



Afghanistan Reconstruction Trust Fund

annual report: december 22, 2013 to december 21, 2014



ARTF

ARTF DONORS



Australia



Bahrain



Belgium



Brazil



Canada



Denmark



EC/EU



Finland



France



Germany



India



Iran



Ireland



Italy



Japan



South Korea



Kuwait



Luxembourg



Netherlands



New Zealand



Norway



Poland



Portugal



Russia



Saudi Arabia



Spain



Sweden



Switzerland



Turkey



United Kingdom



UNDP



United States

PREPARED BY THE ARTF ADMINISTRATOR

ARTF Management Committee

The Ministry of Finance
of the Islamic Republic of Afghanistan
Asian Development Bank
Islamic Development Bank
United Nations Development Program
The World Bank

Photos by Graham Crouch



ACKNOWLEDGEMENTS

The Afghanistan Reconstruction Trust Fund (ARTF) Annual Report is published annually by the ARTF Administrator on behalf of the World Bank as the Administrator of the Trust Fund. This report is prepared by a core team comprised of: Anantha K. Karur (Financial Management Analyst), Sara Maiwand Azimi (Consultant), and Ditte Fallesen (ARTF Administrator).

A special thanks to Moira Ratchford (Consultant) for the editing and publishing, and Marcia Whiskey (Sr. Program Assistant) and Pakiza Sabri (Team Assistant).

We recognize the contributions from the World Bank Task Teams from all sectors working on projects financed through ARTF for their input and support.

Finally, a special note of recognition and gratitude is attributed to all government counterparts and our donors and development partners for their cooperation, contributions, and advice in Afghanistan during the past years of working together side by side for the development of Afghanistan. The commitment, dedication and cooperation of all stakeholders to the ARTF have ensured the success and impact of the ARTF program on the economic and social development of Afghanistan.

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FISCAL YEAR	PERIOD
SY1381	march 21, 2002 - march 20, 2003
SY1382	march 21, 2003 - march 19, 2004
SY1383	march 20, 2004 - march 20, 2005
SY1384	march 21, 2005 - march 20, 2006
SY1385	march 21, 2006 - march 20, 2007
SY1386	march 21, 2007 - march 20, 2008
SY1387	march 20, 2008 - march 20, 2009
SY1388	march 21, 2009 - march 20, 2010
SY1389	march 21, 2010 - march 20, 2011
SY1390	march 21, 2011 - march 20, 2012
SY1391	march 21, 2012 - december 20, 2012
FY1392	december 21, 2012 - december 21, 2013
FY1393	december 22, 2013 - december 21, 2014
FY1394	december 22, 2014 - december 21, 2015

CURRENCY EQUIVALENT

CURRENCY UNIT = AFGHANI (AFN)

US\$ 1 = 57.54 AFN

GOVERNMENT'S FISCAL YEAR (FY1393)

EFFECTIVE DECEMBER 21, 2014

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<http://www.worldbank.org/artf>

ABBREVIATIONS AND ACRONYMS

AAIP	AFGHANISTAN AGRICULTURAL INPUTS PROJECT
AFMIS	AFGHANISTAN FINANCIAL MANAGEMENT INFORMATION SYSTEM
AFN	AFGHANIS—LOCAL CURRENCY OF AFGHANISTAN
AHP	AD HOC PAYMENT
ARAP	AFGHANISTAN RURAL ACCESS PROJECT
ARCP	AFGHANISTAN RESOURCE CORRIDOR PROJECT
ARDS	AFGHANISTAN RECONSTRUCTION AND DEVELOPMENT SERVICES
AREDP	AFGHANISTAN RURAL ENTERPRISE DEVELOPMENT PROJECT
ARTF	AFGHANISTAN RECONSTRUCTION TRUST FUND
ASDP	SKILLS DEVELOPMENT PROJECT
CASA CSP	CENTRAL ASIA SOUTH ASIA COMMUNITY SUPPORT PROJECT
CBR	CAPACITY BUILDING FOR RESULTS FACILITY
CDC	COMMUNITY DEVELOPMENT COUNCIL
CPPR	COUNTRY PORTFOLIO PERFORMANCE REVIEW
DAB	DA AFGHANISTAN BANK
EQUIP	EDUCATIONAL QUALITY IMPROVEMENT PROGRAM
FY	FISCAL YEAR
GOA	GOVERNMENT OF AFGHANISTAN
HESIP	HIGHER EDUCATION SYSTEM IMPROVEMENT PROJECT
IDA	INTERNATIONAL DEVELOPMENT ASSOCIATION
IMF	INTERNATIONAL MONETARY FUND
IP	INCENTIVE PROGRAM
IRDP	IRRIGATION RESTORATION AND DEVELOPMENT PROJECT
IW	INVESTMENT WINDOW
JSDP	AFGHANISTAN JUSTICE SERVICE DELIVERY PROJECT
KM	KABUL MUNICIPALITY
KMDP	KABUL MUNICIPALITY DEVELOPMENT PROJECT
LM	LOCAL MONITORING
MA	MONITORING AGENT
MC	MANAGEMENT COMMITTEE
MDG	MILLENNIUM DEVELOPMENT GOAL
MEW	MINISTRY OF ENERGY AND WATER
MISFA	MICROFINANCE INVESTMENT AND SUPPORT FACILITY FOR AFGHANISTAN
MOE	MINISTRY OF EDUCATION
MOF	MINISTRY OF FINANCE
MOFA	MINISTRY OF FOREIGN AFFAIRS
MOLSAMD	MINISTRY OF LABOR, SOCIAL AFFAIRS, MARTYRS AND DISABLED
MOPH	MINISTRY OF PUBLIC HEALTH
MOPW	MINISTRY OF PUBLIC WORKS
MRRD	MINISTRY OF RURAL REHABILITATION AND DEVELOPMENT
NATEJA	NON FORMAL APPROACH TO TRAINING, EDUCATION AND JOBS IN AFGHANISTAN
NGO	NON-GOVERNMENTAL ORGANIZATION
NHLP	NATIONAL HORTICULTURE AND LIVESTOCK PROGRAM
NHRP	NAGHLU HYDROPOWER REHABILITATION PROJECT
NPP	NATIONAL PRIORITY PROGRAM
NRAP	NATIONAL RURAL ACCESS PROGRAM
NSP III	THIRD EMERGENCY NATIONAL SOLIDARITY PROJECT
O&M	OPERATIONS AND MAINTENANCE
OFWM	ON-FARM WATER MANAGEMENT PROJECT
PFMR II	SECOND PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT
PPU	PROCUREMENT POLICY UNIT
PSDP	POWER SYSTEM DEVELOPMENT PROJECT
RAP	RESEARCH AND ANALYSIS PROGRAM
RCW	RECURRENT COST WINDOW
SA	SUPERVISORY AGENT
SEHAT	SYSTEM ENHANCEMENT HEALTH ACTION IN TRANSITION
SHEP	STRENGTHENING HIGHER EDUCATION PROJECT
TPM	THIRD PARTY MONITORING
TSA	TREASURY SINGLE ACCOUNT
UNAMA	UNITED NATIONS ASSISTANCE MISSION IN AFGHANISTAN
UNDP	UNITED NATIONS DEVELOPMENT PROGRAM
WB	WORLD BANK

FY1393 FINANCIAL SUMMARY

The first section of this report provides a summary of the Afghanistan Reconstruction Trust Fund's (ARTF) financial activities during the financial year (FY) 1393 (December 22, 2013 to December 21, 2014). Included in this section are financial developments, changes in the ARTF, achievements and other areas of progress during the year.

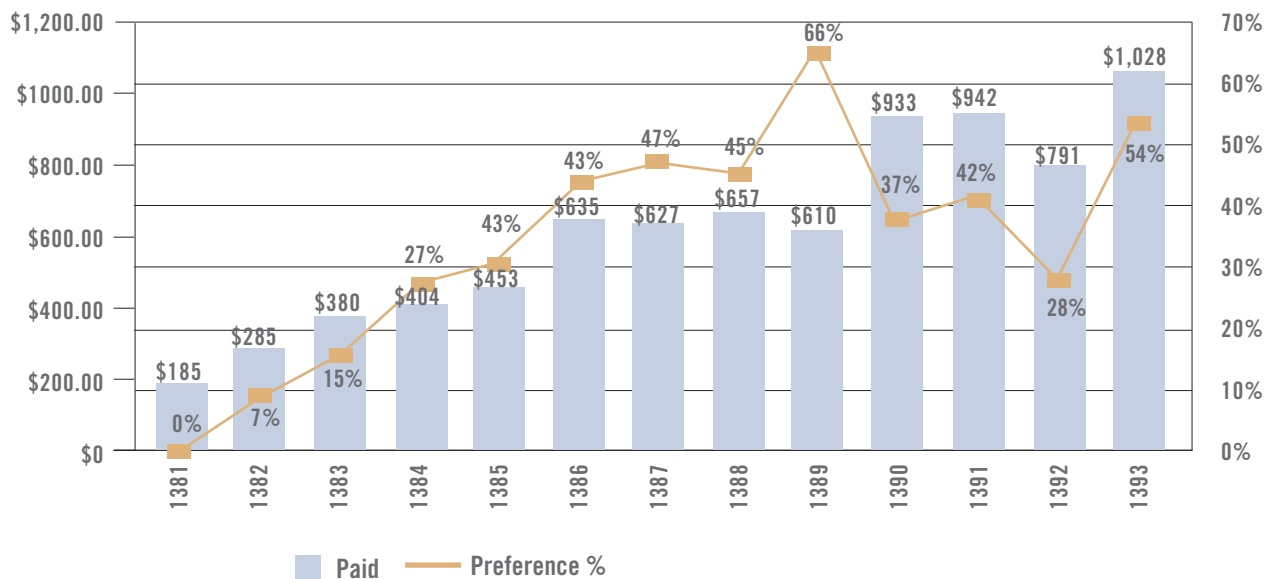
DONOR PLEDGES AND CONTRIBUTIONS

AT THE FISCAL YEAR END on December 20, 2014, a total of US\$7.98 billion had been pledged by 33 donors since the ARTF was established in 2002. Of the contributed amount, US\$7.93 billion has been paid in. Total donor pledges for FY1393 amounted to US\$1.08 billion, of which US\$1.027 billion has been paid-in, US\$476.98 million (46%) without preference, and US\$550.66 million preferred mainly towards health and education projects. A total of 16 donors contrib-

uted funds in FY1393, of which top contributors for FY1393 were the United States, the United Kingdom, the European Commission and Germany, which account for 70 percent of funds. The ARTF contributions for FY1393 started off slower than previous years, with US\$105.61 million in contributions in the first quarter and US\$198.48 million in the second quarter. Following the normal trend, the third quarter saw only a small contribu-

tion of US\$20.16 million; however, in the final quarter of FY1393, contributions jumped to US\$538.57 million. This was mainly due to donors utilizing the Ad Hoc Payments (AHP) to fulfil the need for financing to cover the Government's fiscal gap. A total of US\$219.63 million was preferred for the AHP, leaving a total of US\$839.46 million to support the core ARTF program as outlined in the Financing Strategy.

FIGURE 1: DONOR CONTRIBUTIONS WITH PREFERENCE % (US\$M)



The Ad Hoc Payments: In FY1393, the Government of Afghanistan faced a multitude of trying issues including a protracted election period, the resulting political transition, the drawdown of international security forces and a substantial fiscal gap created by a shortfall in government revenue. To address the fiscal gap, the Government looked to the ARTF to assist in addressing the urgent need for financing to allow government to continue to pay salaries. In an effort to respond to such urgent needs, in December

2013 the ARTF introduced the AHP (please find more information on the AHP in the following section).

Donors made use of the AHP to ensure the government's financial stability. While the AHP funding of US\$188 million did not address the fiscal gap entirely, it was critical to allow government to continue financing salary expenditures etc.

While the Administrator is supportive of the AHP as a financing modality for donors to support Government, the Administrator also

noted the risk to the core ARTF program as funds were moved from donors' pledges to the Financing Strategy to the AHP. This diversion of funds meant that fewer than expected funds were available for priorities outlined and agreed-upon with the Government and donors in the Financing Strategy. As a result, significant tradeoffs will be made in the new 3-year Financing Strategy 1394-1396, currently under preparation, which could impact service delivery and development outcomes.



COMMITMENTS IN FY1393— RECURRENT COST WINDOW AND INVESTMENT WINDOW

THE RECURRENT COST WINDOW

For FY1393 a ceiling for the Recurrent Cost Window (RCW) of US\$400 million was set out in the ARTF Financing Strategy 1391-1393. The ceiling is made up of US\$125 million in baseline financing, US\$175 million for the Incentive Program (IP) and US\$100 million for the Operations & Maintenance (O&M) Facility.

At the end of FY1393 December 21, 2014, the FY1393 baseline financing of US\$125 million was fully disbursed. US\$113.70 million was disbursed towards the IP (FY1392 US\$48.70 million and FY1393 US\$75 million) and US\$33.90 million in O&M financing.

AD HOC PAYMENTS

Based on an endorsement by the ARTF Steering Committee on December 1, 2013, a new modality was established under the ARTF Recurrent Cost Window, creating a pass-through mechanism allowing donors to contribute on-budget funding for the Government's civilian operating expenditures. In contrast to other parts of the ARTF, AHP contributions are based on agreements between the respective bilateral donor and the Ministry of Finance, to which the World Bank is not privy. AHP contributions are still, however, subject to the same fiduciary controls and monitoring arrangements as the ARTF Recurrent Cost Window.

Total preferencing for the AHP reached US\$219.63 million from the United States, the United Kingdom, Italy, Norway, and Australia of which US\$188.18 has been paid in. Two tranches of US\$15 million each were disbursed in the first quarter and third quarter respectively, with a final disbursement in the fourth quarter of US\$116.96 million. As some AHP funding was held back for disbursement in FY1394, the total amount disbursed under the AHP in FY1393 was US\$146.96 million.



INVESTMENT WINDOW

ACCORDING TO THE financing strategy, US\$1.10 billion was projected for new allocations under the Investment Window (IW).

However, actual allocations only reached US\$762 million. This underrun was mainly caused by the delay in the Government transition, which stalled several pipeline

projects. Prior to the election, financing for four new projects was approved. These are outlined below:

NEW PROJECTS

PROJECT	APPROVAL DATE	CLOSING DATE	AMOUNT	OBJECTIVE
Non Formal Approach to Training, Education and Jobs in Afghanistan (NATEJA) Project	March 24, 2014	May 30, 2017	\$15 million	To increase the potential for employment and higher earnings of targeted young Afghan women and men in rural and semi-urban areas through non-formal skills training.

The NATEJA project directly links literacy and skills development by designing interventions that improve access to skills for illiterate and unskilled young Afghan men and women. NATEJA focuses on illiterate and unskilled men and women and building adequate skills that are demanded in the labor

market to help young unskilled Afghans find a job or start their own small scale business. They will obtain, through the project, a combination of hard and soft skills to make them more attractive to employers. The project covers the following three components: (i) improving the quality of non-formal training

and the labor market outcomes of trainees; (ii) project management, capacity building of the Ministry of Labor, Social Affairs, Martyrs and Disabled (MOLSAMD) and M&E; and (iii) piloting entrepreneurship among unskilled and illiterate young Afghans.

PROJECT	APPROVAL DATE	CLOSING DATE	AMOUNT	OBJECTIVE
CASA 1000—Community Support Project	April 14, 2014	May 30, 2017	\$40 million	To provide access to electricity or other social and economic infrastructure services to communities in the project area in order to strengthen community support for CASA-1000 transmission line.

In preparation for the highly anticipated CASA-1000 project, which will facilitate electricity trade between hydropower surplus countries in Central Asia and electricity deficient countries in South Asia, the CASA-1000 Community Support Project (CASA-1000 CSP) aims to provide access to electricity or other social and economic infrastructure services to communities in the project area in order to strengthen community support for the CASA-1000 transmission line. The project benefits all the communities that

live along a 2 kilometer “Corridor of Influence” each side of the CASA-1000 transmission line. It is expected that there will be approximately 700 communities spread over 23 districts in 6 provinces, with a total of over 152,000 families along the corridor of influence (COI). The project consists of four components and an unallocated category, which if applied will be allocated across all four components. The key features of each component are: i) Community Grants for sub-projects fund economic infrastruc-

ture, with preference given to power-sector sub-projects; ii) Community Mobilization to engage communities to increase the shared prosperity associated with the CASA-1000 transmission line which will pass through their villages; iii) Project Implementation Support through a cost sharing mechanism with NSP; and iv) Communications and Outreach campaign and information-sharing activities as well as ensuring feedback loops between the corridor communities and the implementing agencies.

PROJECT	APPROVAL DATE	CLOSING DATE	AMOUNT	OBJECTIVE
Kabul Municipal Development Program (KMPD)	March 26, 2014	December 31, 2019	\$110 million	The Project Development Objectives are to: (i) Increase access to basic municipal services in selected residential areas of Kabul city; (ii) Redesign KM's Financial Management system to support better service delivery; and (iii) Enable early response in the event of an eligible emergency.

The Kabul Municipal Development Program approved in March 2014 aims to (i) Build legitimacy of institutions strengthening both Kabul Municipality's (KM) financial management and planning capacity which contributes to improved service delivery; (ii) Provide equitable service delivery in unserved residential settlements (iii) Sup-

port inclusive growth and jobs generating over 2 million man days of unskilled and strengthening the role of women in the targeted communities. The project also supports Local Governance, and the Urban Management Support Program that aims to strengthen urban governance and improve the quality of the built environment. This

element of the project consists of the following four components: (i) Infrastructure Upgrading Program; (ii) Redesign KM's Financial Management System; (iii) Studies (household surveys and drainage studies); and (iv) Project Management, Works Design and Supervision.

PROJECT	APPROVAL DATE	CLOSING DATE	AMOUNT	OBJECTIVE
Kabul Urban Transport Efficiency Improvement Project	April 11, 2014	December 31, 2019	\$90.5 million	To improve road conditions and traffic flows in selected corridors of Kabul City.

The Kabul Urban Transport Efficiency Improvement Project will build KM's legitimacy in the eyes of the residents by expanding and improving the road network and its efficiency which will in turn improve the city urban productivity. By bringing about network wide improvements that are important for mobility, the project will

improve services for rich and poor alike as a reduction in travel time and cost will accrue to all citizens. The mobility improvements will enable improved access to jobs and social services and create a more inclusive city. The project includes the following three components: (i) Road Infrastructure—improvements

of select segments of roads in four priority corridors;(ii) Capacity Building—provide technical assistance for priority interventions for city center accessibility, public transport studies, O&M productivity increase; and (iii) Project Management Support.

In addition to the newly approved projects, allocations also benefited existing projects in need of financing such as EQUIP II, NSP and NHLP:

TABLE 1: FY 1393 INVESTMENT WINDOW ALLOCATIONS

	PROJECT	FINANCING AMOUNT US\$
QUARTER 1	NSP	\$200m
QUARTER 2	CASA CSP KMDP KUTEI EQUIP II NATEJA	\$40 M \$110 M \$90.50 M \$125 M \$15 M
QUARTER 3		
QUARTER 4	NHLP	\$50 M
	TOTAL	\$630.50 M

ARTF DISBURSEMENTS

DESPITE THE PROLONGED election period and resulting political transition, the ARTF continued to disburse well into FY1393, with total disbursements reaching US\$1 billion, a substantial increase from FY1391 disbursement of US\$693.2 million, owed in part to the increased use of the AHP as well as increased size of the RCW. Total disbursements include US\$570.36 million under the Investment Window, US\$419.56 million under the Recurrent Cost Window, and US\$14.08 million to the third party Monitoring and Supervisory Agents.

Recognizing that FY1393 would pose unique challenges, the ARTF administrator took prudent preparatory steps to ensure stable disbursement rates during the election and government transition phase. This ensured that project disbursement remained relatively high even during a challenging period. Furthermore, the annual 2014 Portfolio Performance Review assisted in identifying implementation issues and strengthening portfolio performance. In recognition of the volatility within the Afghan political sphere, this year's Country Portfolio Performance Review (CPPR) was conducted with fragility as a central theme, examining the impact of

fragility at the strategic level on operational and implementation risks. The areas assessed in project implementation included:

- HR practices (including gender);
- Sustainable salary scales in the public sector;
- Financial Management;
- Procurement; and
- Safeguards.

Actions for improvement were also identified to further improve quality and performance. For more information on the 2014 CPPR, please refer to the ARTF FY1393 Biannual Report from June 2014.

FIGURE 2: ARTF YEARWISE DISBURSEMENT WITH AVERAGE MONTHLY DISBURSED FIGURES (US\$ M)

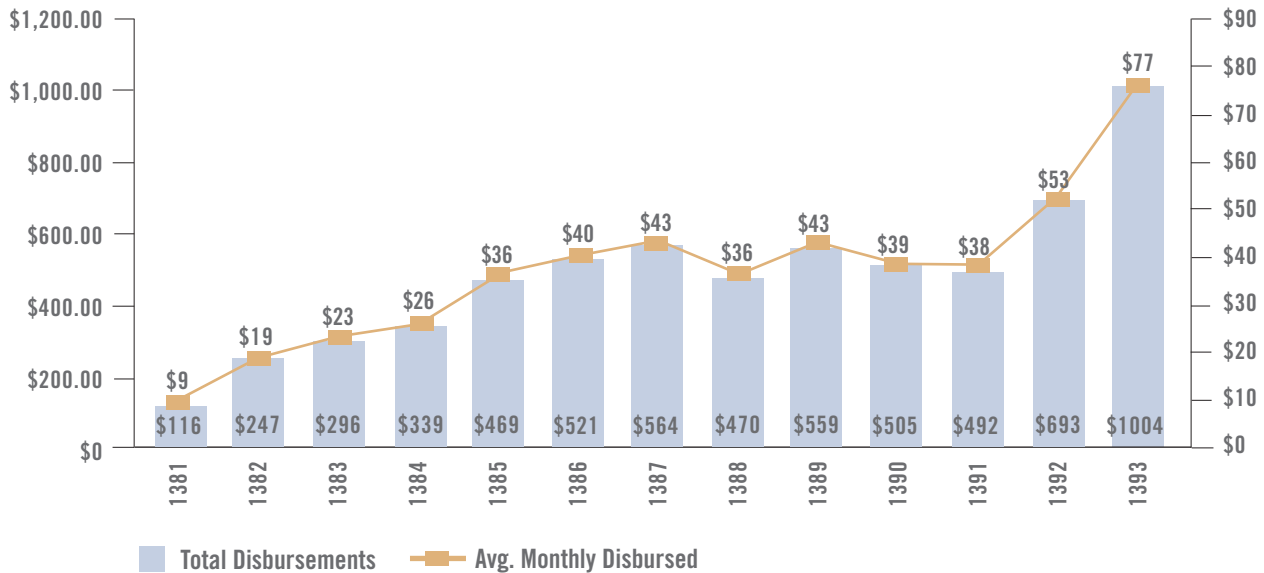




FIGURE 3: FY1393 SECTORWISE ALLOCATION

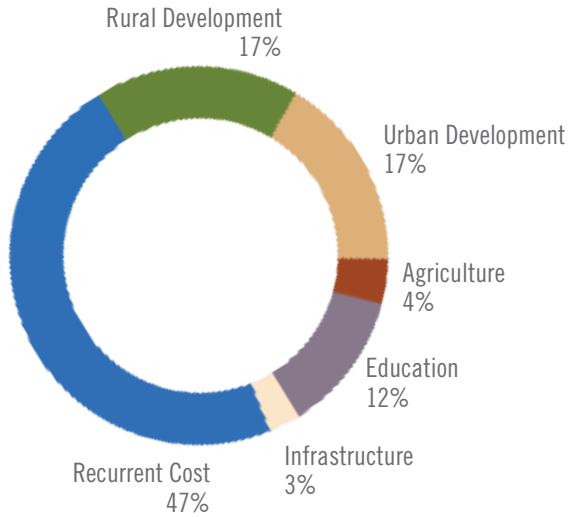
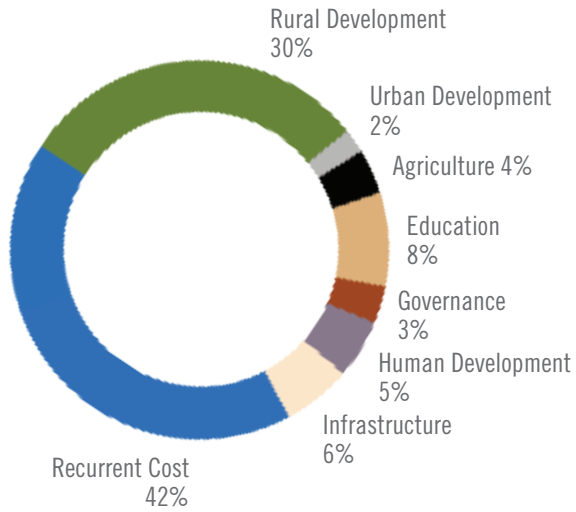


FIGURE 4: FY1393 SECTORWISE DISBURSEMENTS



CASH BALANCE

ARTF ENTERED INTO FY1393 with an unallocated cash balance of US\$723 million carried over from FY1392 and an allocated cash balance of US\$948 million. At the end of the fiscal year the fund had an unallocated cash balance of US\$425.61 and an allocated/committed cash balance of US\$ 1.15 billion. As of December 21, 2014, the cash balance stood at US\$1.67billion, comprising:

- a) US\$265.44 million in the Recurrent Cost Trust Fund (excluding US\$50 million in the designated Account);
- b) combined undisbursed balance of the ARTF active investment portfolio of US\$827.45 million; and
- c) US\$9.61 million reserved for the Monitoring and Supervisory Agent,

leaving a net unallocated cash balance of US\$425.61 million to be carried over to 1394 and spent under the next Financing Strategy (yet to be agreed) for FY1393-1396.

