and female target farmers by giving them the knowledge and the tools to identify and solve their livestock-related problems; and (ii) implementation of a more effective and widespread system of livestock extension delivery.

179. The emphasis of the livestock extension activities will be on farmers making *simple, low cost changes* to their practices as related to animal production and health in order to improve their livestock output. Messages will center on addressing improved farming practices, which in some cases will be supplemented by the provision of small amounts of purchased inputs through subcomponent 2.2.

Approach

180. A new system to deliver livestock extension support via VFUs will be established, as NHLP will support the development of community-based livestock extension services¹⁶. Work done under the Animal Health Disease Project (AHDP) with sanitary mandates (SM)¹⁷ and the OIE Laboratory Twinning Project, has provided *for the first time*, the basis upon which enough field personnel can be trained and contracted to engage in a large-scale targeted disease control program. AHDP has established the systems in MAIL through which the Veterinary Field Units (VFU) can be contracted to undertake public-good services on MAIL's behalf. This means that MAIL now has at its disposal the paravets engaged in private practice in almost 1,200 VFUs throughout Afghanistan. Within the context of NHLP, the work begun under AHDP involving SM contracts for passive surveillance will be continued and expanded. MAIL should progressively incorporate the cost of VFU contracts for extension and animal health into its regular budget over the life of the project. Extension services will now be delivered through VFUs and Female Extensionists (FEs), under MAIL/DAIL guidance, monitoring and quality control. The focus on involving women from any particular community as FEs, is a key feature of the strategy of the component. Specifically, it allows for the provision of extension support to women from the same community, recognizing the very important role women play in livestock management.

181. The new system will build on HLP and AHDP experiences, as well as HLP's pilot livestock extension activity conducted during the second half of 2012. The pilot activity worked with the 21 VFUs established in Baghlan and Kabul Provinces. HLP Livestock Master Trainers trained the VFUs in the FFS methodology, who in turn passed on these FFS practices to FEs. Following a FFS survey, the VFUs established 42 –common interest– male livestock-raiser groups with approximately 25 members per group and also established 84 female groups through FEs¹⁸. The male and female farmer groups articulated the problems requiring addressing. The FFS emphasis on demand-driven extension means that this articulation of farmer issues will be

¹⁶ This builds on the experiences from HLP

¹⁷ Public-good animal health activities formally the responsibility of Government but assigned to a second party under contract.

¹⁸ FEs are selected by VFUs

an ongoing process throughout NHLP. Also, based on the same principle, to be beneficiaries of extension activities, farmers will need to be livestock holders and be members of a livestock interest group.

182. Under NHLP, the project extension team will, beginning in January 2013, train the VFUs and the FEs in the first set of technical messages. On completion of the training, the VFUs and FEs will start the process of delivering extension packages around particular themes to the 126 male and female CIGs.

183. At first, extension efforts will focus on the highest livestock density districts. This permits a more effective livestock extension because it allows wider targeting of farmers. However, extension will be phased to other provinces over the cycle of NHLP. In year one, NHLP will focus on ten provinces with VFUs in two to three districts per province. This means that an estimated 50 VFUs will be inducted and will commence training in year one. By adding 100 additional VFUs each year, extension delivery is expected to involve approximately 500 paravets in total, each supported for two years to provide time to consolidate their activities with communities.

184. The direction and supervision of these extension services will be devolved to the regions and implemented by NHLP staff through the provincial offices of MAIL. They will act with the assistance, where possible, of MAIL personnel, thus providing practical capacity building. MAIL regional and provincial offices will work with the 20 –provincial office-based– male and female NHLP Extension Officers (EOs), to monitor and report on the extension work done and to assist the EOs with the training and oversight of the FEs.

Contents

185. **Extension packages** will disseminate key messages relating to improving current low animal productivity resulting from inefficient or damaging management practices and poor attention to the health and nutrition of cattle, sheep and poultry.

186. A total of 29 complete messages have been developed to support livestock raisers in the small-holder/subsistence sector. Each deals with a separate issue related to animal production or animal health which livestock raisers throughout much of Afghanistan contend with on a daily basis. These messages are being delivered now, both as an ongoing activity of HLP as well as some NGOs regular extension activities.

187. The most significant livestock disease constraints have been recognized already, and messages developed and extended to deal with them. For the most part, these provide livestock raisers with information to prevent and address **the infectious causes of livestock disease and loss**. These messages include information detailing the identification, prevention and addressing of: (i) the main diseases of cattle, sheep and goats (Brucellosis, clostridial diseases, PPR, Pox, Anthrax and Tuberculosis); and (ii) the important diseases of poultry (Marek's disease, Coccidiosis and Newcastle disease). Some of these diseases can be dealt with by the livestock raisers themselves on farm, while others necessarily require the intervention of the VFUs or GDAH veterinary authorities. Some of these messages are ground-breaking. A message dealing with Newcastle disease in poultry –a disease that can wipe out a small flock every year if not

prevented–, based on a thermo-stable vaccine which can be held without refrigeration is an important example. This vaccine can be made available locally and, importantly, can be administered by the poultry owner without assistance or refrigeration. This message will also have NHLP investment support so as to make the vaccine generally available through the VFUs. Since almost all rural households raise a few poultry, massive adoption of this key extension message will make back-yard poultry raising a less risky and much more profitable enterprise.

188. At the same time, animal health messages for all of the common livestock classes deal with **non-infectious causes of disease**. These include simple messages dealing with conditions such as bloat, mastitis and uterine prolapse, which directly affect livestock health and production. Conditions such as these have causes which are primarily related to management, and can be prevented with the application of simple-to-adopt principles, or treated by the livestock owners themselves. As examples: the condition of bloat in cattle is prevented with some attention to the mix and type of fodders animals are given; mastitis in milking cows can be preventable by simple adjustments to the level of hygiene used during milking; and prolapsed uterus, while not preventable by the farmer, has signs which can be watched for and which can often be reduced with timely intervention. Such messages which deal with both causes of animal health constraint are an important ongoing part of the livestock extension activities. But other messages will be developed during NHLP as new conditions are identified at PRA.

189. Livestock extension activities will also address the **non-health factors which limit the productivity** of small-farm livestock and which are entirely related to the absence of good livestock management. For poultry these include, *inter alia*, measures such as the application of extremely simple interventions –simply-made, rodent and snake-proof cages and the provision of some creep feed– to keep chicks alive for the first six weeks of life, thereby ensuring most can survive long enough to become productive. For cattle, farmers will be advised during extension sessions to improve a cow’s productive lifetime, both by recognizing the signs of heat and then by ensuring cows are joined at the first post-calving oestrus; and for both cattle and small ruminants, the provision of well-drained, insulated and draft-proof housing; and the preferential feeding of young stock with conserved fodders in winter. There are also messages related to ruminant nutrition generally. These include information promoting the production of summer fodder –i.e. alfalfa– for conservation and winter feeding, and the use of urea/molasses blocks, the latter to enhance the nutritive value of the poor quality roughages which are all that is currently available on most small farms. NHLP will also support these important extension thrusts with investment support to small-holders for pasture and fodder seeds, and the initial purchase of urea/molasses blocks.

190. **Subcomponent 2.2 - Investments Support** will support: (i) farmers in carrying out complementary investments to enable actual adoption of key extension messages; and (ii) MAIL in implementing its sanitary mandate and generating knowledge to inform the decision making process to further develop its animal production support policy.

191. Investment Support will occur through three avenues: (i) provision of technology packages as in kind support to farmers for the actual adoption of improved livestock practices promoted through sub-component 2.1; (ii) support for MAILs Sanitary Mandate to improve the animal health and control system so that the Ministry may progressively comply with international requirements for notifiable diseases as well as, in the long-term, build upon the

systems developed under NHLP to extend its Sanitary Mandate functions to other diseases for enhanced national coverage; iii) support animal production policy development through evidence-based decision-making based on trials and studies run under NHLP in sub-sectors such as poultry and small ruminants.

192. **(I) Technology packages to support messages around extension.** The main objective for the provision of low cost technology packages is to allow farmers to implement extension support messages delivered as part of the capacity building exercise for farmers in sub component 2.1 on Extension.

193. The full extent of all extension messages over the life cycle of NHLP are not yet known, as these will be in part demand driven. However, a package of hard investments will support available extension messages around animal health and production. This could for example involve a vaccination program around animal diseases other than brucellosis. Similarly technology support packages may support better animal nutrition.

194. As subsistence livestock raisers are likely to be reluctant to invest in livestock production inputs –the vaccines, mineral blocks, pasture seeds and de-wormers recommended through extension–, unless convinced they are useful. They will be better persuaded if they were able to try them first at no cost. This will be arranged by providing inputs through VFUs to group members attending the extension training, that can be used effectively for demonstration purposes to show the importance of these small investments. The value of inputs provided will be relatively minor (*circa* US\$ 20 per beneficiary for a limited number of priority training messages), and will only be available to buy inputs supporting up to three messages that address the most important livestock issues identified.

195. **(II) Animal Health Surveillance and Control System.** The main objective for the implementation of an Animal Health Surveillance and Control System will be to establish the capacity within MAIL to apply broad-scale disease surveillance and control measures for notifiable diseases. Under NHLP, this strategy will have a six-year duration and it should provide MAIL with a sound basis on which to continue financing a wider based surveillance system in the long-term¹⁹.

196. Establishing the system will enable MAIL to: (i) successfully undertake its public-good disease control mandate; and (ii) own a disease surveillance and control capability in a working system with substantial reach throughout the country²⁰. NHLP will assist MAIL to implement a brucellosis surveillance and control program as part of this exercise, by making use of a private/public partnership involving the VFUs. An effective implementation of this capability will also facilitate better marketing of livestock products from Afghanistan into external markets.

197. The program has the following elements:

¹⁹ The VFUs engaged in the passive surveillance will effectively become the front line in a sentinel service against the encroachment of other important livestock diseases well into the future.

²⁰ If MAIL can demonstrate this capability by the end of NHLP, requests for ongoing internal and external funding for livestock disease control measures are likely to be more forthcoming.

- A Brucellosis Cell established within the Epidemiology Unit (EU), supported with international expertise to: (i) design the initial prevalence survey, plan the vaccination program, select vaccines, and adjust the program over time as prevalence changes and (ii) plan, direct and adjust, the post-vaccination serological monitoring.
- Monitoring and vaccination coverage directed at large and small ruminants, adjusted to suit a range of topographies and production systems (sedentary/transhumant). The number and intervention priority of the districts/provinces and number of livestock involved will be subject to the results of a baseline serological prevalence survey. Close coordination between MAIL and the Department of Public Health (DOPH) in: (i) the monitoring and reporting of human cases, (ii) collaboration in the identification of prevalence foci and (iii) the preparation and programming of public health awareness messages related to brucellosis, with collaboration and joint planning in (MAIL/DOPH) workshops.
- Support for Central Veterinary Investigation Laboratory (CVIL) – training, diagnostic materials, international diagnostic expertise.
- Training on: (i) laboratory diagnosis for CVDL staff; and (ii) sample collection and submission, vaccination, livestock identification for VFUs.
- Support –transportation allowances– for MAIL provincial office monitoring staff.
- SM contracting of VFU personnel –for sero-surveillance, vaccination, passive surveillance reporting– in target provinces.
- MAIL assumption of oversight, financial and administrative responsibility at project end.

198. **(III) Animal Production Policy Development.** The main objective of investment support for Animal Production Policy Development is to provide sound evidence for MAIL to drive policy, initially relating to poultry and animal feeding practices, as part of wider program in MAIL for livelihood support and to create a more enabling environment for entry into more commercial activities.

199. *Approach.* In order to enhance evidence-based policy making in MAIL for the livestock sector, NHLP will initially conduct two sets of activities: a) Backyard and Semi-commercial Poultry trials, to be carried out mostly by women; and b) Winter Feeding of Sheep trial.

200. a) *Backyard and Semi-commercial Poultry trials* will start in 2013. The backyard poultry trial will comprise 5,000 households receiving 30 egg-layers, while the semi-commercial poultry trial will furnish 500 households with 100 broiler birds and another 500 households with 100 egg-laying birds. Both trials will be established using an afghan Implementation Partner (IP)²¹, which will have responsibility for training the recipients and supplying the poultry and inputs.

201. The birds will be provided based on a well-defined household profile²², with the provision of an assured quality of birds and feed, and use of the thermo-stable Newcastle disease vaccine distributed to and provided by the VFUs supporting the poultry raiser groups.

202. The *expected outcomes from trials* will be to establish the determining factors for the success or failure of small-scale poultry enterprises. This will be carried out through an analysis of the degree to which financial returns are a function of limiting factors related to, *inter alia*,

²¹ Working to tightly written ToR and whose performance NHLP will closely monitor.

²² Among others, adequate cash reserves, market access, support of Shura leader, access to and contact with a VFU.

substandard poultry, inadequate feed quality, training, supervision and market access. This information will provide the evidence for policy makers to identify the set of interventions needed to make poultry farming a more viable livelihood for poorer households, and assess the viability and conditions to implement them.

203. This information will inform the decision HLP/MAIL will make in PY2 or PY3 as to whether the models are successful enough to justify funding more poultry packages, and if so, what form and size any such follow-on packages might take.

204. b) *Winter feeding of Sheep* trials will be carried out with the main objective of supporting the Kuchi population, which maintains large flocks of sheep and goats as a commercial enterprise. The Kuchi are an important driver of the Afghan rural economy but increasingly their grazing pastures are under threat from the expansion of wheat cultivation. This trial will provide an analysis of alternative winter feeding practices for the small ruminants of the Kuchi, in order to improve both financial turnover and stability. The results of the analysis from the trials will inform MAIL's approach to extending a more comprehensive rural agricultural policy.

205. In order to consider the range of alternative winter feeding practices for the small ruminants of the Kuchi, a study will be carried out to identify the constraints and opportunities for improving sheep offtake in the spring. This study will be conducted from late 2012 into the spring of 2014.

206. The *expected outcomes from winter feeding trials* will be, where winter feeding has been successful, recommendations to be considered for improving the marketing chain and thus to potentially be introduced as an activity of NHLP. These recommendations may comprise technical packages and investment in winter feeding to enable the sale of conditioned sheep and goats in spring. This will thus also assist in informing MAILs policy for the sector.

Component 3. Implementation Management and Technical Assistance Support (US\$ 28.9 million).

207. The component will support: (a) implementation management at national and regional levels, and; (b) technical assistance (TA) to inform implementation and policy development, and capacity building (CB) of MAIL to mainstream and ensure long term adequate staffing and ability at all levels of the service delivery systems being deployed.

208. **Implementation Management Support** will cover TA for overall implementation management at central and regional levels, including procurement and financial management, monitoring and evaluation (M&E), communication functions, as well as de-concentrated management activities at regional level. Similar to HLP's arrangements, there will be a dedicated project implementation unit (PIU) within MAIL in Kabul, in charge of overall project implementation. The central unit will house a core Implementation Management Support Team (IMST). The IMST will be in charge of continued liaison within MAIL, overall oversight, guidance and coordination of implementation, as well as core administrative, M&E and communication functions. However, actual planning and implementation of front line activities will be carried out in a de-concentrated fashion through up to five regional offices. Special attention will be given to strengthening of M&E and knowledge management –communication–

to facilitate decentralized implementation and ensure quality of implementation across regions by sharing good practices and lessons learned

209. The IMST will be staffed by permanent national and some regional staff, with assistance from phased temporary international specialists. The international TA will provide temporary support at various implementation phases, start-up of project implementation in particular, regarding key horticulture, livestock, FM, procurement, and M&E activities. This TA will be time bounded with clear exit strategies. Also, instead of having an international lead facilitating partner, contracting of staff will be carried out by MAIL on a trial basis, based on positive partial direct contracting experiences carried out within HLP during the last year.

210. The project will contribute to current Government efforts endorsed by the donor community to review existing practices regarding PIUs. To that end, the component will support phased migration of core functions to MAIL, starting with financial management. It will do so in coordination with proposed complementary CBR support to increase MAIL's capacity to effectively deliver on its mandate, and capacity building activities as described below.

211. **Additional Technical Assistance and Capacity Building** support to MAIL will provide focused additional temporary international TA to produce technical studies to inform implementation and policy development, including the preparation of a future phase of the project. In coordination with proposed CBR support, it will also provide complementary CB focused on the horticulture, livestock and extension directorates, to pilot mainstreaming of NHLP service delivery systems below the central level within MAIL. Overall, technical assistance provided through this component including the aforementioned long term international, regional and local consultants of the IMST and the focused additional temporary international TA will amount to 70 percent of component costs.

Appendix – Summary of levels of support provided and base eligibility criteria

Activity/Item	Beneficiary (Type/ size)	Level of Support	Eligibility Criteria	Remarks
HORTICULTURE				
Rehabilitation of Existing Orchards	0.2 ha ²³	50%	Existing orchards	Demonstration
Establishment of New Orchards				
• <i>Nuts, fruits, citrus</i>	0.2 ha	50%	New orchard owner	Economic Production
• <i>Grape trellising</i>	0.2 ha	65%	Hi Yield Grape grower	Economic Production & Quality
• <i>Dry land Horticulture Pistachio</i>	0.2ha	75%	New Dry land owner	Demonstration and Production
• <i>Off-season vegetables & soft fruit production</i>	0.2 ha	100%	Plastic tunnels	Demonstration
• <i>Vegetables Seeds for Intercrops</i>	1 ha	100%	New orchard owner	Demonstration
• <i>Medium density orchards</i>	0.2 ha	100%	Small farmer	Demonstration
• <i>Kitchen Gardening</i>	Female marginal farmers	100%	Access to 250 sqm of land	Demonstration
Cross cutting activities				
• <i>IPM activities</i>	0.2 ha	100%	All orchard owners	Demonstration
• <i>OFWM</i>				
○ Lift Irrigation societies	0.2 ha	100%	Member of irrigation society	New areas to be brought under irrigation
○ Hydro power lift irrigation	0.2 ha	50 %	Near to water course	Demonstration
○ Water harvesting	0.2 ha	50%	Refer Document	Demonstration
○ Pedal Pumps	0.2 ha	50%	Surface water source	Demonstration
○ Diesel pumps	0.2 ha	50%	Surface water source	Demonstration
○ Canal Rehabilitation	40 hts	50%	Earthen field channels	Demonstration
○ Drip Irrigation Demonstrations	0.2 ha	50 %	Refer to body of annex	Economize water use
• <i>Establishment of Apiculture</i>	Community	100%	-	Demonstration
• <i>Soil management</i>	0.2 ha	100%	All NHLP Orchard owners	Demonstration
Value Addition				
• <i>Underground storage demos</i>	PMO	50%	All Orchard owners	Reduced losses postharvest
• <i>Grading and Packing sheds</i>	PMO	50%	All orchard owners	Reducing losses postharvest

²³ Equal to one *jerib*

• <i>Post-Harvest & Marketing Training demo material & tools</i>	0.2 ha	50%	All orchard owners in NHLP	Demonstration
Marketing				
Farmer service center	PMO	50%	All orchard owners	Access quality, affordable inputs
LIVESTOCK				
Brucellosis control field work	All livestock owners in control areas	100%	Live in vaccination area ²⁴	This will be a long running program ²⁵
Improving backyard poultry production 30 layer model	Poor rural women	100%	Poor families living in target areas and provide coop ²⁶	Large scale trial ²⁷
100 layer package	Rural Middle income families	100%	Live in target area for poultry, have sufficient resources to sustain the model, and provide coop	Scaling up subject to results of ongoing pilot
100 broiler package	Rural Middle 26income families	100 %	Live in target area for poultry, have sufficient resources to sustain the model, and provide coop	Scaling up subject to results of ongoing pilot
Livestock Extension group support	Members of the FFS groups	100%	Be member of the FFS group of the local VFU/Lead farmer	Inputs for demonstration purposes
Small Animal investment support	Sheep/goat and poultry owners	75%	Live in the NHLP livestock focus areas	Inputs for increased livestock support, in particular in relation to our winter feeding trials ²⁸
Farmers group's investment	Registered farmer groups	50%	Live in focus area of NHLP for livestock	Inputs for increased productivity, quality and marketability.

²⁴ Areas to be selected based on sero-prevalence.

²⁵ Focus will be on: a) reduction in number of infected people; and b) improved productivity of livestock

²⁶ Must live within reasonable distance of markets for supplies and sale of eggs/spent hens. Coop must conform to project required standards.

²⁷ To assess sustainability of improved version of the backyard poultry model of HLP under different conditions.

²⁸ Demand driven support expected to include improved genetic material –semen of live rams/goats, roosters–, nutrition training and support, in particular in relation to our winter feeding trials

Annex 2: Results Framework and Monitoring
AFGHANISTAN: National Horticulture and Livestock Project

Project Development Objective (PDO): to promote adoption of improved production practices by target farmers, with gradual rollout of farmer-centric agricultural services systems and investment support.													
PDO Level Results Indicators* ²⁹	Core	Unit of Measure	Baseline	Cumulative Target Values**						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR 4	YR5	YR6				
<i>Adoption of improved practices</i>													
Target farmers ³⁰ that adopt at least 5 elements of the horticulture technology packages ³¹ promoted by NHLP	<input type="checkbox"/>	% (Total)	0	37,5	45	55	62,5	65	70	Quarterly (Q) Annually (A)	Progress Reports (PR) Mid-term (MT) and end-of-project (EoP)	Components (Cs), Monitoring and Evaluation (M&E), Third Party (TP)	According to experiences in Pilot Plots adoption rate kitchen garden (female) is higher than average
		% (Male)	0	25	35	45	55	60	65				
		% (Female)	0	50	55	65	70	70	75				
Target farmers that adopt at least 3 elements of the livestock technology packages promoted by NHLP	<input type="checkbox"/>	% (Total)	0	32,5	45	55	47,5	60	65	A, Mid-term (MT) and end-of-project (EoP)	PR, MT, EoP	NHLP and TP	Poultry distribution/extension work is limited to first two years
		% (Male)	0	20	35	45	45	65	65				
		% (Female)	0	45	55	65	50	55	65				
<i>Farmer-centric focus of services</i>													
Total expenditures directly reaching beneficiary farmers as (excluding farmer contribution)	<input type="checkbox"/>	%	35	45	50	65	70	70	70	Q,A	Reports: Procurement and Finance	NHLP /Audit	Classification to be carried out
Target farmers satisfied with agricultural and rural advisory services	<input checked="" type="checkbox"/>	%	HLP 2012 outcome	50	60	65	75	75	75	Q,A	Annual survey (AS), PR, Annual Outcome (AOR) Impact Evaluations (IE)	Cs, M&E	HLP 2011 outcome: 66%

²⁹ The RF&M table presents the main indicators. Information on a series of other indicators including some that are linked to impact, and which will not be observed at their consolidated state during project implementation, will be collected.

