

Quarterly Progress Report

REPORTING PERIOD: APRIL TO JUNE 2022

September 2022

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Acronyms and Abbreviations

| | |
|------------------|--|
| AFN | Afghani(s) (currency) |
| ARTF | Afghanistan Reconstruction Trust Fund |
| ASDP | Afghanistan Social Development Project |
| CASA 1000 | Central Asia-South Asia Electricity Transmission and Trade Project |
| CASA CSP | CASA Community Support Project |
| CCAP | Citizens' Charter Afghanistan Project |
| CDC | Community Development Council |
| CIP | Cities Investment Program |
| DAB | Da Afghanistan Bank |
| DABS | Da Afghanistan Breshna Sherkat |
| EQRA | Education Quality Reform in Afghanistan |
| EZ-Kar | Eshteghal Zaiee - Karmondena |
| FSP | Fiscal Performance Improvement Support Project |
| HEP | Herat Electrification Project |
| ICR | Implementation Completion and Results |
| IDA | International Development Association |
| IDLG | Independent Directorate of Local Governance |
| MRRD | Ministry of Rural Rehabilitation and Development |
| NHP | Naghlu Hydropower Plant |
| NHRP | Naghlu Hydropower Rehabilitation Project |
| O&M | Operations and Maintenance |
| OpEx | Operating Expenditure |
| PIU(s) | Project Implementation Unit(s) |
| PMU | Project Management Unit |
| REACH | Relief Effort for Afghan Communities and Households Project |
| SoE(s) | Statement(s) of Expenditure |
| SCRP(s) | Statement(s) of Cash Receipts and Payments |
| THRCP | Trans-Hindukush Road Connectivity Project |
| TPMA | Third Party Monitoring Agent |
| USD | United States Dollar(s) (currency) |
| WEE-NPP | Women's Economic Empowerment National Priority Program Project |

1 Overview of Activities and Key Findings

This report presents findings from monitoring conducted between April and June 2022 (Q2 2022) in our capacity as Third-Party Monitoring Agent (TPMA) for World Bank-funded investment projects in Afghanistan.

In this period, we conducted ad hoc physical monitoring activities for two projects, the Naghlu Hydropower Rehabilitation Project (NHRP) and the Herat Electrification Project (HEP) and completed analysis and reporting for the Central Asia-South Asia Electricity Transmission and Trade Project (CASA 1000),¹ for which data collection was completed in Q1 2022. In addition, we continued weekly visits to monitor a range of economic sector indicators and conducted Statement of Expenditure (SoE) reviews as part of remote financial monitoring activities. We held discussions with World Bank project teams to identify support for the World Bank's Implementation Completion and Results (ICR) process for projects closed in the first half of 2022. In support of these, we conducted data collection in June for five projects: Central Asia-South Asia Community Support Program (CASA CSP), Cities Investment Program (CIP), Education Quality Reform in Afghanistan (EQRA), the Fiscal Performance Improvement Support Project (FSP), and the Trans-Hindukush Road Connectivity Project (THRCP). For these, analysis and reporting are expected to be completed by mid-August 2022, with findings in the form of datasets and narrative reports.

The following summary section provides an overview of our approach to project and financial monitoring activities. Figure 1 presents the number of site visits conducted in Q2 2022 only,² disaggregated by monitoring activity and province.³ In total we undertook 1,045 site visits in 29 out of 34 provinces. Figure 2 shows the number of interviews conducted. The Infrastructure Project Monitoring section includes findings for the quarter for CASA 1000, NHRP and HEP. The Implementation Completion and Results Reporting section provides a brief overview of our ICR activities. This is followed by a more detailed overview of our financial monitoring activities and findings from our Economic Sector Monitoring.

1.1 Project Monitoring

We conduct our project monitoring activities based on requests from World Bank project teams. In Q2 2022, we monitored six investment projects: NHRP and HEP for ad hoc project monitoring, and CASA CSP, CIP, EQRA and THRCP for ICR monitoring. In total, we undertook 350 site visits to 23 provinces for project monitoring and ICR monitoring.

In Q2 2022, we continued to revise and refine data collection tools in partnership with the World Bank to address identified gaps:

- EQRA ICR: We decreased the number of questions about Project Management Unit (PMU) engineers, since they no longer actively worked on the project and did not accompany us.

¹ We conducted data collection between 19 February and 8 March 2022 and reported preliminary findings in the Investment Window Q1 2022 report. We completed analysis and reporting of findings in April. In-depth findings are presented in Section 3.2.

² We completed site visits for CASA 1000 in Q1. Findings were reported in the Q1 2022 report and are not reflected in Figure 1.

³ Sub-projects are activities undertaken at local level.