THE ALLOCATED CASH BALANCE consists of funds committed, but not yet disbursed, to projects and grants under the Recurrent Cost Window (RCW), the Investment Window, and the Monitoring and Supervisory Agents contracts. It is at a fairly high level when compared to previous years. This is mostly a result of the growing size of the Investment Window. Funds allocated through the RCW disburse very quickly and therefore RCW funds do not usually result in a long-lasting increase in the allocated cash balance. The Investment Window, however, funds investment programs that often have a 3-5 year

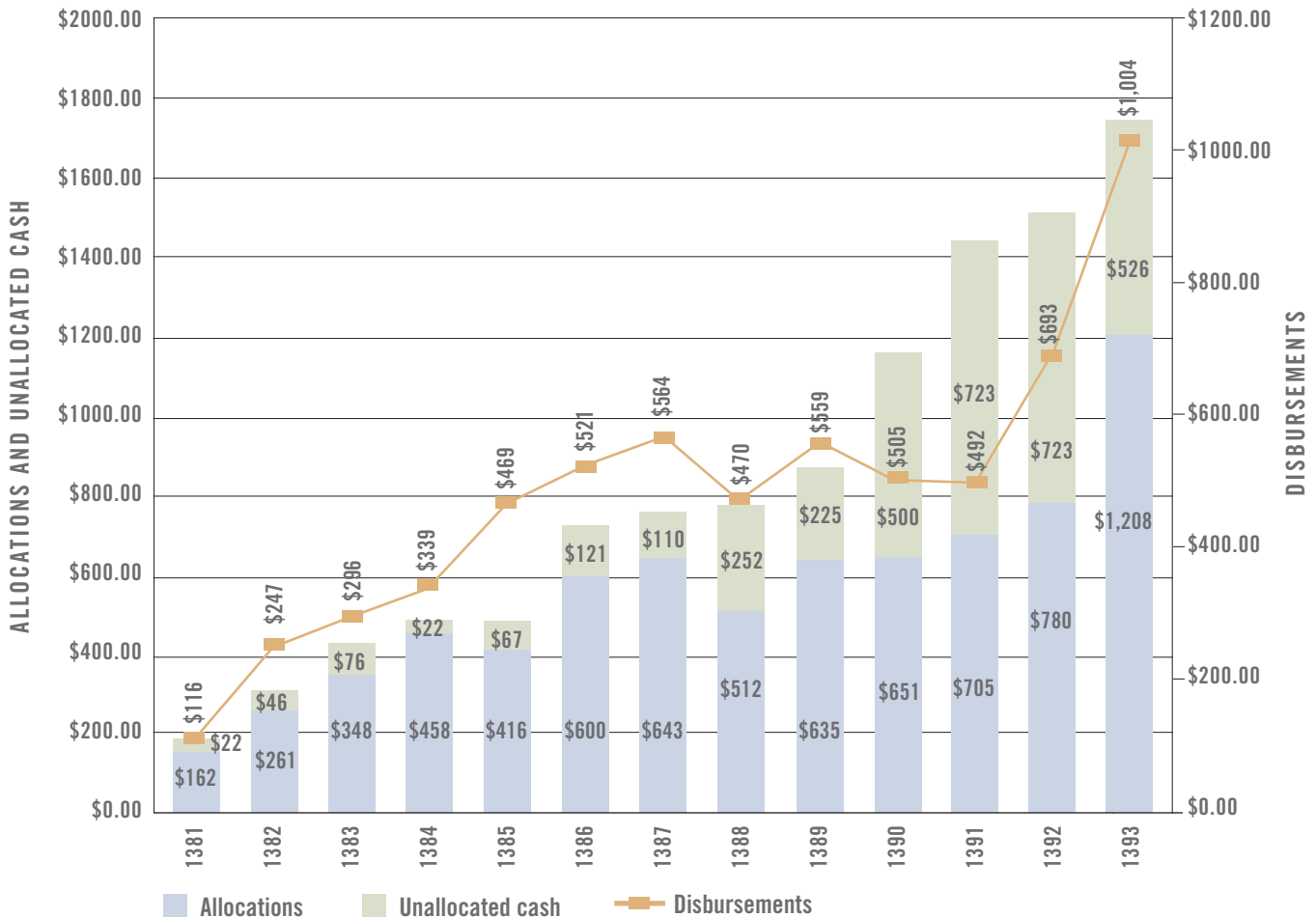
time horizon, meaning that the funds allocated to these activities will take some time to disburse. Given that disbursements lag commitments due to the multi-year nature of investment projects, the increase in the Investment Window drives up the allocated cash balance.

THE UNALLOCATED CASH BALANCE allows funding of new investments and recurrent cost expenditures. A healthy pipeline of activities awaits financing and with more demand anticipated from the new government for support from donors, ARTF will be dependent on receiving new donor contributions to be able to fund forthcoming requests. The ARTF Administrator will monitor this closely to ensure funds are readily available to meet the requirements of the new ARTF Financing Strategy.

TABLE 2: CONSOLIDATED ESTIMATED CASH FLOW FOR ARTF PARENT ACCOUNT FOR FY1392 & FY1393

SOURCES OF FUNDS	1392 (Actuals-in million)	1393 (Actuals-in million)
Carry-over from previous year	\$723.00	\$711.44
Donor Contributions	\$790.99	\$1,028.24
TOTAL SOURCES OF FUNDS	\$1,513.99	\$1,739.68
USES OF FUNDS (Commitments)		
Recurrent Cost Window	\$332.00	\$569.10
Investment Window Allocations	\$466.55	\$630.50
Monitoring Agent	\$4.00	\$12.00
TOTAL ALLOCATIONS OUT OF PARENT ACCOUNT	\$802.55	\$1,211.60
SURPLUS/(DEFICIT) BALANCE	\$711.44	\$528.08

FIGURE 5: ARTF YEAR-END BALANCES (ALLOCATED, UNALLOCATED AND DISBURSEMENTS)



ACHIEVEMENTS AND RECENT EVENTS

SUPERVISORY AGENT REVIEW

IN MARCH 2014, an external review was conducted to assess the design, value added and cost-effectiveness of ARTF's Third Party Monitoring (TPM), and to present future recommendations for adaptation to better meet the requirements of the different stakeholders in the light of experience and evolving circumstances.

The review concluded that the Supervisory Agent has played a very useful role and has "raised the bar" for infrastructure monitoring amongst implementing agencies, while also supporting capacity building and creating awareness of the importance of monitoring systems in partner ministries. It was proposed that the program remain focused on infrastructure quality and avoid the risk of stretching the objectives and thereby possibly diluting the focus and strength of the program. Furthermore, the review advised extending the contract of the existing TPM, given the 2014 political transition and to ensure continued monitoring through the establishment of the new government. Thus, the current contract with the ARTF Supervisory Agent is extended to August 31, 2015 while the Administrator releases the contract for bidding.

RESULTS WORKSHOP/ SCORECARD

The Annual ARTF Scorecard was launched at the Results Workshop on November 12, 2014, marking the second publication of the highly acclaimed, innovative performance tool. Numerous donors, representatives from

the Ministry of Finance, and World Bank staff were in attendance for the presentations delivered on: Highlights on the Investment Window, The Recurrent Cost, and the Incentive Program, Balancing the Investment Window and the Recurrent Cost Window, and the Ministry of Finance's development strategies and priorities. The Wrap-Up session was co-chaired by the Minister of Finance and the World Bank Country Director. A summary of key conclusions was delivered which included agreed areas of action (for a complete list please refer to the Results Workshop Minutes on the ARTF website) as well as confirmation that the ARTF needs to align with the new Government's priorities when these are finalized. The Government, the World Bank as the ARTF Administrator, and donors will continue discussions on how best to support the Government in addressing the fiscal gap and balancing between the Recurrent Cost and Investment Window. This discussion will lay the foundation for the development of the next ARTF Financing Strategy FY1394-1396.

ARTF GUIDANCE NOTES

In effort to provide clarity on the complex mechanism of the ARTF, a set of guidance notes outlining key features of the ARTF as well as specific cross-cutting issues have been produced in easily understandable terms, using infographics, visualizations etc. The notes, which have been developed throughout the year, are presented as a series to be compiled and distributed in ARTF briefing packages to donor focal points, capitals and wider audiences interested

in learning about the ARTF. Notes on Gender, the ARTF Monitoring and Evaluation framework, Results Monitoring, Third Party Monitoring, The Incentive Program and the Fiduciary Framework are now available on the ARTF website, with more notes planned to be developed next year.

ARTF VISUALIZATIONS

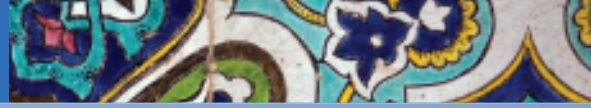
A 2012 external review of the ARTF highlighted the need to strengthen strategic communication and improve results reporting to both donors and other stakeholders. Although several sources of information have been made available through the newly created ARTF Communication Toolbox, further outputs were needed to ensure consistent and comprehensive access to the ARTF's progress and achievements.

Recognizing that the external audience may not be familiar with interpreting World Bank Implementation Status and Results (ISRs), The Results and Visualizations Initiative pulls data from indicators in project ISRs to showcase the progress and achievements made against anticipated project results. The visualizations are well aligned with the ARTF scorecard and add to the tools currently available on the ARTF website. It is an automated system displaying the most recent figures pulled from the project's most recently disclosed ISR, simplifying the external audience's process of retrieving project results.

LOOKING AHEAD

FINANCING STRATEGY FY1394-1396

THE AFGHANISTAN Reconstruction Trust Fund (ARTF), in close consultation with the new Government, is currently developing a follow on Financing Strategy which will cover a three-year period from FY1394 to FY1396. The Financing Strategy was anticipated to be approved in December 2014, however, delays in appointment of the new cabinet have postponed discussions until a new Cabinet is in place. The expected financing for this period is expected to reach approximately US\$800 million per year but will be subject to actual donor contributions and therefore will need to be updated on an annual basis to consider emerging needs and priorities.



PROJECT HIGHLIGHT

BETTER WATER MANAGEMENT BOOSTS PRODUCTIVITY IN EASTERN AFGHANISTAN

- Modern agricultural techniques including irrigation schemes and laser land leveling have increased productivity in farm lands and brought prosperity to farmers in Nangarhar province.
- This has been accomplished through the help of the On Farm Water Management Project, supported by the Afghanistan Reconstruction Trust Fund, which supports water management investments in five regions in Afghanistan.
- Farmers say that, thanks to these new farming methods, their land is twice as productive and income has doubled.

MAJOR RESULTS TO DATE

- Today, of the 54 schemes, eight are complete, including the construction of the following structures:
 - Construction/reconstruction of 17.425 Km of water courses
 - Construction of 1,799 small and medium irrigation structures (including drops, turnouts, community access points, culverts, supper passages, and animal drinking structures)
- 14 local trainings were conducted where about 210 participants from the Ministry of Agriculture, Livestock and Irrigation from across the country were trained on different topics, such as irrigation water management, survey, design, social mobilization, agronomy, and environment.
- Six international trainings were conducted where 117 participants were trained in On-Farm Water Management, Irrigation Agronomy, System of Rice Intensification, and Modern Irrigation systems.
- 154 Irrigation Associations were trained on different water management, irrigation, and agronomy and water law.



A LIFELINE FOR THE VALLEY

SURKHRUD DISTRICT, NANGARHAR PROVINCE—

Gul Agha and his farmer friends know a good thing when they see it. Their irrigation canals are flowing twice as fast, their land is twice as productive, and their income has doubled. Now they're eager for more.

"These modern ideas are helping us so much," says Gul Agha, 56. "Before we were using old agriculture methods, and we have had three decades of war when our production was almost zero. But now the canal improvement projects, laser land leveling and

other new ideas are very good for us."

Recently, when a visitor arrived at the village of Bar Sultanpur in the Surkhrud district of Nangarhar province, Agha produced a lengthy letter of formal thanks and spent an hour painstakingly going over the benefits of the new On Farm Water Management Project (OFWM), financed by the Afghanistan Reconstruction Trust Fund (ARTF), which has brought prosperity to his people.

"We are forever grateful and only request that you continue to help our farmers and don't forget us," concluded Agha's letter. "If you keep working with us, we guarantee that someday we will supply all the grains, fruits and vegetables to Kabul and everywhere,

and Afghanistan will be a self-sufficient country."

As head of his village's community development council (CDC), Agha says he and other local *shura* leaders, like Akhtar Mohammad, 58, of nearby Dobandi village, agreed in 2012 that rehabilitation and construction of irrigation canals in their region was a top priority. Engineer Inamullah Safi from the Afghan Ministry of Agriculture, Irrigation and Livestock proposed the OFWM project to them. "We made the decision to try and the engineer sorted it out for us. Now we really appreciate it," says Mohammad.

Supported by the ARTF for a total of US\$25 million, OFWM supports on-farm water man-



agement investments in five regions (central, eastern, southwestern, northeastern and northern) covering a total of 175 irrigation schemes benefiting 50,000 hectares.

IRRIGATION SCHEMES IMPROVE LIVES

The project improves agricultural productivity by enhancing efficiency of water usage. People are also encouraged to use modern farm technology, such as laser land leveling.

Around Agha's community and four other villages, two irrigation schemes called Dobandi and Malakan were launched under OFWM. The irrigation projects, which benefit about 14,000 people, had about four kilometers of ancient irrigation canals lined with concrete, 700 filter structures installed to block debris, culverts for vehicles and flood protection walls built, and community access platforms added so people could safely do washing, or collect buckets of water for their animals, explains Engineer Safi. "The idea is to avoid severe water loss and to increase its velocity," he says.

"Before changes were made, it could take six hours for water to be delivered downstream, because there was no appropriate slope, as well as loose banks and water seepage."

Mehrabuddin, 65, who farms two hectares at the tail end of the canal system, agrees.

"The water has sped up six times as fast. Now I wait just one hour and all is well. Before I was losing a lot of crops," he remarks. "Life is much easier for everybody," observes Mohammad, who supports nine children. "Now the water is coming fast and clean, and our land is very productive."

Mohammad says it used to take two hours to fully irrigate his fields of wheat, onions,



carrots and other vegetables, but now, the watering is done in 20 minutes. A field that yielded 600 kg of crop now produces about 1,200 kg.

This change is also due to laser land leveling, which uses a mounted sensor on a tractor to compare terrain elevations so land can be leveled for proper irrigation and drainage. The end result saves water and time, while doubling productivity.

Farmers have been astonished by this technology, says Safi. "I am getting ten applications daily now. I think they want the entire region leveled," he says with a chuckle.

Agha said the community is now eager to have the second half of the 10-kilometer-long Dobandi-Malakan canal system rehabilitated and lined in concrete. "After finishing four kilometers, we have seen a great result and want to go ahead and finish the entire system now," says Agha, again reading his letter of thanks. "Laser leveling is also very effective. So please, don't postpone because when our economy goes higher, our country will no longer be dependent."



“Life is much easier for everybody. Now the water is coming fast and clean, and our land is very productive.”

—Akhtar Mohammad
Farmer, Dobandi village



ARTF INCENTIVE PROGRAM

FY 1391-93 (2012-2014)

ADMINISTRATOR'S FIFTH TECHNICAL REVIEW

DECEMBER 15, 2014

PREAMBLE

THE INCENTIVE PROGRAM (IP) FY1391-1393, part of the Recurrent Cost Window (RCW) of the ARTF, is a three-year operation supporting a series of economic policy reforms deemed critical to achieving Afghanistan's development objectives. The IP supports reforms in the areas of public financial management, investment climate and trade facilitation, governance, and revenue mobilization. The reform program aims to improve Afghanistan's fiscal sustainability by strengthening domestic revenue mobilization and expenditure management and bolstering growth prospects.

Financing for the IP is allocated across three complementary facilities: (i) the structural reform facility; (ii) the revenue matching grant facility; and (iii) the operations and

maintenance (O&M) facility. Detailed information on each of these facilities, description of the structural benchmarks, and timetables are contained in the Memorandum of Understanding (MoU), along with its Annexes 1-4, originally signed July 12, 2012 and subsequently amended December 9, 2012 and June 1, 2014.

The timeline for implementation of the incentive program is July 2012—end 2014 (i.e., FY1391-1393), although substantive assessments of progress are expected to continue through at least mid-2015. Table 3 shows the indicative allocations for the IP for each year, along with disbursements through November 2014. It is expected that a new incentive program covering reforms for the period 2015-2017 would be discussed starting in the spring of 2015.

The basis for this technical review is the MoU signed on July 12, 2012 (amended on December 9, 2012 and June 1, 2014) by the Ministry of Finance (MoF) and the World Bank (as Administrator). The MoU and its annexes include all the benchmarks and the review protocol. It stipulates that technical reviews of the IP will be held every four months. Each review will report on progress and development of the program, and assess the achievement of actions under the structural reform scheme against the agreed deadlines. To this end, Afghanistan is required to submit all documents evidencing the completion, fulfillment, or achievement of any such actions, goals, or targets at least 10 days prior to the commencement of each scheduled review meeting.

TABLE 3: INDICATIVE ALLOCATIONS AND DISBURSEMENTS FOR THE ARTF INCENTIVE PROGRAM (US\$ MILLION)

	INDICATIVE ALLOCATIONS			DISBURSEMENTS TO NOV. 2014		
	2012 FY 1391	2013 FY 1392	2014 FY 1393	2012 FY 1391	2013 FY 1392	2014 FY 1393
Structural Benchmarks	\$38	\$112	\$130	\$29	\$67	\$0
Revenue Matching Grant	\$13	\$38	\$45	\$0	\$19	\$0
O&M Facility		\$32	\$100		\$32	\$13
TOTAL—ARTF INCENTIVE PROGRAM	\$50	\$182	\$275	\$29	\$118	\$13
Baseline RC Support	\$175	\$150	\$125	\$175	\$150	\$125

Note: Disbursements are listed against the year for which they are disbursed, rather than the year in which they are disbursed.



THIS TECHNICAL REVIEW has been undertaken by the World Bank as Administrator, with collaboration of sector experts from ARTF donors. Part I of this review describes progress on revenue mobilization and collection. Part II provides an assessment of progress on the ten FY1393 structural reform benchmarks based on the evidence provided and also reports on the four pending FY1392 benchmarks. Part III assesses progress on the O&M facility. Part IV discusses other disbursement conditions, including the adequacy of the macroeconomic framework. Part V concludes with the recommendation to the ARTF management committee regarding disbursement of the IP.

PART I: PROGRESS ON REVENUE MOBILIZATION AND COLLECTION

THE REVENUE MATCHING Grant Scheme under the IP provides an incentive for improved performance in revenue mobilization and collection. It is anchored in the annual revenue targets agreed in advance between the Ministry of Finance and the International Monetary Fund (IMF). The amount of the incentive grant payable is determined according to a calibrated scale depending on the percentage of the revenue target agreed with the IMF that is met. If Afghanistan achieves 99% or more of the revenue target, the full amount of the incentive grant is payable. On the other hand, if 90% or less of the target is achieved, no incentive is payable.

PROGRESS TOWARD THE FY1393 (2014) REVENUE TARGET

The FY1393 domestic revenue target agreed

as part of the IMF's Economic Country Framework (ECF) program discussions was Afs 128 billion (compared to actual revenues of Afs 109 billion in FY1392). However, due to a greater than anticipated economic slowdown, as well as weaknesses in tax and customs administration, revenues have continued a trend of underperformance in FY1393. In the first 10 months of FY1393, revenues amounted to Afs 79.4 billion, compared to Afs 85.2 billion during the first 10 months of FY1392. Based on this trend, since August, the authorities have anticipated revenues of only Afs 105 billion for FY1393, although this was not agreed with the IMF as a revised target. Based on current trends, actual revenues for FY1393 are likely to be even lower than Afs 105 billion, although the exact number will not be known before the end of the fiscal year. Even if actual revenues amount to Afs 105 billion, this would be only 82 percent of the revenue target agreed earlier with the IMF. Moreover, on the whole, the assessment is that weaknesses in tax and customs administration have been a large enough part of the explanation for revenue underperformance in FY1393 that no incentive payment from the revenue matching grant would be warranted. However, a final definitive determination on this can only be made after the exact figure on actual revenues for the year is known after the end of the fiscal year.

PART II: PERFORMANCE ASSESSMENT OF FY1391-1393 BENCHMARKS

THIS PART FOCUSES on the performance assessment for all ten FY1393 structural benchmarks and the four pending FY1392 structural benchmarks. The Fourth Technical

Review completed on June 1, 2014 assessed that two additional FY1392 structural benchmarks (External Audit and Business Licensing) had been achieved, with four pending (Internal Audit, Civil Service, AML/CFT, and Customs). The Fourth Technical Review also determined that while implementation of several FY1393 benchmarks was underway, none had been completed by June 1, 2014. Since then, the administrator has engaged on an ongoing basis to facilitate progress. MoF and other government counterparts have also furnished verification material to demonstrate the fulfillment of structural benchmarks for FY1393 and FY1392. This evidence has been reviewed and assessed by the administrator.