³⁰ Defined as members of a CIG (i.e., number of target farmers will equal the sum of the all the members of the CIGs supported; membership is tallied at the beginning of the support activities with the group)

³¹ See annotation page at bottom of table

INTERMEDIATE RESULTS													
Intermediate Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
Component 1: Horticultural Production													
Sub-component 1.1 – Extension													
Target farmers exposed to a practice and understand it and its benefits	<input type="checkbox"/>	#(Male)	0	2.000	47.500	60.000	70.000	77.500	77.500	Q, A	PRs, AOR	Cs, M&E	# TF in HLP 52,500.
	<input type="checkbox"/>	#(Female)	0	3.000	7.000	12.000	16.000	20.000	20.000				
Total									97.500				
Sub-component 1.2 – Productive Investments Support													
<i>Rehabilitation</i>													
Orchards rehabilitated (ha) directly and indirectly, and number of beneficiaries	<input type="checkbox"/>	ha	0	500	2.000	3.000	4.000	5.000	6.000	Q, A	PRs / AOR	Cs, M&E, TP	
	<input type="checkbox"/>	#	0	2500	10.000	15.000	20.000	25.000	30.000	Q, A	PRs / AOR	Cs, M&E, TP	
<i>New Plantings</i>													
New Orchards (including vineyards) established with at least 70% survival rate	<input type="checkbox"/>	ha	0	500	2.000	4.000	6.000	7.500	8.000	Q, A	Geo-Locational Monitoring (GLM) PRs / AOR	Cs, M&E, TP	
	<input type="checkbox"/>	#	0	2.500	10.000	20.000	30.000	37.500	40.000				
Grape Trellising: new vineyards with trellising	<input type="checkbox"/>	ha	0	100	250	450	650	750	800	Q, A	GLM,PR, AOR	Cs, M&E, TP	
Dry Land Horticulture: new pistachio groves planted	<input type="checkbox"/>	ha	0	100	200	300	400	500	500	Q, A	GLM, PR, AOR	C /M&E /TP	
Annual Horticulture:													
New kitchen gardening schemes	<input type="checkbox"/>	#		8.000	12.000	14.000	16.000	18.000	20.000	Q, A	GLM PRs / AOR	C /M&E /TP	20,000 women to set up Kitchen gardens
Kitchen gardens in target areas productive and sustained beyond second year	<input type="checkbox"/>	%	0	-	30	40	50	70	70	Q, A	GLM PRs / AOR	C /M&E /TP	
new area of off-season vegetables	<input type="checkbox"/>	ha	0	50	110	170	230	280	300	Q, A	GLM PRs / AOR	C /M&E /TP	

new area of soft fruit production planted	<input type="checkbox"/>	ha	0	10	20	30	40	50	50	Q, A	GLM PRs / AOR	C /M&E /TP	
Post-Harvest storage pits built	<input type="checkbox"/>	#	0	5	15	25	35	50	50	Q, A	GLM PRs / AOR	C /M&E /TP	
Component 2: Livestock													
Sub-component 2.1 – Extension													
Target farmers exposed to a practice and understand it and its benefits	<input type="checkbox"/>	#(Male)	0	2.500	12.000	26.000	40.000	54.000	63.500	Q, A	Poultry Survey; Progress Reports, MTR	C /M&E /TP	(incl. Poultry pilot years 1 and 2)
	<input type="checkbox"/>	#(Female)	0	7.500 (5.000 Poultry)	18.000 (6.000 Poultry)	32.000	46.000	60.000	69.500				
Total									133.000				
Sub-component 2.2 – Investments Support													
<i>Animal Production</i>													
Target farmers adopting regular livestock inoculation (or VFUs stocking inputs recommended in extension messages)	<input type="checkbox"/>	%		20	30	50	50	50	50	Q, A	PRs / AOR	C /M&E /TP	
<i>Animal Health System</i>													
Reduction in animal brucellosis prevalence in target areas	<input type="checkbox"/>	%	Baseline	-	15	30	45	60	75	A	National Statistics	C /M&E /TP	
<i>Policy Support</i>													
Backyard poultry trials	<input type="checkbox"/>	Qualitative		5.000 implemented	Report issued					A	Specific Surveys	TP / C / M&E	
Semi-commercial layer trials	<input type="checkbox"/>	Qualitative		500 implemented	Report issued					A	Specific Surveys	TP / C / M&E	
Semi-commercial broiler trials	<input type="checkbox"/>	Qualitative		500 implemented	Report issued					A	Specific Surveys	TP / C / M&E	
Winter sheep feeding trial	<input type="checkbox"/>	Qualitative		1 implemented	Report issued					A	Specific Surveys	TP / C / M&E	no certainty over trial
Component 3: Project Management, Implementation and Technical Assistance Support to MAIL													

3.1 Management and Implementation													
Decentralized NHLP regional offices established	<input type="checkbox"/>	#	1	3	4	5	5	5	5	A	PRs	IMST	
MAIL/DAIL staff (M/F) trained and/or in staff exchange programs within NHLP to provide practical training	<input type="checkbox"/>	#	0	40	80	150	200	200	-	Q,A	PRs / AOR	Cs	
Assessment of implementation performance and impact	<input type="checkbox"/>	Qualitative	0	Base-line launch		MTR			IE report	Start, MT, EoP	Technical Strategy and Implementation Plan, Progress Reports, Specific Studies	C / NHLP / Third Party	Develop baseline strategy for IE and launch. Qualitative MTR to assess implementation performance. Final Impact Evaluation report.
3.2 Technical Assistance													
A Gender Mainstreaming Strategy and training modules for gender awareness are developed under NHLP	<input type="checkbox"/>	Docs	0	3	4	5	5	5	5	A	C 3	C3 / Gender	Ind. Aims to measure Mainstreaming
Revised service or policy plan/strategy developed among the NHLP-counterpart departments in MAIL	<input type="checkbox"/>	#	0	-	1	2	3	4	5	A	PRs	IMST	Ind. Aims to measure Mainstreaming activities of NHLP Components

*Please indicate whether the indicator is a Core Sector Indicator (see further <http://coreindicators>)

**Target values should be entered for the years data will be available, not necessarily annually

Annotations and definition of applied terms

Technology package: the term describes a set of technologies packaged around a theme/thematic area like orchard management, value addition or marketing. A TP consists of a bundle of complementary elements (in the sense of activities) to ensure a holistic approach to achieve the envisaged target.

Examples: **Thematic area:** Practices for Improving Orchard Production – Working Fields: Methods for Fertilizer Application, Improved Orchard Irrigation, Winter Pruning, Green Pruning and Fruit Thinning.

For Livestock: Improved Poultry Raising Practices – Coop design and construction, Feeding Balanced Feed, Feeding water in drinker, Vaccinating pullets, Deworming of chicken, Treating chicken from local vet clinics and saving in individual saving box (poultry production is the only area with measurements for “direct” increasing livestock production).

Satisfaction: Satisfaction of Target Farmers will gauge target group members’ perception of the facilitation of daily work, quality of extension work, their benefits in production and productivity and changes in income. The parameters mentioned are the base to gather evidence-based information about the level of satisfaction of target farmers in relation to the NHLP and the acceptance of project inputs.

Annex 3: Summary of Estimated Project Costs
AFGHANISTAN: National Horticulture and Livestock Project

Project Cost Summary by Component

Component	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Horticultural Production	7.7	12.1	10.6	10.3	10.0	5.3	56.0
Animal Production & Health	4.9	6.0	6.0	5.0	5.0	4.4	29.7
Implementation Management & Technical Assistance Support	4.6	4.7	5.1	4.9	4.8	4.8	28.9
Total Project Costs	17.2	22.0	20.9	20.2	19.8	14.5	114.6

Project Financing Plan

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
ARTF	15.7	19.1	18.0	17.3	16.8	13.1	100.0
Beneficiaries Contributions	1.5	2.9	2.9	2.9	2.9	1.5	14.6
Total Project Financing	17.2	22.0	20.9	20.2	19.7	14.6	114.6

Annex 4: Operational Risk Assessment Framework (ORAF)
AFGHANISTAN: National Horticulture and Livestock Project
Stage: Appraisal

1. Project Stakeholder Risks	Rating	Substantial		
<p>Description : Stakeholder buy-in: there may not be enough buy-in from male and female producers, MAIL Horticulture and Livestock Departments, and District Department of Agriculture, Irrigation, and Livestock (DAIL). The project also requires participation by the private sector (such as input suppliers, traders, and exporters) in value chain development.</p> <p>MAIL ownership: there may not be enough ownership by MAIL in sustaining the project investments, including extension delivery mechanisms and sanitary mandate.</p>	<p>Risk Management: There are different degrees of buy-in among HLP beneficiaries. Because NHLP would act on expressed demand from potential beneficiaries, and also strengthen local capacities in extension delivery by training lead farmers in villages, better up-take and buy-in among producers would be expected. Women would be trained on kitchen gardening, poultry, or harvesting and post-harvest processing. DAIL would benefit from the same training among their extension workers. Because the project would offer increasing levels of support depending on group development level, ranging from production to value addition to marketing, a wide array of potential beneficiaries would be able to find tailored support for their specific need. In addition, available support on demand for improved marketing linkages, processes and infrastructure would promote increased good buy-in by the private sector.</p> <p>MAIL has high level of ownership in this project, as this would be their first national program and it acknowledges, and supports, increased coordination and clear alignment with GoA's NPPs. There is, however, the risk of their commitment not being adequately expressed in budgetary terms in the long run.</p>			
Resp: MAIL/HLP		Stage: Prep/Impl	Due Date : 12/31/2012	Status: Ongoing
2. Implementing Agency Risks (including fiduciary)				
3.1. Capacity	Rating:		High	
<p>Description : Technical Capacity: Although a number of other Bank-assisted projects have helped to build capacity, MAIL is still weak in terms of technical capacity (managerial, technical and fiduciary) and ability for decision making. There is a general lack of technical and managerial capacities in MAIL at the Central, Regional, Provincial, and District levels.</p>	<p>Risk Management : HLP built implementation capacities at the national level. NHLP would build on these national capacities, and add capacity building at the regional, provincial and local levels to facilitate de-concentrated implementation. In addition, NHLP would coordinate with the CBR project planned CB support that should lead to mainstreaming of management and implementation functions and responsibilities within MAIL structure. It would also create opportunities for absorption of some of the capacity already created by HLP among local professionals. NHLP would also transfer to MAIL the existing capacity for FM within the project, to be shared with other MAIL projects. In addition.</p>			

<p>Internal Controls: Weak internal controls may lead to misappropriation of funds and delay in preparation and submittal of acceptable financial reports, and these will have consequent effects on disbursements and implementation progress</p>	<p>Good compliance with WB FM requirements by MAIL/HLP is expected to continue during NHLP implementation. The use of centralized accounting and payments and processing of all transactions through the full set of Government budget implementation rules and systems lowers the risk of misuse and mis-reporting. MAIL/NHLP should minimize the use of the Designated Account, while maximizing direct payments to consultants. The risks would also be reduced by the presence of: (i) a FM Agent at the Treasury of Ministry of Finance, which is responsible for processing payments, transaction recording and reporting; and (ii) an Audit Agent at the Control and Audit Office, which is responsible for external audit of the project.</p>			
	<p>Resp: MAIL/HLP</p>	<p>Stage: Impl</p>	<p>Due Date :</p>	<p>Status: Ongoing</p>
<p>3.2. Governance</p>	<p>Rating:</p>		<p>Substantial</p>	
<p>Description : Transparency: Insufficient transparency in personnel management and insufficient accountability in procurement and contract management. Accountability: HLP does not have a social accountability mechanism in supporting producer groups.</p>	<p>Risk Management : The project website at MAIL domain facilitates wider and transparent dissemination of HLP procurement processes, and this is expected to continue in NHLP. For personnel management, the Bank would continue to closely follow recruitment processes in order to maximize transparency. NHLP would develop and implement grievance redressing mechanism. The implementation would be facilitated and monitored by gender assistants at regional level. In addition, PMOs would be trained on participatory monitoring, in particular, social audit in developing and managing their activities.</p>			
	<p>Resp: MAIL/HLP</p>	<p>Stage: Impl</p>	<p>Due Date :</p>	<p>Status: Ongoing</p>
<p>4. Project Risks</p>				
<p>4.1. Design</p>	<p>Rating:</p>	<p>Moderate</p>		
<p>Description : Fragmented design: HLP has a fragmented design, and there is a lack of coordination between the components' core and cross cutting activities, in particular, technical components and social mobilization in extension service delivery. Service delivery mechanisms: The two technical components would have different extension delivery mechanisms (lead farmers for horticulture, and VFUs and female extension agents for livestock), implementation arrangements, and district outreach (100 for horticulture, and 220 for livestock). To remain effective as well as efficient, there is a need for coordinated implementation.</p>	<p>Risk Management : Under NHLP, mainstream farmer organization and safeguards support would be an integral part of the technical components as part of their extension activities. In addition, both technical components would use CDCs as entry point to promote potential beneficiary awareness about project activities and help coordinate different conduits of support. Extension service delivery mechanisms would differ, reflecting the reality in the front line, but would build on prior experiences and have a common approach. Namely, the approach would focus MAIL role on policy and overall guidance, monitoring and quality assurance of extension, and safeguards compliance, while increasingly relying on private sector local agents for improved service sustainability where feasible. Delivery of extension contents would follow a common approach based on the FFS methodology. The main difference would be the type of local agents involved, which for the case of livestock would be VFUs privatized</p>			

	with EU and WB support. Support for the delivery of other services would also follow a common approach, and focus on the establishment of FSCs on demand, which could be used as focal points for the supply of inputs and to provide marketing linkages.			
	Resp: MAIL/HLP	Stage: Impl	Due Date : 1/31/2013	Status: Ongoing
4.2. Social & Environmental	Rating:	Moderate		
Description : NHLP falls in the category B and triggered Integrated Pest Management (IPM) (OP/BP 4.09).	Risk Management : As part of the preparation of NHLP a SEA was developed for MAIL and, based on it, an EMSF was produced. Its implementation would be monitored by a dedicated mobile team, and an updated PMP would be in place. Social issues, such as gender, conflict resolution, and grievance redressing, would be addressed by regional gender officers. IPM would be mainstreamed in MAIL structure and would be specifically implemented and monitored by the horticulture component.			
	Resp: MAIL/HLP	Stage: Prep	Due Date : 3/31/2012	Status: Done
4.3. Program & Donor	Rating:	Moderate		
Description : HLP is widely recognized in the donor community, and high level of interest has been maintained with satisfactory performance for the last 12 months. There are indications of continued donor interests and support in NHLP.	Risk Management : NHLP would continue innovative geo-locational monitoring, and its outputs should be capitalized to maintain donor interests. In addition, the project communication activities would be strengthened to facilitate knowledge management among NHLP regional offices, MAIL, donors, and aid agencies.			
	Resp: MAIL/HLP/Bank	Stage: Impl	Due Date :	Status: Ongoing
4.4. Delivery Monitoring & Sustainability	Rating:	Substantial		
Description : HLP has gradually built national M&E capacities for day-to-day project monitoring. However, the project is not effectively using the information collected in planning and assessing the implementation progress. Because group formation would be demand-driven under NHLP and decentralized implementation would build capacity of DAIL extension workers, sustainability of project investments are highly likely.	Risk Management : NHLP would strengthen M&E capacity at national and regional levels in monitoring and supporting decentralized implementation. In developing and strengthening MIS, international TA would be brought in to support baseline survey and cross check data collection. In addition, NHLP would conduct two third party impact evaluations at mid-term and end line. In supporting MAIL in mainstreaming NHLP MIS, the project would support MAIL M&E Department in setting up results framework to measure progress towards MAIL National Agriculture Development Framework (NADF). Because the horticulture and livestock extension models would train lead farmers, VFUs, and local extension workers, it is expected that the capacity would be built and remain at village and district level to delivery extension services. In addition, the capacity building TA under the project management component would support mainstreaming extension delivery mechanisms into the MAIL horticulture and livestock directorates and would ensure sustainability at national and potentially provincial and district levels.			

	Resp: MAIL/HLP	Stage: Impl	Due Date :	Status: Ongoing
4.5. Other	Rating:			
Description :	Risk Management :			
	Resp:	Stage:	Due Date :	Status:
4.6. Other	Rating:			
Description :	Risk Management :			
	Resp:	Stage:	Due Date :	Status:

Annex 5: Financial Management and Disbursement Arrangements

AFGHANISTAN: National Horticulture and Livestock Project

Country Issues

212. The Bank has gained substantial experience and understanding of the financial management environment in Afghanistan through the large number of projects under implementation over the years. In addition, the Bank funded Public Financial Management (PFM) reforms³² undertaken by the Government of Afghanistan (GOA) continue to support the enhancement of the fiduciary environment to ensure transparency and accountability in the use of funds provided by the Bank and other donors.

213. A Public Finance Management (PFM) performance rating 33 was carried out in 2005. The FM performance indicators generally portray a public sector where financial resources are, by and large, being used for their intended purposes. This has been accomplished with very high levels of support from international firms; this assistance will continue to be needed over the medium term if these ratings are to be maintained.

214. In spite of undeniable gains made in reconstruction since the end of 2001, the challenges facing Afghanistan remain immense; among them the security situation in the region, corruption and continued prevalence of a large illegal and illicit economy. Various priorities of the Government are funded through the annual budgeting process. With regard to executive oversight, the national assembly plays an active role. The public sector remains weak; lack of qualified staff in the civil service together with delays in civil service reforms have led to shortage of qualified counterparts in the government.

215. Though capacities to track expenditures and monitor expenditure outcomes have improved, they need rapid and substantial strengthening. The World Bank is financing a Financial Management Advisor to assist the Ministry of Finance, an Audit Advisor to assist the Control and Audit Office, and a Procurement Advisor to assist in Procurement related activities. Also an Internal Audit function is being developed within the Ministry of Finance with World Bank financing. Donors are financing consultants and advisors to assist the Da Afghanistan Bank in local as well as foreign currency operations. The activities carried out under the existing PFM Reforms projects are helping the Government to ensure that appropriate fiduciary standards are maintained for public expenditures, including those supported by the Bank and the donor community.

³² The Public Financial Management Reforms Project (PFMRP) is the primary instrument to continue and enhance the fiduciary measures put in place during the past years to help ensure transparency and accountability for the funding provided by the Bank and other donors.

³³ A PFM performance rating system using 28 high-level indicators that was developed by the Public Expenditure and Financial Accountability (PEFA) multi-agency partnership program was applied in Afghanistan in June 2005. PEFA is comprised of the World Bank, IMF, EC, and several other agencies. The system is structured around six core dimensions of PFM performance: i) budget credibility, ii) comprehensiveness and transparency, iii) policy-based budgeting, iv) predictability and control in budget execution, v) accounting, recording, and reporting, and vi) external scrutiny and audit. The PEFA report is available in the Bank's files.

216. The operations support provided by the three Advisors is expected to continue for the medium term. Challenges still remain in attaining the agreed upon fiduciary standards and also to further enhance them.

217. **Risk Assessment and Mitigation.** The table below identifies the key risks that the project may face and indicates how these risks are to be addressed.

<i>Risk</i>	<i>Risk Rating</i>	Risk Mitigation Measures	Residual Risk	Condition of negotiations, Board or Effectiveness (Y/N)
Inherent Risk				
Country Inherent Risk	M	Source - PFM study	M	N
Project Financial Management Risk	H	Financial Management Consultants of the project will provide financial management support to the Finance and Administration department of MAIL	S	N
Perceived Corruption	H	Government commitment, internal controls and the recruitment of internal audit consultant will help to reduce the high level of perceived corruption	S	N
<i>OVERALL INHERENT RISK</i>	H		S	
Control Risk				
1. Weak Implementing Entity	H	The project will be supported with project Implementation Support Team (IST) of personnel directly employed by MAIL. High-level management of the project and strategic policy guidance in its implementation will be provided through Program Coordination Meetings (PCMs), chaired by the Minister of Agriculture, Irrigation and Livestock (MAIL). Recruitment and retention of qualified and experience FM staff in MAIL to ensure sound financial management of the project.	S	N
2. Funds Flow	S	Direct payments to consultants, Suppliers, etc. from the Designated Account	M	N

		(DA) by SDU-MoF. In addition direct payments from the Credit Account to consultants and suppliers and special commitments for contracts covered by letters of credit are also envisaged.		
3. Budgeting	S	The annual budget derived from the annual work plan shall be finalized and presented to the MAIL Budget Committee (MBC) for approval by the finance and administration department, after which it will be submitted to Ministry of Finance.	M	N
4. Accounting Policies and Procedures	S	Will follow international standards. Project accounting procedures and details of the FM arrangements will be documented in an FM Manual to be agreed with the Bank	M	N
5. Internal Audit	H	Internal Audit consultant to be recruited to strengthen the internal audit unit of the MAIL and will review project internal control systems	S	N
6. External Audit	H	Will be audited by CAO with support from Audit Advisor	S	N
7. Reporting and Monitoring	H	Will provide regular information that will comply with agreed format of financial reports.	S	N
<i>OVERALL INHERENT RISK</i>	H		S	
Detection Risk	S	Adequate accounting, recording, and oversight will be provided in project procedures. Oversight by SDU – MOF of all advances/ M-16 supported by Financial Management Advisor.	M	N

Risk rating: H=high risk; S=substantial risk; M=modest risk; L-low risk

Strengths and Weaknesses

Strengths

218. The Government provides assurance to the Bank and other donors that the measures in place to ensure appropriate utilization of funds will not be circumvented. The Public Financial Management Reform Project to enhance financial management in Treasury

operations, public procurement, internal audit in the public sector, and external audit by the Auditor General continue to demonstrate good results.

219. The implementing line ministry, MAIL has implemented/ is implementing other Bank funded projects prior to this, so the agency has experience in implementing Bank projects and following Bank procedures.