Figure 1: Map of TPM Activities in Q2 2022

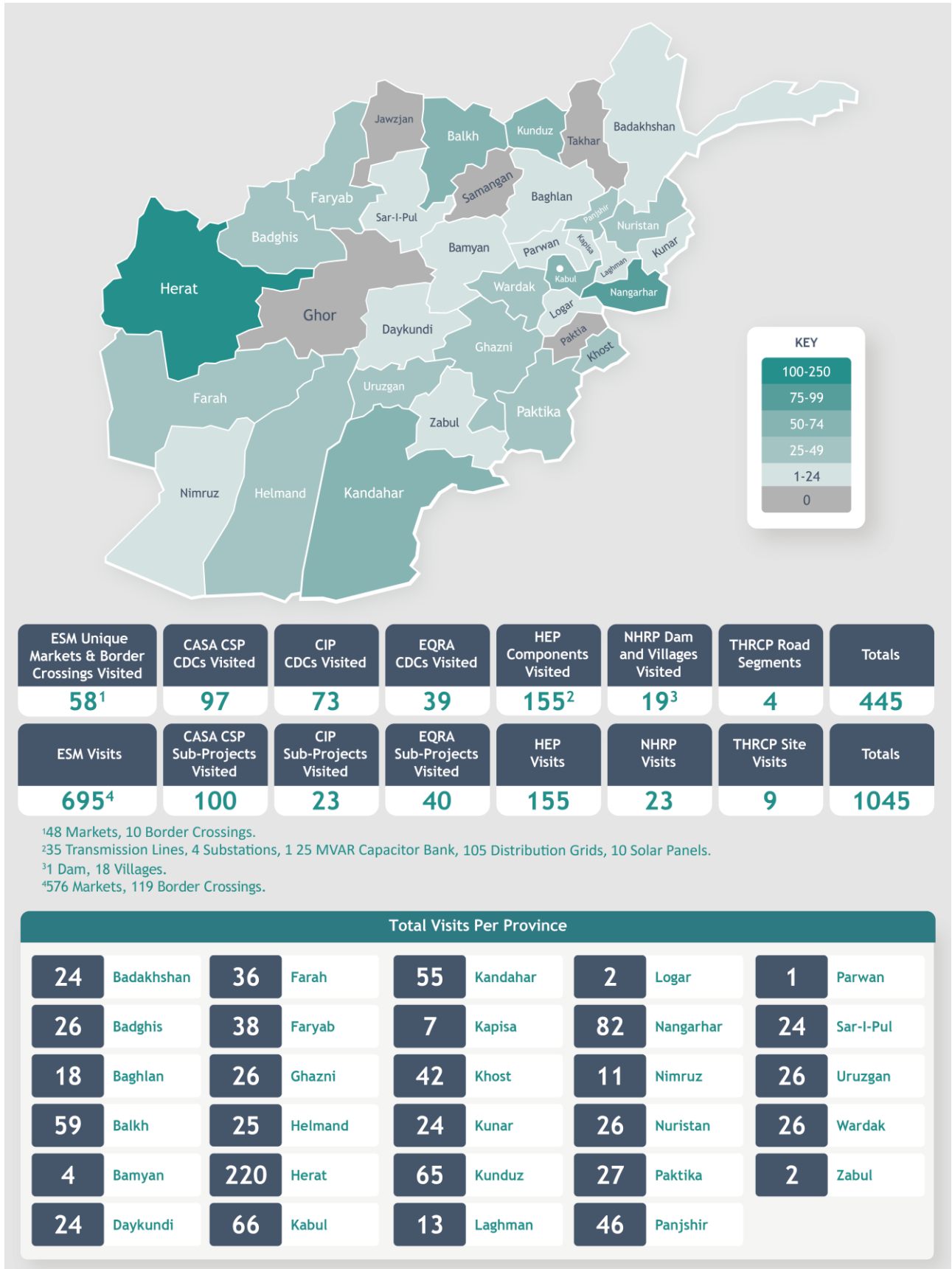
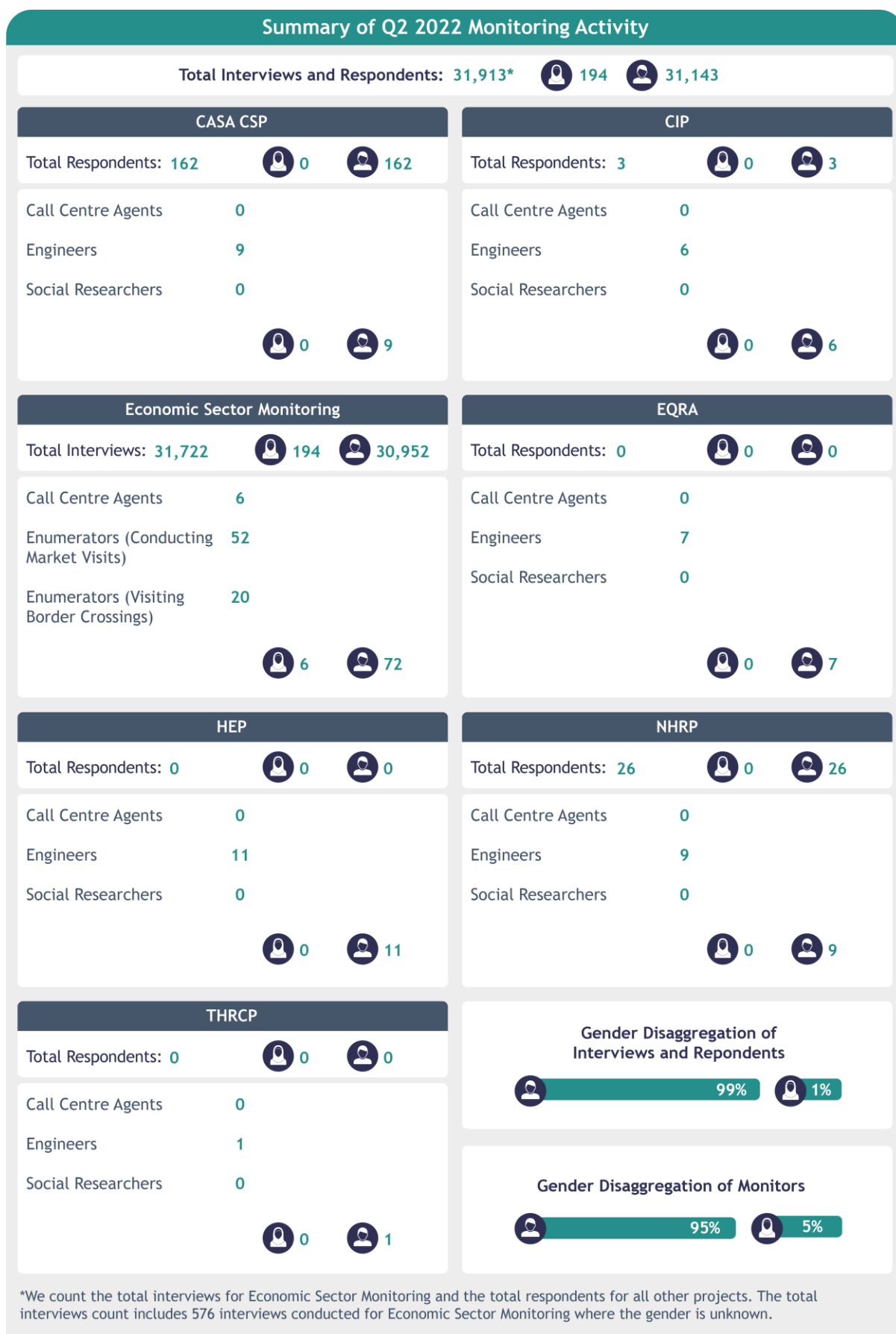