PERFORMANCE ASSESSMENT OF FY1393 BENCHMARKS

The matrix in Annex 1 provides a detailed assessment of all ten FY1393 structural benchmarks. Based on the evidence received up to December 15, 2014, the administrator's technical review assesses that **five structural benchmarks for FY1393 have been achieved.** These include the following:

- **External Audit (#1):** The SAO conducted compliance audits of four ministries (MRRD, MoD, Mol, and MoEd) representing 60% of total FY1392 expenditures. The audit reports for MRRD, MoD, and Mol were provided to the Administrator between November 12 and November 18. An expert consultant has completed a review of the three audit reports and found these comprehensive and satisfactory. The review of the underlying working papers took place December 13-15 and was satisfactory, thus leading to the overall assessment that the audits are of an acceptable level of compliance with

INTOSAI ISSAIs. For MoEd, given media reports in November of ghost workers, the scope of the audit was expanded to include detailed payroll testing in five provinces, which is underway. However, the three ministries (MRRD, MoD, MoI) account for 48.2% of FY1392 expenditures, far surpassing the benchmark requirement of 25%. While the benchmark is achieved, it will nevertheless be important to follow-up on the MoEd audit. (This is associated with an incentive payment of **US\$13 million.**)

- **Internal Audit (#2):** The Ministry of Finance Internal Audit department (IAD) provided the WB (in the week of December 8th) English versions of the reports and the underlying working paper files for the internal audits of the following five (new, additional) line ministries: Mines and Petroleum, Information and Culture, Border and Tribal Affairs, Agriculture, and Hajj and Pilgrimage. The review of the plans, risk analyses, and reports indicated that the work was done to an acceptable standard. However, the review of the underlying working papers is pending and will need to be completed before the benchmark can be declared achieved. The review of the underlying working papers also supported the assessment that the internal audits substantially meet professional standards and that the benchmark is achieved. (This is associated with an incentive payment of **US\$13 million.**)
- **Procurement (#3):** An additional three line ministries (MoD, MAIL, and Office of State Minister for Parliamentary Affairs) implemented institutional arrangements and develop capacity sufficient to meet the stand alone pro-

urement criteria set by PPU, resulting in a total of 9 line ministries over the course of the IP. The stand-alone procurement certificates were reviewed: the methodology was found to be adequate and the certificates were found to be supported by assessments in line with the stated methodology. (This is associated with an incentive payment of **US\$13 million.**)

- **Budget Transparency (#4):** MoF implemented at least four recommendations from the 2012 Open Budget assessment for Afghanistan by the Interna-

tional Budget Partnership (IBP) initiative. This includes: (i) MoF published the FY1394 budget planner on its website; (ii) MoF prepared and published a FY1393 Citizen Budget on its website; (iii) MoF published a pre-budget statement for the FY1394 budget on its website; and (iv) MoF organized a consultation workshops on July 23, 2014 with CSOs on the FY1393 budget and published the proceedings on its website. (This is associated with an incentive payment of **US\$13 million.**)





- Norms-based budget allocation (#10):** The Ministry of Finance has developed norms for the allocation of the FY1394 operating budget for five new ministries (one additional to what is required by the benchmark). These include Ministry of Agriculture, Irrigation and Livestock (MAIL), Ministry of Energy and Water (MoEW), Ministry of Higher Education (MoHE), Ministry of Rural Rehabilitation and Development (MRRD), and Ministry of Communications and Information Technology (MCIT). Furthermore, MoF has also refined the norms for the Civil Aviation Authority (CAA), which had initially been developed as part of the FY1392 benchmark but were assessed during the 3rd Technical Review in November 2013 to be not well defined. The revised norms for CAA are now better defined. Depending on the availability of administrative data, the new norms for MoEW, MRRD, MCIT, and particularly MAIL, are comprehensive and well defined. However, the norms for MoHE need to be improved further. The Administrator recommends that, going forward, the norms for the MoHE be refined for the FY1395 budget. (This is associated with an incentive payment of **US\$13 million**.)

THE REMAINING FIVE BENCHMARKS FOR FY1393 HAVE NOT YET BEEN ACHIEVED

The benchmarks on Civil Service Reform (#5), Business Licensing (#7), and Trading Across Borders (#8) are flagged as being associated with a risk of delay. The benchmarks on AML/CFT (#6) and Customs (#9) are flagged as being on track in light of recent developments, but will require active follow through over the next few weeks and months to ensure implementation. The

matrix in Annex 1 provides additional details regarding the assessment of these benchmarks. The authorities are encouraged to pro-actively follow up on implementation of these remaining five benchmarks to ensure that the associated disbursements are received with the minimum possible penalty of delay.

PROGRESS ON PENDING FY1392 BENCHMARKS

The matrix in Annex 2 provides a detailed assessment of the four pending FY1392 structural benchmarks.

- The FY1392 benchmark on AML/CFT (#6) was achieved with a 4 month delay:** The AML and CFT laws were approved by the Cabinet of Ministers on May 5, 2014. The Minutes of the Cabinet meeting indicate that the version submitted in May 2014 was approved without any changes and that Cabinet requested the MoJ to submit the laws to Parliament through the Office of Parliamentary Affairs. The October 2014 FATF plenary meeting confirmed that the enacted AML and CFT laws, with the approved CFT regulations, are considered acceptable, but noted the need to address deficiencies in 6 areas through regulatory improvements (part of the FY1393 IP benchmark). Based on the FATF October 2014 review, the FY1392 benchmark is achieved as of May 2014, which amounts to a four month delay. The allocation of US\$11.2 million against this benchmark is thus reduced by 33.2 percent for an incentive payment of **US\$7.5 million**.
- The remaining three pending FY1392 benchmarks (Internal Audit, Civil Service Reform, and Customs) will likely not be achieved by end-2014.** As such,

the allocations against each of these benchmarks will likely be fully discounted to zero. The detailed assessment for each of these benchmarks is provided in the matrix in Annex 2.

PART III: OPERATIONS & MAINTENANCE (O&M) FACILITY

THE O&M FACILITY is intended to incentivize higher civilian O&M spending. The facility is also intended to promote improved O&M systems in select “participating” line ministries. The indicative allocation for the O&M facility is US\$100 million for FY1393. The basic principle underlying the facility is as follows. For each quarter, a baseline is defined using the average of O&M spending (civilian operating budget code 22) for the last two years. The baseline is defined for both aggregate civilian O&M spending and for the sum of the participating ministries. For each dollar spent above the baseline, the facility intends to provide an incentive payment of US\$1.5 dollars up to a maximum of the indicative allocation for that year. The participating ministries for FY1393 are Ministry of Education (MoE), Ministry of Public Health (MoPH), Ministry of Public Works (MoPW), and the Civil Aviation Authority (CAA). Once the actual O&M spending for each quarter is known, the incentive amount is calculated at both the aggregate level and at the level of the participating ministries, but only the greater of the two incentive amounts is payable. This provides an ex ante incentive at both levels without any ex post double counting.

TABLE 4: QUARTERLY O&M BASELINES FOR 1393 AND ACTUAL EXPENDITURES

	1391 ACTUAL PRORATED	1392 ACTUAL	BASELINE 1393	ACTUAL 1393	INCENTIVE
	Millions Afs	Millions Afs	Millions Afs	Millions Afs	Million US\$
Civilian O&M					
Q1	1,486	1,756	1,621	2,152	14.2
Q2	3,130	3,591	3,361	3,906	14.6
Q3	4,716	6,041	5,378	4,142	
Q4	6,388	6,631	6,509		
Participating (MoE+MoPH+MoPW+CAA)					
Q1	388	452	420	619	5.3
Q2	818	1,012	915	1,333	11.2
Q3	1,232	1,361	1,297	1,536	6.4
Q4	1,669	2,610	2,140		

Table 4 above presents the quarterly baselines for FY1393 for both aggregate civilian O&M and for the sum of the participating ministries. The table also presents actual O&M spending at each level for the first three quarters, as well as the calculated incentive amount at each level. The incentive payment for the first quarter was already paid at the time of the Fourth Technical Review. For the second quarter, the baseline was exceeded at both the aggregate and at the level of the participating ministries. However, the incentive amount for the aggregate (US\$14.6 million) is higher. For the third quarter, the baseline was exceeded only at the level of the participating ministries, leading to an incentive payment of US\$6.4 million. **Thus, the total incentive payment for the second and third quarters is US\$21 million.**

PART IV: OTHER DISBURSEMENT CONDITIONS

The MoU of the IP contains the following language to ensure that the macroeconomic framework is acceptable for the purposes of IP disbursements:

Adequacy of the Macroeconomic Framework and Linkage with IMF Program

The ARTF Donors and Afghanistan have agreed that it is a precondition for the Incentive Program that an adequate macroeconomic and fiscal framework be in place, as assessed by the World Bank in coordination with the IMF. One of the factors that would be taken into account in the assessment of the macroeconomic framework is whether or not an IMF supported program is in place and whether engagement under the IMF program is ongoing.

The Incentive Program disbursements would be withheld by the Administrator if at any point in time it assesses that an adequate macroeconomic framework for the purposes of IP disbursements is not in place. Afghanistan may continue to furnish evidence for completed actions to the Administrator during any such withholdings, so that subsequent disbursements can be immediately resumed once the macroeconomic framework is assessed as adequate.

The implication of this language (as discussed by the IP Working Group at the time of the Fourth Technical Review completed in June 2014) is that if an IMF program is not in place, the Administrator would ascertain, in coordination with the IMF, whether there exist prohibitive concerns about the adequacy of the macroeconomic framework or whether the circumstances are such that IP disbursements would support macroeconomic stability. Furthermore, it is relevant to note that the design of the IP is different from that of all-or-nothing budget support operations: by

selectively disbursing against benchmarks achieved and withholding disbursements for benchmarks not achieved, the IP incentivizes progress.

The IMF's three-year ECF program expired in November 2014. The first review of the ECF program was completed in June 2012. Although subsequent reviews were delayed because of increased economic uncertainty and delays in structural reform, the IMF has continued its active engagement on macroeconomic and structural policies during 2013-14. The IMF team met with the authori-

ties during November 10-21, 2014 to discuss a possible nine-month Staff-Monitored Program (SMP). Good progress has been made in the SMP discussions, with understandings reached on several key reform areas to address the difficult macroeconomic challenges facing Afghanistan. Further discussions are needed on other important reform issues as well as the 2015 macroeconomic policy framework. Meanwhile, IMF staff notes that disbursement of ARTF incentive funds would support macroeconomic stability.

AFGHANISTAN FACES SERIOUS MACROECONOMIC AND FISCAL CHALLENGES

Uncertainty since 2013 over the political and security transition has been compounded by the protracted elections impasse in 2014. Economic growth has fallen sharply to 1.5 percent (estimated) in 2014 from 3.7 percent in 2013 and an average of 9.4 percent per year during 2003-12. A fiscal crisis is underway, with declining revenues leading to an unfinanced fiscal gap, depleted cash reserves, and arrears in 2014. The authorities anticipate revenues of 8.7 percent of GDP (Afs 105 billion) in 2014, down from 11.6 percent in 2011. While the deteriorating economic slowdown is part of the explanation, increasing weaknesses in tax and customs compliance are a large part of the problem. In the first 10 months of FY1393, even after urgent donor financing and certain expenditure restraints, the unfinanced fiscal gap was US\$385 million, leading to depleted cash balances and accumulating arrears.¹



¹ The unfinanced fiscal gap is recurrent plus discretionary development spending not financed from revenues or discretionary grants. It only includes expenditures that have been paid, so that if arrears are also included, the magnitude of the gap would be even greater.

THE NEW GOVERNMENT HAS ARTICULATED AN AMBITIOUS REFORM PROGRAM AND HAS BEGUN TO TAKE INITIAL STEPS TOWARD RESTORING MACROECONOMIC AND FISCAL STABILITY

Notably, as part of its paper “Realizing Self Reliance: Commitments to Reform and Renewed Partnership” for the London Conference on December 3-4, 2014, the government has committed to reforms to (i) improve revenue mobilization; and (ii) bolster private sector confidence and economic growth. Reforms to improve revenue mobilization include strengthening enforcement and fighting corruption in customs, pursuing new sources of tax income including a new Value Added Tax (VAT) with an appropriate rate, conducting effective risk-based audits to improve taxpayer compliance, and in the medium term, making progress in developing extractive industries. Reforms to bolster private sector confidence and economic growth include strengthening the financial sector, improving the investment climate, improving land governance, and promoting growth in key economic sectors including extractive industries and agriculture.

THE AFGHAN AUTHORITIES FACE DIFFICULT CHOICES ON THE DRAFT 2015 BUDGET TO ENSURE THAT IT IS FULLY FINANCED, INCORPORATES CREDIBLE REVENUE PROJECTIONS, AND AVOIDS STIFLING ECONOMIC RECOVERY AND COMPROMISING DEVELOPMENT PROGRESS

Adequate financing and fiscal space will need to be identified to repay arrears and rebuild cash reserves. At the same time, it is important to ensure that revenue projections are credible and backed by measures that will be successfully implemented during the

course of the year. This leaves little room for critical civilian operating and development spending, particularly in light of higher security and social benefit expenditure obligations. The authorities will need to ensure that expenditure austerity is prioritized to avoid stifling economic recovery and compromising development outcomes. The authorities have identified a number of measures to generate expenditure savings, including budgetary guidance for the size of the civil service, consolidating the number of development projects, curtailing social benefit allocations, and improving procurement procedures. Even with improved revenue mobilization and expenditure prioritization, Afghanistan is likely to require additional on-budget assistance. **One part of the solution to the difficult choices on the 2015 budget is to accelerate reforms to earn more incentive-linked funds. As such, disbursement of ARTF incentive funds against the reforms achieved are a part of the solution and would support Afghanistan’s efforts to restore macroeconomic and fiscal stability.** Withholding IP disbursements would make the choices on the 2015 budget and the efforts to restore macro-fiscal stability even more difficult. **Based on these unique considerations, the Administrator is recommending disbursement.**

WHILE DISBURSEMENT OF IP FUNDS WOULD SUPPORT EFFORTS TO RESTORE MACROECONOMIC STABILITY, THE RISKS ARE HIGH

First, the security situation could deteriorate and undermine economic recovery and efforts to improve revenues. Second, actual implementation of the new government’s ambitious reform program could be slow, which would result in continued weak economic growth, revenue underperformance,

and low incentive-linked grants. Third, the authorities may be unable to sufficiently prioritize expenditures in light of constrained resources, which would lead to larger accumulating arrears. Some of these risks would be mitigated by accelerating reform implementation and by making further progress in discussion with the IMF to put in place a Staff-Monitored Program (SMP). As such, the disbursement recommendation is accompanied by a strong recommendation to urge the authorities to continue their close engagement with the IMF, with a view to putting in place a Staff Monitored Program (SMP) at the earliest feasible opportunity.

PART V: RECOMMENDATION ON INCENTIVE FUND DISBURSEMENT

THE ADMINISTRATOR’S Fifth Technical Review recommends to the ARTF management committee to disburse **US\$ 93.5 million** in incentive funds out of the ARTF Incentive Program allocations for FY1392 and FY1393. This recommendation is based on the following:

- US\$ 65.0 million for five FY1393 benchmarks assessed as achieved (with no delay) through December 15, 2014.
- US\$ 7.5 million for one pending FY1392 benchmark assessed as achieved with a four month delay.
- US\$ 21.0 million for the O&M facility for FY1393.

The administrator’s Fifth Technical Review strongly encourages the authorities to continue their close engagement with the IMF, with a view to putting in place a Staff Monitored Program (SMP) at the earliest feasible opportunity.



ANNEX 1: PROGRESS REPORT ON FY1393 BENCHMARKS—STATUS AS OF DECEMBER 15

A. PUBLIC FINANCIAL MANAGEMENT		
1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
<p>(1) External Audit Performance: CAO carried out in the year and publishes external audits done to acceptable standard of central government entities that represent at least 25 % of total expenditures (Audits covering 50% of the average annual total expenditures in the life of the IP).</p>	<p>(1) Evidence of the coverage would be the semi-annual audit reports provided to Parliament which include the specific reports. The audits must be comprehensive of the entities' operations and not limited to one or two processes or units within the entities. Acceptable standards are provided, both by the INTOSAI and ISSAI.</p>	<p> Achieved. For 1393, SAO (with technical assistance of M/s Cowater International Inc.) conducted the compliance audit of four ministries (M/o Rural Rehabilitation and Development, M/o Education, M/o Defense, and M/o Interior) representing 60% of total FY1392 expenditures. The scope of compliance audit includes assessment of internal control and internal audit functions, evaluation of compliance with applicable statutes and regulations, reviewing compliance with laws and regulations; whether the statutes, laws and regulations are being followed, whether they are having the desired results, and, if not, what revisions are necessary which is as reflected in the plan document.</p> <p>The field work in the Central Budgetary Units and provinces of three of the ministries (MRRD, MoD, and Mol) has been completed and observations (Estellam) issued. The audit reports of these three ministries were signed by the Auditor General and a summary of the findings of each of the reports were posted on the SAO web site. The audit reports for MRRD, MoD, and Mol were provided to the Administrator between November 12 and November 18. An expert consultant has completed a review of the three audit reports and found these comprehensive and satisfactory. The review of the underlying working papers took place December 13-15 and was satisfactory, thus leading to the overall assessment that the audits are of an acceptable level of compliance with INTOSAI ISSAIs.</p> <p>For MoEd, given media reports in November of ghost workers in MoEd, the scope of the audit was expanded to include detailed payroll testing in five provinces, which is underway. However, the 3 ministries (MRRD, MoD, Mol) for which reports have been submitted account for 48.2% of FY1392 expenditures, far surpassing the benchmark requirement of 25% of expenditures. While the benchmark is achieved, it will nevertheless be important to follow-up on the MoEd audit.</p>
<p>(2) Internal Audit: Additional five (5) ministries undertake internal audits which substantially meet professional standards set by MoF IA based on IIA Standards (15 audits of different Ministries in the life of the IP and after the date of signing the IP).</p>	<p>(2) Report describing the work, attesting to compliance with standards and reporting the action taken by management to be prepared by the IA Dept of MoF and the audit reports themselves.</p>	<p> Achieved. The Ministry of Finance Internal Audit department (IAD) provided the WB (in the week of December 8th) English versions of the reports and the underlying working paper files for the internal audits of the following five (new, additional) line ministries, which were initiated in June 2014:</p> <ol style="list-style-type: none"> 1. M.o. Mines and Petroleum 2. M.o. Information & Culture 3. M.o. Border & Tribal Affairs 4. M.o. Agriculture 5. M of Hajj and Pilgrimage <p>The review of the plans, risk analyses, and the reports indicated that the work was done to an acceptable standard. The review of the underlying working papers also supported the assessment that the internal audits substantially meet professional standards and that the benchmark is achieved.</p>

(Table continued on next page)

A. PUBLIC FINANCIAL MANAGEMENT (continued)		
1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
<p>(3) Procurement Performance: An additional three (3) Line Ministries will implement institutional arrangements and develop capacity sufficient to meet the stand alone procurement criteria set by PPU (at least 9 over the life of the IP).</p>	<p>(3) Certification reports by the PPU</p>	<p> Achieved. The PPU reports that nine line ministries have been certified. Furthermore, the PPU submitted the Line Ministry Stand Alone Procurement Certificates for MoD, MAIL, and Office of State Minister for Parliamentary Affairs as evidence of achievement of this benchmark for FY1393. The evidence was reviewed by WB staff on September 23, 24 at PPU in the MoF. WB staff concluded that the methodology was adequate and that the certificates for MOD, MAIL and the Office of State Minister for Parliamentary Affairs were supported by assessments in line with the stated methodology and support the related certificates.</p>
<p>(4) Budget Transparency: MoF implements at least 4 (four) recommendations from the 2012 Open Budget assessment for Afghanistan by the International Budget Partnership (IBP) initiative. This could include:</p> <ul style="list-style-type: none"> MoF publishes the FY1394 budget planner on MoF website MoF prepares and publishes a FY1393 Citizen Budget on the MoF website MoF publishes a pre-budget statement for the FY1394 budget on the MoF website MoF organizes consultation workshops with CSO's and media on FY1393 budget and publishes proceedings on the MoF website 	<p>(4) Administrator verifies publications</p>	<p> Achieved. Based on the recommendations from the 2012 Open Budget Assessment for Afghanistan, the Ministry of Finance:</p> <ul style="list-style-type: none"> Published the FY1394 budget planner on its website; Published a Citizen Budget for the FY1393 budget in its website; Published the pre-budget statement for FY1394, under the Medium-Term Budget Framework, in its website; Organized a consultation workshop on July 23, 2014 with the Civil Society Organizations (CSOs) on FY1393 budget, and published the proceedings in the website; <p>The Administrator has reviewed the evidence, and assesses the benchmark as achieved.</p>
B. GOVERNANCE		
1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
<p>(5) Civil Service Reform: The authorities issue relevant regulatory instruments which enable the recruitment of professional staff.</p>	<p>(5) Administrator will review and verify issuance of the regulatory instruments.</p>	<p> Risk of delay. The relevant regulations are pending until the Civil Service Law is approved by Parliament. The law will provide the legal basis for the issuance of regulatory instruments. The Civil Service Law is currently under review at the Ministry of Justice to be re-sent to the Council of Ministers for review. It is not clear whether the law would be reviewed by the Cabinet before the end of the year.</p>

(Table continued on next page)




B. GOVERNANCE (continued)		
1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
<p>(6) AML/CFT: DAB amends the following regulation to address deficiencies identified in the AML/CFT Assessment of Afghanistan (2011), taking into account the suggested amendments of the AML/CFT laws as above and the revised FATF standards (February 2012):</p> <ul style="list-style-type: none"> • Responsibilities of Financial Institutions in the Fight Against Money Laundering and Terrorist Financing issued by DAB in March 2006; • Money Service Providers issued by DAB in March 2008; and • Foreign Exchange Dealers issued by DAB in July 2008. 	<p>(6) Administrator will review and verify issuance of the regulatory instrument.</p>	<p> On track. The AML and CFT laws were enacted in (respectively) June and July 2014. The President further approved the CFT regulations in October 2014. The October 2014 FATF review meeting concluded that the AML and CFT laws, with the accompanying CFT regulations, are considered satisfactory.</p> <p>However, the relevant regulations on the responsibilities of financial institutions, money service providers, and foreign exchange dealers—as required under the FY1393 benchmark—have not yet been amended. The October 2014 FATF statement noted 6 deficiencies which Afghanistan should address as part of its action plan to effectively implement the new AML/CFT laws. FINTRACA has noted that it is working on amendments to the 3 regulations noted in this benchmark, as well as other regulations, to effectively implement the new AML / CFT laws.</p> <p>The benchmark is not achieved as of December 2014 but can be declared as achieved when the amendments to the priority regulations are completed.</p>
C. INVESTMENT CLIMATE AND TRADE FACILITATION		
1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
<p>(7) Business Licensing: The Council of Ministers issues a road map which includes a description of all required institutional and regulatory changes for the establishment of a unified business registration system within 18 months which provides the right to invest, trade and conduct usual business activities.</p>	<p>(7) MoCI provides the Administrator with a copy of the Roadmap and Minutes of the cabinet meeting.</p>	<p> Risk of Delay: High level ownership within MoCI and the government is critical for progress in this area. This appears now to be taking shape. The new government, through its paper “Realizing Self-Reliance: Commitments to Reforms and Renewed Partnership” for the London Conference on December 3-4, 2014 has committed to improving the investment climate by significantly reforming licensing and registration procedures and establishing a unified business registration system. However, a formal roadmap for this purpose will need to be prepared. Furthermore, Cabinet approval of the roadmap will be needed to deem the benchmark as met.</p> <p>A consultant was mobilized in 2013 to develop a strategy paper for the unification of business licensing and registration processes, including an implementation roadmap for the transfer of AISA's licensing services to MOCI's Afghanistan Central Business Registry. The report was prepared in November 2013 and was shared with the Ministry of Commerce and Industries. The report can inform the government's roadmap toward establishing a unified licensing system. The report remains to be discussed in a workshop with all stakeholders including the MoCI, AISA, and MoF. The Administrator and MoCI have discussed that such a workshop would be most productive pending high level ownership within both MoCI and the government for a unified business registration system. This appears now to be taking shape.</p>

(Table continued on next page)

C. INVESTMENT CLIMATE AND TRADE FACILITATION (continued)

1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
(8) Trading across borders: MoCI in collaboration with MoF reduces the number of required documents for trading across borders and align process with international good practice, including the elimination of product specific export permits other than negative list.	(8) MoCI provides the Administrator with a copy of the relevant directives.	 Risk of delay: The MoCI is awaiting the approval of the Afghanistan National Trade Policy 2013-2017 which is expected to provide guidance on reducing the number of required documents for trading across borders. Further, the policy is expected to endorse the elimination of all unnecessary export authorization requirements in both the public and the private sector, including certifications from the MoCI, other ministries and various industry associations. The MoCI has submitted the Afghanistan National Trade Policy and an Implementation Roadmap to the Cabinet, following meetings with the Ministry of Economy, ACCL and MoF. It is currently being reviewed by the High Commission on Economy, prior to be reviewed at the Cabinet for approval.
(9) Customs: Government of Afghanistan makes satisfactory progress in the implementation of the customs action plan in 1393 (as agreed at first technical review in 1392)	(9) to be determined once action plan is received	 On track: The new government has declared strengthening enforcement and fighting corruption in customs one of its critical priorities. The Customs Action Plan was agreed and signed by all concerned ministries in October 2014, thus removing a key bottleneck to its effective implementation, and providing high-level government ownership for customs reforms. This sets the stage for the authorities to meet the customs benchmark for 1393 at a future point in time based on successful implementation of a set of substantive reform actions. The Administrator and the ACD have discussed a number of priority customs reform actions identified for implementation by the government to make a substantive impact in improving customs revenue mobilization. These include strengthening enforcement powers of customs by placing the Customs Police under the supervision and direction of ACD; enhancing customs controls by reassigning customs officials based on traffic patterns, introducing additional randomized post-inspections, and mobilizing post clearance audit in major customs houses; revision in procedure for clearance of Miscellaneous (bilti) cargo; decreeing mandatory certification of new as well sitting customs officials by the customs academy; and roll-out of new Valuation Module to all customs houses that are equipped with ASYCUDA World.