Weaknesses and Action Plan

220. The main weakness in this project, as in many others in Afghanistan, is the ability to attract suitably qualified and experienced counterpart staff especially for Financial Management. The FM consultants recruited under this project is expected to strengthen fiduciary arrangements.

Action Plan – To be reviewed at ‘Initial Supervision’

Significant Weaknesses	Action	Responsible Agent	Completion Date
Shortage of qualified and experienced FM staff	Recruitment and retention of the FM staff in MAIL	MAIL	Hired
Project internal controls and procedures need to be defined	Financial Management Manual developed, reviewed, and agreed with the World Bank	MAIL	31 January 2013
Interim reports need to include required information	Un-audited interim financial report formats for the project confirmed	MAIL	Confirmed

221. The NHLP will be set up, managed and implemented by the Government of Afghanistan through Ministry of Agriculture, Irrigation and Livestock (MAIL).

222. A Project Management Implementation Support Team (IMST) of personnel will initially be directly employed by MAIL to support it with project implementation. The Project Implementation Unit (PIU) will be established in MAIL in Kabul, and it will consist of the Project Director, the of heads of the technical, operations and support areas, and key technical personnel of the different components, whose primary task will be to supervise and coordinate project activities and provide guidance and technical support to the decentralized implementation structure.

223. The individual advisors will be contracted and dedicated to this project to assist the team with project strategy implementation. The advisors will be international consultants for the positions of Horticultural Advisors, Livestock Advisor, M&E Design/Management Advisor, IPM Specialist, Soil & Water Management Specialist, Poultry and Small Animals Consultants. The financial management consultants recruited for the project under the IST will be working with the Finance and Administration department of MAIL and assist them in the financial management of the project and undertake capacity building of the finance staff of MAIL.

224. The IMST will monitor overall implementation of the project. It will meet once a week to discuss and provide guidance on project implementation. It will be headed by the Project Director. Each implementing and support unit will have a coordinator/head that will

be responsible for the overall implementation of that component and, report to Project Director, PCMs and Bank through the IMST.

225. The Finance and Administration Department of MAIL shall be staffed with qualified and experienced financial management consultants to carry out day-to-day financial management operations of the project for the preparation of M-16 forms (payment orders), Project coding sheets, and B27 allotment forms as well as overall contract and Project management. Detailed FM reporting requirements, staffing, systems, internal control procedures, and other FM arrangements will be included in the Financial Management Manual.

Project coordination and monitoring

226. MAIL has the responsibility for overall project implementation, coordination, and monitoring. The PIU will work closely with the relevant departments within MAIL to facilitate this function. MAIL is also responsible for: (a) assuring steady progress of execution in accordance with an implementation schedule reviewed and approved by the World Bank, (b) ensuring adequate and smooth transfer of skills to the civil servants by the Implementation Support Team, and (c) ensuring that transparency and high ethical standards are maintained throughout the process.

Project oversight

227. Oversight and strategic policy guidance in for implementation will be provided through Program Coordination Meetings (PCMs), chaired by the Minister of (MAIL). These meetings will include; Deputy Ministers, Director of policy and plan, Project Director (NHLP) and other concerned international advisors. Program Coordination Meetings (PCMs) will be held to monitor the progress of existing projects and programs, provide guidance and take necessary measures to ensure their satisfactory performance, and assess potential and need for new projects. The PCMs will be held at least once a month.

Budgeting

228. The budget for the NHLP will be managed by the Finance and Administration department of MAIL. Finance and Administration department of MAIL will coordinate the preparation of annual work plan and the derivation of annual budget. The annual plans and budgets will be approved by the MAIL Budget Committee (MBC). The MBC will be comprised of the Director of Finance, Director of Plan, Project Director of NHLP and the Agriculture Budget Sector Manager from Ministry of Finance. The MBC shall be responsible for initiating, coordinating, obtaining and summarizing all information and data during the budgeting process. The Committee is also responsible for ensuring that each stage of the budget process is completed in accordance with the budget timetable. Under the supervision of Deputy Minister for Finance and Administration the Committee will be responsible to ensure that: i) Detailed instructions are issued for the preparation of each year's budgets; ii) Time set for budget preparation are strictly followed by other line executives; iii) Procedures and formats for the preparation of budgets are carefully followed; iv) Detailed work during consolidation is done and required accounting assistance is provided to other members of the project team.

229. The Finance and Administration department of MAIL will be responsible for ensuring that the project budget for each fiscal year is captured in the Governmental Development

Budget of that fiscal year. The Finance and Administration department of MAIL will coordinate quarterly budget reviews to ensure adequate budget discipline and control and place budget review reports before the MBC for its consideration and guidance. At year end the Finance and Administration department of MAIL will ensure that it seeks MoF's approval of unutilized budget amounts as carried forward budget. Approved carried forward budget ensures uninterrupted disbursements while waiting for the Parliament's approval of the New Year's budget. Finance and Administration department of MAIL should seek approval of carried forward budget forty-five (45) days before the end of the fiscal year.

230. The budgeting process and the key role of Finance and Administration department of MAIL on compilation and periodic budget reviews will be detailed in the FM Manual. The annual work plans and the annual budgets will be submitted to the Bank for review and approval, not later than three months before the end of the fiscal year (i.e. by September 20th).

Funds Flow

231. Project funds in the form of advance up to a ceiling of 4 months' worth of project expenditures to be paid out of the Designated Account (DA), and replenishment thereof will be deposited in the DA to be opened and maintained at the Da Afghanistan Bank (DaB). The DA will be operated by the Special Disbursement Unit (SDU) in the Treasury Department of MoF. Requests for payments from the DA will be made to the SDU by Finance and Administration department of MAIL when needed. In addition to payments out of DA, the SDU at the request of the Finance and Administration department of MAIL, can request the Bank for i) direct payments from the Grant Account to consultants, consulting firms or suppliers, and ii) special commitments for contracts covered by letters of credit. These payments will follow World Bank procedures.

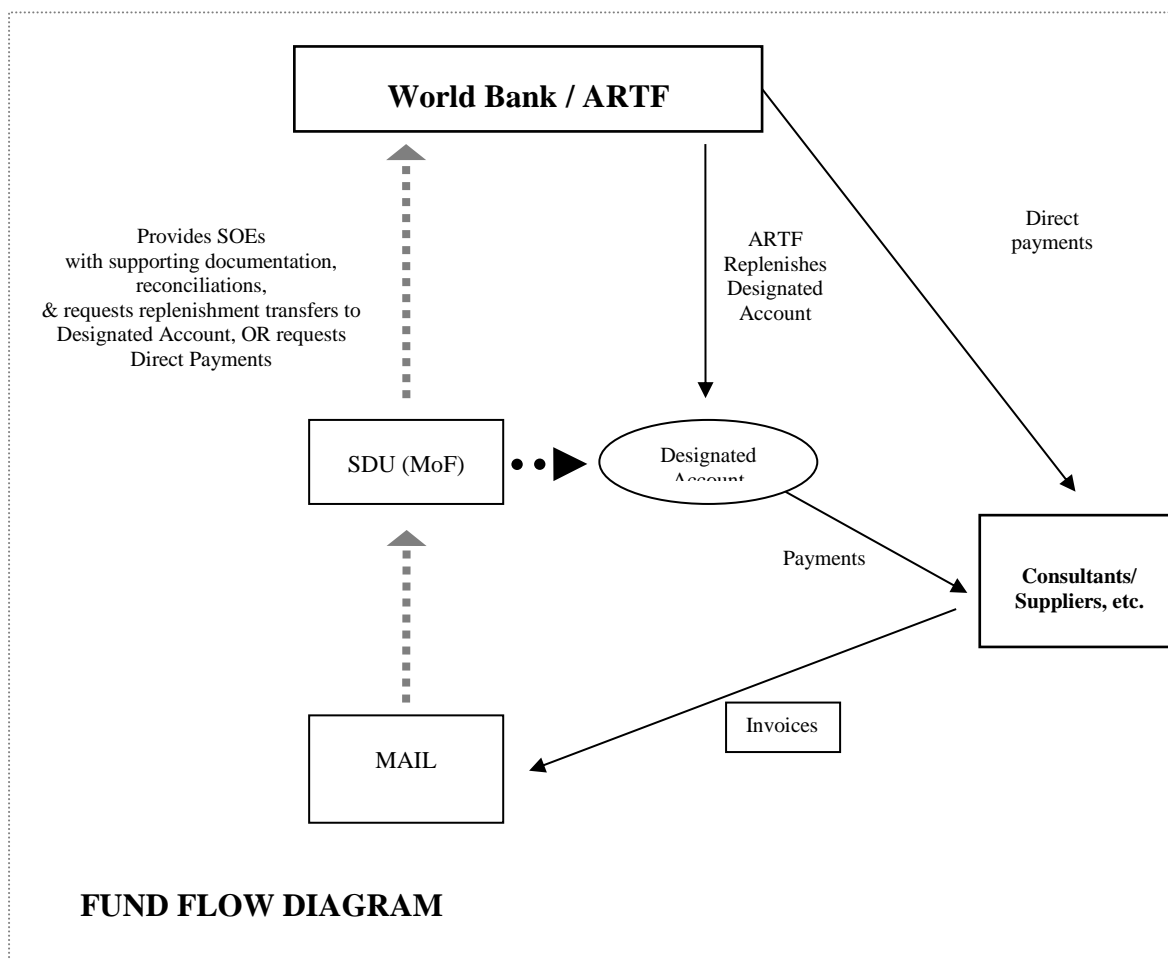
232. All project payments will be made either by check or directly paid into the bank accounts of the international/ local firms. The requests for payments in the regional offices will be submitted to the finance department of the Directorate of Agriculture and Livestock (DAIL). Payment orders along with other relevant forms will be prepared by the finance manager in DAIL and submitted to Mastufiat after the approval from Director of Agriculture. The regional offices will prepare a quarterly budget and request the amount from MAIL to be transferred in to the respective Mustufiat's DAB account in the provinces. Mastufiat will review the supporting documents along with other relevant forms submitted and will then issue the check to Da Afghanistan Bank (DAB). The cashier of DAIL will collect the check from Mastufiat and will withdraw the cash from DAB's provincial branch. The finance officers in DAIL will be required to report at the end of each month to the finance manager in MAIL and provide details of expenditure for the month which will assist the finance manager in reconciliation of advances. The amount spent each month by DAIL will be claimed in the SOE for replenishment and when the total advance is spent by DAIL then it will be cleared with the Mustufiat as the advance is registered with the Mustufiat by MoF therefore, the Mustufiat will be responsible for the final clearance as well.

233. Expenditures will be paid after relevant approvals from MAIL and in accordance with the approval systems documented in the project's FM Manual. Where it is observed by Finance and Administration department of MAIL that a recipient has utilized the funds to finance activities other than those stated in the approved work plans, these will be considered as ineligible expenditures and the amounts will need to be refunded to the project.

234. Cash advances may be taken from the DA, and held and managed by Finance and Administration Department of NHLP/MAIL and DAIL to meet operating expenses. New cash advances will only be made when all other prior cash advances have been justified through submission of SOEs to the SDU.

235. The Finance and Administration department of MAIL's controls, accounting, and preparation of SOEs was assessed and found inadequate; therefore, financial management consultants will be recruited under the project to provide technical assistance.

FUNDS FLOW CHART



Accounting

236. Overall project accounts will be maintained centrally in SDU, which will be ultimately responsible for recording all project expenditures and receipts in the Government's accounting system. The SDU will maintain a proper accounting system of all expenditures incurred along with original supporting documents to enable IDA as well the Auditor General to verify these expenditures. The FM Adviser in the MoF/ SDU will use the government's computerized accounting system, AFMIS, for reporting, generating relevant financial statements, and exercising controls.

237. The Finance and Administration department of MAIL will: i) supervise preparation of supporting documents for expenditures, ii) prepare payment orders (Form M-16), iii) obtain approval for M-16s from the relevant authority depending on the payment amount, and iv) submit them to the SDU for verification and payment. Whilst original copies of required supporting documents are attached to the Form M16, the project will maintain photocopies of these documents for records retention purposes. Reconciliation of project expenditure records with SDU records will be carried out monthly by the Finance and Administration department of MAIL. In addition, The FM Adviser in the MoF/SDU will use the government's computerized accounting system, AFMIS, for reporting, generating relevant financial statements, and exercising controls. The Finance and Administration department of MAIL will maintain essential project transaction records using accounting system and spreadsheets and generate required monthly, quarterly, and annual reports.

238. The FM Manual, to be prepared by Finance and Administration department of MAIL by January 31, 2013, and to be approved by the Bank, will include: (i) roles and responsibilities for all FM staff, (ii) accounting, documentation and approval procedures for payments, (iii) project reporting requirements, and (iv) quality assurance measures to help ensure that adequate internal controls and procedures are in place and are being followed. The FM Manual will establish project financial management in accordance with standard Afghan government policies and procedures including use of the government Chart of Accounts to record project expenditures. The use of these procedures will enable adequate and timely recording and reporting of project expenditures.

Internal Control & Internal Auditing

239. The Finance and Administration department (MAIL) will be responsible for coordinating FM activities for the project with the SDU. Project-specific internal control procedures for requests and approval of funds will be described in the FM Manual including segregation of duties, documentation reviews, physical asset control, asset verification, and cash handling and management.

240. The project will be subject to review by the internal audit department of MAIL. An internal audit consultant is already on board for HLP and he will be retained by NHLP to assist the Internal Audit department of MAIL to perform the audit. The internal audit to be conducted by the internal audit department will use a risk-based approach. The internal audit consultant will work along with the internal auditors of MAIL and undertakes their capacity building.

241. The frequency of the internal audit exercise should be at least every six months. A copy (English version) of each internal audit report should be provided to the World Bank once completed.

242. The Bank also reserves the right to conduct an external review of the project activities and financial flows.

External Audit

243. Annual project financial statements will be prepared by SDU - MoF detailing activities pertaining to the project as separate line items with adequate details to reflect the details of expenditures within each component. The project financial statement will be audited by the Auditor General, with the support of the Audit Advisor, with terms of reference satisfactory to the Bank. The audit of project accounts will include an assessment of: (a) adequacy of the accounting and internal control systems; (b) ability to maintain

adequate documentation for transactions; and (c) eligibility of incurred expenditures for Bank financing. The audited annual project financial statements will be submitted to the Bank within six months of the close of fiscal year. All agencies involved in implementation and maintaining records of expenditures will need to retain these as per the Bank records retention policy.

244. The following audit reports will be monitored each year in the Audit Reports Compliance System (ARCS):

Responsible Agency	Audit	Auditors	Date
MAIL	SOE, Project Accounts and Designated Account	Auditor General	Sep 22

245. The Bank-funded projects already or currently being implemented by MAIL (HLP, OFWMP and AAIP) have no overdue audit reports. The key issues raised in these projects’ audit reports for Solar Year 1390 have been communicated to the respective projects for their response.

Financial Reporting

246. Financial Statements and Project Reports will be used for project monitoring and supervision. Based upon the FM arrangements of this project, Financial Statements and Project Reports will be prepared monthly, quarterly, and annually by Finance and Administration department of MAIL. These reports will be produced based on records from three sources: (i) Project’s accounting system; (ii) expenditure statements from SDU (as recorded in AFMIS); and (iii) bank statements from DAB.

247. The quarterly Project Interim Unaudited Financial Reports will show: (i) sources and uses of funds by project component, and (ii) expenditures consolidated and compared to governmental budget heads of accounts, the project will forward the relevant details to SDU/DBER with a copy to the Bank within 45 days of the end of each quarter. The government and the Bank have agreed on a pro forma report format for all Bank projects.

248. The annual project accounts to be prepared by SDU from AFMIS after due reconciliation to records maintained at the Finance and Administration department (MAIL), will form part of the consolidated Afghanistan Government Accounts for all development projects. This is done centrally in the Ministry of Finance Treasury Department, supported by the Financial Management Advisor.

249. **Disbursement Arrangements.** Table 1 below shows the allocation of ARTF proceeds in a single, simplified expenditure category. The single category for “goods, works, non-consulting services, consultancy services, In-Kind grants, training, and operating costs” is defined in the financing agreement. ARTF financing of this project will be inclusive of taxes and at 100% except for In-kind grants where ARTF financing will be 100% net of beneficiary contribution.

Table.1

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, In-kind Grants, Training and Operating Costs under the Project	50,000,000	100% of amount disbursed for In-kind Grants 100% for all other expenditure types
TOTAL AMOUNT	50,000,000	

ARTF Financing by Category of Expenditure (US\$ m) Table 1:

250. **Summary reports.** Summary reports in the form of Summary Sheet will be used for expenditures on contracts valued at \$200,000 or more for goods, \$100,000 or more for consulting firms and \$50,000 or more for individual consultants. Supporting documents, such as invoices or receipts, etc, will be required for claims of these project expenditures. Project expenditures on contracts below the above thresholds, In-kind grants, training programs and operating costs will be claimed through the Statement of Expenditure. .

251. **Designated account.** A single segregated designated account will be opened at DAB in US dollars for a ceiling of advance to the designated account up to four (4) months' worth of project expenditures to be financed out of the funds in the designated account. The SDU in MoF will manage payments from and new advances/replenishments to this account. Other transfers in the form of cash advances may be taken from the Designated Account, and held and managed by Finance and Administration department (MAIL). MAIL's controls, accounting, and preparation of Statement s of Expenses (SOEs) have been assessed as satisfactory. New cash advances will only be made when all other prior cash advances have been justified through submission of SOEs to the SDU. Expenditure reporting on the designated account will be submitted on a monthly basis and requests for fresh advances will be made as needed.

252. **Direct payments.** Third-party payments (direct) and Special Commitments will be permitted for amounts exceeding US\$250,000. All such payments require supporting documentation in the form of records (copies of invoices, bills, purchase orders, etc.).

253. **Preparation of withdrawal applications.** Finance and Administration department (MAIL) will prepare Summary Reports and forward those reports to the SDU for further processing into withdrawal applications. The SDU will review withdrawal applications for quality and conformity to Treasury procedures, and then obtain signature. Selected MAIL and SDU finance staff will be registered as users of the World Bank Web-based Client Connection system, and take an active hand in managing the flow of disbursements.

Financial Management Covenants

254. MoF shall submit audited financial statements for the project within six months of the end of each fiscal year. The Project's audit report will cover the financial statements, the Designated Account, and SOEs, in accordance with terms of reference agreed with the Association.

255. Un-audited project interim financial reports will be submitted by MAIL on a quarterly basis to the World Bank and a copy to SDU-MoF within 45 days after the end of each quarter.

256. *Special financial management covenant.* The implementing entity will ensure that key FM staff is retained throughout the duration of the project in order to ensure smooth project implementation.

Supervision Plan

257. During project implementation, the Bank will supervise the project's financial management arrangements. The team will:

- Review the project's quarterly un-audited interim financial reports as well as the project's annual audited financial statements and auditor's management letter.
- Review the project's financial management and disbursement arrangements (including a review of a sample of SOEs and movements on the Designated Account and bank reconciliations) to ensure compliance with the Bank's minimum requirements.
- Review agency's performance in managing project funds to ensure that it is timely, accurate, and accountable. Review Internal Audit reports. Particular supervision emphasis will be placed on asset management and supplies.
- Review of financial management risk rating, compliance with all covenants, and follow up on the action plan.

Conclusion

258. The FM arrangements, including the systems, processes, procedures, and staffing are adequate to support this project - subject to implementation of the items listed in the action plan.

259. A grace period of six months after the closing date of the project will be allowed for claiming eligible expenditure incurred on or before the closing date. Disbursements procedures will follow the World Bank procedures described in the *World Bank Disbursement Guidelines and the Disbursement Handbook for World Bank Clients (May 2006)*.

Annex 6: Procurement Arrangements

AFGHANISTAN: National Horticulture and Livestock Project

COUNTRY CONTEXT

260. The Bank has gained substantial experience and understanding of the procurement environment in Afghanistan through its involvement in the interim procurement arrangements put in place under the Emergency Public Administration Project (2002) and though working with the institutions currently responsible for procurement functions, including the Afghanistan Reconstruction and Development Services. As part of the broader review of Afghanistan's Public Finance Management (PFM) system, the Bank carried out two assessments, in June 2005 and September 2007, of the procurement environment in the country based on baseline and performance indicators developed by a group of institutions led by the World Bank and OECD/DAC.

261. The first key issue identified through the procurement assessments was lack of ownership and lack of a procurement champion in the Government, which is a serious impediment to reform and to inter-ministerial dialogue. A second, related issue is the lack of capacity in the line ministries, as evidenced by their inability to define and communicate effectively their desired functional specifications/terms of reference in their procurements. The lack of capacity is also evident in the local private sector—while the number of bids is reasonably high, there is a lack of understanding about how to apply public procurement rules.

Government Reforms

262. A new Procurement Law (PL) was adopted in November 2005 that radically transforms the legal and regulatory framework. In accordance with the law, GoA established a Procurement Policy Unit (PPU) under the Ministry of Finance to provide oversight for the PL's implementation. PPU has issued several circulars regarding implementation of the PL including "Rules of Procedures for Public Procurement" (Circular: PPU/C005/1386 of April 12, 2007) and "Procurement Appeal and Review Mechanism" (Circular: PPU/N001/1385 of March 18, 2007). PPU and MOF have developed several standard bidding documents (SBDs), standard requests for proposal (SRFPs), standard requests for quotation (RFQs) for national and international procurement of goods/works and consulting services following national procedures as per the PL's Glossary of Procurement Terms in English and Dari. MOF has now mandated the use of: (i) SBDs for Goods and Works (Circular PPU/C024/1388 of June 10, 2009); (ii) SRFQs (Circular PP/C026/1388); and (iii) SRFPs (Circular PPU/C029/1388 of January 13, 2010). A Procurement Management Information System (PMIS) has been developed and is being piloted in three line ministries. In addition, a PPU Web site will facilitate publication of procurement notices and contract awards in addition to similar action being done under the ARDS-Web site and the Web sites of the line ministries, as applicable.

263. In the absence of adequate capacity to manage procurement activities effectively, a central procurement facilitation unit (ARDS-PU) has been established under Ministry of Economy to support line ministries and project implementing agencies. The Bank and the Government have agreed on a program for country-wide procurement reform and capacity building, leading to the transition from centralized to decentralized procurement services. The above was implemented by an international consultant under the supervision of PPU/MOF

and financed under the Public Administration Capacity Building Project (PACBP) and the Public Finance Management Reform Project (PFMRP). The consultant has conducted several basic, intermediate, and advanced level training programs. The implementation of the procurement reform component of the PACBP/PFMRP should be considered with due priority to ensure that fiduciary standards are further enhanced and that capacity is developed in the Government to maintain these standards.