Figure 2: Third-Party Monitoring Q2 2022 Interviews for Project and Sector Monitoring



- CASA CSP ICR: Due to the scope and the Task Team Lead’s request, we revised the tool to include monitoring of expenditure and physical appearance. In doing so, we monitored expenditure and physical percentages rather than carrying out a technical assessment.
- CIP ICR: We revised our tools in response to the activities requested by the Task Team Lead to include reviewing land acquisition issues, checking physical progress and verifying GPS coordinates.
- THRCP ICR: We conducted nine site visits using the revised tools, reflecting a changed scope of work for this monitoring activity. Eight of the site visits involved four segments of the THRCP road and one involved assessing the Salang Tunnel.
- HEP: We designed a new tool for monitoring the following activities:
- Supply and installation of a 25 MVAR Capacitor Bank in the 132/20 kV 24 Hoot sub-station
 - Lot 1: Design, supply, construction, erection, testing and commissioning of four 110/20kV sub-stations
 - Lot 1: Installation service for medium voltage/low voltage (MV/LV) distribution network
 - Solar panel monitoring.

With analysis and reporting for the ICRs due by mid-August 2022, we proposed to report ICR findings using datasets and narrative reports.

1.1.1 Project Scores and Ratings

We scored and provided a rating for each sub-project using the system detailed in Annex 1. The scores were based primarily on engineers’ assessments of infrastructure, including the quality of design, materials used, and workmanship. In the case of completed or near-completed work, the likely effectiveness of any Operations and Maintenance (O&M) Plan was also assessed. These scores were then adjusted to account for the number and severity of any unauthorized changes, shortcomings, or faults found (referred to as ‘deviations’ in our reporting).

These adjusted scores for individual sub-projects were then converted into ratings, from Very Good to Very Poor, and aggregated to produce a project rating. Table 1 below provides overall project ratings. Detailed findings for each project can be found in the Results from Physical Monitoring section.

Table 1: Project Ratings in Q2 2022

| PROJECT | RATING |
|-----------|--------|
| CASA 1000 | Good |
| HEP | Good |
| NHRP | Poor |

1.1.2 Deviations

When conducting site visits, our engineers assess infrastructure progress and the quality of work undertaken, recorded in the form of ‘observations’. Some of these are reported as ‘deviations’, classed as Critical, Major, or Minor. In short, a Critical deviation is one which, if not rectified, could lead to the injury or death of current workers or future users or to the failure of the sub-project as a whole; a Major deviation is one that is not life-threatening but affects the structural integrity or overall sustainability of the sub-project; and a Minor deviation is often a cosmetic deviation not affecting structural integrity, usability, or

sustainability. Minor deviations can often be corrected with little effort and at limited cost. See Annex 1 for details.

For each deviation, our engineers make an on-site estimate of the cost of rectification, which is then reviewed for quality by the Financial Monitoring team. These estimates are not based on a market exercise for the local or transported cost of labor and materials but are provided to help project teams and partners make informed decisions about how to rectify deviations. They should therefore not be interpreted as a final determination of value.

Table 2: Deviations Identified in Q2 2022

| PROJECT | OBSERVATIONS | CRITICAL | MAJOR | MINOR | TOTAL DEVIATIONS | DEVIATIONS AS % OF TOTAL OBSERVATIONS | ESTIMATED COST OF RECTIFICATION (USD) |
|------------------------|---------------|-----------|-----------|------------|------------------|---------------------------------------|---------------------------------------|
| CASA 1000 ⁴ | 4,767 | 1 | 11 | 76 | 88 | 2% | \$12,655 |
| HEP | 19,938 | 71 | 39 | 140 | 250 | 1% | \$80,531 |
| NHRP ⁵ | 530 | 18 | 17 | 20 | 55 | 10% | \$3,726,100 |
| | 25,235 | 90 | 44 | 236 | 393 | 2% | |

Up to August 15, 2021, project teams and Afghan Government partners were notified of all deviations via a dedicated online Digital Platform. This allowed deviations to be allocated to provincial project teams for rectification. Additionally, we held regular meetings with project teams from implementing ministries to follow up on actions taken. This approach ended after the takeover by the Taliban.

As agreed with the World Bank and project teams, Minor deviations with an estimated rectification cost of under USD 50 are classified as ‘Notifications’. For NHRP we identified 17 Notifications, four percent of the observations made. None were identified for CASA 1000 and HEP.

1.1.3 Rectifications of Deviations

Before August 2021, we worked closely with Project Implementation Units (PIUs) in different ministries to rectify deviations identified during site visits, with each deviation allocated to nominated Points of Contact from engineering teams within the respective PIUs. Points of Contact reviewed each deviation and assigned them to district engineers, who reviewed them and worked to rectify the deviation found.

Each step was reflected in status changes on the Digital Platform so that both Points of Contact and our own staff could track progress and verify rectifications made.