D. SUB-NATIONAL FINANCE

1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
(10) Norm-based budget allocation: MoF applies the norm-based formula for the operating budget to further 4 key ministries. Identity of the ministries to be announced by last quarter 2013	(10) MoF submits a report to the Administrator with a summary of the provincial budget distribution and copies of the provincial transfer sheets. The Administrator will review the report for compliance with the benchmark.	 Achieved. The Ministry of Finance has developed norms for the allocation of the FY1394 operating budget for five new ministries (one additional to what is required by the benchmark). These include Ministry of Agriculture, Irrigation and Livestock (MAIL), Ministry of Energy and Water (MoEW), Ministry of Higher Education (MoHE), Ministry of Rural Rehabilitation and Development (MRRD), and Ministry of Communications and Information Technology (MCIT). Furthermore, MoF has also refined the norms for the Civil Aviation Authority (CAA), which had initially been developed as part of the FY1392 benchmark but were assessed during the 3rd Technical Review in November 2013 to be not well defined. The revised norms for CAA are now better defined. Depending on the availability of administrative data, the new norms for MoEW, MRRD, MCIT, and particularly MAIL, are comprehensive and well defined. However, the norms for MoHE need to be improved further. The Administrator recommends that, going forward, the norms for the MoHE be refined for the FY1395 budget. The MoF has submitted to the Administrator the copies of the issued guidelines for the norms-based allocation of the O&M budget, and the summary of the provincial budget distribution. The Administrator reviewed the evidence and—based on the norms of four new ministries as required by the benchmark—recommends the benchmark as achieved.

(Table continued on next page)





ANNEX 2: PROGRESS REPORT ON PENDING FY1393 BENCHMARKS—STATUS AS OF DECEMBER 15


A. PUBLIC FINANCIAL MANAGEMENT		
1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
<p>(2) Internal Audit: Internal Audit: Five (5) ministries undertake internal audits which substantially meet professional standards set by the Internal Audit (IA) Dept. of the Ministry of Finance (MoF) based on IIA Standards.</p>	<p>(2) Report describing the work, attesting to compliance with standards and reporting the action taken by management to be prepared by the IA Dept of MoF and the audit reports themselves.</p>	<p> Unlikely to be achieved by end-2014. Internal audits of miscellaneous revenue processes were carried out at the following ministries: Ministry of Women's Affairs; Ministry of Foreign Affairs; Ministry of Economy; Ministry of Haj and Endowment; and Ministry of Border and Tribal Affairs.</p> <p>The selection of miscellaneous revenue arose as a result of negotiation between IAD MoF and Ministry IADs. MOF IAD was precluded from selecting other areas which might have been more appropriate due to, for example, a higher level of risk.</p> <p>The US Treasury Technical Advisor to MoF IAD concluded that "... the completion of these five audits is in line with benchmarks requirements" and cites internal audit performance standards (including independence of the MoF IAD) in support of this opinion.</p> <p>It is true that the IAD is an independent entity in MoF and the audits of miscellaneous revenue were conducted in an objective manner. However, in this instance, the ability of IAD MoF to select areas for audit and indeed even the type of internal audit to be conducted was restricted by the line ministries. Therefore, the benchmark has not been met since the application of professional standards does not "substantially meet" IIA standards given the significant limitation of scope imposed by the line ministries in selecting both the type of internal audit and the areas to be audited.</p> <p>The amendment to Article 61 of the audit law is a key stumbling block and needs to be reversed. The benchmark was agreed to before Art 61 was modified. Further discussions between the SAO, WB, and MoF could also help provide a way forward.</p> <p>MoF had indicated that it would follow up with the line ministries so that the audits would be carried out by the IA Units of the line ministries.</p> <p>There is concern that without MOF IAU involvement the audits would not meet the requisite standards. With technical assistance under the PFMRII project, MoF could assist the line ministries in producing the requisite audits for 1392 and 1393, but it is much more difficult to achieve than MOF doing this work directly.</p>

(Table continued on next page)

B. GOVERNANCE

1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
(5) Civil Service Reform: The Council of Ministers approves amendments to the civil servants law.	(5) The Authorities will provide the Administrator with the cabinet approved civil service law as well as the cabinet minutes, confirming the approval. The Administrator will review the law for compliance with minimum standards (see Annex 3 of MoU).	 Unlikely to be achieved by end-2014. The Ministry of Justice and the Civil Service Commission together prepared the final draft of the Civil Service Law. MOJ submitted the draft law to the Cabinet's Legislative Review Committee at the Office of Administrative Affairs. The Committee reviewed the draft Law and sent it back to the Ministry of Justice with additional comments. The Civil Service Commission believes that the changes to the Law will be finalized by MOJ within two weeks and sent back to the Cabinet for approval. The Administrator has seen previous drafts but has not received the final draft which has been submitted to the Office of Administrative Affairs for cabinet approval. The Administrator would need to review the final draft of the Law to see that it complies with minimum standards, and the cabinet approved version for compliance with the benchmark standards. The benchmark has not been met and there is strong possibility that the delay may continue.
(6) AML/CFT: The Council of Ministers approve the amendment of the law No. 840 of October 2004 on "Anti-Money Laundering and Proceeds of Crime" and the law No. 830 of October 2004 on "Combating the Financing of Terrorism" to align with international standards (FATF Recommendations on AML/CFT) and submit to parliament.	Administrator will review the law and verify the minutes of the cabinet meeting. At the minimum, the requirements on customer due diligence, record keeping, and suspicious transaction reporting should meet the international standards.	 Achieved (May 2014). The AML and CFT laws were approved by the Cabinet of Ministers on May 5, 2014. The Minutes of the Cabinet meeting indicate that the version submitted in May 2014 was approved without any changes and that Cabinet requested the MoJ to submit the laws to Parliament through the Office of Parliamentary Affairs. The Administrator has received the Dari and English versions of the enacted laws. The June and October 2014 FATF plenary meetings confirmed that the enacted AML and CFT laws, with the approved CFT regulations, are acceptable. At the same time, the October 2014 FATF plenary noted deficiencies in 6 areas, which the authorities are addressing by working on the amendments to the regulatory framework (part of the 1393 IP benchmark). Based on the FATF October 2014 review, the Administrator recommends the 1392 benchmark as achieved.

C. INVESTMENT CLIMATE AND TRADE FACILITATION

1393 BENCHMARKS	1393 EVIDENCE (from MoU)	PROGRESS
(9) Civil Service Reform: Government of Afghanistan makes satisfactory progress in the implementation of the customs action plan in 1392 (as agreed at first technical review in 1391)	(9) to be determined once action plan is received	 Unlikely to be achieved by end-2014. ACD had indicated that it would implement select reforms from the action plan as part of satisfying this benchmark for 1392. A number of steps were taken, including in the areas of strategic planning (defining core customs responsibilities and output indicators), performance management (quarterly reporting against key performance indicators at each level), preparing a plan for drafting of Standard Operating Procedures (SOPs), and rolling out risk management. However, the lack of agreement on the customs action plan between key ministries and the lack of high level government ownership compromised the effectiveness of the steps taken, resulting in serious underperformance of customs revenue mobilization. As such, the customs benchmark for 1392 is assessed as not having been met. The Customs Action Plan was agreed and signed by all concerned ministries in October 2014, thus removing a key bottleneck to its effective implementation, and providing high-level government ownership for customs reforms. This sets the stage for the authorities to meet the customs benchmark for FY1393 at a future point in time based on successful implementation of a set of substantive reform actions.



Community Monitor Program Coordinator Janssagha Ahmad Zal and canal engineer Rahaim Alkozay visit Surkhrod District irrigation canal sites.

The photos he takes with his mobile phone are sent back to Kabul, where project monitors stay updated on progress and catch any problems.



AFGHANISTAN ECONOMIC UPDATE

POLITICAL EVENTS have overshadowed economic developments in Afghanistan in recent months. The protracted election process has compounded uncertainty building since 2013 from the political and security transition. An agreement on a national unity government signed on September 21 and the September 29 swearing in of the President and Chief Executive Officer provide Afghanistan with a way forward. The new government will need to quickly establish itself as a cohesive and effective unit in order to address the considerable development challenges with which Afghanistan is faced.

Economic growth, down sharply in 2013 from uncertainty over the political and security transition, is slowing further in 2014. Afghanistan experienced a sharp slowdown in economic growth to 3.7 percent (estimated) in 2013 from 9.4 percent per year during 2003-12. Uncertainty over the political and security transition led to a slump in investor and consumer confidence and a sharp reduction of new investment commitments in the non-agriculture sectors. Agricultural production was robust in 2013 but did not exceed the record levels of 2012. Several indicators point to a further slowdown of economic growth to about 1.5 percent in 2014. New investments in the non-agriculture sectors, specifically services and construction, appear to have been cut further in light of the protracted political uncertainty while agricultural production is expected to be down slightly from the record levels of 2012-13.

Afghanistan faces a deteriorating fiscal crisis, with declining revenues leading to an unfinanced fiscal gap in 2014. Domes-

tic revenues have continued to weaken in 2014. Based on current trends, the authorities anticipate revenues of Afs 105 billion (US\$1.82 billion) or 8.7 percent of GDP for fiscal 2014. This would be Afs 28.8 billion (US\$500 million) short of the target set out in the approved 2014 budget. It would also represent a further decline from revenues of 9.7 percent of GDP in 2013, itself down from a peak of 11.6 percent in 2011. While the deteriorating economic slowdown is part of the explanation, increasing weaknesses in tax and customs compliance are a large part of the problem. In this context, despite austerity measures, the authorities have run down their cash balances and incurred arrears on O&M and discretionary development spending during the first eight months of 2014. Even with austerity measures, the unfinanced fiscal gap is estimated at about US\$500 million for 2014. While part of this could be financed from cash balances, it is estimated that at least US\$300 million in additional financing will be needed for 2014 to cover civilian salaries, pensions, and critical operating and development spending. If revenues do not reach the anticipated Afs 105 billion for the year or if projected donor grants linked to reform progress do not materialize in full, the financing gap and additional financing needed would be larger. **The new government of Afghanistan faces the dual challenge of restoring confidence in its economic prospects and addressing formidable medium term development challenges.** In addition to stalled growth and the fiscal crisis, Afghanistan faces formidable medium term development challenges. These include aid dependence, job

creation for 400,000 new entrants into the labor force each year, high and persistent poverty, low levels of human development, and high levels of corruption. Furthermore, fragility and conflict remain pervasive and undermine economic prospects as well as social cohesion and stability. Addressing these challenges will require reforms in three areas: (i) restoring fiscal stability; (ii) restoring confidence and creating private-sector jobs; and (iii) strengthening social cohesion and service delivery. Above all, high level commitment to tackle corruption and strengthen governance across the board will be critical to delivering on the success of reforms in these priority areas.

RECENT ECONOMIC DEVELOPMENTS

Protracted political uncertainty in 2014 has compounded the sharp slowdown in economic growth that began in 2013.

Economic growth fell sharply in 2013 as uncertainty over the political and security transition led to a considerable slowdown in the nonagricultural sectors. Real (non-opium) GDP growth is estimated to have fallen sharply from 14.4 percent in 2012 to 3.7 percent in 2013.² With uncertainty leading to a slump in investor and consumer confidence, growth weakened significantly across the board in the non-agricultural sectors, including manufacturing, construction and services. Growth in the services sector, which accounts for about half of GDP, fell from 16 percent in 2012 to 5.3 percent in 2013, driven by a sharp slowdown in whole-



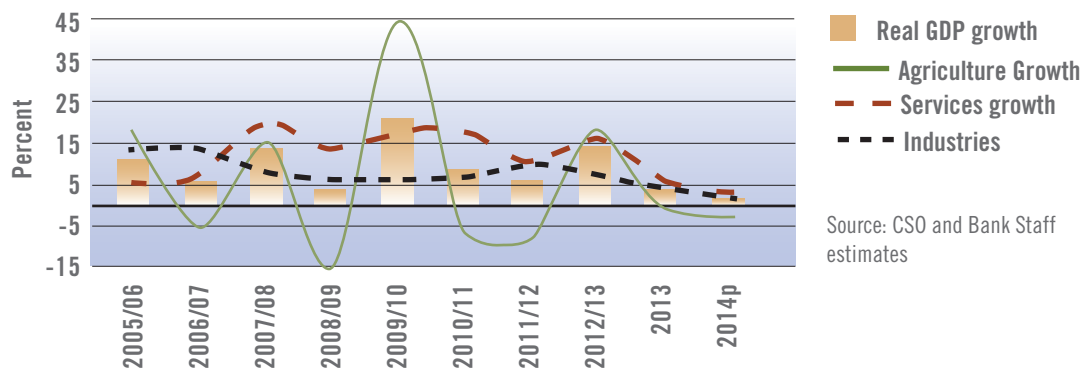
sale and retail trade and government services. Transport and communications, which accounts for half of the services sector, also experienced weaker growth, but fared somewhat better from the continued repatriation of international forces and increased number of broadband subscribers. Evidence on roads and building constructed suggests that the construction sector also experienced slower growth in 2013. Meanwhile, manufacturing growth declined from 7.3 percent in 2012 to 2 percent in 2013, driven in large part by the

food and beverages sector.

Agriculture production was robust in 2013 but did not exceed the record levels of 2012. Total agriculture value added in 2013 was about flat (declining very slightly by 0.2 percent) from the record levels of 2012. Given favorable weather conditions, the cereals sector (which accounts for 43 percent of agriculture value added) grew by 2.3 percent in 2013, reaching the highest level achieved over the past decade. The fruits sector also grew by 2.3 percent, but livestock and other

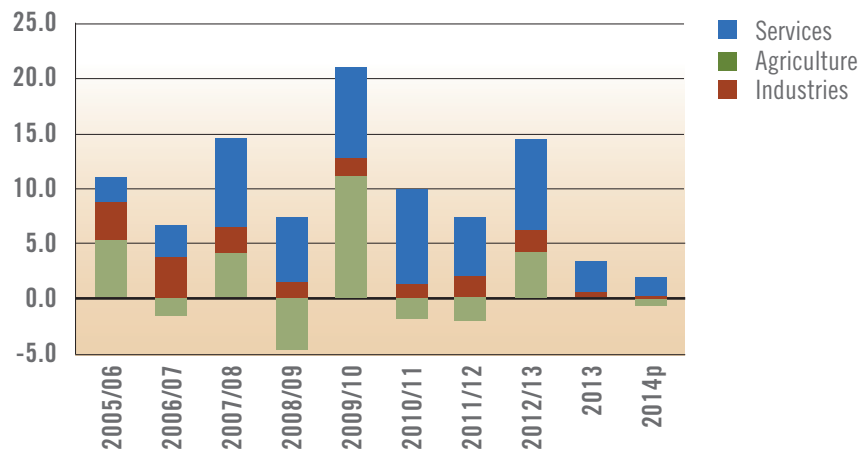
products declined by 1.7 percent and 4.5 percent respectively. Agriculture accounts for about a quarter of GDP and also has strong links to the rest of the economy, so that the robust agricultural output in 2013 would normally have buoyed overall GDP growth. However, with total agriculture production flat from the bumper level of 2012, it was not sufficient to counterbalance the overall slowdown in GDP growth in 2013 (Figure 6).

FIGURE 6: GROWTH OF REAL GDP AND SECTORS (in percent)



Source: CSO and Bank Staff estimates

FIGURE 7: SECTOR CONTRIBUTIONS TO GDP GROWTH



² The estimated economic growth of 3.7 percent for 2013 is for the calendar year and for the non-opium economy. It is thus different from the growth rate reported by the Central Statistics Office (CSO) for the 1392 solar year. The 2013 estimated growth also incorporates a number of additional adjustments based on supplementary indicators of economic activity.

The protracted political uncertainty has taken a further toll on Afghanistan's economy in 2014. A number of available short term indicators on new firm registrations, imports, and fiscal and monetary trends indicate that the economic slowdown deepened during the first half (H1) of 2014. Private investment across all nonagricultural sectors appears to have dropped considerably in the first half of 2014 due to the increased uncertainty. Initial reports on the agriculture sector point toward another rich harvest in 2014, although overall agricultural production is expected to decline modestly. Economic growth could decline further to 1.5 percent in 2014.

New investment activity dropped further across the board in the first half of 2014. The number of new firm registrations had already fallen in 2013 to its lowest level in five years, with a reduction in both local and foreign new fixed investments (Figure 8). This downtrend worsened during the first half of 2014, when only half as many new firms were registered compared to the same period of the previous year (Figure 9). The further decline in new firm registrations occurred across all nonagricultural sectors, with construction and services particularly hard hit (Figure 9). Although no high-frequency data are available on firm inventories and gross fixed capital formation, new firm registrations should be a relatively good proxy for

business confidence and investment activity in the private sector. Decisions to establish new fixed investments in Afghanistan or to expand existing investments, horizontally (expanding existing products) or vertically (investing in the supply chain), are highly sensitive to confidence in market conditions and the political environment. The number of new firm registrations would particularly reflect new fixed investments and vertical investments in the economy. Though this is not a perfect proxy for level of economic activity, it can fairly reflect the level of confidence of both local and foreign investors.

FIGURE 8: NEW FIRM REGISTRATIONS, 2004-13

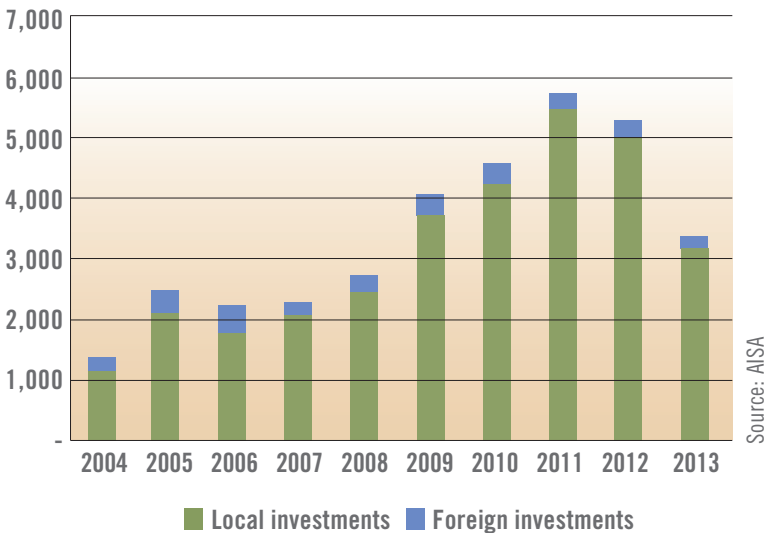
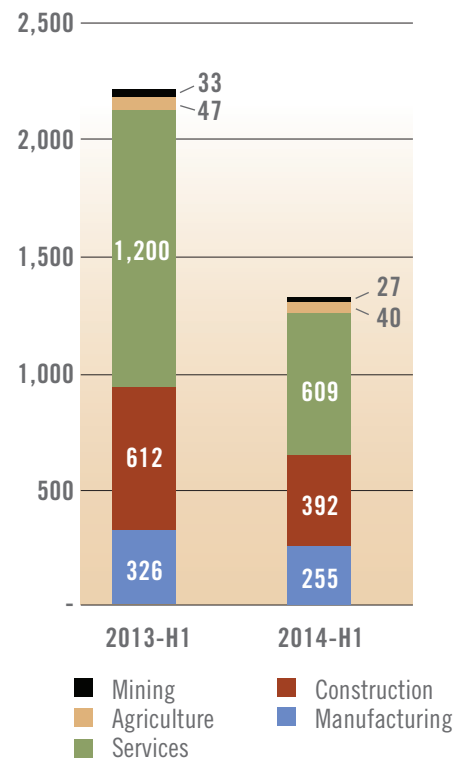


FIGURE 9: NEW FIRM REGISTRATIONS, H1, 2013-14





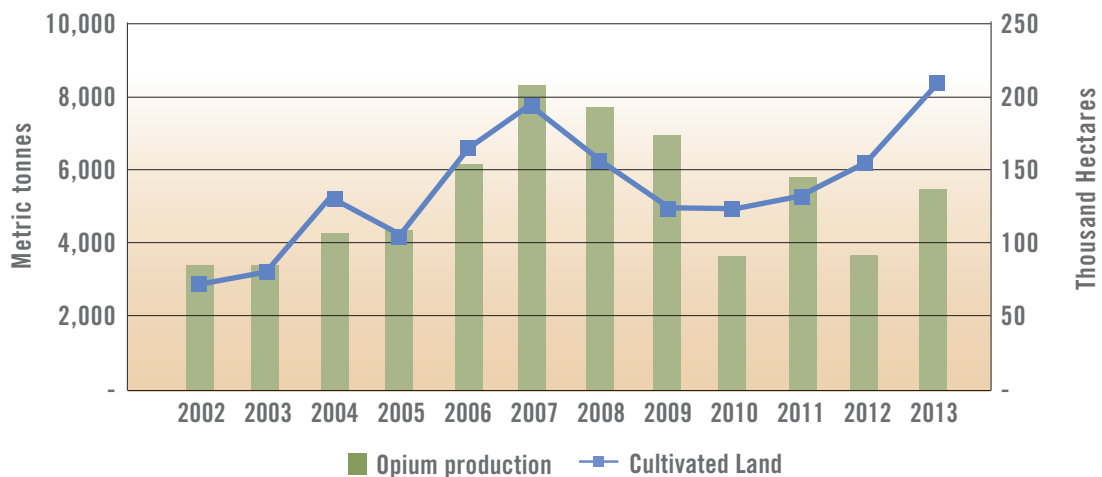
Both opium production and area under poppy cultivation increased considerably in 2013—and is expected to remain at a high level in 2014. According to UNODC data, opium production increased by almost 50 percent to 5,500 tonnes in 2013, while the total area under poppy cultivation expanded by 36 percent to 209,000 hectares (Figure 10). Opium production in 2013 appears to have recovered from the decline in 2012 triggered by adverse weather and disease. While the total value of opium production at farm-gate prices remained at about 4 percent of GDP (or US\$950 million) in 2013 due to a decline in the farm-gate price, the export value of opiates (including drugs) increased from 11 percent of GDP in 2012 to 15 percent of GDP—or US\$3.1 billion—in 2013.