264. The Procurement Law has been revised in July 2008 and amended in January 2009 and issued as a new Law by the Ministry of Justice and was published in the Official Gazette Number 957, 29.10.1387 (18 January 2009). The revised “Rules of Procedures for Public Procurement” have been issued as circular PPU/C027/1387 of November 18, 2009.

GENERAL PROCUREMENT FOR NATIONAL HORTICULTURE AND LIVESTOCK PROJECT

265. Procurement for the project will be administered in accordance with the World Bank’s Guidelines: Procurement under IBRD Loans and IDA Credits dated January 2011 Guidelines: Selection and Employment of Consultants by World Bank Borrowers dated January 2011 and the provisions stipulated in the Financing Agreement. In addition, the World Bank’s Guidelines on Preventing and Combating Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants dated October 15, 2006 revised in January 2011 has been shared with the recipient. The World Bank’s Standard Bidding Documents, Requests for Proposals, and Forms of Consultant Contract will be used. Civil works and goods following National Competitive Bidding (NCB) procedures shall be procured using the agreed Standard Bidding Documents (SBDs) for Afghanistan. It has been agreed by both parties that in the event of a conflict between IDA Procurement/Consultant Guidelines, as per Article 4 (2) of the Procurement Law July 2008 (Amendments in January 2009 incorporated) of the GoA, the IDA Procurement/Consultant Guidelines shall prevail.

Procurement of Works

266. Works procured under this project, will include: Canal rehabilitation, etc. The procurement will be done using the Bank’s Standard Bidding Documents (SBD) for all ICB and National SBD agreed with (or satisfactory to) the Bank. Threshold for ICB civil works will be equivalent or more than US\$ 5,000,000 per contract; threshold for NCB works will be less than US\$ 5,000,000 per contract.

Procurement of Goods and Non Consulting Services

267. Goods to be procured under this project will include (i) Procurement of Wire, End Support, Auger, Tools and Joiner Tools for Apple High density orchard,(ii) Saplings of Grape cutting, Almond, Apricot, Cheery, Plum, Peach and Apple (iii) Transporting (Sorting and uprooting of Sapling),(iv) DAP, Urea Fertilizer and NPK for different, (v) Concrete Posts and Wire, (vi) procurement of Wire, End Support, Auger, Tools and Joiner Tools for Grapes Trellis, (vii) Vegetable seeds for kitchen gardening.

268. Procurement of the goods will be done using Bank’s SBD for Goods for all contracts following International Competitive Bidding (ICB) procedures. National SBDs agreed with, or satisfactory to IDA, will be used for the procurement of goods following National Competitive Bidding (NCB) procedures. Shopping shall be in accordance with paragraph 3.5 of the Bank’s Guidelines. Any contract estimated costing more than US\$200,000 shall be procured following ICB procedures. Any contract estimated to cost more than US\$50,000

equivalent and less than US\$200,000 shall be procured following NCB procedures. Any contract estimated to cost less than US\$50,000 equivalent shall be procured following shopping procedures. Goods that meet the requirements of paragraph 3.7 of the World Bank Procurement Guidelines may be procured following direct contracting procedures with prior agreement with IDA.

Community Participation in Procurement

269. Any goods, works or services contract estimated to cost US\$ 60,000 equivalent or less can be procured following Community Procurement as per paragraph 3.19 of the Bank's Procurement Guidelines and provisions of the Operational Manual prepared by MAIL and agreed by the Bank.

Selection of Consultants

270. The proposed grant will finance several consultancy assignments.

271. **Firms:** The following consultancy firms will be hired under the project: (i) LFP for NHLP –optional based on need–, (ii) Contract with IPs for 30-layer Model (Services + Inputs), (iii) Contract with IPs for small scale commercial poultry-100 Layer + 100 Broiler Model (Services + Inputs).

272. **Individual consultants:** Key managerial, technical and fiduciary individual consultants that will be hired under the project include, *inter alia*: Project Director, Director, International Procurement Advisor, Senior Procurement Officer, Procurement Officers, and Procurement Assistants, Financial Management Specialist, Financial Management Assistants, Team leader Epidemiologist (International).

273. Hiring of managerial, technical, procurement, financial management and legal staff shall be prior reviewed by the Bank regardless of contract value.

274. MAIL under the current project has hired national and international individual consultants. MAIL will conduct a performance appraisal for each consultant and keeping in mind the result of the performance the consultants either will be terminated or will be rehired following SSS under the NHLP.

275. **Short lists of consultants.** For services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. The selection methods applicable for consultants are QCBS, QBS, CQS, LCS, FBS, and SSS for firms as per Section V of the Bank's Guidelines for Individuals. The threshold for CQS will be less than US\$200,000 equivalent per contract.

Operating Costs.

276. The operating costs which will be financed by the project will be procured using the implementing agency's administrative procedures, which were reviewed and found acceptable to the Bank. The operating costs will include operations and maintenance of equipment and vehicles, hiring of vehicles, office rent, costs of consumable, fuel, office utilities and supplies, Bank charges, advertising expenses, and staff needed for project implementation, but exclude any salaries and allowances of civil servants, except civil servants who are introduced under the internship program of NHLP. In addition, civil

servants who are involved in the monitoring activities of the NHLP will be provided the DSA and transportation facilities or their substitutes.

ASSESSMENT OF THE AGENCY'S CAPACITY TO IMPLEMENT PROCUREMENT

277. MAIL will have overall responsibility for all procurement under the project.

278. An assessment of the capacity of MAIL to implement procurement actions for the project has been carried out by Rahimullah Wardak Procurement Specialist in September 2012. The assessment reviewed the organizational structure for implementing the project and interactions.

279. During the procurement capacity review it was revealed that the HLP procurement department has over six staff members. The staff has experience in handling of non-complex and medium contract packages goods and consultancy firms but does not have enough capacity to handle complex and large value contracts; therefore the procurement risk is “**high**”.

280. To mitigate the risk, the following measures are needed to be taken.

- (i) For complex and large value contracts the unit needs to be assisted by an International Procurement Advisor (IPA). The advisor shall have clear ToR to train NHLP procurement staff and provide advice on the complex and large value contracts to the NHLP procurement unit. The IPA will have one-year full time contract and then will be hired on need basis. For any contract extension the quality of performance and the quality of capacity building conducted by the IPA will be taken in account.
- (ii) As and when needed the procurement unit on case by case basis may can help and advice of the procurement directorate of the ministry as well who has been accredited by the PPU to handle procurement independently without support from the Afghanistan Reconstruction and Development Services (ARDS).

Procurement through Regional Offices

- (iii) As the project will be implemented through regional offices therefore any items which are locally available and are bulky may be procured by the procurement officers in the regional offices with the following arrangement.
- (iv) Until adequate procurement capacity of regional offices has been developed, the Request for Quotations (RFQ) with proper specification will be prepared in Kabul by procurement officers/specialists of the project. The RFQ will be issued in the region/provinces to the suppliers. The quotations will be opened in the regional offices and then the quotations will be sent to Kabul office for evaluation and recommendation of contract. When procurement capacity of the regional offices is developed, then they will do quotation evaluation.
- (v) The staff of procurement unit of the NHLP to attend training programs regularly conducted by PPU/MoF at various levels. With the above arrangements in place the procurement risk could be rated as “medium”.
- (vi) Also MAIL is planning to centralize and enhance the capacity of the procurement department by hiring a Procurement Director through CBR. The Procurement Director will be responsible for procurement for different projects funded by different donors. The International Procurement Advisor to be hired under NHLP will conduct

procurement for NHLP project and, at the same time, will provide on the job training to national officers/specialists of the project and the procurement directorate. The procurement staff of the project will be gradually stationed in the general procurement directorate but will working on NHLP only. This will help to develop capacity of the procurement department of the MAIL.

Procurement Risk Mitigation Monitoring Plan

281. MAIL will ensure that all invitations for bid, EOIs are given wide publicity using its own website, ARDS, United Nations Development Business UNDB and national newspapers. Further for individual consultants the REOI/vacancy notice will be published on the following websites www.acbar.org, www.devnetjobs.org and www.reliefweb.int

282. With regard to procurement complaints, MAIL will be guided by Article 71-72 of Procurement Law-2008 and Bank Guidelines. MAIL will inform IDA as soon as the procurement complaint is received and the final outcome subsequently MAIL should have system to register and monitor the receipt and resolving of complainants. The progress of such action will be reviewed by IDA during supervision missions.

283. MAIL will prepare a Procurement Monitoring/Activity Schedule for Procurement of goods, works and Selection of consultant. The Monitoring/Activity Schedule shall be updated on a monthly basis. The above schedules will facilitate to monitor the time taken for procurement/selection activities and take remedial actions for delays. It has been agreed that all bid/proposal evaluations will be completed within: (i) 5-7 working days following shopping procedure; (ii) 15 – 20 working days following NCB/ICB procedures; (iii) 10 working days for individual consultants; and (iv) 15 working days for firms for REOI evaluation, 21 working days for Technical Evaluation Report (TER) and 20 working days to conclude the contract negotiations. There will be no more than 20% deviation between planed and actual procurement conducted under the project.

284. All the above indicators will be monitored during Implementation Support Mission for the project.

Governance and Anticorruption (GAC) agenda

285. All the contract opportunities and contract awards will be widely published in the internet, ARDS website, and when required in the UNDB.

286. MAIL will set up a system to ensure that staff/consultants who handled the procurement process/contract management/contract execution do not join the consultants/contractors. This will be reviewed during supervision missions. Other actions are: (a) implementing agencies' officials / staff to be alerted about any fraud and corruption issues; (b) bidders to be alerted against adopting fraud and corruption practices; (c) award contracts within the initial bid validity period, and closely monitor the timing; (d) take action against any corrupt bidder in accordance with law of the Government of Afghanistan; (e) preserve records and all documents regarding public procurement, in accordance with the Procurement Law provisions; (g) publish contract award information in UNDB online, ARDS's website and agencies' websites within two weeks of contract award; (h) ensure timely payments to the suppliers/contractors/ consultants and impose liquidated damages for delayed completion and, (i) enforce a procurement filing system.

Procurement Plan

287. The Borrower, at appraisal, developed a Procurement Plan for project implementation that provides the basis for the procurement methods. This plan has been agreed between the client and the Bank's Task Team on [] and is *available* at the PIU office. It will also be available in the Project's database and on the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

FREQUENCY OF PROCUREMENT SUPERVISION

288. There will be two Implementation Support Missions per year, in addition to the usual ongoing prior review supervision to be carried out from Bank offices.

289. **Procurement Audit.** In addition to prior review, Bank staff or Bank appointed consultant shall carryout post procurement audit once per annum

Appendix : Procurement Plan

I. GENERAL

- 1. Country:** Islamic Republic of Afghanistan.
Borrower: Ministry of Agriculture, Irrigation and Livestock (MAIL)
Project Name: National Horticulture and Livestock Project (NHLP)
Grants No: TF091885
Project Implementation Agency (PIA): Implementation Management Support Team (IMST)
- 2. Bank's approval Date of the procurement Plan** [Original:.....; Revision 1:....]
- 3. Date of General Procurement Notice:**
- 4. Period covered by this procurement plan:** January 2013 and June 30, 2014 (18 months)

II. Goods and Works and non-consulting services.

- 1. Prior Review Threshold:** Procurement Decisions subject to Prior Review by the Bank as stated in Appendix 1 to the Guidelines for Procurement:

	Procurement Method	Prior Review Threshold (US\$)	Comment
1.	ICB and LIB (Goods)	200,000	Equivalent or above
2.	NCB (Goods)	200,000	Equivalent or above
3.	ICB (Works)	500,000	Equivalent or above
4.	NCB (Works)	500,000	Equivalent or above
5.	ICB (Non-Consultant Services)	200,000	Equivalent or above
6.	NCB (Non-Consultant Services)	200,000	Equivalent or above

2. Prequalification. No contracts are foreseen to require prequalification at this point. Should contracts at a later stage require prequalification, bidders shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

3. Proposed Procedures for CDD Components (as per paragraph. 3.19 of the Guidelines): Any goods, works and services contract estimated to cost US\$ 60,000 equivalent or less can be procured following Community Procurement as per paragraph 3.19 of the Bank's Procurement Guidelines and provisions of the Operational Manual which will be prepared by MAIL and agreed by the Bank.

4. Procurement Packages with Methods and Time Schedule

1	2	3	4	5	6	7	8	10
Ref. N°.	Contract (Description)	Estimated Cost (US\$)	Method	Pre-Qualification	Domestic Preference	Bank Review	Expected Bid-Opening Date	Comment
G.220	Procurement of Wire, End Support, Auger, Tools and Joiner Tools for Apple High density orchard	175,600	NCB	No	No	Post	1-Feb-2013	
G.221	Saplings of Grape cutting, Almond, Apricot, Cheery, Plum, Peach and Apple for the duration of 18 months	2,400,000	CDC	No	No	Post	1-Mar-13	Max. US\$ 50,000 Per contract
G.223	Transporting (Sorting and uprooting of Sapling)	134,400	NCB	No	No	Post	1-Ar-13	
G.224	DAP Fertilizer's for different provinces and Urea Fertilizer and NPK	280,000	ICB	No	No	Prior	1-Apr-13	
G.228	Concrete Posts and Wire etc.	1,000,000	ICB	No	No	Prior	1-Jun-13	
G.229	Procurement of Wire, End Support, Auger, Tools and Joiner Tools for Grapes Trellis	175,600	NCB	No	No	Post	1-Jun-13	
G.232	Vegetable seeds for kitchen gardening	135,000	NCB	No	No	Post	1-Jan-13	

W.20	Canal rehabilitation	337,500	NCB	No	No	Prior	1-Jan-13	
------	----------------------	---------	-----	----	----	-------	----------	--

III. Selection of Consultants

- 1. Prior Review Threshold:** Selection decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

	Selection Method	Prior Review Threshold (US\$)	Comment
1.	Competitive Methods (Firms)	100,000	Equivalent or above
2.	Individual Consultant	50,000	Equivalent or above
3.	Single Source (Firms) or individual	All	Regardless of value

- 2. Short list comprising entirely of national consultants:** Short list of consultants for services, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.
- 3. Any Other Special Selection Arrangements:** [Not Applicable]
- 4. Consultancy Assignments with Selection Methods and Time Schedule**

1	2	3	4	5	6	7
Ref. N°.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Bank Review	Expected Proposal Submission Date	Comment
S.107	LFP for NHLP	1,700,000	QCBS	Prior	1-Jan-13	Optional
S.117	Contract with IPs for 30-layer Model (Services +Inputs)	2,066,000	QCBS	Prior	1-Jan-13	
S.118	Contract with IPs for small scale commercial poultry- 100 Layer + 100 Broiler Model (Services +Inputs)	1,239,000	QCBS	Prior	1-Jan-13	
S.121	Team leader Epidemiologist(International)	60,000	IC	Prior	1-Jan-13	
S.175	Report on opportunities for use of mobile applications for information services in NHLP	250,000	QCBS	Prior	1-Apr-13	

IV. Implementing Agency Capacity Building Activities with Time Schedule

1	2	3	4	5	6	7
N°	Expected outcome / Activity Description	Estimated Cost (US\$)	Estimated Duration	Start Date	Closing Date	Comments
1	Procurement Training in outside of the country	25,000	Min 3 days and max 4 weeks	1-Jan-13	30-Jun-14	Training will take place from 1-Jan-13 till 30-Jun-13
2	Procurement training in world bank	No cost	Min 1 day and max 1 week	1-Jan-13	30-Jun-14	Training will take place from 1-Jan-13 till 30-Jun-13
3	Procurement training by PPU	No cost	Min 1 week and max 3 weeks	1-Jan-13	30-Jun-14	The training will take place from 1-jan-13 till 30-jun-13

Agreed Procedures for National Competitive Bidding:

- I. Standard bidding documents approved by the Association shall be used.
- II. Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.
- III. Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
- IV. Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- V. Foreign bidders shall not be precluded from bidding.
- VI. Qualification criteria (in case pre-qualifications were not carried out) shall be stated on the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity of registering, without any hindrance.
- VII. Bidders may deliver bids, at their option, either in person or by courier service or by mail.
- VIII. All bidders shall provide bid security or a bid security declaration form as indicated in the bidding documents. A bidder's bid security or the declaration form shall apply only to a specific bid.
- IX. Bids shall be opened in public in one place preferably immediately, but no later than one hour, after the deadline for submission of bids.

- X. Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Association.
- XI. Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association.
- XII. Split award or lottery in award of contracts shall not be carried out. When two (2) or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Association;
- XIII. Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.
- XIV. Extension of bid validity shall not be allowed without the prior concurrence of the Association (A) for the first request for extension if it is longer than four (4) weeks, and (B) for all subsequent requests for extensions irrespective of the period in case of prior review.
- XV. Negotiations shall not be allowed with the lowest evaluated or any other bidders.
- XVI. Re-bidding shall not be carried out without the Association's prior concurrence in case of prior review; and
- XVII. All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.

Annex 7: Implementation and Monitoring Arrangements
AFGHANISTAN: National Horticulture and Livestock Project

Implementation Arrangements

290. The NHLP will be set up, managed and implemented by the Government of Afghanistan through the Ministry of Agriculture, Irrigation and Livestock (MAIL).

291. *Scope of the NHLP.* It is proposed that the NHLP initial rollout will add up to eleven new provinces to the eleven provinces in which HLP has been carrying out activities in the past five years. Preliminary identification of the additional provinces was based on their suitability for both horticulture and livestock production, and resulted in the addition of three each in the Eastern and Western regions of Afghanistan and, potentially, one in the South. This will effectively mean the NHLP will work in five regions, Central, North, North East, East and West. These are the areas in which the NHLP model of integrated extension and investment work will be implemented. As Livestock's activities have been covering the entire country, especially in the area of privatization of veterinary clinics, Livestock will continue with such activities beyond its activities in the areas of the integrated extension service system.

292. During the transitional year 2012, a number of feasibility studies and pilot activities to ascertain the suitability of new approaches and particular horticulture and livestock interventions activities were undertaken in preparation for the roll out of the NHLP.

293. The NHLP will be implemented over a period of six years starting in 2013, and activities are expected to peak in the third and fourth years of implementation. The last two years of implementation will be used to consolidate project activities, to ensure sustainability and continuity after the initial rollout phase closes.

Overall Implementation Arrangements

294. *Upper Management:* high-level management of the program and strategic policy guidance for its implementation will be provided by a Program Steering Committee (PSC), chaired by the Minister of Agriculture, Irrigation and Livestock (MAIL), with right of veto, and with Deputy Minister level representation of at least Ministry of Finance and Ministry of Economy.

295. *Policy and Overall Guidance:* the PSC will provide overall guidance and attend to inter-ministerial issues. The PSC will meet at least twice a year, starting with a first meeting to be held within two months of program effectiveness. The Project Director will act as the Member Secretary to the PSC.

296. *Budget Committee:* once finalized, the proposed annual budget derived from the annual work plan should be presented to the MAIL Budget Committee for possible revision and approval, after which it will be submitted to the Ministry of Finance.

297. The MAIL Budget Committee is composed by the Director of Finance, Director of Plan, Director of Program, Directors of Projects MAIL and the Agriculture Sector Manager from Ministry of Finance. The MAIL Budget Committee shall be responsible for initiating, coordinating, obtaining and summarizing all information and data during the budgeting

process. This Committee is also responsible for ensuring that each stage of the budget process is completed in accordance with the budget timetable. The MAIL Budget Committee shall act as the Secretary to Project Over Sight Committee (POC) under the Deputy Minister for Administration and Finance Supervision and be responsible for:

- I. Issuing detailed instructions for the preparation of each year's budgets;
- II. Ensuring that the time set for budget preparation is strictly followed by other line executives;
- III. Ensuring that the procedures and formats for the preparation of budgets are carefully followed;
- IV. Consolidating the detailed work and providing accounting assistance to other members of the project team.

298. Moreover, the Budget Committee will meet on monthly basis and will be responsible to coordinate the annual budget process and midyear review process, review of periodic budget reports, analysis of variances and first level of overall project budget.

299. *Implementation Oversight:* the Deputy Minister Agriculture Affairs (DMAA) will monitor overall implementation of the program. The DMAA will meet once every week with the Implementation Management Support Team (IMST) to discuss and provide guidance on program implementation. The DMAA will be responsible for:

- Providing leadership for the strategic planning and implementation of the Program;
- Reporting to the PSC;
- Supervising the performance of the program head of departments;
- Ensuring the accountability and transparency of program operations;
- Ensuring coordination of program activities and operation with other Government of Afghanistan and donors' economic development activities and initiatives; and
- Serving as primary representative and advocate for the Program with all external parties.

300. *Implementation responsibilities:* The IMST will be responsible for implementing the NHLP project under delegation from MAIL. The IMST will be led by the Project Director, who will have overall responsibility for project implementation.

301. Each implementing and support unit within the ISMT has a coordinator/head in charge of overall implementation of the activities for which is responsible, and reports to respective manager, and through him –or directly– to the Project Director, the Steering Committee and the Bank. However, overall responsibility lies under the jurisdiction of the Program Director.

302. Implementing units develop their annual activity plan and budgets, implementation and procurement plans and send them to finance and procurement respectively for consolidation and further process. They will develop these plans a quarter prior to the beginning of next fiscal year and present them to program management for approval. They ensure their timely execution to effectively realize the program set annual benchmarks.

303. NHLP will have its own technical, finance and procurement staff. The number and terms of reference for these positions will depend on the component outputs and activities for which the implementing unit is responsible.