We suspended the rectification process in September 2021, although the deviation and rectification data remain available, allowing the process to be resumed if and when needed.

1.1.4 Good Practice and Extra Works

In Q3 2021, we made adjustments to separate evidence of Good Practice - that is, individual elements of work undertaken to a high standard - from that of Extra Work, or additional tasks undertaken to an appropriate standard but at no additional time or cost to the project. These changes reflected the fact that some communities have been able to mobilize resources to carry out work beyond the scope of the original contract or design. In Q2 2022, we identified 1,027 examples of Good Practice from CASA 1000 and NHRP but none from HEP. We identified seven examples of Extra Work for NHRP only. These included

⁴ Although we identified deviations for CASA 1000 in Q1, we completed analysis and reporting of findings in Q2. In-depth findings are presented in Section 3.2.

⁵ The totals presented for NHRP aggregate findings from Components 1 and 2, and Component 3. Please see Table 8 (Components 1 and 2) and Table 9 (Component 3) for disaggregated findings.

a community member erecting a wooden power pole with Da Afghanistan Breshna Sherkat adding and connecting the attached power line.

Table 3: Examples of Good Practice in Q2 2022

| PROJECT | NO. | DETAILS |
|------------------------|--------------|---|
| CASA 1000 ⁶ | 1,027 | Examples were identified in various elements of transmission towers, including workmanship and fitting, size and shape, and materials, and of tower foundations, including type of foundation, excavation, backfilling, and size and shape. |
| NHRP | 1 | The sub-station had a dedicated area for a future additional transformer. |
| | 1,028 | |

1.2 Implementation Completion and Results Reporting

We engaged with project teams to identify support for the World Bank's Implementation Completion and Results (ICR) process for five projects closed in the first half of 2022, with reporting due by mid-August 2022. In total, we undertook 172 site visits to 23 provinces for the ICR process. In the case of FSP, the Financial Monitoring team was only required to undertake desk-based work.

CASA CSP ICR

We undertook 100 site visits in 18 districts in seven provinces (Baghlan, Kapisa, Kunduz, Laghman, Nangarhar, Panjshir, and Kabul). Of these, 53 site visits included infrastructure monitoring.

CIP ICR

We undertook 23 site visits to 73 CDCs in five districts in five provinces (Balkh, Herat, Kandahar, Khost, and Nangarhar). We were able to carry out the following monitoring activities:

- Reviewing land acquisition issues
- Checking physical progress
- Verifying GPS coordinates.

EQRA ICR

We undertook 40 site visits to 39 CDCs in 33 districts in 17 provinces (Badghis, Balkh, Faryab, Ghazni, Helmand, Herat, Kabul, Kandahar, Khost, Kunduz, Logar, Nangarhar, Nuristan, Paktika, Uruzgan, Wardak, and Zabol). We were able to visit all sub-projects but did not conduct any social interviews.

THRCP ICR

We undertook nine site visits to three districts in three provinces (Baghlan, Bamyan, and Parwan). Eight of the site visits involved four segments of the THRCP road and one involved assessing the Salang Tunnel.

Analysis and reporting were ongoing in Q2; we propose to report in-depth findings in the form of datasets and narrative reports, as required by project teams.

⁶ Although we identified deviations for CASA 1000 in Q1, we completed analysis and reporting of findings in Q2. In-depth findings are presented in Section 3.2.

1.3 Financial Monitoring

Financial Monitoring during the quarter focused on project closure activities to assist the Bank in quantifying its outstanding liabilities and facilitate payments in respect of those liabilities, and on a review of Statements of Cash Receipts and Payments (SCRPs). We assisted with data required for ICR reports relating to the Relief Effort for Afghan Communities and Households (REACH - IDLG-Urban) and FSP projects.

1.3.1 Statements of Expenditure

We assisted the Bank in documenting projects' final expenditure up until August 15, 2021, by reviewing project Statements of Expenditure (SoEs) to evaluate whether the expenditure stated by projects in the SoEs and documented in Withdrawal Applications was reported in accordance with the Afghanistan Reconstruction Trust Fund (ARTF) Grant or International Development Association (IDA) Financing Agreement. This process is a supplemental control measure introduced by the World Bank uniquely in Afghanistan as one element of the ARTF Enhanced Fiduciary Control Framework.

For each SoE, we review project procurement, payroll, and project implementation and management expenditure. We conduct sample-based substantive testing of transactions through multiple rounds of review, requests for documentation or follow-up clarifications, and identification and reporting of 'Questionable Transactions', that is, financial errors impacting the expenditure reported. After each review, we submit SoE Cover Letters outlining findings and their impact on the amounts claimed for documentation.

Questionable Transactions primarily arise from:

- Missing supporting documentation
- Non-compliance with applicable procurement regulations
- Overdue advances claimed as expenditure
- Non-compliance with financial policies
- Accounting/casting errors
- Overpayments to contractors and employees.

To minimize the risk of ineligible expenditure, payments identified as Questionable Transactions are withheld until issues are resolved and missing documentation provided.

In Q2, we issued 29 SoE Cover Letters relating to project closures, reporting expenditure of USD 38.25 million and proposing adjustments for Questionable Transactions (net of reversals) amounting to USD 1,054,815. Our SoE reviews are further discussed in Section 2.1.

1.3.2 Review of Statements of Cash Receipts and Payments

As per procedures agreed with the Bank, we carried out a review of Statements of Cash Receipts and Payments (SCRPs), which form part of the project's financial statement for the Afghan Financial Year 1399. The review's aim was to determine the validity and accuracy of the financial transactions and information reflected in the SCRPs.