A number of factors could have contributed to the recent increase in poppy production, including (i) the introduction of new production technologies (e.g. irrigation); (ii) fewer livelihood opportunities or the expectation thereof; and (iii) the rollback of international forces and associated counternarcotic efforts from the provinces. Although opium's importance in GDP has been declining over time (down from 13 percent of GDP in 2007 to 4.1 percent in 2013 at farm-gate prices), it is likely an important source of livelihood for a segment of the rural population.

Poverty is high and persistent in Afghanistan. According to the 2011-12 household survey, the poverty rate was 36 percent, meaning that about 9 million individuals (3 of every 8 Afghans) had consumption

levels below the national poverty line. The national poverty rate remained substantially unchanged between 2007-08 and 2011-12. A number of factors could have contributed to this measured trend. First, the volatility of agriculture would affect measured trends, with the two years preceding the 2011-12 survey both featuring negative agriculture growth. Second, Afghanistan faces a daunting demographic challenge, with around 400,000 new entrants into the labor force each year and underemployment pervasive. Third, the high dependency ratio and low female labor force participation both serve as a drag on improving Afghanistan's poverty profile.

FIGURE 10: OPIUM PRODUCTION AND AREA UNDER POPPY CULTIVATION



Source: UNODC

Consumer Price Inflation moderated in the first six months of 2014, driven by lower non-food price inflation, but food prices increased faster.

Consumer price inflation softened in recent months, mainly as a result declining prices for non-food items. Headline infla-

tion declined to 5.6 percent in June 2014 down from 7.3 percent in December 2013. Core inflation—which excludes cereals and fuel—declined even further from 6.9 percent in December 2013 to 3.5 percent in June 2014 (Figure 11). Inflation has remained below 10 percent in the past two years, with 12-month period-average infla-

tion stabilizing at around 6.4 percent in June 2014 down from 12.8 percent in 2011. This downtrend over the last three years has been predominantly due to lower inflation for non-food items.

Rental prices have fallen from a slump in the real estate market, while transport and fuel prices have increased strongly. The economic downturn has impacted the real estate market in Afghanistan. While asset prices for real estate are not available, the slump is reflected in prices for housing and electricity which have been softening since mid-2013, with the year-on-year change reaching a record low of -9.1 percent in June 2014. On the other hand, prices for fuel and transport have increased strongly since January 2014, with the y-o-y increase reaching 20.1 percent in June 2014. With housing having a larger weight than transport in the CPI basket, overall non-food price inflation dropped from 4.8 percent in December 2013 to 1.4 percent in June 2014 (Figure 12).

Food price inflation remained high at around 10 percent in June 2014. In spite of a bumper crop this year, prices for cereals increased by 11.4 percent (y-o-y) in June 2014. Afghanistan still relies on large imports of wheat and other cereals and even though global prices for wheat moderated, higher prices for fuel added to transportation costs. This was also reflected in prices of other food items which generally experienced a more moderate increase, except for prices of vegetables which increased 24.3 percent.

FIGURE 11: HEADLINE AND CORE INFLATION

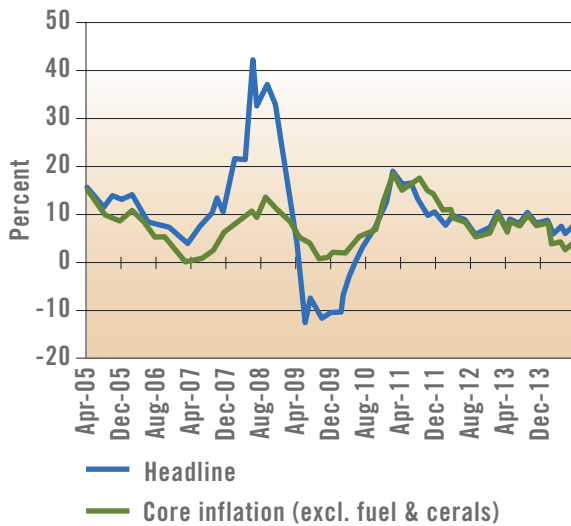
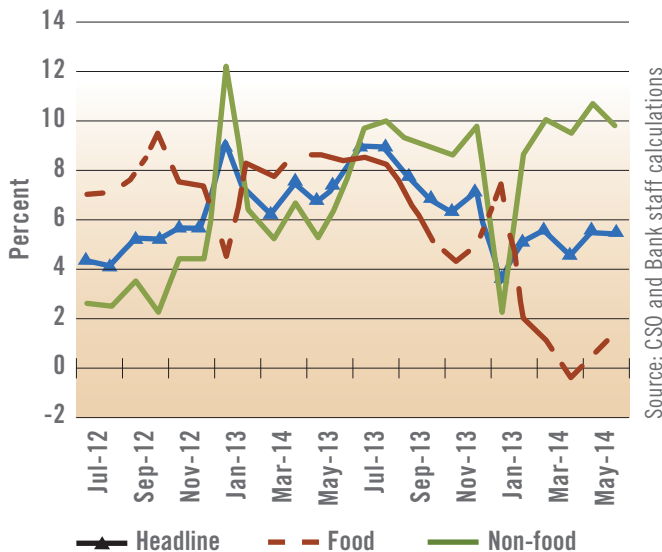


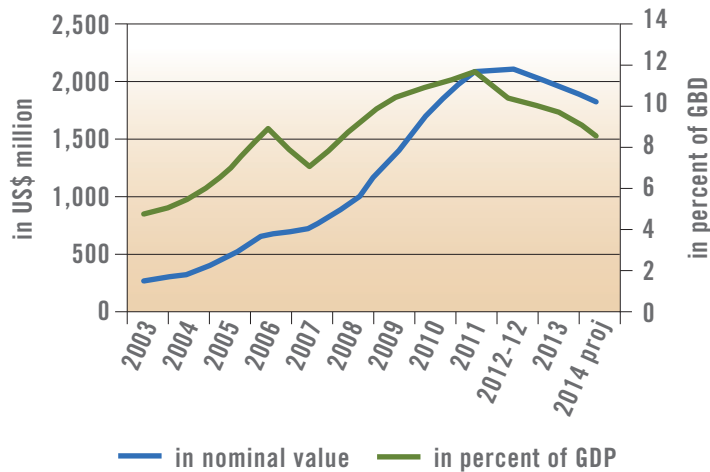
FIGURE 12: HEADLINE, FOOD, AND NON-FOOD INFLATION



Source: CSO and Bank staff calculations

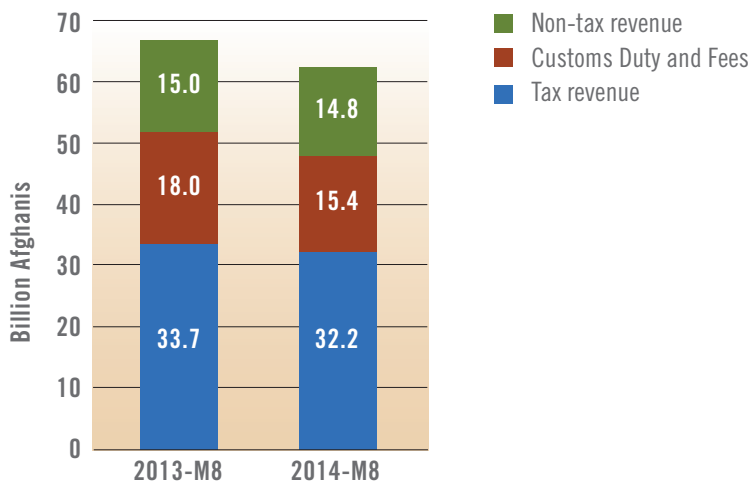


FIGURE 13: DOMESTIC REVENUES



Source: AFMIS and MoF

FIGURE 14: REVENUES, FIRST 8 MONTHS OF 2013 AND 2014 (AFS, BILLIONS)



Source: AFMIS

Afghanistan faces a deteriorating fiscal crisis, with declining revenues leading to an unfinanced fiscal gap.

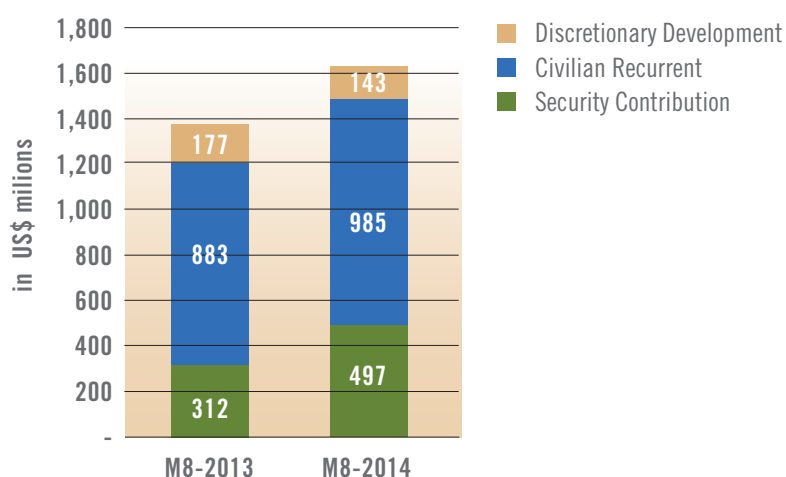
Revenue collection has continued to weaken in 2014. After a decade of strong revenue growth, domestic revenue collection declined to 9.7 percent of GDP in 2013 (US\$2 billion in nominal terms), down from 10.3 percent in 2012 and 11.6 percent in 2011

(Figure 13). Current trends point toward a further decline in 2014. During the first 8 months of fiscal 2014, domestic revenues reached only Afs 62.4 billion (US\$1.08 billion), below the amount collected during the first 8 months of fiscal 2013 (Afs 66.7 billion or US\$1.21 billion). Based on this trend, the authorities anticipate revenues of Afs 105 billion (US\$1.82 billion) or 8.7 percent of GDP by the end of fiscal 2014. This would be

Afs 28.8 billion (US\$500 million) short of the target set out in the approved 2014 budget. Even meeting the anticipated Afs 105 billion would require revenue collection to pick up to Afs 10.7 billion per month during the last four months of the year from Afs 7.6 billion per month during the first eight months.

The decline in revenue collection is a result of the economic slowdown as well as weak enforcement in both tax and customs administration. While the economic slowdown is part of the explanation, weaknesses in tax and customs enforcement are a large part of the problem, particularly given that the decline in collections began in 2012 when economic growth was very strong. Increased uncertainty surrounding the political and security transition has likely encouraged greater rent-seeking and tax evasion activity. Collections across all categories (tax revenues, customs duties, and non-tax revenues) in 2014 have fallen far short of the budget target and have barely reached 2013 levels (Figure 14). There are indications that some taxpayers have withheld payments in light of the protracted elections impasse. On the other hand, lower imports and a shift in the structure of imports—away from luxury and other higher tariff items toward lower tariff items, in part due to the economic slowdown—has also impacted customs revenues. An analysis of the data suggests that part of the decline in customs revenues can be attributed to lower imports of fuel, vehicles, and other high-tariff items.

In light of the revenue shortfall, the authorities have run down their cash balances to pay for higher mandated security and social benefit spending during the first eight months of 2014. Afghanistan’s discretionary resources (revenues and civilian discretionary donor grants) go toward three categories of spending: security expenditures not

**FIGURE 15: DISCRETIONARY SPENDING
(FIRST 8 MONTHS OF 2013 AND 2014)**


Source: AFMIS

financed by security grants, civilian recurrent expenditures (salaries, O&M, and social benefits), and discretionary development expenditures. During the first eight months

of 2014, the authorities ran down their cash balances by an estimated US\$362 million as discretionary resources stagnated while discretionary spending increased. During this

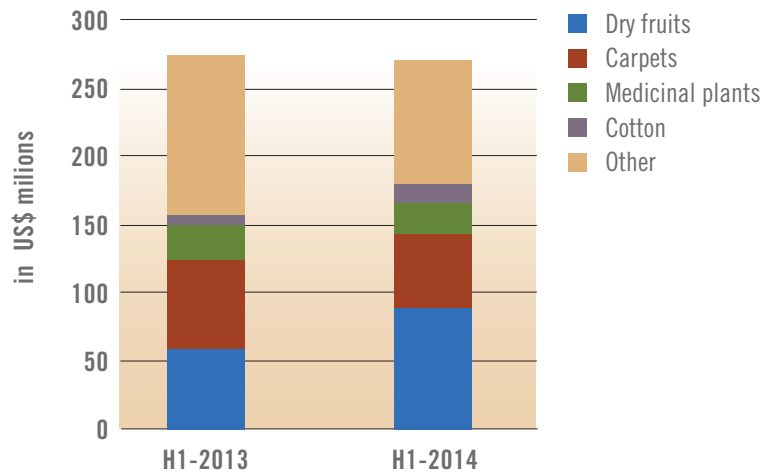
period, security expenditures not financed by grants increased by US\$185 million compared to the first eight months of 2013. Civilian recurrent expenditures increased by US\$102 million, mostly due to increases in martyrs and disabled pensions mandated by the new Martyrs and Disabled Law and due to higher one-time payments to families of security personnel killed in conflict. On the other hand, discretionary development expenditures actually declined by US\$34 million. Furthermore, civilian O&M expenditures (which are chronically at inadequate levels in Afghanistan) declined by US\$30 million. **The authorities have committed to continuing with significant austerity measures through the rest of 2014.** Afghanistan's 2014 budget had included significant increases in security expenditures, social benefits, and discretionary development projects. However, in light of the sluggish

TABLE 5: FISCAL SCENARIOS AND FINANCING GAP FOR 2014

US DOLLARS (millions)	2013 Actual	2014 Budget	Natural Progress Scenario 2014	Austerity Scenario 2014
EXPENDITURES				
Security Recurrent	2,155	3,063	2,504	2,504
Civilian Recurrent	1,420	1,807	1,732	1,571
Wages and Salaries	865	906	863	863
O&M	325	215	343	343
Social, Capital Contingencies	230	686	526	365
Discretionary Development	342	870	549	330
REVENUES AND GRANTS				
Domestic Revenues	1,975	2,324	1,823	1,823
Security Contribution	575	653	653	653
Security Grants	1,580	2,409	1,851	1,851
Civilian Grants	256	535	253	253
DISCRETIONARY BALANCE	(42)	(459)	(850)	(474)
Civil Aviation Transition			50	50
Financing Gap			(900)	(524)

Source: Ministry of Finance and staff estimates

FIGURE 16: OFFICIAL EXPORTS, H1-2013-14
(US\$, MILLIONS)



Source: CSO and ACD

revenue performance, the Ministry of Finance has put in place a number of measures to curtail spending from budgeted levels. These measures include reducing overtime payments to civil servants, curtailing new discretionary development projects, and restricting salary increases, bonuses, and additional benefits. In August, the Ministry of Finance presented an austerity scenario for 2014 where social benefits would be restrained to about 50 percent of budgeted levels and discretionary development spending would be restrained to 38 percent of budgeted levels (no more than the 2013 level of discretionary development spending). However, the contribution to security would be maintained at 100 percent of budgeted levels. In order to address serious inadequacies in the budgeted level of civilian O&M, the austerity scenario included a 15 percent increase in civilian O&M spending from 2013.

Even with austerity measures, Afghanistan will need additional financing to cover

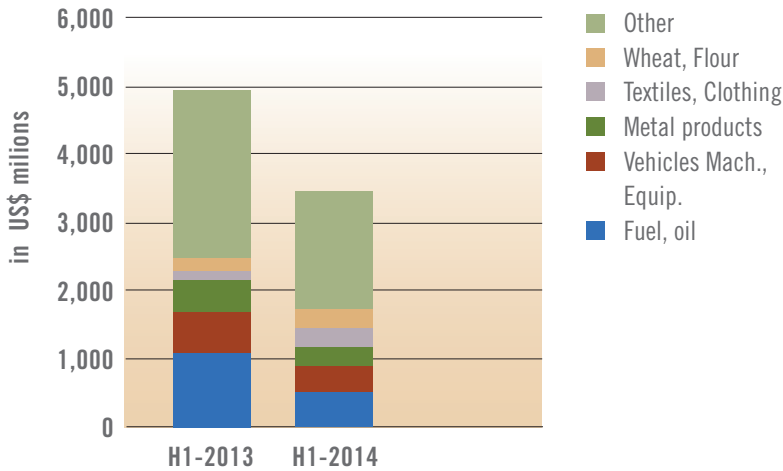
civilian salaries, pensions, and critical operating and development spending. In addition to running down cash balances to finance the US\$362 million gap through the first eight months of 2014, the authorities have incurred arrears of about US\$130 million on O&M and discretionary development spending. Without additional financing, the authorities will also have trouble making civilian salary payments during the remainder of 2014, which could adversely affect social stability. The austerity scenario presented by the authorities includes a financing gap of about US\$500 million for 2014. While part of this could be financed from cash balances, it is estimated that at least US\$300 million in additional financing will be needed for 2014 to cover civilian salaries, pensions, and critical operating and development spending. If revenues do not reach the anticipated Afs 105 billion for the year or if projected civilian grants linked to reform progress do not materialize in full, the financing gap and additional financing needed would be larger.

In order to restore fiscal stability, it is critical that additional financing be accompanied by credible reforms to improve revenues. Without credible reforms to improve revenue mobilization and growth prospects, the underlying problems will remain unaddressed and the fiscal crisis would likely recur in 2015. In particular, reforms are needed to strengthen both tax and customs enforcement and to broaden the tax base. Specific measures could include expediting implementation of the new Value Added Tax, reversing the reduction of the VAT rate from 10 percent to 5 percent, expediting implementation of key measures under the Customs Action Plan, and conducting effective risk-based tax audits to improve compliance. While these measures are critical to improve revenue mobilization in 2015 and beyond, they are unlikely to solve the problem or close the unfinanced gap in 2014.

The exchange rate remains stable, with aid flows financing the large trade deficit.

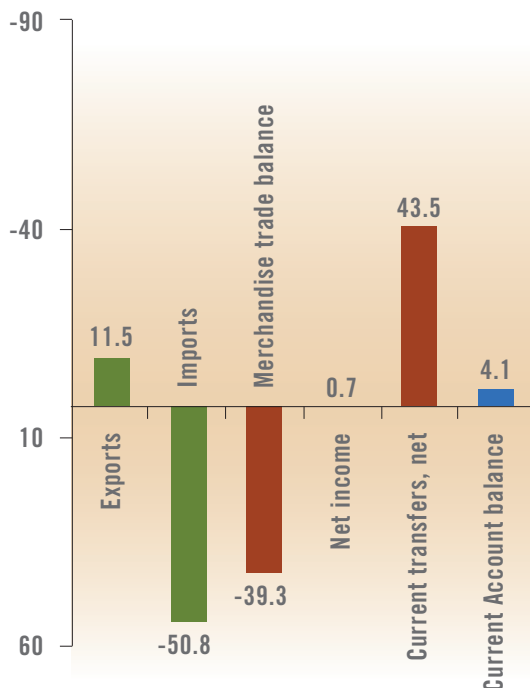
Official exports have remained unchanged in the first half of 2014 while official imports have declined sharply possibly due to poorer recording. Official exports were recorded at around US\$270 million in the first six months in 2014, almost the same level as in the first half of 2013. As shown in Figure 16, dry fruits, carpets and medicinal plants were the largest export items of Afghanistan in the first two quarters of the year. Import data provided by the customs authority indicate a sharp decline in official imports in the first half of 2014 by 30 percent over the first half of 2014. However, a significant amount of trade remains unregistered in the country, suggesting that part of the decline in official imports could have been because of poorer recording.

FIGURE 17: OFFICIAL IMPORTS, H1, 2013-14 (US\$, MILLIONS)



Source: CSO and ACD

FIGURE 18: CURRENT ACCOUNT BALANCE FOR 2014 (IN PERCENT OF GDP)



Source: Staff estimates

The trade deficit remains large, but is expected to narrow slightly. Total imports (including both official and smuggling) are estimated to decline from US\$10.9 billion in 2013 to US\$10.6 billion in 2014, as a result of weakening demand in the economy. Total exports are estimated at US\$2.4 billion in 2014, compared to US\$2.6 billion last year. Because of an exceptionally high level of unofficial trade in Afghanistan, official recorded exports are estimated to represent only one-fifth of total exports. The historically large trade deficit is expected to narrow slightly from 40.8 percent of GDP in 2013 to 39.2 percent in 2014. As in previous years, the trade deficit is estimated to be fully financed by large aid inflows, so that the current account is estimated at 4.1 percent of GDP in 2014 (Figure 17).

The exchange rate remained stable during the first half of 2014 after depreciating throughout 2013. As shown in Figure 19, the Afghani strongly depreciated against the US dollar throughout 2013 but has remained stable in the first six months of 2014. This is likely due to similar exchange rate trends for regional currencies including particularly the Pakistani Rupee. The Afghani depreciated by 10 percent and 14.5 percent, respectively, against the US dollar and the Euro between January and December 2013. However, it has remained stable since the start of 2014 against the two currencies. The exchange rate averaged Afs 57.3 against the US dollar and Afs 78.6 vis-à-vis the euro during the first six months of the year.