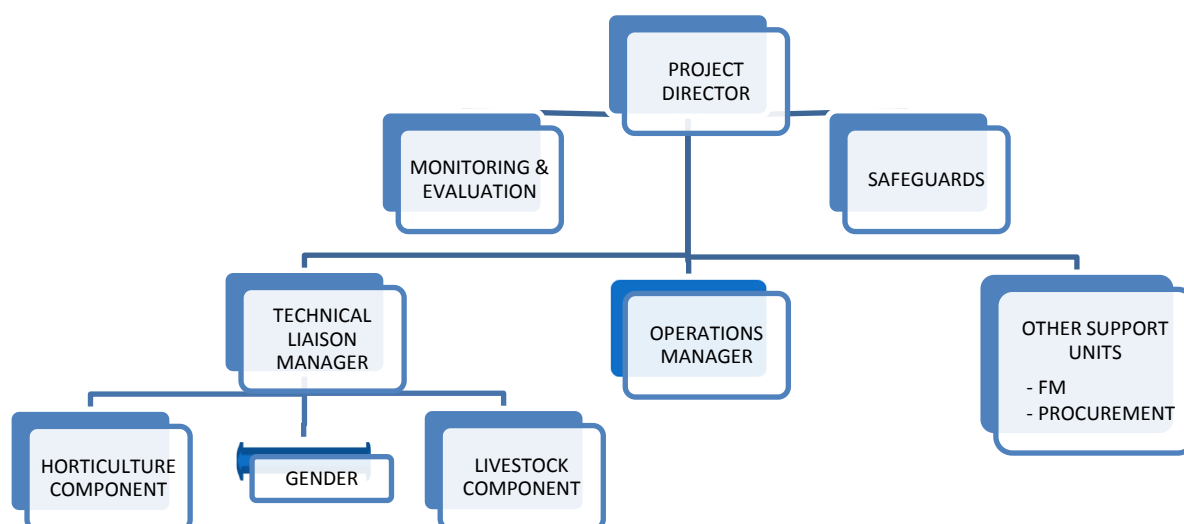
Technical Arrangements

304. *Implementation Management Support Team:* the implementation arrangements for the HLP proved useful in the circumstances under which the project was designed and implementation evolved. They will be partially continued under a revised format rooted in the evolutionary characteristics of NHLP, focused on long term sustainability, and the lessons learned from the implementation of HLP.

305. In line with stated government objectives of progressive decentralization, overall arrangements for project implementation will evolve towards de-concentration of project activities, by moving the focus of operational planning and implementation to the regional level. Thus MAIL will implement the project with support of a two-tiered IMST, including a core group placed at central level in Kabul (structure shown in Chart 2) supported by up to five regional centers.

306. The schematic structure of the IMST includes the Project Director; the Technical Liaison and Operations managers, Support Units coordinators, and the coordinators of the Monitoring and Evaluation, and Environmental and Social Safeguards units that directly report to the Project Director.

Chart 2 - Implementation Management Support Unit – Structure at Central Level



307. The core IMST will be composed of a permanent group of mostly local senior consultants, supported by a small cadre of temporary international consultants to provide technical advice focused on horticulture, livestock, monitoring and evaluation, and procurement and financial management related activities. Based on the experience gathered from the implementation of HLP, MAIL will directly manage consultant's contracts under NHLP. Under HLP, MAIL delegated overall implementation support responsibilities to a lead facilitating partner (LFP), with subsequent impact on overhead costs. However, a positive pilot experience on direct management of consultants' contracts during the last year, showed that MAIL could be able to take over hiring responsibilities. The experience will be progressively scaled up under NHLP to trial its viability.

308. The core group of senior staff in Kabul will have overall implementation management and guidance, and monitoring and quality control responsibilities, including safeguards compliance. They will also retain responsibility over aspects of fiduciary activities –financial management and procurement– that cannot legally be delegated. The core group will be complemented by a de-concentrated group of local consultants, commanded from regional centers. Regional centers will be responsible of: compiling and consolidating local beneficiary demand information gathered through provincial teams; preparing implementation plans and, once approved at the central level, executing them. They will also be responsible for collecting and controlling the quality of all the financial management and procurement information gathered at the local level, and relaying it to the central level.

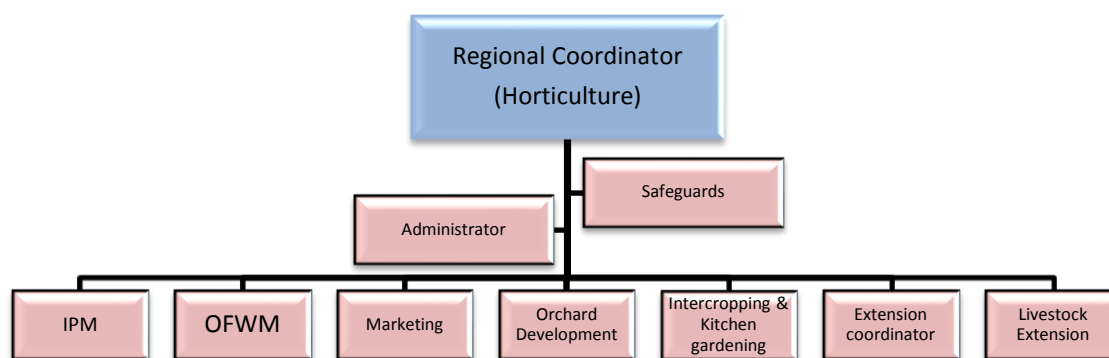
309. At central level, on the horticulture side staff will include a National Horticulture Coordinator, a Head of Orchard Management activities, a Head of Marketing Support activities, a Horticulture Support Officer and an Extension Support Officer. In addition to overseeing delivery of extension and investments support, they will be in charge of the development of extension messages and act as Master Trainers. On the livestock side staff will include a National Livestock Coordinator, a Head of Animal Health activities, a Senior Livestock Extension Officer (SLEO), a Senior Livestock Extension Master Trainer (SLEMT), a Senior Poultry Officer, and a Poultry/Small Animal Master Trainer.

310. It is currently envisaged that there will be five regional centers. The first will be located in the existing Mazar office and will start to function at the beginning of NHLP in 2013. The second and third regional centers will be located in Badma Bahg, Kabul and Kunduz, and will ideally be phased in over the first semester of 2013. Two further regional centers will be established in the east and west of the country in Herat and Jalalabad by 2014, depending on the security situation at the time. Activities may be carried out in Kandahar in the future at which time, depending on the security situation, an additional regional center may be established or activities will be coordinated from one of the existing centers.

311. The regional offices will be located within MAIL facilities and project staff from the main two components will work alongside the MAIL staff in that region, who will assist NHLP staff with program oversight for the provinces engaged within the region. Having together staff from the two main components both components will promote cohesiveness of the technical approach to the extent possible, and better coordination of field activities with positive impact on costs. The head of the regional office will be a Regional Horticultural Coordinator. On the horticulture side, reporting to this chief officer will be all five officers dealing with the specialties of the horticulture component. As all extension activities, including organizational support for beneficiaries will now be embedded within the two technical components, specific posts for Head of Horticulture Extension and Livestock Extension activities will be added to the team. The staff at the regional level will receive training from master trainers at the central level, and will in turn deliver training of trainers for staff at provincial level. On the livestock side NHLP will contract a Senior Livestock Officer (SLO) for each of the regional offices to serve as the livestock resource person and VFU trainer for the region, directed by the SLEO. The SLO will have responsibility for all livestock component activities implemented in the region –the animal production (extension) and health, with MAIL personnel teaming with NHLP staff for M&E. Joining with NHLP extension staff in hired vehicles, they will monitor the extension program on MAILs behalf, report on the extension performance of the VFU paravets and FEs through to MAIL's Extension Department in Kabul and assist with maintaining the standard of extension content and delivery (structure shown in Chart 3).

312. On the livestock side at provincial level, two NHLP Extension Officers (EO), a male and a female, reporting through the SLO to the NHLP Extension Coordinator in Kabul will be assigned to each provincial office,. Specifically they will (i) work beside the VFU paravets and FE in the monthly livestock extension training, and (ii) report to the regional offices on the performance and training capability of both VFU personnel and FEs so as to bring about any additional training or guidance the extension agents need. During the FFS they will also assist in identifying and prioritizing additional training messages needed. At district level, during the second half of 2012 an implementing partner will be contracted to provide the paravets with their initial training in FFS extension methodology. The extension staff in Kabul will prepare additional extension content (there is provision for 30 different livestock extension messages) as needed and do so in response to farmer demand expressed through the paravets to the province and regional offices.

Chart 3 - Implementation Management Support Unit – Structure at Regional Level



313. Animal Health Implementation arrangements. These activities will be implemented as a MAIL/GDAH³⁴ program. Guided and working directly with NHLP staff, the Epidemiology Unit will implement animal health activities utilizing Central Disease Investigation Laboratory diagnostic capability and the VFUs for the field work, with MAILs regional and provincial offices used for oversight and coordination. NHLP will also work closely with MAIL in the SM Contracting Department in Kabul for VFU contracting. NHLP will coordinate all activities with MAIL staff in the regional and provincial offices and this arrangement will apply for the animal production (extension) program.

314. The poultry activities will be planned and coordinated between NHLP and the Poultry Department of GDAH in Kabul, and in implemented through the regional and provincial offices with MAILs officers at those levels. Trial interventions of small-scale flocks (both 30 and 100 birds, layers and broilers) will be conducted to document the viability or otherwise of these flocks. The larger flocks' trials are already underway with establishment of the small poultry flocks to begin in early 2013. If there is a clear case for supporting further distribution when these 100-bird pilots have been evaluated in mid-2013, the program will be expanded by contracting and closely supervising an Implementing Partner for the purpose. The Senior Poultry Officer and a Poultry Master Trainer (PMT) working from the NHLP office in Kabul will direct implementation of pilots through the IP. They will be assisted by two poultry

³⁴ General Directorate of Animal Health and Production

officers based for supervising the work of the Implementing Partner (IP) in each regional office. With the exception of the PMT recruited for two years, all other NHLP personnel involved in poultry trails will have three years of tenure so as to monitor the performance of the 30-bird poultry pilots over three to four laying cycles to reach a satisfactory conclusion. They will do this monitoring directly in the districts, together the senior poultry officer and where possible, with MAIL officials from the provincial offices.

Monitoring & Evaluation Arrangements

315. HLP had a centralized M&E implementation. Day-to-day project monitoring was undertaken by NGO implementing partners (IPs),³⁵ and all the data was entered in the MIS by M&E. The results framework was updated regularly based on the project-administered annual outcome monitoring surveys. More than 40 HLP and MAIL M&E staff was trained to conduct these surveys and geo-locational monitoring. This capacity will be further strengthened through training and recruitment of additional staff or consultants as needed to cope with the expanded program, and provided with the necessary tools to monitor project implementation more effectively and compile regular reports for management. While monitoring reports were produced monthly, quarterly, and annually, the data collected from IPs and surveys were not properly analyzed or used for management decision making. As the project shifts from emergency to development in NHLP, M&E will build its capacity in data collection, analysis, and reporting to effectively function as an integral part of project management.

316. M&E will collect information on key project outputs monthly from technical components at regional level, and the data will be reported directly to the Project Director and entered into management information system (MIS) in Kabul.³⁶ The summary report will be submitted to MAIL and NHLP management in Kabul. Substantial discrepancy between planned and actual outputs will be highlighted for managerial attention. Regional M&E officers will collect information, including: (a) geo-locational monitoring of key project investments, such as new orchards and poultry units, (b) beneficiary feedback (level of satisfaction) on extension delivery and contents (on sampling basis), (c) verification of FFS attendance and implementation progress against seasonal calendar, and (d) physical verification of adoption at farm level. NHLP will also engage MAIL M&E officers at district level –where available– and build capacity in data collection. The beneficiary feedback will be directly communicated to regional technical coordinators, which will enable delivery quality issues to be addressed at regional level.

317. The NHLP results framework will be updated bi-annually (at the Bank's implementation support mission). To support setting up MIS and undertaking a baseline survey, NHLP will finance international TA. The consultant will (a) monitor and improve MIS at regular intervals throughout the project; (b) support the M&E team to prepare for two third-party evaluations, a performance evaluation at mid-term and an impact evaluation at end-of-project; and (c) assist MAIL M&E Directorate in setting up a results framework to measure achievements towards MAIL National Agriculture Development Framework (NADF).

³⁵ New orchard establishment and extension services were provided by Roots of Peace (NGO), and the poultry sub-component was implemented by FAO. 782 producer groups were formed by four NGO IPs, which are Afghan Aid, Hand in Hand, ZOA, and Global Partnership for Afghanistan (GFPA).

³⁶ A web-based MIS was considered to support decentralized implementation. This was, however, given up because of weak internet connection at regional level.

318. The main characteristics of NHLP evaluation would, at this time, follow those used for HLP. Evaluation Research Design: the research design of NHLP impact evaluation will use a quasi-experimental design wherein the target and control groups will be compared under ‘before and after’ setting. HLP has a list of target as well as control households which will be available for the consultant.

319. Data Gathering: qualitative data would be collected by visiting a statistically significant a random sample of focus districts over all regions covered by the project, and interview the NHLP beneficiary producer groups, farmers, implementation partners and MAIL extension staff. Quantitative data would be available at NHLP for reviewing of the baseline information and annual outcome monitoring data in the HLP Database.

320. Analytical Design: The study would use the counterfactual analytical technique to attribute measure the results and their impacts in a manner what would have happened to the NHLP target groups and areas in absence of its interventions. This way it will be possible to estimate the impact by comparing counterfactual situation to those observed under the interventions. The key challenge in this kind of evaluation is that the counterfactual cannot be directly observed, but must be approximated with reference to a comparison group. For this reason the “before-and-after” and “with-and-without” scheme –quasi experimental design– has been envisaged. Five key principles relating to internal validity –study design– and external validity –generalizability– would be carefully taken into consideration: (i) confounding; (ii) selection bias; (iii) spill-over; (iv) contamination; and (v) impact heterogeneity to make the evaluation genuinely rigorous.

Annex 8: Project Preparation and Appraisal Team Members
AFGHANISTAN: National Horticulture and Livestock Project

Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Alvaro Soler	TTL	Sr. Rural Development Specialist	SASDA
Asta Olesen	Sr. Social Development Specialist	Social Safeguards	SASSD
Mohammad Arif Rasuli	Sr. Environment Specialist	Environment Safeguards	SASDI
Zohra Farooq	FM Specialist	Financial Management	SASFM
Rahimullah Wardak	Procurement Specialist	Procurement	SARPS
Najla Sabri	Operation Analyst	Gender	SASDA
Miki Terasawa	Social Development Specialist	M&E, Org. Support and CB	SASSD
Abdul Raouf Zia	Sr. Communications Specialist	Communications	SAREX
Abdul Mohammad Durani	Consultant	Social Safeguards	SASSD
Non-Bank Staff			
Name	Title	Specialization	City
Kazim Kemal-ur-Rahim	Marketing and Agribusiness Specialist (FAO/CP)	Horticulture, Marketing and Agribusiness Development	Rome
Rod Kennard	Consultant (FAO/CP)	Animal Production and Health	Brisbane
Juan Morelli	Consultant (FAO/CP)	Agricultural Economist	Montevideo
Yasmeen Khwaja	Policy Analyst, (FAO/CP)	Policy and Institutional Specialist	Rome

Annex 9: Environmental and Social Safeguards Framework
AFGHANISTAN: National Horticulture and Livestock Project

Summary of the ESMF

321. This environmental and social management framework (ESMF) was developed by MAIL/HLP. As part of the preparation of NHLP, a Strategic Environment Assessment (SEA) and a Social Assessment (SA) were conducted. Both documents, together with a review of the existing ESMF for the ongoing HLP, formed the basis for the formulation of an updated ESMF for the proposed NHLP. The rationale for using a framework approach to address potential environmental and social issues is that NHLP will support several types of interventions, based on the combination of a series of elements into subprojects, the final design and exact locations of which are not known at appraisal.

322. The ESMF has been developed specifically for the proposed NHLP to ensure due diligence, avoid causing harm or exacerbating social tensions, and ensure consistent treatment of social and environmental issues during its implementation. Consistent with existing national legislation and the World Bank Operational Policies on environmental and social safeguard, the objective of the Framework is to help ensure that activities under the project will:

- Protect human health;
- Prevent or compensate for any loss of livelihood;
- Prevent environmental degradation as a result of either individual NHLP subprojects or their cumulative effects;
- Minimize impacts on cultural property;
- Enhance positive environmental and social outcomes.

323. The ESMF sets out guidelines and procedures for the following:

- assessment of potential adverse E&S impacts commonly associated with the subprojects and guidelines for how to avoid, minimize or mitigate them;
- establishment of clear procedures and methodologies for the E&S planning, review, approval and implementation of subprojects;
- development of an initial Environmental and Social screening system to be used for subprojects; and
- specification of roles and responsibilities and the necessary reporting procedures for managing and monitoring subproject E&S concerns.

Safeguards Policies triggered

324. The NHLP is not expected to have significant adverse environmental impacts and is classified as Category B according to the WB safeguards policy requirements. According to World Bank Operational Policy on Pest Management (OP/BP 4.09) a reconnaissance level Pest Management Plan (PMP) was prepared for HLP, followed by a second phase implementation level PMP that took into consideration the detailed information from relevant project intervention sites, which is still being utilized. Since NHLP will expand to new areas with different ecological and farming conditions, it will prepare with the help of a competent international expert a second stage and implementation level PMP taking into consideration the characteristics of the new areas, farming systems and application of agricultural inputs.

NHLP project will mainstream the IMP approach into the project extension services and its M&E system as well. The project will promote safe agricultural practices, e.g. cultural and mechanical methods for fighting pests and diseases, in the relevant project areas. NHLP is planned to expand to the national level and into different ecological zones in the country having longer term perspective which require proper policy and planning tools at the ministry level. Therefore, the Ministry of Agriculture Irrigation and Livestock (MAIL) and the Bank commissioned a Strategic Environmental Assessment (SEA) for the horticulture and livestock subsectors to mainstream the environmental concerns into the relevant policy, plans and program levels of MAIL.

325. No Social Safeguards policies will be triggered and no land acquisition or involuntary resettlement will be funded or take place under NHLP. All planned project interventions will take place on individual's own land where NHLP targets individual producers. In case any minor areas of land will be needed for a project targeting a group of beneficiaries (e.g. in case of construction of small water harvesting /irrigation structures), the land should either be: (i) available government land; (ii) private land obtained through compensation paid by the community (i.e. transaction between willing buyer and willing seller) or, as a last resort; (iii) land obtained through private voluntary donations, provided the donation will have minimal livelihood impact on the concerned person, i.e. less than 10 percent. Private voluntary donations and community purchases will be fully documented as required by the ESMF and for government land, documentation will be needed that the land in question is free of encroachments, squatters or other encumbrances, and has been transferred to the project by the authorities. The project will ensure that no subsidies are given to interventions on land which are subject to dispute, and the ESMF contains specific screening requirements to ensure this. This will for example apply in case of establishment of new orchards.

326. **Regional Equity:** Selection of districts is based on existing potentials for horticulture and livestock development, and based on transparent criteria formulated by MAIL plus security considerations as to where the project is physically implementable.

Environmental and Social Management Plan

327. During NHLP implementation, all proposed subprojects will be screened to ensure that the environmental and social risks can be adequately addressed through the application of standardized guidelines and tools provided in the ESMF document. The ESMF also comprises a generic Environmental and Social Management Plan (ESMP) which will guide the development of the site specific ESMPs which will function as action plans for managing and ensuring due diligence of safeguards issues.

Potential Environmental and Social Impacts and Mitigations Measures

Potential Negative Potential Impacts of NHLP Subprojects	ESMP's Mitigation Measures
Increase in orchard production	
Crop yield decrease due to pest (insects, diseases) outbreaks	Promotion of IPM approach
Misuse of chemical pesticides and pollution of water in irrigated systems	Frequent evaluation of residues contamination in the irrigated systems and creation of producer organizations for rational use of pesticides
Extension of cultivated land • Loss of grazing land	• Development of the agro-silvo-pastoral approach;

<ul style="list-style-type: none"> • Land degradation and exploitation of fragile lands • Disputes over land 	<ul style="list-style-type: none"> • Reservation of spaces for fodder cultivation. • Restoration soil fertility and protection of the environment • Apply the projected measures in the framework of the NHLP resettlement policies • Community-based dispute resolution/mediation measures involving respective representatives of both groups and local authorities.
Improvement/ rehabilitation and management of hydro-agricultural areas and small irrigation schemes	
Lack of maintenance irrigation schemes and canals, leading sometimes to flooding	<ul style="list-style-type: none"> • Creation of Common Interest Groups (CIGs) and training of agricultural technicians for maintenance responsibility • Setting of users committees
Water-borne diseases caused by: <ul style="list-style-type: none"> • Water stagnation: malaria, schistosomiasis • Water contaminated by the non-use of latrines 	<ul style="list-style-type: none"> • Involvement of the actions planned under the national malaria control Program • Use of insecticide-treated bed nets, drain maintenance, training of the lead farmers and CIGs in the proper control. • Construction of family and public latrines
Conflicts of irrigation water use and conflicts between farmers and herders	Problem solving and resolution by local community, CIGs, water user associations, local district authorities, CDCs/Shuras
<ul style="list-style-type: none"> • Loss of grazing land/pasture • Increase in disease vectors catering (malaria, schistosomiasis and other worm diseases) • Lack of livestock water points • Conflict between farmers and herders 	<ul style="list-style-type: none"> • Rehabilitation of the site of extraction of materials • Promotion of livestock farming in permanent holding • Involvement of the planned actions under the national malaria control Program of the Ministry of Health • Medicines availability update at the level of producers associations; • Availability of mosquitoes bed nets • Training of farmers in hygiene measures • Construction of animal drinking troughs and wells • Community-based dispute resolution/mediation measures involving respective representatives of both groups and local authorities.
Grievances related to land/livelihoods loss in case of extra land required through buying-selling/ donation – or disputes over government land occupied by squatters	Documentation of undisputed ownership prior to any subsidized investment Grievance redress mechanism
Agricultural Activities	
Use of large amount of fertilizer	Promote the use of organic manure
Risk of contamination due to the use of pesticides	Implementation of pesticide management plan
<ul style="list-style-type: none"> • Alteration of water flow • Flood risk • Competition with other uses of water • Environmental pollution by the basin waters (fertilizers, chemical products, etc.) • Support to the livestock sector 	<ul style="list-style-type: none"> • Choice of the site based on uses and hydrology • Evaluate the traditional use and demand of water resources • Make sure of the outlet dilution ability, transfer and frequent winnowing

Support to the livestock sector	
<ul style="list-style-type: none"> • Uncertain of source supply (risk of introduction of new diseases) • The poor conditions of hygiene-related diseases 	<ul style="list-style-type: none"> • Health certification of the animals • Provide a transit center for imported animals • Vaccine research
Bad conservation of veterinary drugs and feeds stocks.	<ul style="list-style-type: none"> • Provide materials for the good conservation of veterinary drugs and the related training. • Avoid the prolonged storage of animal food
Insufficient knowledge of the CIGs and VFUs in basic veterinary techniques	Formation of the CIGs and VFUs in veterinary techniques and management of the pharmacies
<ul style="list-style-type: none"> • Introduction of unknown diseases in the environment • Non ecologically adapted animals • Excessive consumption of wood • Pollution of the environment due to sewage and waste from processing of animal husbandry products 	<ul style="list-style-type: none"> • Ensure that imported animals are free of diseases (based on the health certificate) and avoid importing animals from countries which have reported epidemic outbreaks • Do compensatory reforestation • Development of pretreatment waste pits
Support to the food crops production CIGs <ul style="list-style-type: none"> • Risk of contamination due to the use of pesticides 	<ul style="list-style-type: none"> • IMP for the control of crop pests • Promote the use of organic manure • Implement the measure prescribed in the specific Pesticides Management Plan
Support to the industrial crops production CIGs <ul style="list-style-type: none"> • Risk of contamination by pesticides during use) • Risk of contamination of the other biodiversity components (birds and others) • Risk of pollution from runoff water • Extraction of building materials 	<ul style="list-style-type: none"> • Take advantage of the PPQD recommendations • Implement the extent prescribed in the specific pesticide management plan • Make available the protective equipment to users (gloves, masks and appropriate footwear) • Focus on the less toxic products and biological control • IMP for crop pests control • Training in integrated management of pesticides
Capacity-building, education, training and awareness to be financed directly by the NHLP	
Institutional measures	Designate environmental and social focal points for NHLP
Technical measures	EIA and other complementary research studies
	"Environment/horticulture/livestock farming" database
	Good environmental practices manuals
Training of ESFP and other technical structures	Supervisions - Monitoring/Evaluation
	Environmental assessment and management in subprojects
Information, Education, Communication/ awareness of CIGs, VFUs,	Environmental and social aspects of subprojects and other NHLP's agricultural/pastoral activities

ESMF Implementation

328. Appropriate institutional and implementation arrangements for the safeguards implementation, monitoring and reporting has been developed by NHLP. Environmental and Social Safeguards Officers with specific responsibility for implementing the ESMF

provisions during subproject identification, preparation, and development will be added to the Implementation Management Support Team (IMST) at headquarters as well as at the regional level. Qualified Safeguards Focal Officers and IPM specialists are already in place and additional will be hired by NHLP management. These project team members will have relevant ToRs and needed resources at the HQ and regional levels. The ESMF will also be attached to bidding documents and Environmental and Social Clauses will be part of Contractors' contract.