Our review covered the following seven projects:

- HEP

- CASA 1000
- Emergency Agriculture and Food Supply
- Kabul Urban Transport Efficiency Improvement
- NHRP
- Payments Automation and Integration of Salaries in Afghanistan
- Women's Economic Empowerment National Priority Program (WEE-NPP)

We submitted the report for HEP to the World Bank on 29 June 2022, with other reports to be submitted following feedback.

1.4 Limitations

1.4.1 COVID-19

In Q2 2022, we continued to operate under a COVID-19 Contingency Plan shared with the World Bank and reviewed on a regular basis. Under this plan, to reduce the potential for infection involving our own staff or those with whom we came into contact, we continued to replace face-to-face individual and group interviews wherever possible by telephone calls, based on information received from community members and our own local contacts.

1.4.2 Access to Female Respondents

In conducting interviews for Economic Sector Monitoring, our ability to interact with women respondents was constrained by the professions of the people interviewed, which are typically male-dominated. This affected the overall percentage of interviews conducted with women, particularly for women who were not bank customers, or tailors for women and girls.

The impact of this on our findings relates to the percentage of women we could interview in any one community. While a random sample of women nationwide can, statistically, provide a broad basis for reporting, a much higher sample is required to provide evidence from a specific community or group of communities. The effect of not being able to directly engage with as many women as before makes our findings somewhat less representative in terms of comparing findings between men and women. However, it does not make our findings less representative in terms of reporting community voices overall.

1.4.3 Access to Sites

During Q2 2022, we conducted site visits in 29 out of 34 provinces. We continued to monitor threats and planned our activities in response to emerging security issues, including in hard-to-reach areas.

2 Results from Financial Monitoring

2.1 Statement of Expenditure Reviews

During Q2 2022, we completed 29 of the 33 outstanding reviews of project expenditure for the closing periods up until August 15, 2021. The results of our Q2 review are summarized in the table below and further detailed in Annex 2.

Table 4: Results of Statement of Expenditure Reviews Conducted in Q2 2022 (USD)

| FIGURES IN USD | ARTF | IDA | TOTAL |
|---|-------------------|-------------------|-------------------|
| Expenditure Reported on SoEs | 21,161,048 | 17,084,427 | 38,245,475 |
| Unresolved Questionable Transactions (net of reversals) | (913,687) | (141,128) | (1,054,815) |
| Expenditure Recommended for Documentation | 20,247,361 | 16,943,299 | 37,190,660 |

We issued 29 SoE Cover Letters for projects that documented expenditures amounting to USD 38.25 million and recommended USD 37.19 million for documentation on the Withdrawal Applications. The difference (USD 1,054,815) relates to the unresolved Questionable Transactions (USD 1,894,741) identified in the quarter, minus the reversal of Questionable Transactions identified in reviews of expenditures in previous quarters (USD 839,9260) after satisfactory submission of documents.

2.1.1 Status of Cumulative Questionable Transactions

Table 5: Status of Unresolved Questionable Transactions as of the end of Q2 2022

| | USD |
|--|------------------|
| Cumulative Adjustments for Questionable Transactions | 20,227,765 |
| Resolved | (12,819,043) |
| Unresolved Questionable Transactions | 7,408,722 |

From December 2019 to the end of Q2 2022, we had identified USD 20.23 million in Questionable Transactions during regular SoE reviews. To minimize the risk of ineligible expenditure, payments identified as Questionable Transactions are withheld until issues are resolved and/or missing documentation is provided. The resolved Questionable Transactions amounted to USD 12.82 million at the end of Q2 2022, with USD 7.41 million requiring further documentation or clarification to be eligible for documentation. The highest value of the unresolved Questionable Transactions reported in submitted SoEs, shown below, accounts for approximately 77 percent (USD 5.67 million) of this total.

Table 6: Highest Value Unresolved Questionable Transactions as of the end of Q2 2022

| PROJECT ID | PROJECT | EXPENDITURE PERIOD ⁷ | USD |
|------------|--|---------------------------------|------------------|
| P160568 | Citizens' Charter Afghanistan Project Independent Directorate of Local Governance Operating Expenditure (CCAP (IDLG) OpEx) | Q3 1400 | 1,234,313 |
| P160567 | CCAP Ministry of Rural Rehabilitation and Development (MRRD) OpEx | Q2 1399 | 1,153,659 |
| P160568 | CCAP (IDLG) OpEx | Q3 & Q4 1399 | 1,030,916 |
| P160615 | Sehatmandi | Q3 & Q4 1399 | 976,450 |
| P160615 | Sehatmandi | Q1 & Q2 1399 | 276,109 |
| P160567 | CCAP Covid-19 Relief Grants Lot 4 | Q2 1400 | 266,466 |
| P164443 | WEE-RDP | Q3 1400 | 265,003 |
| P132742 | Afghanistan Social Development Project (ASDP) II | Q3 1400 | 172,969 |
| P164443 | WEE-RDP | Q4 1399 | 151,406 |
| P160567 | CCAP (MRRD) OpEx | Q3 1399 | 149,477 |
| | | | 5,676,768 |

⁷ The period relates to the Afghan Fiscal Year (FY):

- FY 1399 = 22 December 2019 to 20 December 2020.
- FY 1400 = 21 December 2020 to 15 August 2021.
- Q3 FY 1400 = 22 June 2021 to 15 August 2021.

3 Results from Ad Hoc Infrastructure Monitoring

Whether monitoring in person or by telephone, we assess both infrastructure and ‘soft components’, where applicable. Soft components include social mobilization initiatives such as community participatory activities. The findings below cover infrastructure and soft components, and the application of Environmental and Social Standards.

3.1 Deviations

We identified 393 deviations (90 Critical, 67 Major, and 236 Minor). Our engineers found that the cause of almost half of the deviations (47 percent, n=185), including 41 of the 90 Critical deviations, was insufficient regard for Operations and Maintenance (O&M), often with no O&M Plans in place or on site. The use of sub-standard materials and poor workmanship also contributed to deviations in this quarter, while a lack of supervision across project sites contributed to project management-related deviations.