FIGURE 19: AFGHANI EXCHANGE RATE AGAINST THE US DOLLAR AND THE EURO

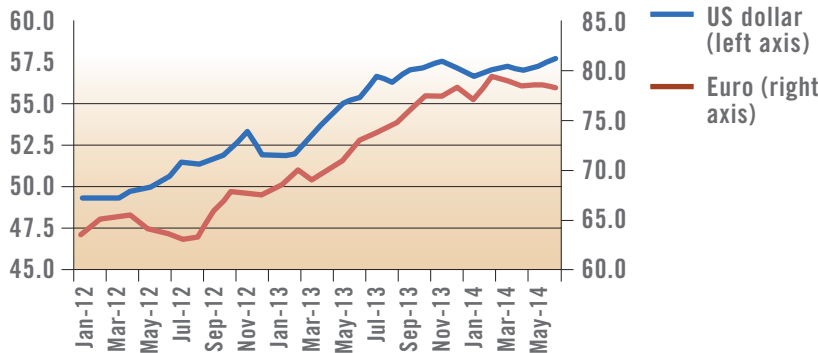
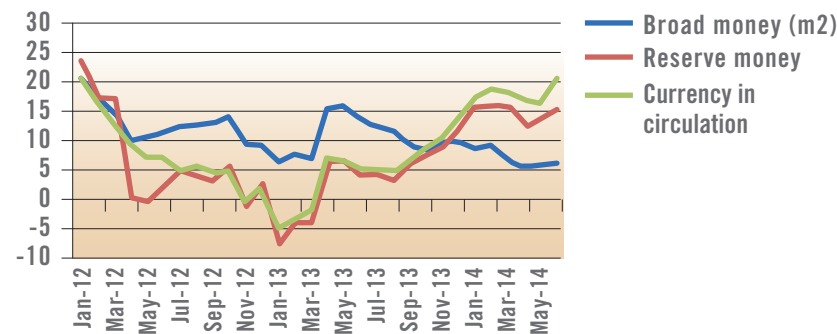


FIGURE 20: GROSS INTERNATIONAL RESERVES (BILLION US\$)



FIGURE 21: GROWTH IN MONETARY AGGREGATES (Y-O-Y PERCENT CHANGE)



Source for all three figures: DAB

Foreign exchange reserves at the end of the first half of 2014 were slightly higher than a year ago, with increased fluctuations over the last year and half. Gross international reserves were recorded at US\$7.3 billion in June 2014, compared to US\$6.9 billion in June

2013. This is equivalent to around 8 months of imports. Reserves declined from US\$7.5 billion in November 2013 to US\$6.9 billion in February 2014, but then recovered in the second quarter of 2014. Since 2002, foreign exchange reserves have increased consistently.

While this accumulation of reserves has continued, a higher degree of fluctuations has been observed since the start of 2013. This is not unexpected in light of less steady capital flows during periods of higher uncertainty as has been the case over the course of the 2013-14 political and security transition. In case of more abrupt swings in foreign grants and capital flows, prudent management of foreign exchange reserves will be important.

Monetary and banking performance indicators reflect the economic slowdown

Reserve money growth has remained strong in the first half of the year, but broad money growth has weakened. Reserve money, which includes currency in circulation and commercial banks' deposits in the Central Bank, grew—on a 12-month comparison basis—by around 15 percent in June 2014. Reserve money is used as a nominal anchor by the Central Bank for its monetary policy and market operations. The Da Afghanistan Bank (DAB) uses foreign exchange auctions to control money supply in the economy. While reserve money growth increased from 11.6 percent (year-on-year change) in December 2013 to 15.2 percent in June 2014, broad money (M2) growth declined from 9.4 percent to 5.7 percent over the same period (see Figure 21). The decline in broad money growth is primarily due to a decline in demand deposits of the commercial banks. This indicates that although demand for money has remained strong in the economy, financial intermediation is still weak and has not recovered from the confidence shock that hit the financial sector following the Kabul Bank crisis in 2011.

Financial sector performance remains weak and confidence has not recovered from the Kabul Bank crisis. The banking sector's liabilities have declined slightly due to a decrease in bank deposits (see Figures 22 and 23). Total deposits of the banking sector declined from US\$3.5 billion in December 2013 to US\$3.3 billion in June 2014. Loans to the private sector remained steady at around US\$830 million, but remain sharply lower than pre-crisis levels. Total assets of the banking sector declined slightly from US\$4.4 billion in December 2013 to US\$4.3 billion in June 2014. These indicators suggest that banking sector confidence has not recovered from the Kabul Bank crisis. The Central Bank reports that regulatory indicators of the overall banking sector such as profitability and regulatory capital ratios are generally satisfactory, although a number of banks continue to exhibit weaknesses. The banking sector posted a profit of US\$23 million for the first half of 2014 (compared to US\$4 million in the first half of 2013), although two banks posted a loss of US\$7.8 million. It will be important to closely monitor weaknesses in the banking sector.

FIGURE 22: DEPOSITS AND LOANS OF BANKS (IN BILLION US\$)

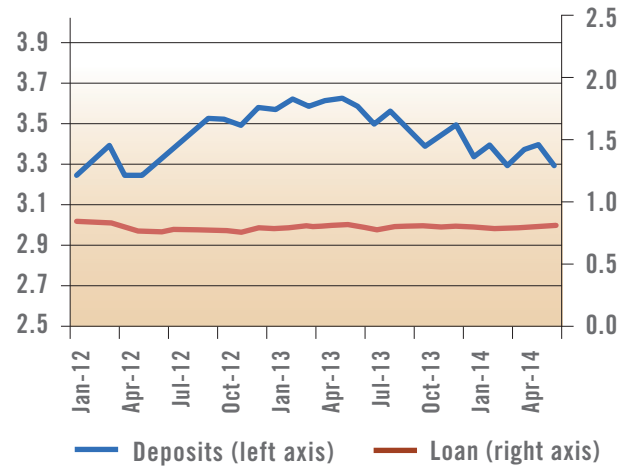
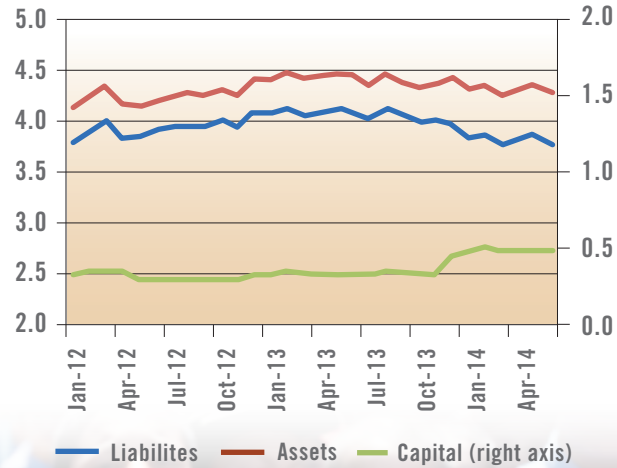


FIGURE 23: ASSETS AND LIABILITIES OF BANKING SECTOR (IN BILLION US\$)





ARTF RESULTS WORKSHOP

NOVEMBER 12, 2014

SUMMARY DISCUSSION

THE ARTF RESULTS WORKSHOP was held on November 12, 2014 to highlight results from the ARTF 2014 scorecard as well as initiate discussions on a new financing strategy for the ARTF 2015-2017. The workshop was divided into two sessions. The first session focused on ARTF progress and results. The second session looked at distribution of funding (scenarios) between ARTF Recurrent Cost Window and Investment Window for the next Financing Strategy 2015-2017. A number of decisions were made in discussions of both sessions. A Ministry of Finance team led by Deputy Minister Dr. Mustafa Mastoor, representatives of donor countries and World Bank team consisting of Country Director, Operations Manager, Country Economist and ARTF Coordinator were among the several participants in the workshop.

SUMMARY OF DISCUSSIONS

IN THE FIRST SESSION, ARTF results were presented and discussed. The participants praised the ARTF as an effective model for on-budget aid delivery and acknowledged robust results from the ARTF Recurrent Cost Window and Investment Window in 2014. Recognizing that 2014 was the second year of the scorecard, a number of additional indicators were identified to report on in the scorecard. The decisions are listed in the next section under “agreed actions.”

Noting that Government is faced with a fiscal deficit and that the recurrent cost needs of

Government continue to increase, the second session looked at possible distribution of funding (scenarios) between ARTF Recurrent Cost Window and Investment Window for the next Financing Strategy. The Ministry of Finance reiterated the urgent need to meet the fiscal deficit and use whatever funding resources available. The gravity of the trade-offs between leaving the deficit unaddressed and compromising development funds for critical investment projects was acknowledged by all.

The discussion ended with a unanimous agreement that the ARTF has to align with the new Government’s priorities when these are finalized. This would allow the ARTF to focus in on one scenario. Government, the World Bank as ARTF administrator and the donors will continue the discussion on how best to support Government in addressing the fiscal gap and balancing between the different ARTF windows. This discussion will lay the foundation for the next ARTF Financing Strategy 2015-2017.

AGREED ACTIONS

IN TERMS OF further improvements in results monitoring and the ARTF Scorecard, the following decisions were made:

- Donors’ access to communication tools continues to be a priority area. The Administrator will continue to ensure that adequate information is available on the ARTF website, including regular up-

dates of results stories;

- A new guidance note will be developed to provide donors with an overview of the various communication tools available under the ARTF;
- The ARTF Annual report or next year’s ARTF Scorecard will include a discussion on fraud and corruption issues and how these affect the ARTF portfolio;
- Next year’s ARTF Scorecard will include new indicators on:
 - Community feedback mechanisms;
 - The independent verification carried out by the ARTF Supervisory and Monitoring Agents; and
 - Nutrition.
- The Administrator will further explore the potential for the ARTF to provide guarantees to encourage private sector investment in Afghanistan.

TRACKING GENDER ACHIEVEMENTS IN ARTF PROJECTS

FOR THE AFGHANISTAN Reconstruction Trust Fund (ARTF), addressing gender issues through supported projects is critical to the overall performance of the portfolio, and the development trajectory of Afghanistan as a whole. The World Bank has identified the low level of women participating in Afghanistan's workforce and generally low levels of female human capital as one of the greatest risks to the Afghan economy going forward, and one of the strongest underlying constraints to poverty reduction.

In order to support women's human capital and ability to participate more actively in various sectors of the economy, a range of in-

terventions are needed, including health and education services, as well as agricultural extension and value chain support, financial services, and support to women in the civil service, to name a few.

From this perspective, gender is taken as a key cross-cutting focus for the ARTF. The ARTF addresses gender issues both at the level of individual projects, and through a set of portfolio level interventions. Both aspects of this dual approach provide critical inputs to gender mainstreaming, the core principle of the ARTF approach to gender issues. Through individual projects, specific development targets are achieved, such as increases in

female literacy or support to female farmers. Through portfolio level interventions, cross-cutting or multi-sectoral gender concerns are discussed and addressed, policy issues are defined, and gender issues are institutionalized in the processes and mechanisms of the Trust Fund.

During FY14, substantial achievements were made in the ARTF portfolio in terms of gender mainstreaming in **Results Monitoring** as part of the ARTF Scorecard, while gender mainstreaming of operations has been quite substantial for several years, as also reflected in the project data presented below.

PROJECT NAME	TOTAL FEMALE BENEFICIARIES (% of total)	TOTAL FEMALE EMPLOYEES (% of total)	OTHER PROJECT RESULTS
National Horticulture and Livestock Project (NHLP)	34,695 kitchen gardens established (289% of target) Extension training: 34,695 (33%) Training on sanitation, feeding, management, disease identification, milking and processing: 21,340 (68%)	Horticulture Extension Workers: 41 Kitchen Garden Lead Farmers: 190 Total in Horticulture: 231 Livestock Provincial Extension Officer: 10 Livestock Extension Agent: 300 Poultry Assistant: 6 Poultry Trainers: 48 Poultry Monitor: 12 Poultry Village Group Leader: 248 Total in Livestock: 610	
Education Quality Improvement program (EQUIP)	Gross Enrollment Ratio (GER) for girls: 53% Primary school: 66% Lower Secondary School: 40% Higher Secondary School: 26% Tertiary Education: 19% female 1.2 million students in EQUIP-constructed schools (40%)	Female beneficiaries of In-Service Teacher Training represent 31% (from a total of 180,000) Females comprise 54% of total Teacher Training Colleges (TTC) students: —This year (2014) the enrollment for TTC was 37,852 students, out of which 62% were female —Similarly, in 2014, 53% of students graduating from these TTCs were female —Female percentage in project staff: 17%	



PROJECT NAME	TOTAL FEMALE BENEFICIARIES (% of total)	TOTAL FEMALE EMPLOYEES (% of total)	OTHER PROJECT RESULTS
System Enhancement for Health in Transition project (SEHAT)	60% of clients/patients at Basic Health Centers and for Essential Package of Hospital Services are women	SEHAT staff at hospitals: 8181 (31%) MoPH staffing: HQ : 1,951 female (28%) Provincial: 1,100 female (18%)	
Afghanistan Rural Enterprise Development Project (AREDP)	3,058 Female Saving groups (52%) 949 female Enterprise groups (64%) 10,895 female Borrowers (57%) Female SMEs: 13% 28,740 female beneficiaries trained (53%) 99 female SMEs supported w. Exhibitions /Exposure/technical training (21%) 99 Innovation awards to women (23%)	116 Provincial AREDP facilitators (49%) 46% of SMEs (22.5% female) increased direct employment by 30% or more 41% SMEs (23% female) increased net revenue by 20% or more	1,600 women achieved basic numeric literacy
National Solidarity Program (NSP-3)	50% of NSP beneficiaries are women CDCs with First Block Grant: 34% female CDC members and 4.5% female office bearers CDCs in Repeater Block Grants: 45% female CDC members and 39% of CDC office bearers are women	949 NSP staff (12%): —10% female at field level, —16% female at HQ	3,740 voluntary Community Monitoring Teams (41% female members)
Kabul Municipal Development Program (KMDP)	20 Female Gozar Cooperating Shuras (44%) 204 consultation meetings with Female GCS 73% of beneficiaries are women and children	5 female staff (9.3%) in HQ: —1 office manager —4 community mobilizers	Community women active in mobilizing community contribution for projects



Over the coming year, the focus will be to consolidate and further strengthen gender analysis, mainstreaming and reporting across the Afghanistan portfolio. The national Gender Specialist is providing support to projects across the portfolio to strengthen gender dimensions in implementation. Where relevant, specific gender-related analytics will be identified which can strengthen the design and implementation of operations. The Gender Specialist is working closely with Gender Focal Officers in line ministries and Project Implementation Units to develop adequate gender strategies for the given sector and to provide guidance and support on implementation.

On the field level, progress of integrating gender dimensions in projects is geographically imbalanced, and may require specific corrective measures. In projects, targeted interventions in may facilitate female participation, such as Participation quotas (particularly common in CDD activities—e.g. NSP); identification of dedicated spaces for women to convene; provision of transport costs if mobility is constrained; consideration of child care options; female social mobilizers on project implementation staff; engagement of head of households and community leaders to assure their support for and promotion of project interventions and application of CBR gender policy (e.g. *maharam* provisions) across projects to facilitate mobility of female staff. A number of these options are in place in different projects, but experiences may benefit other projects to increase outreach and participation of women and specific focus will be on direct linkages between “action” and “M&E,” building upon the emerging evidence base on “what works.”

The extent to which all these efforts will translate into improved gender **outcomes** of project investments cannot be guaranteed, since that depends not only on the political will, commitment and ability of the counterpart ministries, but even more on the overall stability and security situation of the country.

NATIONAL BASIC HEALTH CARE

34 PROVINCES COVERED BY THE ARTF

AFGHANISTAN HAS ACHIEVED significant improvements in health outcomes and coverage of reproductive and child health services in the last 10 years. The health system's progress is attributable to strong government leadership, sound public health policies, establishing innovative service delivery approaches, as well as careful program monitoring and evaluation. The results achieved have been impressive with under-five and infant mortality rates declining from 257 and 165 per 1000 live births to 91 and 48 respectively and maternal mortality ratio estimated at 327 per 100,000 live births, compared with 1,600 in 2002. The number of functioning health facilities has increased from 496 in 2002 to more than 2,000 in 2013 and the proportion of health facilities with female staff has increased to 80 percent. Despite these notable improvements, health, nutrition and population outcomes are still below the global average for low income countries. Afghanistan is not on track to attain the health MDGs by 2015 and needs to improve its health sector performance significantly so that its population can be called a truly healthy people.

The health service delivery in Afghanistan and the results achieved have been financed by the European Union, the United States Agency for International Development (USAID) and the ARTF. The ARTF has provided financing for 11 provinces through performance-based partnership agreements (PPA) with NGOs as well as through government service delivery in 3 provinces called MOPH strengthening mechanism (SM). The EU and

USAID financed provision of Basic Provision of Health Services (BPHS) and Emergency Provision of Health Services (EPHS) in the remaining 10 and 13 provinces respectively. The support was well coordinated by the Ministry of Public Health (MOPH) and the package of services was very similar in each of the provinces. Central functions were also supported by these three development

partners in a complementary fashion. The ARTF along with EU and the USAID supported a Grant contracting and Monitoring Unit (GCMU) in the MOPH along with a third party monitoring firm.

The System Enhancement Health Action in Transition (SEHAT) project (2013– 2018) will finance the implementation of the BPHS and EPHS through contracting out and contract-



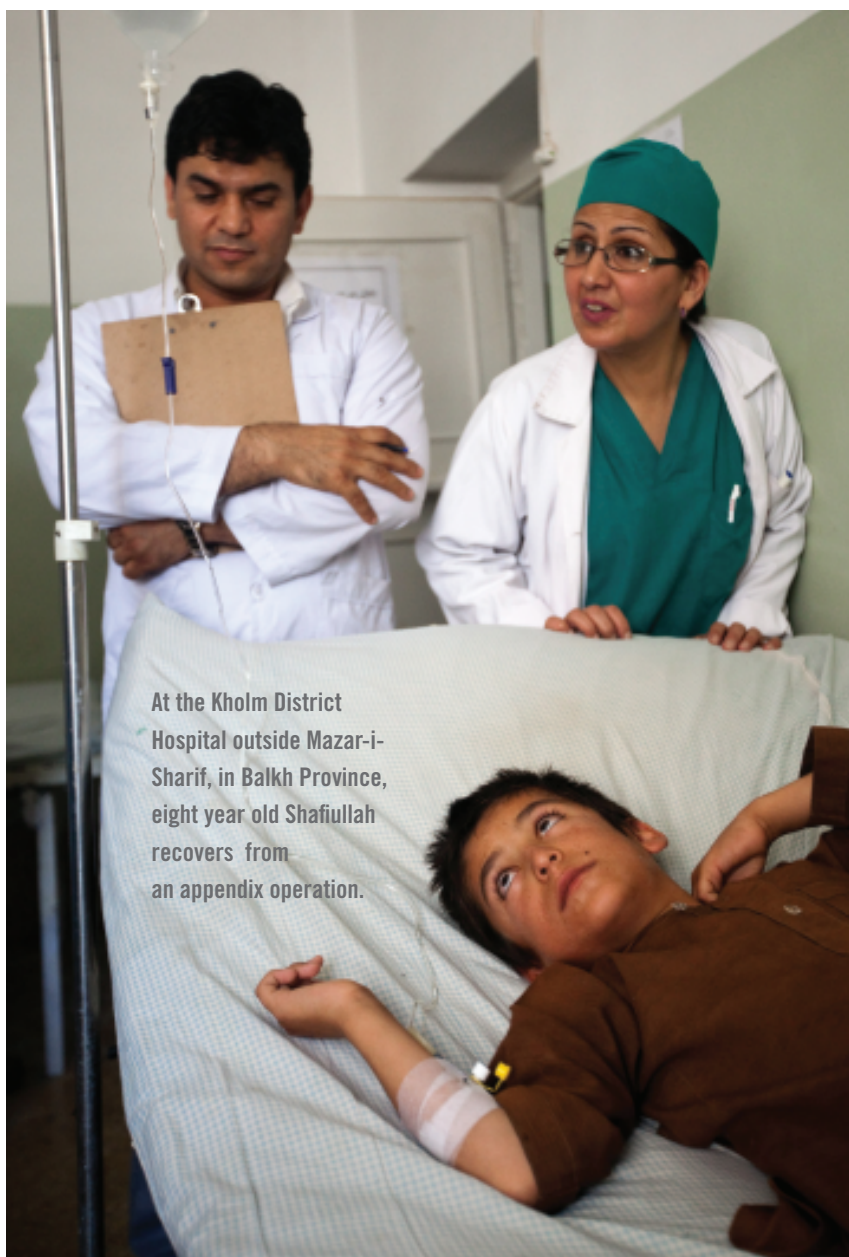
At the 40-bed Rukha Hospital, in Panjshir Province, baby Yalda is being treated for pneumonia.

ing in (MOPH-SM) arrangements both in rural and urban areas in 21 provinces including the ten provinces previously financed by the EU. In phase 2 the remaining 13 provinces (presently being financed by USAID) will also be financed from the SEHAT project through the ARTF. Hence SEHAT will become nationwide and provide a single financing mechanism for provision of BPHS and EPHS. SEHAT is also strengthening the national health system and MOPH's capacity at central and provincial levels (under its component 2), so that MOPH can effectively perform its stewardship functions in the sector.

Since SEHAT is by nature an on-budget project, one of potential major challenges of the project is strong political commitment. In order to ensure efficacy the following challenges need to be addressed: i) In health system development, sufficient technical assistance is required to define the health system development agenda in clear terms; ii) For BPHS/EPHS service delivery, it is of utmost importance that the MOPH give appropriate priority and focus on its oversight and supervision role so that all implementers are supervised by the MOPH staff on regular intervals; iii) The government will also need to address the lengthy bureaucratic procedures for the effective implementation of the project as well as addressing the issue of human resources. The ARTF provides a solid platform for donor coordination and joint financing and SEHAT provides a great opportunity for development partners in Afghanistan to finance their future support of one government program jointly through single financing modality spending more quality time for effective policy dialogue. The process will help Afghanistan to move the dialogue towards a coordinated programmatic support or a Sector-wide Approach (SWAP). This joint support will build upon the currently supported programs and

increase responsiveness to the medium/longer term needs of the sector and the country, by moving from an approach which was characterized by responding to emergency needs to a systems-based approach focused on the sustainable development of the sector. Given the ongoing transition in Afghanistan, a major realignment of external assistance

to the country is expected over the coming years; as such, it makes even greater sense to move towards such a sectoral approach so that financing for the sectoral priorities can be better planned through a well-coordinated effort by development partners.



At the Kholm District Hospital outside Mazar-i-Sharif, in Balkh Province, eight year old Shafiullah recovers from an appendix operation.

ARTF RECURRENT COST FINANCING

INTRODUCTION

THIS SECTION OF THE REPORT provides a summary of the recurrent cost financing under the ARTF, as monitored by the Monitoring Agent, under World Bank supervision. The ARTF, through its Recurrent Cost Window (RCW), finances a share of government salaries and wages of non-uniformed civil servants (approximately 71 percent of whom are working outside Kabul) and the Government's operating and maintenance (O&M) expenditures outside of the security sector. From SY1381 to the end of FY1393, a total of US\$3.56 billion had been made available to the Government, of which US\$3.30 billion had been disbursed. The total allocation of US\$3.56 billion includes a buffer amount of US\$100 million made available to Government and US\$146.96 million in funding under the Ad Hoc Payments (AHP), US\$344.80 million under the Incentive Program (IP) and

finally US\$65.9 million in O&M financing. The share of government non-security expenditure covered by the ARTF is declining every year, as the government's operating budget increases in size. For FY1393 a ceiling for the RCW of US\$400 million was set out in the ARTF Financing Strategy 1391-1393. The ceiling was made up of US\$125 million in baseline financing, US\$175 million for the Incentive Program (IP) and US\$100 million for the Operations & Maintenance (O&M) Facility. In FY1393 a total of US\$272.6 million was disbursed to Government under the RCW. This included the FY1393 baseline financing of US\$125 million, US\$113.70 million under the IP (US\$48.70 million of this was disbursed under the FY1392 IP and US\$75 million was from the FY1393 program) and finally US\$33.90 million in O&M financing.