Capacity Building

329. NHLP will conduct capacity building for its Environmental and Social Safeguards Officers as well as for other relevant staff. Training workshops/ seminars on the ESMF and the World Bank safeguard policies will be organized for NHLP staff (head office and regional offices as well as for Project consultants/contractors).

Grievance Redress Mechanism

330. Management of grievances is a vital component of stakeholder management and an important aspect of risk management for a project. Identifying grievances and ensuring timely resolution is therefore very necessary as subprojects may have unexpected adverse impacts to people and the environment, which need to be addressed. The ESMF has developed a grievance management process to serve as a guide during project implementation for Grievance Redress Mechanism (GRM).

Public consultation

331. During preparation of the ESMF, many persons, local communities, Government officials, NEPA, NGOs and other institutions were consulted in the project provinces. Meetings were held with key officials and opinion leaders to gauge level of awareness and involvement with the project, concerns of project implementation, and to obtain relevant documents or baseline information. Consultations were also part of the preparation of the Social Assessment (SA) and the Strategic Environmental Assessment (SEA). These studies have contributed to the formulation of the NHLP documents and to the development the ESMF.

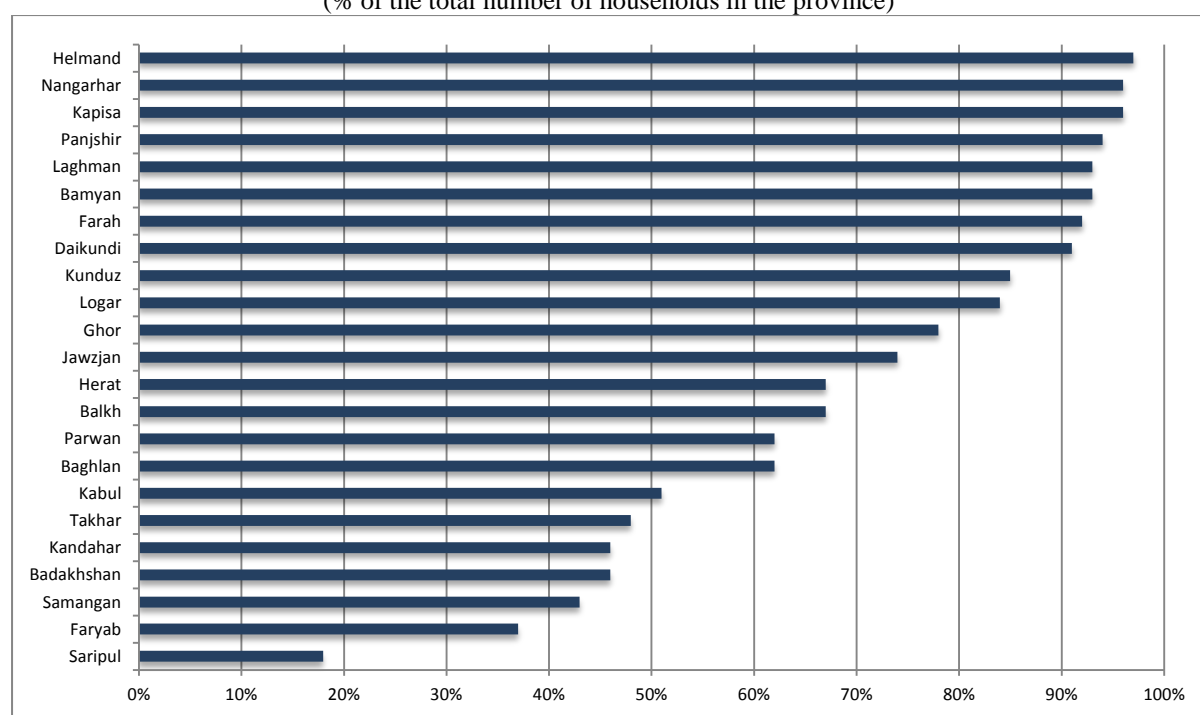
Disclosure

332. The ESMF was translated to Dari and Pashto and disclosed at the MAIL website and disseminated to all NHLP regional offices and by the World Bank InfoShop prior to project appraisal.

Appendix: SOCIAL ISSUES

333. MAIL contracted an independent local consultancy firm to undertake a Social Assessment (SA) as part of the preparatory work for NHLP. The SA comprises Provincial profiles for the 22 provinces to be covered under NHLP, providing basic data on cropping patterns, livestock, tenure patterns, access to credit, use of fertilizer, gender and age division of labor and basic infrastructure. The Provincial Profiles reflect the marked variation across the 22 provinces targeted under NHLP both in terms of household's access to irrigated land (Fig. 1), the most significant factor in terms of rural livelihood and productivity, and in general agriculture and livestock production (Fig. 2& 3). These regional differences are closely related to environmental characteristics such as elevation of the terrain, quality of the soil, and the climate, all of which greatly impact economic and agricultural opportunities and consequently the level of poverty and well-being of the populations. Other factors such as seasonality and the food price crisis also play a major role on poverty levels over the course of the year.

Figure 1 - Access of rural households to irrigated land
(% of the total number of households in the province)



Source: NRVA 2005

334. The level of poverty among the population varies greatly across the country. The Poverty Status Report of the Ministry of Economy³⁷ classifies the provinces from low-poverty provinces where less than 20 percent of the population is poor (for example: Helmand in the Southwest, Farah in the West, Jawzjan in the North, and Baghlan in the Northeast), to high-poverty provinces with poverty rates greater than 57 percent (Paktika, Paktya, Logar and Wardak in the South and Central regions; as well as Kunar and Laghman in the East).

³⁷ Ministry of Economy with the support of the World Bank, "Poverty Status in Afghanistan" based on the NRVA 2007/8 (July 2010).

Figure 2 - Afghan horticulture production

The following figures cover 16 of NHLP-targeted provinces (exact figures are provided in the provincial profiles). For the provinces of Badakhshan, Daikundi, Helmand, Kandahar, Laghman, Nangarhar and Takhar, the data are not available. (Source: Information synthesized based on the data gathered by the National Agriculture Information System, AgNet (2008), Province Agricultural Profiles, Accelerating Sustainable Agriculture Program (ASAP), USAID)

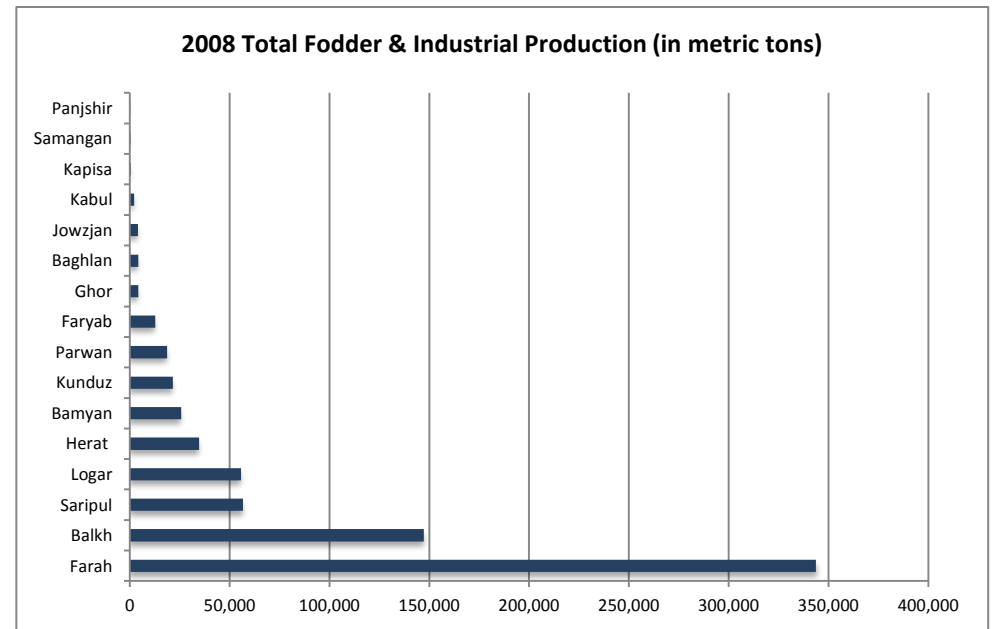
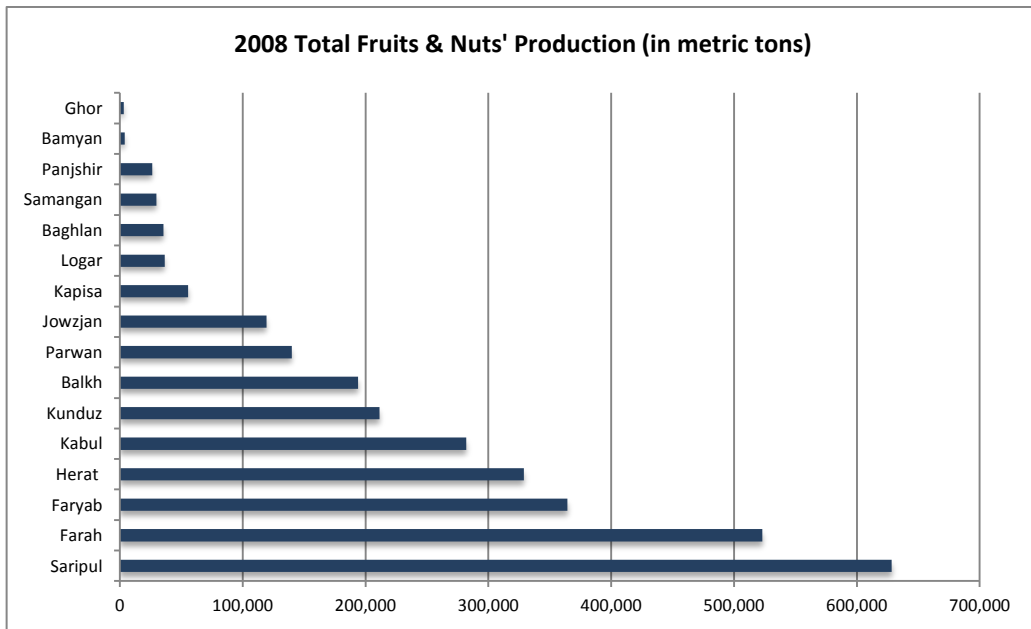
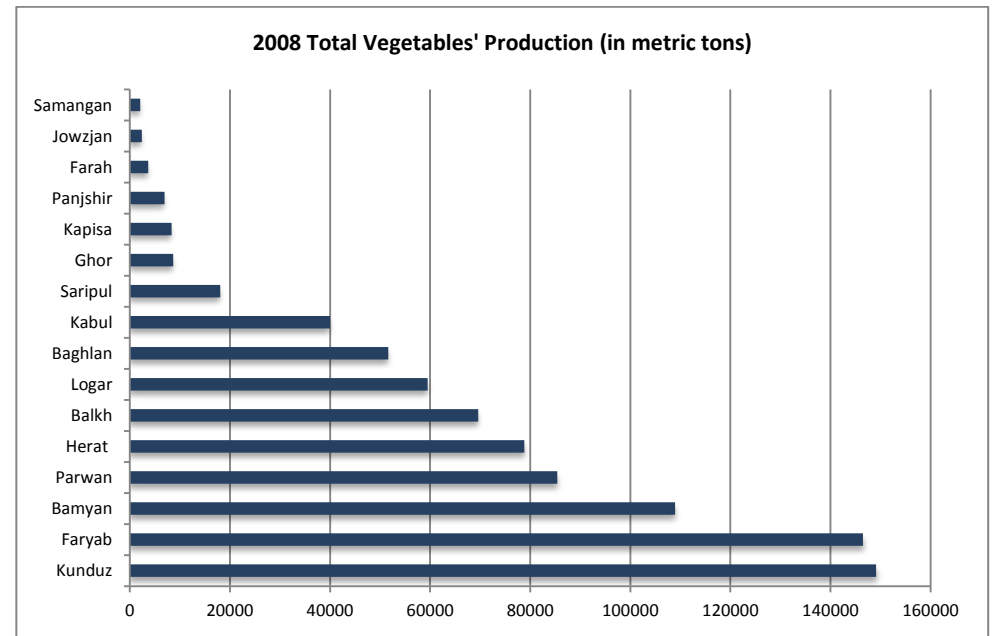
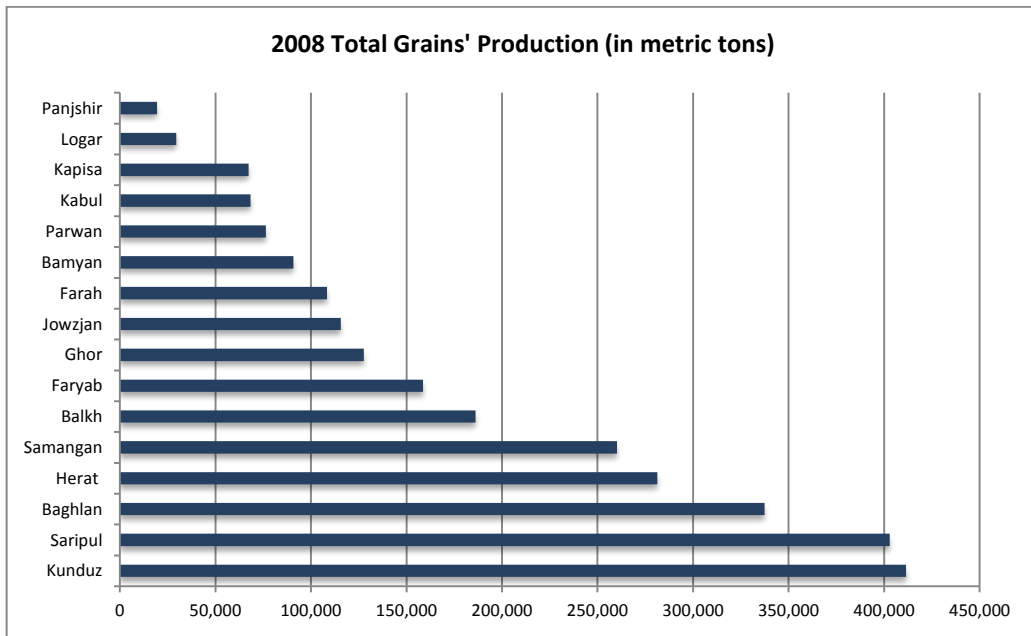
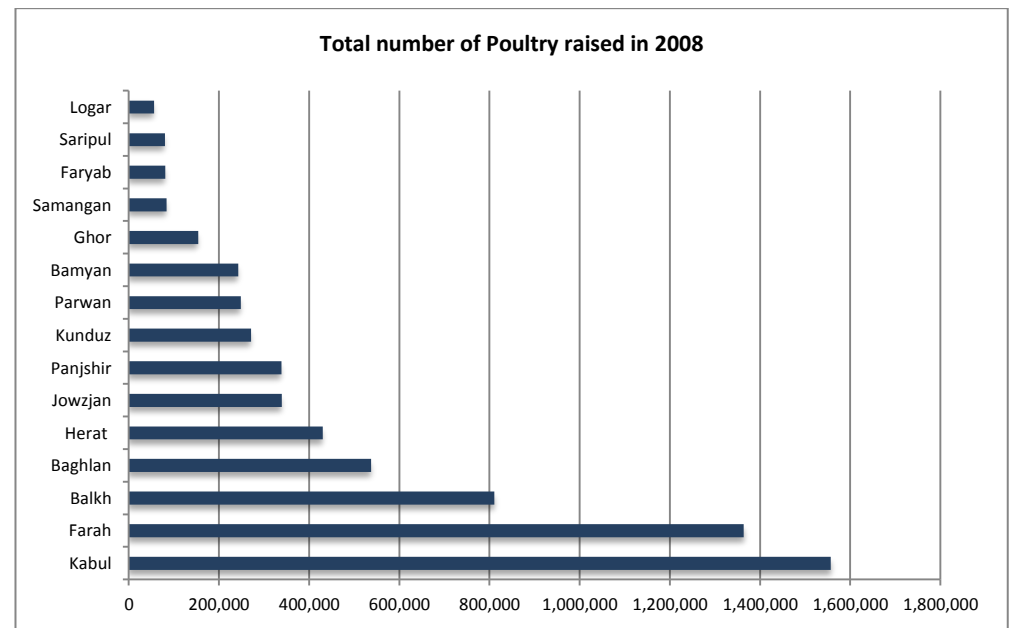
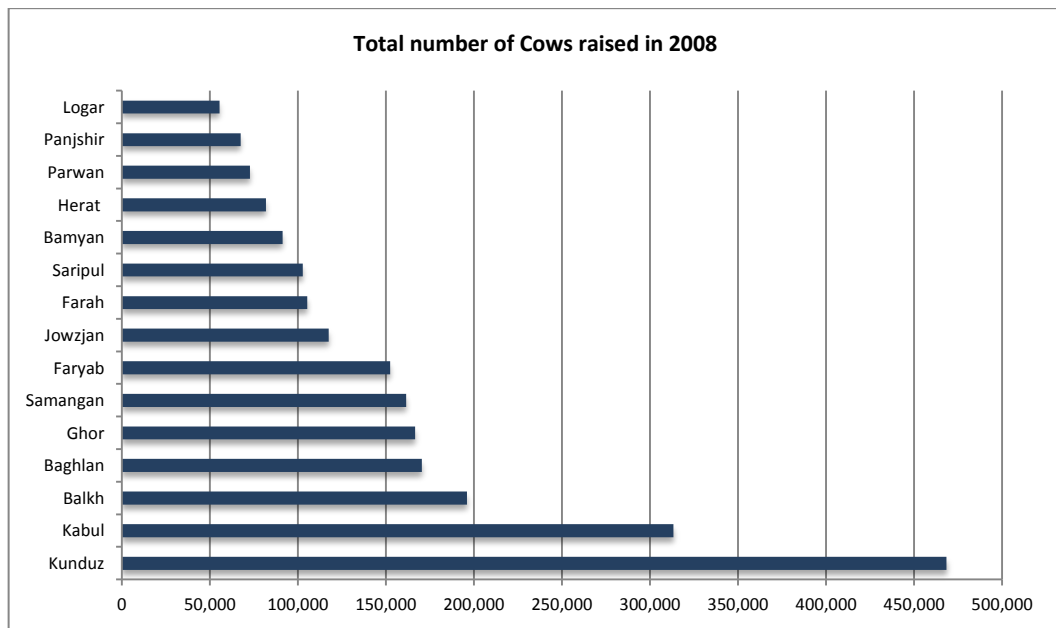
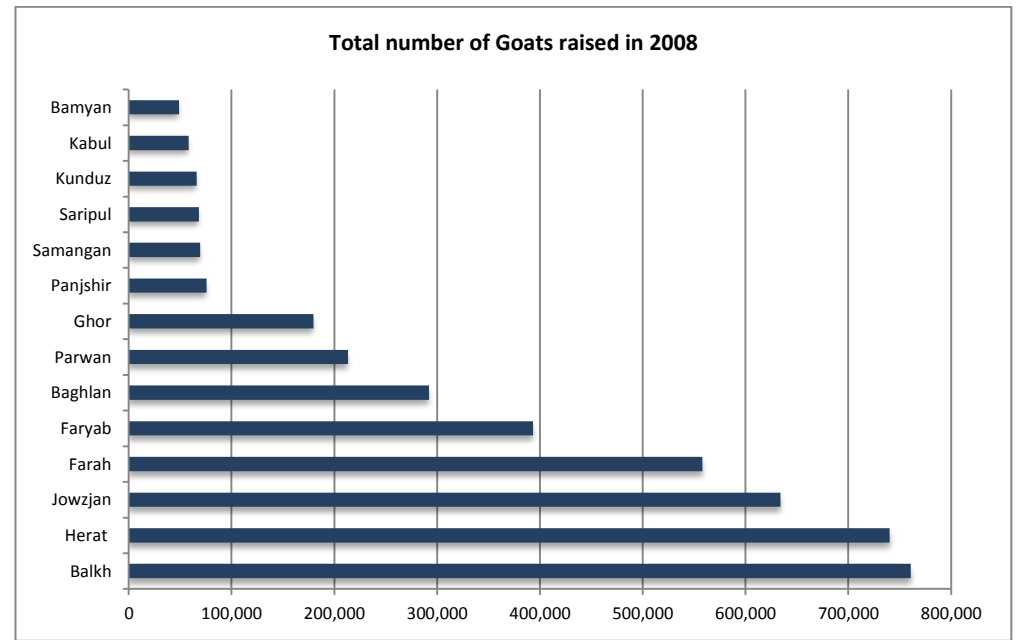
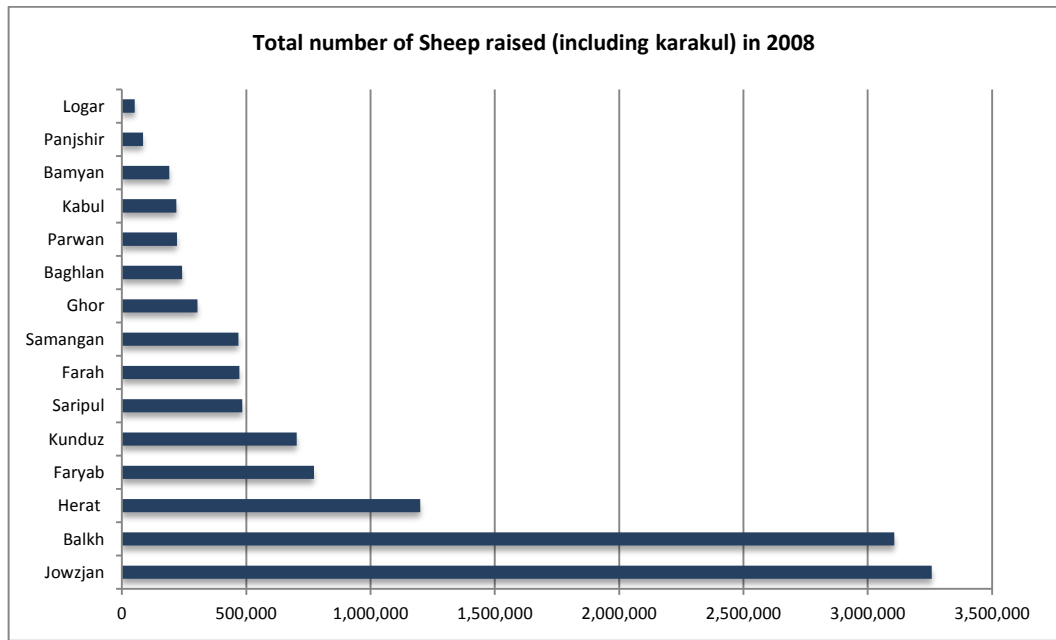