Table 7: All Deviations Identified in Q2 2022 by Aspect⁸

| | CRITICAL | MAJOR | MINOR | TOTAL | % |
|-------------------------|----------|-------|-------|-------|-----|
| O&M | 41 | 30 | 114 | 185 | 47% |
| Materials | 5 | 13 | 47 | 65 | 17% |
| Workmanship | 11 | 6 | 44 | 61 | 16% |
| Project Management | 18 | 14 | 28 | 60 | 15% |
| Social Standards | 12 | 1 | 3 | 16 | 4% |
| Design | 3 | 2 | 0 | 5 | 1% |
| Environmental Standards | 0 | 1 | 0 | 1 | 0% |
| | 90 | 67 | 236 | 393 | |

The following sections provide a detailed overview of findings for the ad hoc projects monitored.

⁸ Although we identified deviations for CASA 1000 in Q1, we completed analysis and reporting of findings in Q2. In-depth findings are presented in Section 3.2.

3.2 Central Asia-South Asia Electricity Transmission and Trade Project

During the period from 19 February to 8 March 2022,⁹ we undertook in-person visits to three Lots on a sample basis, monitoring 208 sites with foundations and 177 erected towers in seven provinces and 26 districts.¹⁰

Lot 1 is being implemented over 197.5 kilometers and comprises 562 transmission towers. Our visits to Lot 1 verified 110 sites with transmission towers and 76 sites with foundations in Kunduz and Baghlan provinces, where the contractor was Kalpataru Power Transmission Limited with a subcontractor, Gulistan Hewad Road and Construction Company.

Lot 2 is being implemented over 195.1 kilometers and comprises 587 transmission towers. We visited six sites with transmission towers and 45 sites with foundations in Baghlan, Kapisa, and Panjshir provinces.

Lot 3 is being implemented over 187.6 kilometers and comprises 562 transmission towers. We visited 61 sites with transmission towers and 87 sites with foundations in Kapisa, Kabul, Laghman, and Nangarhar provinces. During the site visits, our engineers were accompanied by the contractors' engineers. We did not conduct phone interviews.

Our assignment focused on the assessment of infrastructure, the supply of materials and equipment, and land acquisition. Although we conducted our monitoring between 19 February and 8 March 2022, the responses received related to both before and after 15 August 2021. We were only able to acquire information from the contractors. Inputs from Da Afghanistan Breshna Sherkat (DABS) PMU and the supervising construction joint venture, CESI JV WAPCOS, are not included in this report.

3.2.1 Deviations

Table 8: CASA 1000 Deviations in Q1 2022

| | CRITICAL | MAJOR | MINOR | TOTAL |
|------------------------------------|----------|-------|-------|--------|
| Deviations identified in Q2 | 1 | 11 | 76 | 88 |
| Estimated rectification cost (USD) | 200 | 9,060 | 3,395 | 12,655 |

Our engineers made 4,767 observations. These observations verified different elements of the tower foundations, erected towers, and their parts. Of these observations, engineers identified 88 deviations (2 percent). The majority of these were Minor (86 percent, n=76), with 13 percent (n=11) identified as Major and only one Critical deviation. The total is derived from estimated rectification costs for different categories of deviations, based on range estimates for each deviation (for example, from USD 0-50).

The three highest estimated rectification costs are in relation to a transmission tower erected on a floodway, estimated at USD 2,680; broken insulator discs on transmission towers, estimated at USD 1,450; and foundations built near a local road, estimated at USD 1,200.

⁹ Analysis for CASA 1000 was completed in April (Q2). We are therefore presenting findings in the IW Q2 report.

¹⁰ We did not identify any of the Lots as fully completed.