Based on the endorsement by the ARTF Steering Committee on December 1, 2013, a new arrangement was introduced under the RCW: the "Ad Hoc Payments" (AHP)³. A total amount of US\$146.96 million was disbursed under the AHP during FY1393. Funding came from the following donors: USAID US\$105m, UK US\$24.96m and Australia US\$17m. The ARTF Monitoring Agent (MA) is yet to submit its final report for the full FY1393 and therefore this report covers only the monitoring activities for the first three quarters of FY1393s monitoring results. Below is an abstract of the FY1393 MA Q3 report.

³ Please refer to the FY1393 Update to the ARTF Financing Strategy for further information on the AHP.





FY1392 AND FY1393 OPERATING BUDGET EXECUTION

TABLE 6 below presents budgeted and expenditure for FY1393 Q1-3. The table details total budget versus actual expenditures at the end of Q3 of FY1393 for ministries eligible as well as ineligible for ARTF financing.

TABLE 6: BUDGET VS. EXPENDITURE UP TO SEPTEMBER 22, 2014

PARTICULARS (AMOUNT IN AFN '000,000)	FY1393			TOTALS BY FY			
	PAYROLL	O&M	TOTAL	FY1392	FY1391	SY1390	SY1389
TOTAL BUDGET	156,681	115,702	272,383	218,986	156,896	156,361	116,266
ADD: MID-YEAR BUDGET REVIEW							
LESS: budget of Non-qualifying spending entities (budget for Defense, Interior, National Security, Presidential Protection Services)	-102,889	-80,245	-183,134	-138,074	-98,823	-88,183	-63,133
Budget of spending Entities qualified for financing (A)	53,792	35,457	89,249	80,912	58,073	68,178	53,133
Actual expenditures for year (ineligible entities included)	58,961	30,457	89,418	110,065	111,957	149,385	110,485
LESS: budget of Non-qualifying spending entities (budget for Defense, Interior, National Security, Presidential Protection Services)	-22,531	-17,735	-40,266	-38,515	-63,860	-89,507	-66,226
Expenditures in Ministries qualified for financing (B)	36,430	12,722	49,152	71,550	48,097	59,878	44,259
Actual expenditures in percentage of adjusted budgeted expenditures	68%	36%	55%	88%	83%	88%	83%
Remaining budget (A-B)	17,362	22,735	40,097	9,362	9,976	8,300	8,874
Unexpended budget as a percentage of total budget	32%	64%	45%	12%	17%	12%	17%

Source: Monitoring Agent FY1393 Q3 report. Budget presented above is output from AFMIS.



FY 1393 EXPENDITURE DISTRIBUTION AMONG COST CATEGORIES

FIGURE 24 PRESENTS the total distribution of AFN 89,418 million recorded in AFMIS at the end of FY1393 Q3, of which AFN.49,152 qualified for financing FY1393 among the four cost categories financed by the ARTF.

PAYROLL EXPENDITURES are divided into (i) Payroll-based salary expenditure (PBSE); and (ii) Non-payroll-based salary expenditure (NPBSE). The payroll expenditures include all payroll based salary expenditures, including gross salary, food allowance, education level allowance, Priority Reform and Restructuring (PRR) payment and bonus payrolls. Non-payroll-based salary expenditure (NPBSE) comprises all expenditures classified in the AFMIS as wages and payroll, but supported by documents other than payroll, such as assistance payments to employees and transportation expenses.

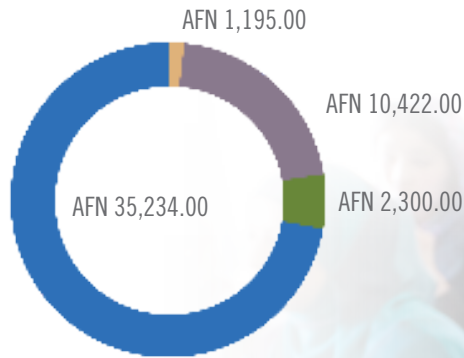
O&M EXPENDITURES are broken into (iii) O&M expenditure, excluding pensions (OM-P); and (iv) Pensions (P). OM-P comprises all recurrent expenditures recorded in AFMIS, not included in other categories, and Pensions includes pension payments by the Pension Department and Martyrs and Disabled Department of the Ministry of Labor and Social Affairs.

RECURRENT COSTS BY LINE MINISTRY

THE EXPENDITURES of the seven largest ministries amount to 72 percent at the end of FY1393 Q3, as shown in below chart. The Ministry of Education accounted for 43 percent of non-security spending, mainly for teachers' salaries. Teachers represent almost half of all Afghan non-uniformed civil servants.

FIGURE 24: FY1393 NON-SECURITY EXPENDITURES BY MAIN CATEGORY

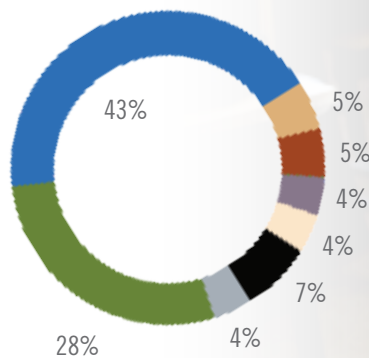
(AFN IN MILLION)



- Payroll-based salary
- Non-payroll-based salary
- O&M excluding pension
- Pension

Source: Monitoring Agent FY1393 Q3 report

FIGURE 25: FY1393 EXPENDITURE—DISBURSEMENTS BY MINISTRY



- Ministry of Education
- Ministry of Higher Education
- Ministry of Public Health
- Ministry of Foreign Affairs
- Ministry of Finance
- Ministry of Martyrs, Disabled and Social Affairs
- Ministry of Public Works
- Other eligible spending entities

Source: Monitoring Agent FY1393 Q3 report.



ELIGIBILITY OF EXPENDITURES

ARTF FINANCES recurrent cost expenditures, which meet the criteria set by the Government, the ARTF Grant Agreement and the Fiduciary Standards (additional requirements agreed to by the Ministry of Finance and the World Bank as the ARTF Administrator). Criteria for eligibility are set out in the box below.



ARTF ELIGIBILITY CRITERIA

GOVERNMENT REGULATIONS

The Annual Budget Decree

Since ARTF provides budget support to the Government, expenditures can be found eligible only if they are included in the yearly budget. ARTF's share of financing for the yearly budget was approved by the ARTF Management Committee.

Other

All goods and services must be procured and accounted for in accordance with government law and regulations. If an expenditure does not comply with local regulations, it cannot be considered eligible for financing by the ARTF. It is important to note that the Afghan procurement law allows for procurement to conform to donor requirements (article 50 sub 1).

ARTF GRANT AGREEMENT

All military and security related expenditures are ineligible for financing.

PROCUREMENT

Capitalized goods and works need to be procured in accordance with the provisions of World Bank procurement in the Financial Agreement.

FIDUCIARY STANDARDS

Fiduciary Standards (revised 20 December, 2004): In addition to the Afghan laws and regulations, an additional set of requirements on the timeliness of reporting and efficiency of cash management of eligible expenditures has been adopted.

Table 7 below presents comparative data on submitted expenditures and actual approved expenditures over the life of the ARTF. Payments are deemed ineligible according

to the criteria described in the box above. The expenditure and eligibility figures for the four years SY1384, SY1385, SY1386 and SY1387 were restated taking into account

the final deductions based on the auditors' findings for these years.

TABLE 7: SY1381-92 SUMMARY OF STATEMENTS OF EXPENDITURE: SUBMISSIONS AND APPROVALS

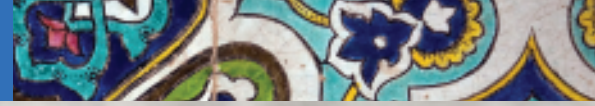
EXPENDITURES SUBMITTED BY MOF TO MA				APPROVED BY MA AND WB					
SOLAR YEAR	O&M	Payroll	Total	O&M	Payroll	Total	O&M %	Payroll %	Total %
1381	42,239	87,917	130,157	27,318	87,690	115,007	64.67%	99.74%	88.36%
1382	300,478	120,204	420,682	41,737	111,241	152,978	13.89%	92.54%	36.36%
1383	82,164	202,038	284,202	61,433	186,199	247,633	74.77%	92.16%	87.13%
1384	104,100	227,858	331,958	76,306	192,227	268,533	73.30%	84.36%	80.89%
1385	148,184	280,303	428,487	95,688	259,315	355,003	64.57%	92.51%	82.85%
1386	178,777	323,943	502,721	110,855	288,969	399,824	62.01%	89.20%	79.53%
1387	261,946	412,914	674,859	40,076	365,044	405,121	15.30%	88.41%	60.03%
1388	252,243	538,929	791,171	147,484	477,113	624,598	58.47%	88.53%	78.95%
1389	305,849	665,675	971,524	160,020	548,589	708,609	52.32%	82.41%	72.94%
1390	478,480	762,137	1,240,617	297,430	598,149	895,579	62.16%	78.48%	72.19%
1391	313,455	616,860	930,315	132,942	450,315	583,257	42.41%	73.00%	62.69%
1392	442,317	845,824	1,288,141	178,844	733,667	912,511	40.43%	86.74%	70.84%
1393 *	197,423	556,723	754,145	197,423	556,723	754,146	100.00%	100.00%	100.00%
Total	3,107,655	5,641,324	8,748,978	1,567,557	4,905,440	6,472,997	50.44%	86.96%	73.99%

Source: Monitoring Agent FY1393 Q3 report.

Note : Table excluding deductions for reaching the yearly budget cap as agreed between donors and GIRA.

*Comprises the Expenditure for the period Jadi to Hoot FY 1393.

Notes: SY1387 figures does not currently reflect eligibility ratios consistent with prior years since all O&M and non payroll based compensation were not qualified for reimbursement under ARTF due to amendments made to public procurement law. These provisions were restored for SY1388.



Farmer Hashim Shirzad, with his son Khalid, on his property at Momen Abad Village, where he is growing lemon trees that are a benefit of the new National Horticulture and Livestock Project (NHLP).



INVESTMENT WINDOW SUPERVISORY AGENT

SINCE THE CREATION OF THE ARTF, the supervision strategy for the country portfolio has evolved greatly in order to effectively address the challenges in Afghanistan's environment as well as report to the donor community on results of ARTF financing. The inclusion of large, high volume, complex projects with nationwide coverage being implemented in a low capacity, fragile state

context necessitated the addition of a Supervisory Agent (SA) to conduct third party monitoring (TPM).

Now in the program's third year, the Supervisory Agent has conducted a total of 10,808 site visits, providing quality control and asset verification to:

- The National Solidarity Program III (NSP III);
- The Afghanistan Rural Access Project (ARAP);
- The Education Quality Improvement Project II (EQUIP II);
- The Irrigation Rehabilitation and Development Project (IRDP) and the recently added;
- On Farm Water Management Project (OFWM).

HIGHLIGHTS FROM YEAR III

UNDER THE YEAR III WORK PLAN, the SA planned to submit a total of 4,000 inspection reports. Through increased efficiencies, the final total for delivered inspection

reports reached 4,801 in Year III, exceeding the program target by more than 20%. All programs maintained an even distribution of reports across all quarters with only

slight impacts from the national elections, Eid al-Fitr, and other events. The table below highlights Year III results under the Supervisory Agent's portfolio:



PROJECT	MINISTRY	HIGHLIGHTS
Irrigation Restoration and Development Project— Local Monitoring Program	Ministry of Energy and Water	959 Inspection Reports <ul style="list-style-type: none"> The addition of a Local Monitoring (LM) to a project greatly increases the community's feeling of involvement with the works. By training individuals on-site, the program is flexible and efficient and is able to begin monitoring as soon as a project is awarded. Due to the value added, LMs are regularly asked by community leaders to monitor other projects within the community upon completion of the canal. The near real-time feedback from the project allows for identification of deviations, tracking of work, and verification of rectified deviations to be done efficiently by the program team.
National Rural Access Program— Third Party Monitoring	Ministry of Rural Rehabilitation and Development	450 Inspection Reports <ul style="list-style-type: none"> NRAP bridges are consistently the highest quality projects across all the SA-monitored programs. The newest NRAP road projects, constructed under ARAP, have highly superior design and overall construction quality versus previous roads, with structures and drainage showing the greatest improvement. The recently initiated ARAP Operations and Maintenance (O&M) program is being added to future SA inspections in Year IV.
National Solidarity Program— Third Party Monitoring Highlights	Ministry of Rural Rehabilitation and Development	881 Inspection Reports <ul style="list-style-type: none"> Power projects, generally micro hydropower plants, continue to be some of the highest quality and best maintained projects. Community centers, which are often more complicated than most community projects, have continued to be of high quality. Water well projects remain challenging due to uncertainty in aquifer depths, hard rock encountered during construction, and difficulty in successfully maintaining completed projects. Female participation both in CDCs and project selection exceed historical levels.
Education Quality Improvement Program— Third Party Monitoring	Ministry of Education	585 Inspection Report <ul style="list-style-type: none"> An insufficient number of schools and classrooms exist to accommodate the increasing student population, even at new facilities. Many school facilities lacked boundary walls and water wells, key components for a safe and functional learning environment. Lower attention is often paid by the construction contractors to finish elements such as windows and doors, sidewalks and ramps, and interior finishes than to other elements of construction.
Education Quality Improvement Program— Local Monitoring	Ministry of Education	575 Inspection Reports <ul style="list-style-type: none"> School projects are excellent candidates for LMs due to the fact that they are of high importance to the community. The single-point-project nature of schools and their locations generally within the villages allow for greater ease of monitoring by the LM as they do not have a great distance to cover each day. With the vast number of schools being constructed, the most value from the program is achieved by deployment of LMs to austere or insecure areas that MoE would otherwise have difficulty monitoring.

PROJECT	MINISTRY	HIGHLIGHTS
Monitoring Training Center	Ministry of Education	867 Inspection Reports <ul style="list-style-type: none"> The MoE MTC program completed 446 inspections in Year III, besting the 406 completed by the first class in Year II. Including SA quality control reports, the program completed 867 inspection reports in Year III. This year's students exhibited an incredible increase in proficiency throughout the length of the course, as evident by their average fourth quarter scores of 98.69% versus the first quarter average of 32.51%
Afghanistan Rural Enterprise Development Program— Third Party Monitoring Pilot Program	Ministry of Rural Rehabilitation and Development	239 Inspection Reports <ul style="list-style-type: none"> For both VSLA and SG loans, the primary purposes were generally procurement of livestock or stocking of stores. Female SGs issued nearly twice as many loans as male SGs. Repayment of loans was rarely an issue; only nine delayed repayment cases were seen between the VSLAs (7) and SGs (2). Documentation of meetings and finances were generally well kept.
Coordination and Partnering with the Government of Afghanistan Ministries		<ul style="list-style-type: none"> Ministry-led development of the Year IV targets and scope. Initial development of a CMORE-based method for ministries to track and close deviations based on rectifications. Greater participation of ministries in joint site visits with the SA engineers. Further expansion of community monitoring to extend the reach of the ministries as far as possible. Increased emphasis placed on resolving deviations and successfully completing projects.

The general results from Year III demonstrated programs that were functioning well with projects completed to a high standard. Each program consistently exceeded previous levels of quality. A key success was shown through the start of the latest iteration of NRAP, the Afghanistan Rural Access Project (ARAP). By incorporating lessons learned and past feedback, NRAP projects immediately demonstrated superior designs and construction quality over those constructed prior to implementation of ARAP. Year III also saw completion of the two year Monitoring Training Center program. This program successfully trained Ministry of Education (MoE) engineers in project monitoring, report processing, and supervision. With increased capacity in these areas, the graduated MoE engineers will be able to further improve monitoring and reporting on

EQUIP projects in the future. The third year of the Supervisory Agent's monitoring included the LM program which ensures ownership and live feedback to ministries on project progress. With the use of local monitoring, Ministries receive regular, real time reporting of critical deficiencies for timely rectification allowing Ministries to proactively address issues resulting in higher quality structures. The local monitoring program initially focused on IRDP under the Ministry of Energy and Water (MoEW), However, given the successes observed in the IRDP LM program, a second LM program was initiated for EQUIP in Year III. Also, during the second quarter of Year III, a new pilot program, the Afghanistan Rural Enterprise Development Program (AREDP), was added as a short-term pilot.

For more information on the Supervisory Agent's monitoring of ARTF projects please visit: <http://www.artf.af/external-reviews/artf-supervisory-agent>



ANNEX 1: STATUS OF ARTF INVESTMENT PORTFOLIO

STATUS AND RATINGS OF ACTIVE AND DISBURSING ARTF INVESTMENT PROJECTS

(Amounts in US\$ million)

	Approved Grant Amount	Amount Disbursed	Amount Available	Start Date	Closing Date	Achievement of Grant Objectives	Implementation
Second Public Financial Management Reform Project-TF010024	73.00	49.81	23.19	9-Aug-11	31-Dec-15	MS	MS
Capacity Building for Results Facility Project (CBR)-TF011447	100.00	37.43	62.57	21-Jan-12	31-Dec-17	MU	MS
Irrigation Restoration and Development Project-TF012029	48.40	13.33	35.07	14-Mar-12	31-Dec-17	S	MS
Justice Service Delivery Project-TF012533	40.00	9.93	30.07	31-May-12	1-Jun-17	MU	MU
Afghanistan Rural Access Project (ARAP)-TF013093	107.00	47.14	59.86	15-Sep-12	31-Mar-18	S	S
National Horticulture and Livestock Project-TF013820	100.00	28.73	71.27	22-Dec-12	31-Dec-18	S	S
Afghanistan Resource Corridors Project-TF014845	2.70	1.32	1.38	29-May-13	31-Dec-14	-	-
Naghlu Hydropower Rehabilitation Project PPG-TF014861	4.97	1.14	3.83	24-Jun-13	31-Dec-14	-	-
Afghanistan Agricultural Inputs Project-TF015003	74.75	6.69	68.06	30-Jun-13	30-Jun-18	MU	MU
System Enhancement for Health in Transition Project (SEHAT)-TF015005	100.00	65.53	34.47	27-Aug-13	30-Jun-18	MS	MS
Preparation of Higher Education System Improvement Project-TF015577	4.90	3.59	1.31	2-Oct-13	31-Dec-14	-	-



	Approved Grant Amount	Amount Disbursed	Amount Disbursed	Start Date	Closing Date	Achievement of Grant Objectives	Implementation
Non Formal Approach to Training, Education and Jobs in Afgha-TF016354	15.00	1.09	13.91	11-Apr-14	30-Dec-18	S	S
CASA-1000 Community Support Project-TF017012	40.00	0.00	40.00	11-Apr-14	30-May-17	S	S
Kabul Municipal Development Program (KMDP)-TF017016	110.00	10.42	99.58	11-Apr-14	31-Dec-19	S	S
Kabul Urban Transport Efficiency Improvement Project (KUTEI)-TF017061	90.50	8.33	82.17	11-Apr-14	31-Dec-19	S	MS
Power System Development Project-TF093513	60.00	53.22	6.78	19-Mar-09	31-Jan-15	S	MU
Second Education Quality Improvement Project-TF093962	408.00	283.88	124.12	14-Apr-09	15-Aug-15	MS	MS
Third Emergency National Solidarity Project-TF098459	950.00	882.24	67.76	24-Jan-11	30-Sep-15	S	S
On-Farm Water Management Project (OFWM)-TF099074	25.00	22.94	2.06	16-Mar-11	31-Dec-15	S	S



ANNEX 2: ARTF FINANCIAL TABLES

The tables below show the financial situation of ARTF of December 21, 2014. The tables are updated monthly and are available at the ARTF web site: <http://www.worldbank.org/artf>

**TABLE 1 - Actual and Expected Donor Contributions
Paid-In, Committed, Pledged (US\$ Million) December 21, 2014**

Donor	SY 1381	SY 1382	SY 1383	SY 1384	SY 1385	SY 1386	SY 1387	SY 1388	SY 1389	SY 1390	FY 1391	FY 1392	FY 1393				FY 1381-93	FY 1381-93	FY 1381-93	FY 1381-93	
	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Total Paid-in	Signed Pledges	Un-signed Pledges	Total FY 1392	% of Total FY 1392	Total	% of Total	Total Paid-in	% of Total Paid-in
Australia	0.00	2.63	6.27	7.65	5.84	2.09	31.44	14.99	28.49	89.47	6.03	62.36	74.88	0.00	0.00	74.88	6.9%	332.15	4.2%	332.15	4.2%
Bahrain	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.50	0.0%	0.50	0.0%
Belgium	0.00	0.00	0.00	0.00	0.00	0.00	2.61	2.72	0.00	2.71	0.00	2.60	2.50	0.00	0.00	2.50	0.2%	13.13	0.2%	13.13	0.2%
Brazil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.20	0.0%	0.20	0.0%
Canada	12.00	50.09	5.49	72.34	58.86	213.46	22.07	34.22	38.35	49.24	26.08	11.84	18.67	0.00	0.00	18.67	1.7%	612.73	7.7%	612.72	7.7%
Czech Republic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.89	0.00	0.89	0.1%	0.89	0.0%	0.00	0.0%
Denmark	5.00	5.00	3.16	3.92	4.34	8.43	20.86	10.25	2.03	10.28	11.38	10.70	6.50	5.44	0.00	11.94	1.1%	107.30	1.3%	101.86	1.3%
EC/EU	15.87	52.72	47.60	58.77	52.72	73.62	11.31	14.19	25.52	9.44	34.79	39.55	76.19	13.49	0.00	89.68	8.3%	525.77	6.6%	512.28	6.5%
Estonia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29	0.00	1.26	0.62	0.00	0.00	0.62	0.1%	2.18	0.0%	2.18	0.0%
Finland	2.79	2.45	5.95	0.00	2.42	5.40	7.91	8.86	7.82	9.90	11.10	13.30	12.35	0.00	0.00	12.35	1.1%	90.25	1.1%	90.25	1.1%
France	0.00	0.00	0.00	0.00	0.00	0.00	5.13	5.72	5.56	0.00	5.17	5.52	0.00	0.00	0.00	0.00	0.0%	27.09	0.3%	27.09	0.3%
Germany	10.07	11.44	15.94	1.23	20.47	55.99	74.00	50.85	64.52	78.40	78.16	55.01	75.26	0.00	0.00	75.26	7.0%	591.35	7.4%	591.35	7.5%
India	0.20	0.20	0.00	0.40	0.20	0.20	0.19	0.20	0.20	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.0%	1.80	0.0%	1.79	0.0%
Iran, Islamic Republic of	0.00	0.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.99	0.0%	0.99	0.0%
Ireland	1.00	1.70	1.81	0.61	1.28	1.46	1.58	2.78	2.54	1.37	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	16.12	0.2%	16.12	0.2%
Italy	17.00	0.00	6.54	0.00	9.22	8.80	34.07	4.10	3.89	10.70	3.89	3.60	17.69	1.39	0.00	19.08	1.8%	120.90	1.5%	119.51	1.5%
Japan	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	138.00	110.00	70.00	0.00	0.00	70.00	6.5%	343.00	4.3%	343.00	4.3%
Korea, Republic of	2.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	0.0%	16.00	0.2%	16.00	0.2%
Kuwait	5.00	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	15.00	0.2%	15.00	0.2%
Luxembourg	1.00	0.00	0.00	0.61	1.56	1.07	1.14	1.14	1.11	0.97	0.00	0.67	0.48	0.31	0.00	0.78	0.1%	10.05	0.1%	9.74	0.1%
Netherlands	33.67	41.15	46.41	29.66	50.81	39.76	39.46	41.90	32.66	32.57	32.48	23.78	24.91	0.00	0.00	24.91	2.3%	469.23	5.9%	469.23	5.9%
New Zealand	0.00	0.00	0.00	0.00	0.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.63	0.0%	0.63	0.0%
Norway	6.82	29.63	9.91	22.54	23.22	30.98	31.47	38.36	47.80	48.57	55.11	51.24	39.13	0.00	5.23	44.36	4.1%	435.85	5.5%	434.79	5.5%
Poland	0.00	0.00	0.00	0.00	0.29	0.27	1.17	1.20	1.00	1.40	1.26	0.59	0.00	0.57	0.00	0.57	0.1%	7.76	0.1%	7.18	0.1%
Portugal	0.00	0.46	0.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	1.18	0.0%	1.18	0.0%
Russian Federation	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	4.00	0.1%	4.00	0.1%
Saudi Arabia	10.00	5.00	5.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	25.00	0.3%	25.00	0.3%
Spain	0.00	0.00	0.00	0.00	0.00	22.04	0.00	35.22	27.59	6.64	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	91.50	1.1%	91.50	1.2%
Sweden	3.10	5.98	25.90	12.84	14.68	20.18	18.35	25.35	32.64	28.59	31.49	39.98	32.12	2.58	0.00	34.70	3.2%	293.79	3.7%	291.21	3.7%
Switzerland	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.67	0.0%	0.67	0.0%
Turkey	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.50	0.0%	0.50	0.0%
UNDP	0.00	2.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	2.41	0.0%	2.41	0.0%
United Kingdom	15.08	47.10	103.06	131.47	128.49	151.05	162.54	99.05	23.72	132.96	136.02	130.41	132.86	0.00	0.00	132.87	12.3%	1393.81	17.5%	1393.81	17.6%
United States	38.00	20.00	89.59	62.00	73.90	0.00	159.50	264.00	265.00	400.00	371.24	218.59	443.47	25.00	0.00	468.47	43.3%	2430.29	30.4%	2405.29	30.3%
TOTAL	184.77	286.46	380.37	404.05	453.92	634.80	626.82	657.29	610.44	933.51	942.20	791.00	1027.64	49.69	5.23	1082.56	100.0%	7984.02	100.0%	7933.27	100.0%