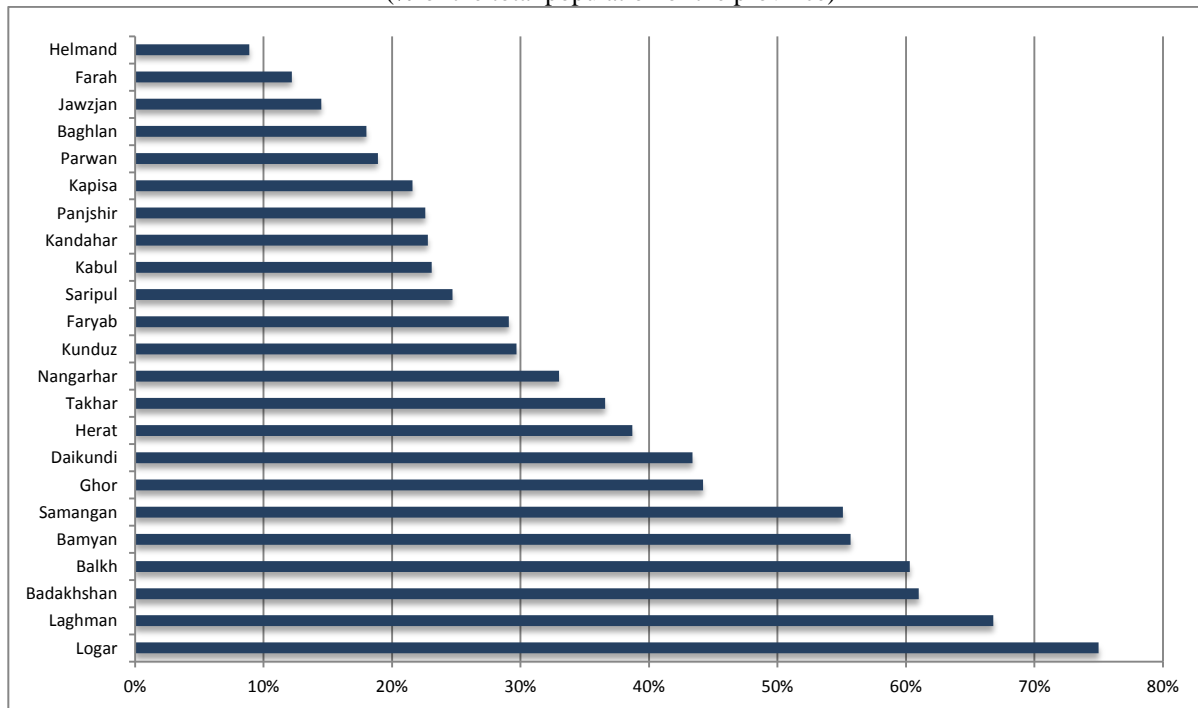
Figure 3 - Afghan livestock production

The following figures cover 15 of NHLP-targeted provinces (exact figures are provided in the provincial profiles). For the provinces of Badakhshan, Daikundi, Helmand, Kandahar, Kapisa, Laghman, Nangarhar and Takhar, the data are not available. (Source: Information synthesized based on the data gathered by the National Agriculture Information System, AgNet (2008), Province Agricultural Profiles, Accelerating Sustainable Agriculture Program (ASAP), USAID)



335. The NRVA 2007/8 indicates that land ownership – more than access to land - is a deterrent against the risk of falling into poverty. The highest level of poverty is among those who rent, sharecrop or mortgage land (42 percent of poverty), against a 26 percent poverty rate among those who own their land. Besides land ownership, NRVA data also indicate that poverty is associated with individual attributes such as household size and composition, and more importantly, the characteristics of the head of household: poverty is more present among women-headed households (38 percent of poverty among women-headed households against 33 percent for male-headed households), ones where the head of household is disabled, or where the head of household has a low level of education (if the person at the head of the household has a university degree the poverty rate falls at percent). Of particular relevance for the NHLP is the fact that even the extremely poor may own livestock. In fact, small animal stock is often the only capital asset of the landless households. According to fieldwork done by AREU in Faryab³⁸ and Bamyan³⁹, Afghan landless and homeless often own sheep, who would be grazing their flocks on community or public lands.

Figure 4 - Poverty rate
(% of the total population of the province)



Source: NRVA 2007/8

Women’s involvement in Agriculture and Livestock

336. Agricultural and related activities are a major vehicle for women’s participation in the economy. The production is dominated by mainly subsistence-oriented family holdings, with a

³⁸ Alden Wily, L., “Land Relations in Faryab Province: Findings from a Case Study in 11 Villages”, AREU, June 2004

³⁹ Alden Wily, L., “Land Relations in Bamyan Province: Findings from a 15 Village Case Study”, AREU, January 2004.

well-defined division of labor based on age and gender. Locations, cropping pattern, socio-economic and educational background also have implications for the specific division of labor within a given household, since communities differ regarding women's participation in agriculture. Horticulture generally involves more women than grain production, and poor households require greater involvement of women in income earning activities than do more wealthy households.

337. Women represent approximately 54 percent of the agricultural workforce in Afghanistan (see Figure 5 - Female Share in Economically Active Population in the NHLP-targeted provinces) but the cropping pattern in a given locality has a considerable impact on women's participation in agricultural production, with grain production having the least female involvement and horticulture (vegetables, melons etc.), fruits and nuts in general including large labor input from girls and women. The Social Assessment provided an overall description of gender-based divisions of labor and the role of women, men and children in various horticulture and livestock activities: women are generally not involved in cultivation⁴⁰, they are very engaged in harvesting (for all crop categories), and probably even more in processing activities such as shelling nuts and drying fruits.

338. Most rural households keep livestock, mainly for domestic consumption of meat, milk, wool, eggs, etc., and occasionally for sale. Women and children are the main tenders of animals. Boys are usually in charge of taking the animals for grazing while women and girls collect fodder. Hence, while women have a significant responsibility for animals, their livestock management in most areas is centered around the home, taking care of newborn and sick animals, milking, collecting fodder and stable feeding. In some of the northeastern mountainous areas in Panjshir and Badakhshan, the women play a far wider role in livestock management and may go to summer pastures without their families to tend animals and produce dairy products, even on contract for neighbors. While men and women are both active in raising livestock, poultry are mainly raised by women. In terms of processing, women are in charge of producing dairy products and processing wool into yarn.

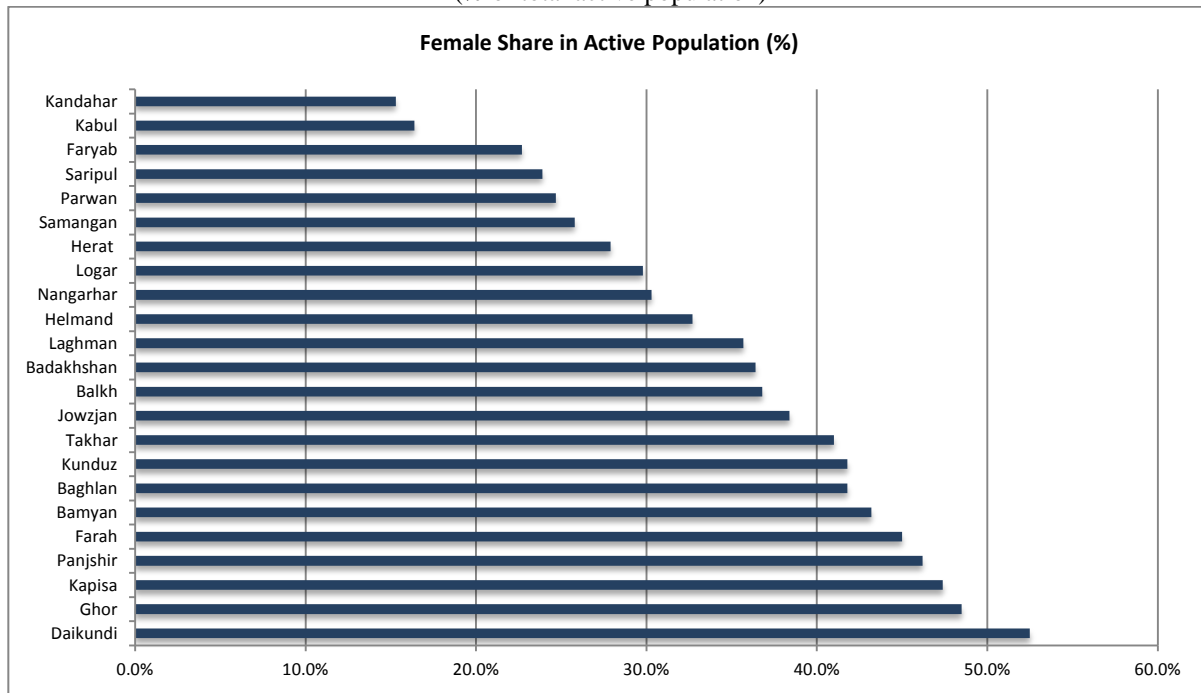
339. At the very beginning and the end of the value chain, men are those who link households with the market to obtain the necessary supply of inputs and actually sell both horticulture and livestock products, even if women can be significantly involved in selling eggs, milk and dairy products, and sometimes even poultry in some regions. This division of labor is largely a reflection of social and cultural norms, where women have limited interaction with men outside their family, and restricted ability to travel by themselves⁴¹. These factors constitute a real barrier to women's access to resources and services, including credit, training, extension, inputs, trading and marketing networks, as well as education, and information⁴². Without collateral to apply for credit, opportunities to participate in extension training (selection for these opportunities is often based on land ownership), and a lack of women service providers in credit/input supply/marketing/etc. women become marginalized.

⁴⁰ Except in a few provinces where they work together with men to cultivate cereals and grains like in Farah, Helmand and Jawzjan, fodder and industrial crops in Helmand, or vegetable in Nangarhar.

⁴¹ World Bank (2011), *Understanding Gender in Agricultural Value Chains: The cases of Grapes/Raisons, Almonds and Saffron in Afghanistan*, May.

⁴² Mayoux, L., and G. Mackie (2009), "Making the Strongest Links: A Practical Guide to Mainstreaming Gender in Value Chain Development", Geneva, International Labour Organization (ILO).

Figure 5 - Female share in economically active population
(% of total active population)



Source: Ministry of Economy (2011), «Provincial Briefs», based on the results of the NRVA 2007/8, Kabul, June.

340. HLP gained considerable positive experiences in outreach to female producers, and these experiences formed important lessons for development of the NHLP gender strategy across sub-components, with requisite measures for how to ensure the necessary female staffing at different levels. Apart from application of quantifiable, robust and transparent selection criteria, additional measures have to be in place to ensure women’s active participation in the project. In view of the prevailing socio-cultural context of Afghanistan each relevant CDC has to clearly endorse NHLP outreach to women, and each female beneficiary needs to have the explicit support of their household (i.e. husband or father) to engage in NHLP subcomponents in order not to risk a backlash detrimental to the overall program and particularly to the women involved.

341. To facilitate the involvement of women in project activities, the project will hire female technical staff including IPM officers and will also offer internship for female graduates. In order to facilitate outreach to and involvement of women in the different components of NHLP, the program has provided for *maharam* arrangement to facilitate female staff’s mobility.

Beneficiary Identification

342. Following the established practice across projects with community outreach, the NHLP (like indeed HLP) will be introduced to communities through CDCs. However, since NHLP’s interventions target individual farmers/livestock owners rather than communities, selection criteria are quantifiable, robust and transparent in order to minimize risk of favoritism and exclusion. Beneficiaries of various project interventions will thus be men/women who fulfill a range of specific requirements in terms of available land and other preconditions, willingness to commit own resources/labor and to abide by given instructions etc. relevant for the individual

subcomponent. The implications for the CDC role is that the CDC introduces the NHLP to the community members (men and women), and the CDC will subsequently be part of community monitoring of the project and of its outreach/targeting to ensure that nobody are left out based on the basis of ethnic/religious/gender basis. Third party monitoring is planned for Mid-term review and for end-of-project.

343. Interventions on dry land horticulture in particular, could focus on the wild pistachio forests of Samangan, Jowzjan and Sar-i Pul. These pistachio forests are not individually owned, but part of the ‘commons’ which communities in these areas have traditional usufruct rights to. Any interventions here will thus, unlike other subcomponents of NHLP, **not** target individual producers but will target whole communities in whom the usufruct rights are invested. Special attention will be paid to the fact that such communal usufruct rights are non-transferable, and play a particularly important role for the livelihood strategies of the poorest in the rural community.

344. While NHLP targets producers – men and women alike – through its main activities, the project specifically targets women through its “Gender Sensitive Agriculture” sub-component that comprises, on the horticulture side: kitchen gardening, post-harvesting extension, and advice on nutrition; and on the livestock component: livestock extension, animal health and poultry activities. All these activities are aligned with the existing gender division of labor in Afghanistan and are thus culturally acceptable to the rural communities.

345. Never-the-less, the participation of women in NHLP will rely on the capacity of the NHLP to engage in and maintain a permanent dialogue with local communities to ensure a continued support and appreciation of the household benefits of women’s involvement and to explore options for further expansion.

Annex 10: Economic and Financial Analysis

AFGHANISTAN: National Horticulture and Livestock Project

346. The preceding HLP demonstrated that farmers, once they perceive the benefits involved, adopt most of the recommended technologies aiming to increase production. NHLP builds on the experience gained by HLP and MAIL, and expands its coverage to new regions. NHLP will also promote adoption of improved practices within a longer term strategy based on establishing and consolidating more effective service delivery systems. Achievement of these goals would lead to sustained increases in production and productivity of horticultural products, and improved animal productivity and health. These would in turn contribute to long term increased income for target beneficiaries within the rural population. Table 1 summarizes the expected economic and financial results from NHLP, including those of its main individual components and activities.

Table 1 - Project Economic and Financial Expected Results

	Economic Indicators		Financial Indicators	
	ERR %	ENPV US\$ million	FRR %	FNPV US\$ million
Horticultural Production	27.1	105.2	79.5	183.3
Livestock (Health & Extension)	17.6	9.0	140.5	47.3
Poultry	18.1	1.3	36.2	4.4
Overall NHLP	24.9	115.5	86.7	235.0

347. Based on HLP results from both horticultural and livestock activities supported, NHLP enhanced interventions will offer renewed approaches. The proposed changes for the traditional production methods and subsistence strategies are expected to be attractive to target farmers and assumed to be increasingly adopted, as happened in HLP. In HLP, as farmers witnessed the impact of recommended improvements, the demand for productive support from farmers outstripped the resources assigned through the additional financing provided.

348. Through its extension and productive investments support sub-components, the Horticultural Production component will cover three main thematic areas: orchard management, value addition and marketing. The extension services will be delivered with the intervention of male and female lead farmers through the FFS approach. The main stream of benefits is expected to come from orchard management activities. They will focus on establishing 8,000 ha of new orchards; 800 ha of grapes with trellising; direct and indirect rehabilitation of 6,000 ha of orchards; apiculture support; 500 ha of kitchen gardening for women; 300 ha of off-season vegetables and small fruits, etc. Farmers will be required to contribute to costs of establishing orchards and grape trellising. Value Addition activities, including post-harvest handling, are designed to build the capacity of key stakeholders along the horticultural value chain. Marketing support will focus on capacity building of farmers and traders in post-harvest and marketing techniques; establishment of productive linkages among stakeholders; promotion of small and medium size enterprises and the establishment of simple cold storage pits and facilities.

349. Three streams of benefits are expected to arise from the animal health interventions, including: (i) early detection of outbreaks of endemic disease (such as Anthrax) or the incursion of epidemic diseases (i.e. FMD or PPR) allowing MAIL to take timely and effective response measures; (ii) prevention of animal production losses from brucellosis control; and (iii) benefits from reducing brucellosis on human health. More specifically the three benefit streams from the animal health interventions are:

350. ***The establishment of an effective surveillance system*** in the project area would allow an early detecting of outbreaks of endemic disease (such as Anthrax) or the incursion of epidemic disease (i.e. FMD or PPR) and allowing MAIL to take timely and effective response measures. These proposed activities would lead to the avoidance of production and animal stock losses due to a reduction in livestock illness. For example, assuming FMD threatens the livestock in the project area once every ten years affecting 20 percent of the ruminant population (cattle, sheep and goats) and causing 1percent deaths, a 75 percent loss in milk production and a 20 percent loss in live weight –as animals are unable to walk to pasture or to eat. Those would then be the losses avoided as a result of the project as FMD would stop entering Afghanistan undetected. Once the system is in place, if MAIL is able to quickly detect and deal with an outbreak, then it may be realistically assumed that the cost of avoiding those losses would be only the cost of the preventative measures the project plans to implement. In addition the reduced risks of losses would induce to invest in increasing production in their smallholder farms.

351. ***Control of Brucellosis will enhance livestock productivity.*** Brucellosis results primarily in abortion of infected animals and the consequent loss of what would otherwise have been a replacement animal (calf, sheep or goat), the loss of production for that lactation and a residual deleterious effect on subsequent reproduction capability. When infected, local cattle can lose an average 400 litre-lactation, goats and sheep a 50 litre-lactation if infected, as well as the direct loss of the replacement animal. If brucellosis is not prevented, it can be safely assumed that 30 percent of these animals' productive lifetime is lost. The control of Brucellosis by the project would prevent these losses, thus being the direct benefit of the control measures. Prevalence testing will start in September and be finalised by late November 2012. Outcome will dictate where the vaccination campaign will start in March 2013. Over the NHLP implementation period, it is expected that the area to be covered will benefit around 160,000 smallholder farmers.

352. ***Brucellosis also affects human health.*** Small-holder livestock raisers, who become infected by drinking raw milk or handling contaminated material from infected animals which abort, would also benefit from the project. Besides the aforementioned preventable loss of production, lost human productivity in terms of years of healthy life (Disability Adjusted Life Years) can be estimated at about 230 days⁴³ for every reported case. This estimate does not include the productive time lost by household members tending the sick which directly threatens the food security of the family as a whole.

353. ***In addition, two streams of benefits will arise from the project's animal production extension activities.*** The livestock extension will target all small-holder livestock raisers and all livestock classes on those small farms. A typical small farm has 1 to 3 cows, 4 to 8 sheep and/or goats and about 10 to 20 chickens. The extension messages together with support for the inputs

⁴³ Central Asia One Health Project, National Economic Impact Report, Tajikistan, September 2011

required will improve the production performance of these livestock. Improvements of at least 5 percent in the survivability of cattle, sheep and goats, 10 percent in live weight, and 15 percent in milk production can be estimated. In respect of poultry, egg production can be assumed to increase by 20 percent and increased survivability of the birds –mainly through the control of diseases, most notably Newcastle disease– can be estimated at 50 percent. In the project area there are 2.3 million cattle and 10.3 million sheep and goats as shown in the Table 4 below. The number of households expected to benefit directly from extension activities over the six years of the project is 133,000, and indirectly about 100,000 more.