Figure 3: Map of TPM Activities for CASA 1000 in Q1¹¹ 2022

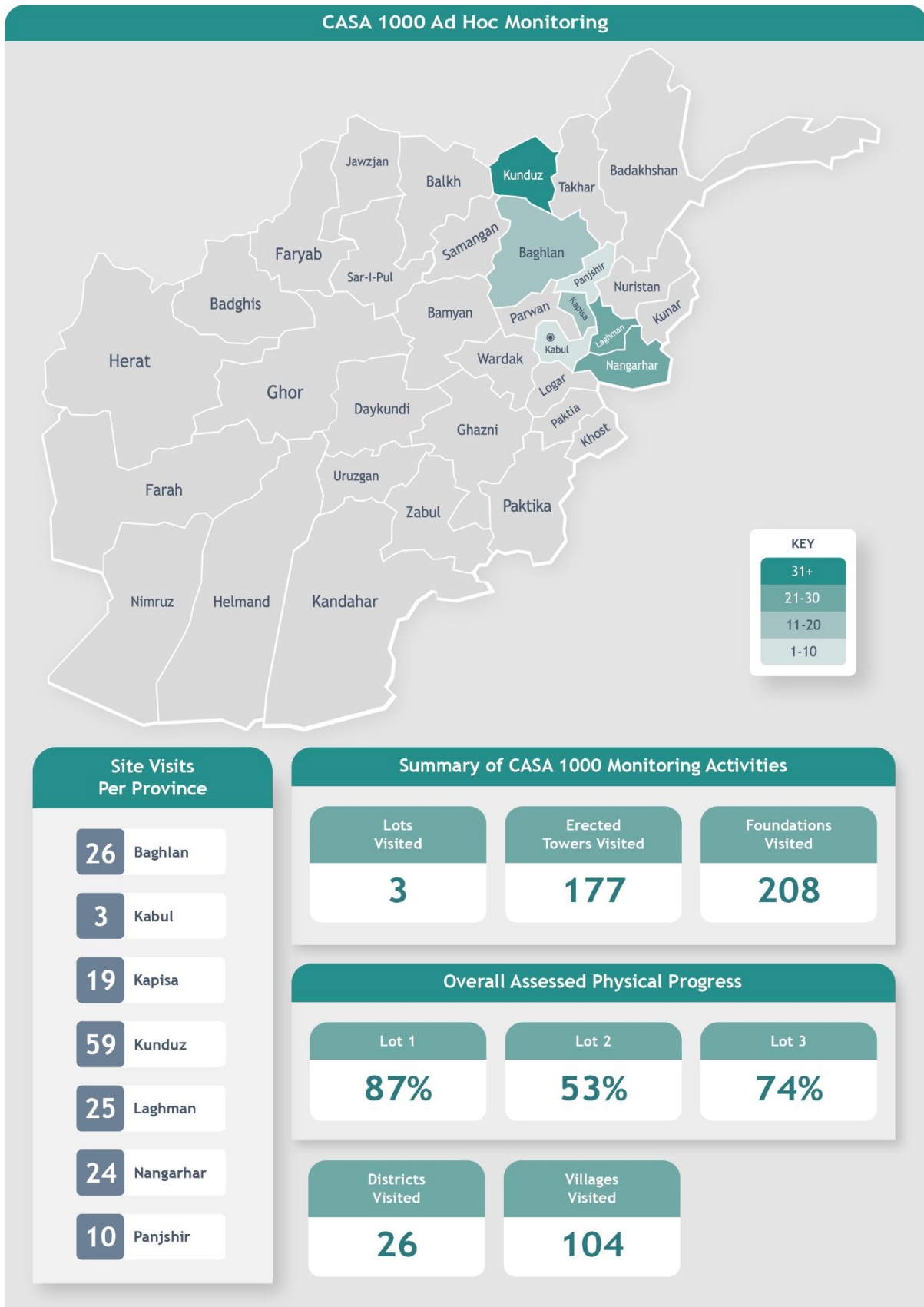


Table 9: CASA 1000 Deviations Identified in Q1 2022 by Aspect

| | CRITICAL | MAJOR | MINOR | TOTAL |
|--------------------|----------|-----------|-----------|-----------|
| Materials | 0 | 6 | 37 | 43 |
| Workmanship | 0 | 1 | 30 | 31 |
| Project Management | 1 | 3 | 8 | 12 |
| Social Standards | 0 | 1 | 1 | 2 |
| | 1 | 11 | 76 | 88 |

3.2.2 Status

Subcontractors were used for work in all three Lots, although only the Lot 1 contractor provided information on this. The Lot 2 and 3 contractor's representatives did not share documentation in relation to subcontracts. In four sites (two each in Kunduz and Kapisa), negative findings related to a lack of on-site safety procedures, a failure to follow design specifications, poor workmanship, or poor site selection. Collectively, our engineers tended to attribute these to inadequate site supervision by the contractors.

Our engineers verified that contractors had suspended infrastructure work in all three Lots since August 2021. Contractors do not currently employ staff at any of the site camps, except for storekeepers and security guards.

We assessed the overall physical progress for Lot 1 as 87 percent, for Lot 2 as 53 percent, and for Lot 3 as 74 percent. This calculation accounts for the supply of materials and equipment, as well as actual work on foundations and towers, transmission lines, and safety features.

Our verifications found that none of the 177 erected towers had protection measures in place. The protection measures include installation of anti-climbing equipment, danger and safety plates and, in some cases, aviation lights. The contractors' engineers explained that safety and protection measures would be installed when all other aspects of the work had been completed.

The contractors reported a total of seven site warehouses: four in Lot 1, one in Lot 2, and two in Lot 3. Our engineers visited five of the seven warehouses, listing the equipment and materials available in each. Four of these five warehouses (80 percent) had equipment and materials available. The Lot 1 contractor reported that on 24 June 2021, a warehouse in Pol Archin, Kunduz city had caught fire when it was hit by a mortar, resulting in a partial loss of assets, mostly in the form of insulators. During their site visit, our engineers observed that broken insulators were included among the burnt ones, although it was not possible to confirm whether these were on site at the time of the fire or had been added later to compound the loss value. The number of burnt and broken insulators could not be confirmed. The warehouse is still in use by the contractor.

For Lots 2 and 3, we were able to verify test results and documentation showing that 5,161 different tests had been conducted for 197 out of 199 sites (99 percent), all of which met the requirements. However, the Lot 1 contractor could not provide on-site documents relating to the materials testing in Baghlan and Kunduz provinces.

¹¹ While we conducted data collection in Q1, analysis was finalized in Q2 (April). The analysis findings from Q1 are therefore presented in this report.

3.2.3 Good Practice and Extra Work

We identified 1,027 instances of Good Practice across six provinces. We did not find evidence of Extra Work in the sites visited.

3.2.4 Documentation

Project documentation was available for verification at almost two-thirds (63 percent) of sites. When reported as not available, contractors reported that the documents were stored elsewhere or at the contractor's office.

While the Lot 1 contractor reported that they had received instalment payments on time, the Lot 2 and 3 contractor reported that none had been processed on time and they had been delayed for months, although no documentary evidence was provided to support this. Project staff reported that they had received their full salaries on time. This was confirmed by different categories of employees, including security guards, administration staff, technicians, and engineers.

3.2.5 Operations and Maintenance Plans

There were no O&M Plans available at any site, reflecting the fact that none of the Lots were fully complete. At the time of the location visits, DABS had not contracted a company to undertake O&M.