TABLE 2 (Part 1) - Expressed Donor Preferences By Projects—Paid-In, Committed, Pledged (US\$ Million) December 21, 2014

Donor	Curr	Program	SY 1381	SY 1382	SY 1383	SY 1384	SY 1385	SY 1386	SY 1387	SY 1388	SY 1389	SY 1390	FY 1391	FY 1392	FY 1393					FY 1381-93		
			Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Pledged		Paid-in		Total	Expressed Preference	Of which Paid-in
			US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	Own	US\$ Est.	Own Curr.	US\$	FY 1393		
																Curr.						
Australia	AUD	AHP (Ad Hoc Payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	16.74	16.74	16.74	16.74
Italy	EUR	AHP (Ad Hoc Payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.23	0.00	0.00	1.23	1.23	0.00	
United Kingdom	GBP	AHP (Ad Hoc Payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.50	66.43	66.43	66.43	66.43	
Norway	NOK	AHP (Ad Hoc Payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.56	5.23	0.00	0.00	5.23	5.23	0.00	
United States	USD	AHP (Ad Hoc Payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00	105.00	105.00	130.00	130.00	105.00	
		TOTAL AHP (AD HOC PAYMENTS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64.56	31.45	167.50	188.18	219.63	219.63	188.18	
United States	USD	Afghanistan Resource Corridors Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00	4.00	4.00	
		TOTAL AFGHANISTAN RESOURCE CORRIDORS PROJECT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00	4.00	4.00	
EC/EU	EUR	Afghanistan Rural Enterprise Development Project (AREDP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.35	1.80	1.73	0.00	0.00	0.00	0.57	0.78	0.78	8.66	8.66	
Finland	EUR	Afghanistan Rural Enterprise Development Project (AREDP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.47	2.77	3.32	0.00	0.00	0.00	0.00	8.57	8.57	
United Kingdom	GBP	Afghanistan Rural Enterprise Development Project (AREDP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.10	13.10	
Sweden	SEK	Afghanistan Rural Enterprise Development Project (AREDP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.98	2.86	3.00	0.00	20.00	2.58	0.00	0.00	2.58	11.42	8.83	
		TOTAL AFGHANISTAN RURAL ENTERPRISE DEVELOPMENT PROJECT (AREDP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.43	7.14	7.50	3.32	20.00	2.58	0.57	0.78	3.37	41.76	39.17	
EC/EU	EUR	Capacity Building for Results Facility Project (CBR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.70	0.00	0.00	0.00	7.95	10.82	10.82	36.52	36.52	
Italy	EUR	Capacity Building for Results Facility Project (CBR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30	1.30	
Japan	USD	Capacity Building for Results Facility Project (CBR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.00	20.00	0.00	0.00	0.00	0.00	0.00	60.00	60.00	
United States	USD	Capacity Building for Results Facility Project (CBR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	5.00	5.00	5.00	5.00	
		TOTAL CAPACITY BUILDING FOR RESULTS FACILITY PROJECT (CBR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30	65.70	20.00	0.00	0.00	12.95	15.82	15.82	102.81	102.81		
Norway	NOK	Civil Service Capacity Building	0.00	0.00	2.92	3.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.02	6.02	
United States	USD	Civil Service Capacity Building	0.00	0.00	4.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.30	4.30	
		TOTAL CIVIL SERVICE CAPACITY BUILDING	0.00	0.00	7.22	3.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.32	10.32	
Australia	AUD	Community Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.94	0.00	6.03	0.00	0.00	0.00	0.00	0.00	0.00	11.97	11.97	
Finland	EUR	Community Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.47	2.47	
United States	USD	Community Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00	
		TOTAL COMMUNITY RECOVERY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	55.94	2.47	6.03	0.00	0.00	0.00	0.00	0.00	0.00	64.45	64.45	
Australia	AUD	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	0.00	7.62	1.78	2.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.10	12.10	
Canada	CAD	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	29.80	0.00	9.29	23.15	4.91	10.04	11.84	0.00	0.00	0.00	0.00	0.00	89.02	89.02	
Estonia	EUR	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.25	0.31	0.31	0.65	0.65	
Finland	EUR	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.25	3.09	3.09	3.09	3.09	
Germany	EUR	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	0.00	15.72	13.69	24.11	26.13	26.05	27.51	0.00	0.00	20.00	25.09	25.09	158.29	158.29	
Italy	EUR	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.60	2.60	
Spain	EUR	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.11	2.11	
Norway	NOK	Education - EQUIP	0.00	0.00	4.61	0.00	0.00	5.13	0.00	8.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.19	18.19	
Sweden	SEK	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.03	4.29	6.00	6.11	0.00	0.00	60.00	7.87	7.87	27.29	27.29	
Netherlands	USD	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	
United States	USD	Education - EQUIP	0.00	0.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	0.00	30.00	50.00	0.00	0.00	54.00	54.00	54.00	146.00	146.00	
		TOTAL EDUCATION - EQUIP	0.00	0.00	4.61	0.00	0.00	38.93	35.34	35.34	52.97	37.92	72.09	95.79	0.00	0.00	136.50	90.35	90.35	463.34	463.34	
Canada	CAD	Horticulture and Livestock Project	0.00	0.00	0.00	0.00	0.00	3.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.53	3.53	
Denmark	DKK	Horticulture and Livestock Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.00	5.44	0.00	0.00	5.44	5.44	0.00	
Italy	EUR	Horticulture and Livestock Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.85	4.72	4.72	4.72	4.72	
United Kingdom	GBP	Horticulture and Livestock Project	0.00	0.00	0.00	0.00	0.00	1.98	4.16	0.00	4.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.69	10.69	
Japan	USD	Horticulture and Livestock Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	25.00	25.00	25.00	35.00	35.00	
		TOTAL HORTICULTURE AND LIVESTOCK PROJECT	0.00	0.00	0.00	0.00	0.00	5.51	4.16	0.00	4.55	0.00	0.00	10.00	33.00	5.44	28.85	29.72	35.16	59.38	53.94	
Denmark	DKK	Irrigation Restoration and Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.83	0.00	0.00	0.00	0.00	0.00	0.00	1.83	1.83	
Italy	EUR	Irrigation Restoration and Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.94	0.00	0.00	0.00	0.00	0.00	0.00	1.94	1.94	
		TOTAL IRRIGATION RESTORATION AND DEVELOPMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.77	0.00	0.00	0.00	0.00	0.00	0.00	3.77	3.77	

TABLE 2 (Part 2) - Expressed Donor Preferences By Projects—Paid-In, Committed, Pledged (US\$ Million) December 21, 2014

Donor	Curr	Program	SY 1381	SY 1382	SY 1383	SY 1384	SY 1385	SY 1386	SY 1387	SY 1388	SY 1389	SY 1390	FY 1391	FY 1392	FY 1393					FY 1381-93		
			Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Pledged		Paid-in		Total	Expressed Preference	Of which Paid-in
			US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	FY 1393		
Canada	CAD	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	1.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.28	4.28
Belgium	EUR	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30	0.00	0.00	1.00	1.25	1.25	2.55	2.55
EC/EU	EUR	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.88	13.34	13.34	27.54	27.54
Ireland	EUR	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62	0.62
Italy	EUR	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	14.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.79	14.79
United Kingdom	GBP	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	4.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.90	4.90
Norway	NOK	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	2.10	2.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.42	4.42
United States	USD	Justice Sector Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	1.50
		TOTAL JUSTICE SECTOR REFORM PROJECT	0.00	0.00	0.00	0.00	0.00	0.00	21.79	21.01	1.28	0.62	0.00	1.30	0.00	0.00	10.88	14.60	14.60	60.60	60.60	
United Kingdom	GBP	Management Capacity Program	0.00	0.00	0.00	0.00	0.00	0.00	7.39	0.00	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.90	8.90
United States	USD	Management Capacity Program	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
		TOTAL MANAGEMENT CAPACITY PROGRAM	0.00	0.00	0.00	0.00	0.00	0.00	8.39	0.00	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.90	9.90
Australia	AUD	Microfinance for Poverty Reduction Project	0.00	0.00	0.00	0.00	0.78	1.04	4.76	1.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.01	8.01
Canada	CAD	Microfinance for Poverty Reduction Project	0.00	4.71	5.49	12.85	24.16	38.83	5.41	4.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.93	95.93
Denmark	DKK	Microfinance for Poverty Reduction Project	0.00	0.00	0.00	1.63	2.11	1.47	6.40	3.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.63	14.63
Finland	EUR	Microfinance for Poverty Reduction Project	0.00	0.00	0.00	0.00	0.00	1.37	2.22	2.22	2.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.73	8.73
United Kingdom	GBP	Microfinance for Poverty Reduction Project	0.00	0.00	3.78	14.54	9.31	9.85	27.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64.93	64.93
Sweden	SEK	Microfinance for Poverty Reduction Project	0.00	0.00	2.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.22	2.22
Netherlands	USD	Microfinance for Poverty Reduction Project	0.00	0.00	0.00	0.00	0.00	2.50	0.00	5.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.80	7.80
United States	USD	Microfinance for Poverty Reduction Project	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	5.00
		TOTAL MICROFINANCE FOR POVERTY REDUCTION PROJECT	0.00	4.71	16.49	29.01	36.37	55.05	46.25	16.44	2.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	207.26	207.26
Australia	AUD	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.78	0.00	4.76	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.26	6.26
Canada	CAD	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	1.28	3.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.64	4.64
EC/EU	EUR	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	11.31	0.00	2.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.11	14.11
Spain	EUR	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	8.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.45	8.45
United Kingdom	GBP	National Emergency Rural Access Project	0.00	0.00	0.00	18.24	13.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.15	32.15
United States	USD	National Emergency Rural Access Project	0.00	0.00	0.00	2.00	0.00	0.00	21.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.00	23.00
Australia	AUD	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.72	2.72
EC/EU	EUR	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.71	3.61	3.46	0.00	0.00	0.00	0.00	14.15	19.03	19.03	34.81	34.81	
Germany	EUR	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.74	6.74
Italy	EUR	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.46	1.46
Spain	EUR	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.80	3.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.12	8.12
Japan	USD	National Emergency Rural Access Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00
		TOTAL NATIONAL EMERGENCY RURAL ACCESS PROJECT	0.00	0.00	0.00	20.24	15.96	3.36	37.08	9.17	25.75	18.39	3.46	0.00	0.00	14.15	19.03	19.03	152.45	152.45		
Australia	AUD	National Solidarity Project	0.00	0.00	0.00	0.00	0.78	0.00	9.53	1.43	2.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.42	14.42
Canada	CAD	National Solidarity Project	0.00	10.98	0.00	14.34	17.83	77.24	9.99	8.05	8.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147.39	147.39
Denmark	DKK	National Solidarity Project	0.00	0.00	0.00	0.00	0.00	3.66	0.00	0.00	0.00	0.00	4.35	3.28	0.00	0.00	0.00	0.00	0.00	0.00	11.30	11.30
Belgium	EUR	National Solidarity Project	0.00	0.00	0.00	0.00	0.00	1.30	1.36	0.00	1.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.01	4.01
EC/EU	EUR	National Solidarity Project	0.00	0.00	9.69	21.57	13.18	22.08	0.00	0.00	9.67	4.03	3.90	0.00	11.00	13.49	5.18	7.06	20.55	104.67	91.18	
Finland	EUR	National Solidarity Project	0.00	0.00	0.00	0.00	0.00	1.37	1.74	2.22	2.93	2.47	2.77	3.32	0.00	0.00	2.25	3.09	3.09	19.92	19.92	
Germany	EUR	National Solidarity Project	0.00	0.00	6.13	0.00	0.00	22.40	23.31	14.86	13.47	0.00	0.00	0.00	0.00	0.00	10.00	12.54	12.54	92.72	92.72	
Italy	EUR	National Solidarity Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.46	1.46	
Spain	EUR	National Solidarity Project	0.00	0.00	0.00	0.00	0.00	0.00	7.04	2.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.79	9.79	
United Kingdom	GBP	National Solidarity Project	0.00	5.72	0.00	16.39	9.31	30.25	0.00	0.00	4.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.24	66.24	
Norway	NOK	National Solidarity Project	0.00	0.00	0.00	3.10	9.02	10.73	4.26	4.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.85	31.85
Sweden	SEK	National Solidarity Project	0.00	0.00	0.00	0.00	3.67	5.24	5.84	6.85	4.39	4.29	4.50	9.32	0.00	0.00	60.00	7.87	7.87	51.96	51.96	
Japan	USD	National Solidarity Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	44.00	25.00	0.00	0.00	0.00	0.00	0.00	69.00	69.00	
United Kingdom	USD	National Solidarity Project	0.00	0.00	0.00	0.00	0.00	0.00	13.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.44	13.44	
United States	USD	National Solidarity Project	0.00	0.00	10.00	0.00	25.00	0.00	65.00	160.00	180.00	250.00	175.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	865.00	865.00
		TOTAL NATIONAL SOLIDARITY PROJECT																				

TABLE 2 (Part 3) - Expressed Donor Preferences By Projects—Paid-In, Committed, Pledged (US\$ Million) December 21, 2014

Donor	Curr	Program	SY 1381	SY 1382	SY 1383	SY 1384	SY 1385	SY 1386	SY 1387	SY 1388	SY 1389	SY 1390	FY 1391	FY 1391	FY 1392	FY 1393				FY 1381-93			
			Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Paid-in	Pledged		Paid-in		Total	Expressed	Of which
			US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	Own Curr.	US\$ Est.	Own Curr.	US\$	SY 1393	Preference
France	EUR	On-Farm Water Management Project (OFWM)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.59	2.59	2.59
United States	USD	On-Farm Water Management Project (OFWM)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00	15.00	15.00	15.00	15.00	2.59
		TOTAL ON-FARM WATER MANAGEMENT PROJECT (OFWM)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.59	0.00	0.00	0.00	0.00	15.00	15.00	15.00	17.59	17.59	2.59
France	EUR	Power System Development Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.86	2.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.64	5.64	5.64
		TOTAL POWER SYSTEM DEVELOPMENT PROJECT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.86	2.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.64	5.64	5.64
Germany	EUR	Private Sector Development	0.00	0.00	0.00	0.00	3.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.20	3.20	3.20
		TOTAL PRIVATE SECTOR DEVELOPMENT	0.00	0.00	0.00	0.00	3.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.20	3.20	3.20
Norway	NOK	Rural Water Supply and Sanitation Project	0.00	0.00	0.92	2.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.25	3.25	3.25
United States	USD	Rural Water Supply and Sanitation Project	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50
		TOTAL RURAL WATER SUPPLY AND SANITATION PROJECT	0.00	0.00	0.92	2.33	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.75	3.75	3.75
Denmark	DKK	Second Public Financial Management Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.23	1.23	1.23
Poland	PLN	Second Public Financial Management Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63	0.63	0.63
Japan	USD	On Farm Water Management project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00	10.00	10.00	10.00	2.59	
United States	USD	Second Public Financial Management Reform Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	6.00	6.00
		TOTAL SECOND PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.23	0.63	6.00	0.00	0.00	10.00	10.00	10.00	17.86	17.86	7.86	
Norway	NOK	Skills Development Project	0.00	0.00	0.00	0.00	0.00	0.00	2.80	3.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.67	6.67	6.67
United States	USD	Skills Development Project	0.00	0.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00
		TOTAL SKILLS DEVELOPMENT PROJECT	0.00	0.00	0.00	0.00	0.00	0.00	5.80	3.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.67	9.67	9.67
Australia	AUD	Strengthening Health Activities for the Rural Poor (SHARP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.78	2.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.47	4.47	4.47
Canada	CAD	Strengthening Health Activities for the Rural Poor (SHARP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.02	15.02	15.02
EC/EU	EUR	Strengthening Health Activities for the Rural Poor (SHARP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	39.55	0.00	0.00	18.45	25.15	25.15	64.70	64.70	39.55	
Estonia	EUR	Strengthening Health Activities for the Rural Poor (SHARP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13	0.00	0.30	0.00	0.00	0.00	0.00	0.00	0.43	0.43	0.43	
United States	USD	Strengthening Health Activities for the Rural Poor (SHARP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	107.47	107.47	107.47	107.47	107.47	0.00	
		TOTAL STRENGTHENING HEALTH ACTIVITIES FOR THE RURAL POOR (SHARP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.78	2.69	15.14	0.00	39.85	0.00	0.00	125.92	132.62	132.62	192.09	192.09	59.47	
Russian Federation	USD	Strengthening Higher Education Project	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00	
		TOTAL STRENGTHENING HIGHER EDUCATION PROJECT	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00	
United States	USD	Technical Assistance Feasibility Studies	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	1.50	1.50
		TOTAL TECHNICAL ASSISTANCE FEASIBILITY STUDIES	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	1.50	1.50
GRAND TOTAL			0.00	21.42	56.56	110.08	134.32	275.61	294.72	298.02	400.25	347.81	396.29	217.20	128.56	52.97	603.75	550.66	603.63	3156.12	3103.14	2524.37	

TABLE 4 - ARTF Consolidated Sources & Uses of Funds (US\$ million) as of December 21, 2014

	SY 1381 Total Actual	SY 1382 Total Actual	SY 1383 Total Actual	SY 1384 Total Actual	SY 1385 Total Actual	SY 1386 Total Actual	SY 1387 Total Actual	SY 1388 Total Actual	SY 1389 Total Actual	SY 1390 Total Actual	FY 1391 Total Actual	FY 1392 Total Actual	FY 1393 Total Actual
SOURCES OF FUNDS (A+B)													
A. Net Donors Contributions (A1-A2)	184.24	284.38	378.77	404.09	460.00	654.25	632.69	653.92	608.48	925.25	928.69	779.93	1010.42
A.1. Donors Contributions	184.77	286.46	380.37	404.05	453.92	634.80	626.82	657.29	610.44	933.51	942.20	791.00	1027.64
A.2. IDA fees minus Investment Income	0.53	2.08	1.59	-0.04	-6.08	-19.44	-5.88	3.37	2.26	8.26	13.51	11.32	17.23
A.3. Refund of Ineligible Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29	0.00	0.00	0.26	0.00
B. Cash Carried-Over (=D previous year)	0.00	119.52	155.97	238.07	302.79	293.89	426.68	495.34	679.28	728.33	1148.49	1584.93	1671.70
USES OF FUNDS (C+D)													
C. Disbursements (C1+C2+C3+C4)	64.72	247.94	296.67	339.37	468.89	521.46	564.03	469.98	559.42	505.09	492.25	693.16	1003.99
C.1 Recurrent window - Disbursed by DAB	59.21	214.14	235.16	253.25	300.21	290.55	310.06	221.42	336.68	176.64	225.00	256.10	419.56
Wages	40.95	145.77	179.32	174.21	216.20	203.00	276.74	139.78	218.10	176.64	225.00	150.00	125.00
O&M	13.65	51.16	55.28	79.04	84.01	87.55	33.32	41.64	54.78	0.00	0.00	32.00	33.90
Other	4.60	17.21	0.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IP (Incentive Program)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.00	63.80	0.00	0.00	74.10	113.70
AHP (Ad Hoc Payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	146.96
C.2. Investment window	0.00	15.59	58.87	83.97	166.14	226.11	251.13	246.17	219.42	320.63	256.86	424.39	570.36
C.3. Pass-through to LOTFA (UNDP Police)	4.84	16.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C.4. Fees to monitoring agent	0.67	1.41	2.64	2.16	2.53	4.80	2.84	2.39	3.32	7.82	10.39	12.67	14.08
D. Cash Balance (end-of-period) (A+B-C=D1+D2)	119.52	155.97	238.07	302.79	293.89	426.68	495.34	679.28	728.33	1148.49	1584.93	1671.70	1678.12
D.1. Committed Cash Balance:	97.12	109.91	161.68	279.85	227.24	305.93	385.03	427.54	503.31	648.85	861.86	948.32	1152.51
to recurrent window special account	51.50	50.60	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
to recurrent window Trust Fund	44.29	26.04	49.49	76.24	75.03	70.48	76.42	145.00	24.57	50.00	50.00	115.90	265.44
undisbursed investment window balance		32.57	61.82	150.75	94.90	179.42	252.29	225.61	425.13	540.90	741.00	770.73	827.45
to Monitoring Agent	1.33	0.70	0.37	2.85	7.32	6.02	6.32	6.93	3.61	7.95	20.86	11.69	9.61
D.2. Unallocated Cash Balance	22.40	46.05	76.39	22.94	66.65	120.75	110.31	251.74	225.02	499.64	723.07	723.38	525.61



The chairman and vice chair of the Banda Miralamji village Community Development Council (CDC) survey the Micro Hydro power facilities built using funds from the National Solidarity Program (NSP). The micro hydro power generates electricity for the village from canal water, allowing the residents to use mobile phone chargers, washing machines and light bulbs.

Afghanistan Reconstruction Trust Fund



The ARTF was established in 2002 to provide a coordinated financing mechanism for the Government of Afghanistan's budget and national investment projects. Thirteen years later, the ARTF is the largest single source of on-budget financing for Afghanistan's development. The ARTF remains the vehicle of choice for pooled funding, with low transaction costs, excellent transparency and high accountability, and provides a well-functioning arena for policy debate and consensus creation (External Evaluation 2012 "ARTF at a Cross-Roads"). The ARTF is delivering important results within key sectors, including education, health, agriculture, rural development, infrastructure, and governance. It is also the World Bank's largest multi-donor trust fund. As of December 21, 2014, the ARTF has received a total of US\$7.98 billion.

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