Table 4 Afghanistan – Livestock Numbers by NHLP Province

Province	Cattle	Sheep	Goats
Badakshan	317,120	400,521	402,658
Badghis	40,873	630,896	275,430
Baghlan	168,170	332,665	236,127
Balkh	74,976	479,323	147,483
Bamiyan	77,893	227,650	60,143
Faryab	74,967	634,855	353,179
Heart	185,785	790,708	696,894
Jawzjan	32,821	440,338	125,146
Kabul	57,713	91,994	97,140
Kandahar	70,286	605,049	390,156
Kapisa	141,736	90,266	72,270
Kunduz	157,888	328,231	49,462
Laghman	158,359	161,097	163,306
Nangahar	304,892	267,749	238,991
Parwan	80,597	108,611	32,804
PanJhsher	40,597	40,586	10,114
Samangan	42,121	323,416	124,377
Saripul	63,187	240,893	85,822
Takhar	236,194	324,031	231,552
Total	2,326,175	6,518,879	3,793,054

I. Financial Analysis

354. **Crop models** for the main farming activities were prepared considering average production parameters, current and expected yields, costs involved, farm gate prices and the resulting income before and after the project improvements. The budgets, prepared with the HLP horticultural project team, cover the following main crops: wheat, barley, alfalfa, grapes, almond, apples, apricots, pomegranate, vegetables and strawberries. For the installation of new orchards and the rehabilitation of existing groves, it was assumed that adoption of simple production practices being successfully promoted by HLP (with improved planting materials, adequate fertilizers, IPM, etc.) would be adopted. The crop budgets show both situations: before and after the adoption of the improved crops and practices. The existing and anticipated yields and income

per crop or activity are summarized in the following Table 2. Detailed Tables are available in the project files (Tables 1 to 21 in file NHLP Results September_2012.xls).

Table 2 - Crop and Activity Budgets: Yields and Income after Labor Costs

	Yields (MT/ha)		Income after labor costs	
	Current	With NHLP	(US\$/ha) Current	(US\$/ha) With NHLP
1.Old Apricot Grove Rehabilitation	8	14	441	2,178
2.New Apricot Grove	-	15	-	2,523
3.Old Almond Orchard Rehabilitation	0.9	1.2	1,846	4,072
4.New Almond Orchards	-	1.5	-	4,582
5.Grapes Rehabilitation without trellises	7.5	9	1,092	2,435
6.Grapes Rehabilitation with trellises	9	15	2,188	4,890
7.New Grapes without Trellises	-	11	-	2,642
8.New Grapes with Trellises	-	21	-	7,123
9.Old Apple Orchard Rehabilitation	12	18	2,212	3,783
10.New Apple Orchards	-	20	-	5,098
11.New Pomegranate	-	20	-	5,603
12.Wheat	2	2.2	217	256
13.Barley	2.5	3	717	877
14.Tomato	-	30	-	2,933
15.Strawberries	-	3	-	7,703
16.Alfalfa	20	24	177	220
17.Cattle (milk lt. per 1 cow)	400	460	120	144
18.Sheep/goat (value production / head)	168	195	59	73
19.Layers (30 bird yield in # of eggs)	-	5,400	-	345
20.Layers (100 bird pack, yield in # eggs)	-	17,250	-	406
21.Broilers (100 bird, yield in # of birds)	-	270	-	1,689

355. As shown in the Table, activity budgets for cows, sheep/goats, and for poultry were also prepared since they are part of the farmers' benefitted production systems and subsistence strategies. Under the poultry investment subcomponent, the options considered correspond to the trails to be conducted: 30 layers –backyard poultry– and 100 layers –semi commercial– units, and 100 broilers –semi commercial– unit.

356. **Farm models** were also developed to estimate the project financial impact on beneficiaries' family income. Since the main constraint to expansion of higher value crops (HVC) is the availability of water for irrigation, the introduction of the new orchards was done at the expense of the area occupied by the irrigated traditional crops (mainly wheat and barley). Farm models include: (i) most relevant agricultural and livestock activities; (ii) off-farm employment contributing to the family income; (iii) self-consumption of farm produce; (iv) on-farm use of intermediate products (manure, alfalfa and other fodder) for livestock; and (v) grants being provided by the project for covering 50 percent of investments for the new orchard groves and trellises for vineyards. Farm net revenue increases are expected to be derived from the: (i) establishment of new and more productive orchards; (ii) rehabilitation of existing plantations (grapes, apricots, almond, pomegranates, etc.); and/or (iii) increased productivity of livestock and provision of poultry packages to promote increased production of eggs and chicken meat.

357. The models show farms of different regions and typical cropping patterns in the proposed project area. At project maturity household income will increase between 10 percent and percent over the current situation as shown in the summary presented in Table 3. The extent of the increase depends on the type and size of farm, the relative importance of the improved activity, the production system and the type of crops and activities involved (see details in Tables 22 to 31 in Project files: NHLP Results Sept_2012.xls).

Table 3 - Farmers' Family Income Increases

	Farm Size (ha)	Current Situation	% Increase	Expected Income		
				Year 3	Year 5	Year 8
(in US\$ / household)						
Small Farms in Central Region						
New Grapes w/out trellises (1 jb)	3.0	2,034	29%	2,346	2,449	2,612
Rehabilitating Grapes w/out trellis	3.0	2,800	25%	3,497	3,497	3,497
Medium Farms in Central Region						
New & rehab Grapes w/trells (2 jb)	5.0	3,065	65%	3,694	4,427	5,047
New Grapes with trellises (2 jb)	5.0	3,188	36%	3,470	3,743	4,307
Small Farms in Northern Region						
New Apricots (1 jb) & rehab grape	5.0	2,310	47%	2,493	2,942	3,375
New Almonds (1 jb)	5.8	2,887	17%	2,953	3,332	3,352
Rehabilitating Almonds (2 jb)	5.8	2,751	51%	2,949	3,424	4,151
Medium Farms in Northern Region						
Almond Rehabilitation(2 jb)	10.0	3,877	64%	4,116	5,345	6,351
New Pomegranate (2 jb)	10.0	3,674	70%	3,709	5,014	6,242
Small Farm Livestock Beneficiary						
	1.2	1,352	10%	1,486	1,486	1,486

358. *For the financial and economic analysis* of the project, both main components were treated separately.

359. *In the case of the horticultural component* it was considered that only 52,000 small and medium size farms as those presented above (Table 3) will be reached and will adopt the recommended technological packages including planting of about 8,000 new ha of orchards and vineyards (including 800 ha with trellises), and also rehabilitating about 6,000 ha of existing orchards. Benefits from kitchen gardening and from piloting new species and varieties of citrus, guava, dry-land horticultural crops, off-season vegetables production under low plastic tunnels, and other project activities were not quantified.

360. *In the case of animal health and extension activities* under the livestock component – excluding the poultry trials– it was assumed that about 50 percent of the targeted households – about 61,500– will adopt the selected and high yielding recommendations to be made available through the VFUs and FEs. The following Table 5 shows the average changes expected to be adopted under the project regarding the production activities including cows, sheep, goats and backyard poultry. On average it is expected that milk production per year will increase by 15 percent, from 400 to 460 liters. The net income per cow per year will be increased about 20 percent, from US\$120 to US\$144.

Table 5 - Traditional Cow Model

Rainfed Dairy Production Activity Model					
FINANCIAL BUDGET					
(In US\$ Per Cow)					
	Existing				
	Technology		New Technology		
	1 to 20	1	2	3 to 20	
Revenue					
Milk	160	160	176	184	
Calves (150 kg)	292	292	300	312	
Manure	60	60	64	68	
Sub-total Revenue	512	512	540	564	
Input costs					
Alfalfa Fresh	40	40	50	60	
Wheat Straw	53	53	53	53	
Minerals	10	10	11	13	
Medicines	10	15	15	15	
Sub-total Input costs	113	118	129	140	
Income (Before Labor Costs)	400	395	411	424	
Sub-total Labor costs	280	280	280	280	
Income (After Labor Costs)	120	115	131	144	
YIELDS AND INPUTS					
(Per Cow)					
	Unit	Existing		New Technology	
		1 to 20	1	2	3 to 20
Main Production					
Milk	lt	400	400	440	460
Calves (150 kg)	unit	0.73	0.73	0.75	0.78
Manure	MT	1.5	1.5	1.6	1.7
Operating Inputs					
Alfalfa Fresh	MT	1	1	1.25	1.5
Wheat Straw	MT	1.05	1.05	1.05	1.05
Minerals	kg	20	20	22.5	25
Medicines	unit	10	15	15	15

361. With sheep and goats, similar impact is expected from the project extension services and the proposed animal health interventions starting with the surveillance and control of main diseases. Milk and lamb production per head is expected to increase also by about 25 percent, with similar effects on the net revenue derived from the activity.

362. Table 6 shows the average result to be achieved by a typical livestock assisted household, with about 1 ha of land cropping, 0.3 ha of alfalfa and 0.5 ha of wheat. It was assumed it has two cows, five sheep or goats and 10 chickens. As a result of the project services farmers would increase their current income by about 10 percent, just from adopting very simple technology improvements to be conveyed by the FVUs and FEs through the FFS extension approach. Although it is not a highly significant improvement, it will build the base for the formation of CIGs to undertake future more deep actions for development.

Table 6 - Typical Small Farm Benefitting from the Livestock Component Interventions

FINANCIAL BUDGET (AGGREGATED) (In US\$) /a	Without		With Project	
	Project			
	1 to 15	1	2	3 to 15
Main Production				
Fodder	305	305	329	353
Grains	400	400	400	400
Calves (150 kg)	292	292	300	312
Milk	160	160	176	184
Manure	60	60	64	68
Milk (sheep/goat)	40	40	44	48
Lamb	500	500	550	625
Mature Sheep	300	300	300	300
Eggs	45	45	68	68
Scavenger Chicken	51	51	68	75
Sub-total Main Production	2,153	2,153	2,299	2,432
On-Farm Use				
Fodder	230	230	260	290
Manure	60	60	64	66
Sub-Total On-Farm Use	290	290	324	356
On-Farm Consumption				
Grains	400	400	400	400
Milk	160	160	176	184
Lamb	300	300	300	300
Eggs	45	45	45	45
Scavenger Chicken	51	51	68	68
Sub-Total On-Farm Consumption	956	956	989	997
Net Value Of Production	907	907	986	1,079
Production Cost				
Seeds and Seedlings	36	36	48	60
Fodder	128	128	128	128
Machinery/Oxen Services	157	157	157	157
Fertilizers	110	110	112	114
Manure	4	4	1	-
Livestock inputs	77	112	130	131
Sub-Total Production Cost	512	547	576	590
OUTFLOWS	512	547	576	590
Cash Flow Before Financing	396	361	410	489
Farm Family Benefits Before Financing	1,352	1,317	1,399	1,486
Net Financing	-	489	-1	-
Cash Flow After Financing	-	-465	-	-
Farm Family Benefits After Financing	1,352	1,340	1,397	1,486
Returns per Family-Day of Labor	8	8	8	8
Incremental Returns per Incremental Family-Day of Labor	-	-	102	150

/a Typical farmers in Afghanistan has 1 traditional cow and 4 to 6 sheep (and/or goats)
Farmer improve production through the VFU and FEA by improving animal health and nutritio

363. *The Poultry Subcomponent* will directly benefit 5,000 households receiving 30 bird egg-laying poultry packages en the first 2 years. In addition, 2 other 100 bird semi-commercial packages, one with layers and the second one with broilers, are to be piloted in year 2 with 500 households benefiting from each package. The benefits arise from the layer packages, which will be provided with close attention to proper implementation and post-distribution follow-up, are provided by the output of eggs and spent birds. Table 7 shows the expected costs and benefits of the 30 bird layer package.

Table 7 Layer Package (30 birds)

FINANCIAL BUDGET (In US\$) /a	New Technology	
	1	2 to 20
Revenue		
Eggs	-	810
Culled Birds	-	135
Sub-total Revenue	-	945
Input costs		
Investment costs		
Construction of Poultry Coops	70	-
Pullets	90	-
Drinkers	4	-
Feeders	4	-
Mesh	6	-
Medicines	3	-
Grow ers Feed	115	-
Sub-total Investment Costs	292	-
Operating Costs		
Pullets	-	90
Grow ers Feed	224	339
Medicines	-	3
Sub-total Operating Costs	224	432
Sub-total Input costs	516	432
Income (Before Labor Costs)	-516	513
Sub-total Labor costs	168	168
Income (After Labor Costs)	-684	345

Income Before Labor: IRR = 99.4%, NPV = 1,982.30
Income After Labor: IRR = 49.2%, NPV = 1,033.06
/a Package of 30 pullets (3 months old), facilities for the activity, feed and medicines for 1st cycle are provided. It is assumed that 1 cycle (9 month) per year are continued thereafter.

364. A sustained success rate of 40 percent of these small flocks is expected to consolidate. In addition, it is foreseen that there will be 500 100-bird broiler flocks and 500 100-bird egg-laying flocks, 40 percent of which are assumed to also become successful and sustainable.

II. Economic Analysis

365. For the assessment of project economic results, it is assumed that beneficiaries will be incorporated progressively until 2018. Benefits were considered for a period of 20 years (2013 – 2032). Yields will steadily increase during three to four years from the moment beneficiaries are being incorporated to the project and integrated in the farmer groups. This slow aggregation of results was derived from the expected adoption rate and average production improvements to be obtained by lead and radial farmers. The aggregation of farm models allowed for the estimation of the overall project benefits for the Afghan economy. About 52,000 beneficiaries of the horticultural component –developing 8,000 ha of new orchards and rehabilitating 6,000 ha of existing groves including grapes, almonds, apricots, apples and pomegranates–, together with about 61,500 farmers improving livestock production and 6,000 women benefiting from the poultry component, were assumed to contribute to the project impact.

366. Most tradable inputs and products were assumed to have economic prices equivalent to their market prices. A conversion factor of 0.7 was used to estimate the shadow wage for labor given the high underemployment rates in rural areas. Actual real prices –June 2012– were assumed to remain constant at least throughout the 20 year life of the project. All project costs were deducted from the expected benefits to estimate the project benefits, including grants to farmers, extension services’ costs as well as IMST’s costs.

367. Table 8 summarizes the estimated ex-ante results. The estimations show that the Economic Rate of Return (EER) would be in the order of 24.9 percent, and the Net present Value (NPV) would amount to US\$ 115 million. Tables 32 to 35 in the project files show the detailed expected results from the livestock, poultry, horticulture and the overall components and from the overall NHLP. These indicators, together with the above mentioned increases in beneficiaries’ income allow concluding that the project is feasible both from the financial and the economic perspectives.

III. Sensitivity Analysis

368. Sensitivity to the most probable negative factors that could affect project results was also estimated. These factors could involve: (i) project investment costs being 20 percent higher than budgeted; (ii) prices of all agricultural products falling by 20 percent; and (iii) number of beneficiaries adopting the proposed improvements reduced by 20 percent. The resulting ERR for each of the three negative factors and the combination of two and three of the negative events occurring simultaneously are presented in Table 8. From these results it can be concluded that the risks associated with the proposed project would affect results but not to a point where the impact could become negative. The proposed project would produce a strong result, even if the key base assumptions are not met.

Table 8 Sensitivity Analysis

Event		ERR (%)
(i)	Project Costs are 20 % higher than budget	22.5
(ii)	Prices of agricultural products drop by 20 %	18.0
(iii)	N ^o of beneficiaries adopting new approaches	22.0
	(i) and (ii)	16.0
	(i) and (iii)	19.6
	(ii) and (iii)	15.6
	(i) and (ii) and (iii)	13.5

Annex 11: Documents in Project Files
AFGHANISTAN: National Horticulture and Livestock Project

1	Livestock policy and the new departmental structure, MAIL
2	Dairy study
3	Poultry study
4	VFU study
5	Commitments other donors and funding agencies have made to MAIL
6	Social Assessment
7	Strategic Environmental Assessment (SEA) for NHLP
8	ESMF for NHLP
9	FM assessment
10	Procurement assessment
11	Procurement Plan
12	Implementation Plan
13	Draft Operation Manual

Annex 12: Statement of Loans and Credits

AFGHANISTAN: Afghanistan: National Horticulture and Livestock Productivity Project

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P125961	2012	AF: Afghanistan Rural Access Project	0.00	125.00	0.00	0.00	0.00	121.35	-3.22	0.00
P119047	2012	Financial Sector Rapid Response Project	0.00	19.00	0.00	0.00	0.00	14.50	6.10	0.00
P122235	2011	AF: Irrigation Restoration & Development	0.00	97.80	0.00	0.00	0.00	76.03	-18.89	0.00
P121755	2011	Afghanistan ICT Sector Development Proj	0.00	50.00	0.00	0.00	0.00	44.18	9.88	0.00
P118925	2011	Afghanistan SDNRP II	0.00	52.00	0.00	0.00	0.00	47.37	4.53	0.00
P118053	2011	AF: New Market Development	0.00	22.00	0.00	0.00	0.00	18.97	1.95	0.00
P117103	2010	AF: National Solidarity Program III	0.00	40.00	0.00	0.00	0.00	13.22	-28.82	0.00
P110407	2010	AF: Rural Enterprise Devt Program	0.00	30.00	0.00	0.00	0.00	17.91	-11.31	0.00
P113421	2010	AF: Pension Admin and Safety Net	0.00	7.50	0.00	0.00	0.00	1.98	1.15	0.00
P112872	2010	AF: Customs Reform & Trade Facilitation	0.00	50.48	0.00	0.00	0.00	19.59	-31.78	0.00
P112446	2009	AF: Strengthening Health Activities	0.00	79.00	0.00	0.00	0.00	23.98	-29.01	0.00
P110644	2009	AF: Financial Sector Strengthening Proj	0.00	8.00	0.00	0.00	0.00	6.97	5.11	0.00
P103343	2008	AF: National Emergency Rural Access Proj	0.00	152.00	0.00	0.00	0.00	8.77	-28.17	-0.60
P102573	2008	AF: Skills Development Project	0.00	20.00	0.00	0.00	0.00	3.55	3.67	0.00
P098118	2006	Afghanistan: Natural Resources Devt	0.00	40.00	0.00	0.00	0.00	5.16	-7.18	0.00
P087860	2006	AF: Urban Water Sector	0.00	40.00	0.00	0.00	23.09	14.51	35.80	0.95
P089040	2005	AF: Strengthening Higher Educ. Program	0.00	60.00	0.00	0.00	0.00	14.94	-5.72	6.28
P083908	2004	AF: Emergency Power Rehabilitation Proj	0.00	105.00	0.00	0.00	0.00	10.00	4.35	4.35
Total:			0.00	997.78	0.00	0.00	23.09	462.98	- 91.56	10.98

AFGHANISTAN STATEMENT OF IFC's Held and Disbursed Portfolio In Millions of US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
Total portfolio:		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic.
Total pending commitment:		0.00	0.00	0.00	0.00

Annex 13: Country at a Glance

AFGHANISTAN: National Horticulture and Livestock Project

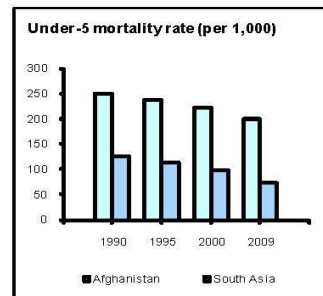
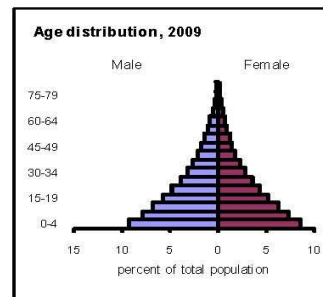
Afghanistan at a glance

4/2/12

Key Development Indicators

(2010)

	Afghanistan	South Asia	Low income
Population, mid-year (millions)	30.6	1,568	846
Surface area (thousand sq. km)	652	5,131	17,838
Population growth (%)	2.8	1.5	2.2
Urban population (% of total population)	24	30	29
GNI (Atlas method, US\$ billions)	13.98		
GNI per capita (Atlas method, US\$)	470	1,107	509
GNI per capita (PPP, international \$)		2,972	1,220
GDP growth (%)	5.4	8.1	4.6
GDP per capita growth (%)	0.6	6.5	2.4
<i>(most recent estimate, 2004–2010)</i>			
Poverty headcount ratio at \$1.25 a day (PPP, %)	36	40	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	..	74	..
Life expectancy at birth (years)	44	64	57
Infant mortality (per 1,000 live births)	134	55	76
Child malnutrition (% of children under 5)	33	42	28
Adult literacy, male (% of ages 15 and older)	..	73	69
Adult literacy, female (% of ages 15 and older)	..	50	55
Gross primary enrollment, male (% of age group)	123	110	107
Gross primary enrollment, female (% of age group)	83	105	100
Access to an improved water source (% of population)	48	87	64
Access to improved sanitation facilities (% of population)	37	36	35

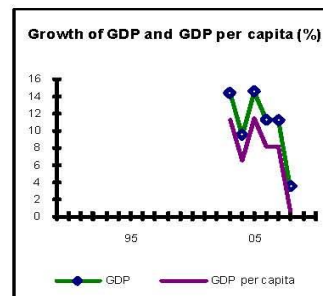


Net Aid Flows

	1980	1990	2000	2010 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	32	122	136	5,261
<i>Top 3 donors (in 2008):</i>				
United States	2	56	2	4,507
European Union Institutions	0	2	18	144
Germany	1	8	11	189
Aid (% of GNI)	0.9	..	16.4	45.7
Aid per capita (US\$)	2	6	5	172

Long-Term Economic Trends

Consumer prices (annual % change)	..	..	..	13.7
GDP implicit deflator (annual % change)	..	..	3.8	19.6
Exchange rate (annual average, local per US\$)	44.1	50.6	67.7	47.0
Terms of trade index (2000 = 100)	..	..	..	..
Population, mid-year (millions)	15.3	19.0	26.0	30.6
GDP (US\$ millions)	3,642	..	2,462	16,956
<i>(% of GDP)</i>				
Agriculture	..	..	45.2	32.2
Industry	..	..	19.7	23.7
Manufacturing	..	..	15.0	12.8
Services	..	..	35.1	44.1
Household final consumption expenditure	..	..	111.5	88.5
General govt final consumption expenditure	..	..	7.9	9.0
Gross capital formation	13.9	..	11.6	25.0
Exports of goods and services	10.8	..	30.6	16.2
Imports of goods and services	13.9	..	61.6	59.0
Gross savings	..	..	..	..



Note: Figures are for the fiscal year 2010/11. 2010 data are preliminary. Group data are for 2009. .. indicates data are not available.
^a. Aid data are for 2009.

World Bank staff calculations

Annex 14: Maps

AFGHANISTAN: National Horticulture and Livestock Project