3.2.6 Site Standards and Occupational Health and Safety Management

Sites in Lots 2 and 3 were assessed as having more adequate accommodation (88 percent in Lot 2, 100 percent in Lot 3) than those in Lot 1 (67 percent). For different sites, the stoppage of work after August 2021 was given as the reason why no site camp existed or why existing site camp accommodation was inadequate.

Written contracts or agreements between workers and contractors were available at all sites in the three Lots, with workers and contractors' staff reporting that they accepted the terms and conditions of the contracts.

Security incidents had been reported in Lots 2 and 3: in September 2020, two of the contractor's employees had been shot by unknown armed men in Deh Salah district, Baghlan province (Lot 2). One had died on the way to hospital, but the other had recovered fully. The contractor's staff reported that both employees' families had received compensation.

First Aid training had been conducted for two-thirds of the Lot 1 sites, and First Aid kits were available at all of them. Conversely, while First Aid training for workers had been conducted at all sites in Lots 2 and 3, none of the sites had a First Aid kit available.

Almost every site (99 percent) in Lots 2 and 3 had an incident reporting system, but none of the 186 sites in Lot 1 had one. The reasons given for this included the following: people were unaware that injuries needed to be recorded, no injuries had yet occurred, and the contractor had not provided an incident reporting system.

Our engineers identified that six sites in Lot 1, all in Tangi Murch village, Burka district, Baghlan province, were prone to natural disaster (three from flooding and three from landslides). None had mitigation measures in place at the time of the site visits.

3.2.7 Location of Transmission Lines

The required clearance distance for transmission lines is 12.65 meters; the engineers recorded that the average height of transmission lines throughout was in line with the requirement.

Transmission lines crossed district or provincial roads at 53 sites (32 in Lot 1, two in Lot 2, and 19 in Lot 3). Where they did so, the average estimated height of the conductor from the road surface was 20 meters.

Transmission lines in 35 sites were expected to cross 330 houses (one in Lot 1, two in Lot 2, and 327 in Lot 3). Based on site surveys and drawings, the average height of transmission lines from the top of the house roofs was estimated at 19 meters.

Where, based on the site surveys and designs, transmission lines in twelve sites (ten in Lot 1 and two in Lot 3) were expected to cross a river or canal, the estimated average height of the transmission lines from the water surface was 33 meters.

Where 32 transmission towers (six in Lot 1 and 26 in Lot 3) were planned to be located near villages and residential houses, the average distance of the towers from the nearest house was estimated at 44 meters.

3.2.8 Environmental Standards

We did not identify any negative environmental impacts at any of the sites monitored. In all, 15 fruit trees in Lot 1 in Baghlan and six fruit trees in Lot 2 in Panjshir had reportedly been cut down, none had been replanted, and neither contractor had information about plans to do so. To date, none of the affected people had been compensated for loss of income.

3.2.9 Social Standards

Just over four-fifths of acquired land (317 sites, 82 percent) had been transferred from the Afghan Government prior to August 2021, with the remaining land acquired from private owners (68 sites, 18 percent). The highest number of sites visited (33 percent, n=125) and the highest percentage of government land acquired (3 percent, n=117) were both in Kunduz, in Lot 1.

Land clearance documents covering the transfer of Government-owned land were available for 92 percent (n=291) of sites overall: 81 percent (n=101) in Lot 1, 100 percent (n=45) in Lot 2, and 98 percent (n=145) in Lot 3. For 18 sites, the change of government was given as the reason why no land acquisition documents were available, and for eight sites, the contractor's representative reported that these documents were kept at the DABS office in Kabul. Land clearance, pricing, and land acquisition documents were not available for any of the 68 towers constructed on private land. Engineers reported that for five sites the change of government was given as the reason why documents were unavailable, with the land acquisition documents for the remaining sites being held in the DABS office in Kabul.

In total, 117 households on 73 sites were affected by land acquisition, with a large majority (90 percent) in Lot 1. Of the households affected, four in Lot 1 had lost all their all land, 107 households in all three Lots had lost some land, and six households in Lot 3 had lost housing and some land. No businesses were reported to be affected. In Lots 1 and 2, the impact on households was due to the acquisition of private land. All the Lot 3 households that lost housing were in Dak Kali Goshta village, Goshta district, Nangarhar province.

Although landholders and householders were informed that compensation was due, and compensation arrangements had been initiated, no compensation relating to land ownership or use had been paid at the time of the site visits.

The contractors had recorded a total of 43 complaints from affected households and community members - 14 from Lot 1 and 29 from Lot 3. Of these, 37 related to questions of land ownership: 23 to disagreements between the community and DABS as to whether land was owned privately or by the government, and 14 to disagreements about land ownership between community members. Four complaints were recorded regarding non-receipt of compensation, and another two seeking that their communities receive electricity instead of development projects. All complaints received had reportedly been referred to DABS by the contractor, but no information was available as to whether any complaints had been resolved or if there was a timescale for doing so.

According to the contractor, tower installation had begun on all sites where there were no complaints or compensation issues.

3.2.10 Grievance Management

All workers in Lots 2 and 3 had received grievance management training, but none in Lot 1 as the contractor did not consider this to be their responsibility. No complaints logbook or online system, or information about how to register a complaint about the project, was available at any of the 385 monitored sites. At 273 sites (71 percent), the reason given was that a logbook/system had been provided but was located elsewhere. For the remaining 112 sites (29 percent), the contractor was unaware of the need for one or stated they had not received a complaints logbook or had established an online system.

3.2.11 Overall Assessment

We assess the overall progress and outputs of construction activities in relation to Design, Materials used, and quality of Workmanship as **Good**.

Our engineers rated the key aspects of infrastructure based on the site observations and assessment for Design, Materials, and Workmanship aspects. They individually assessed all three aspects as either Good or Very Good. Project design was rated as Very Good, meeting all the requirements. Materials and Workmanship were both rated as Good. We assessed Lot 2's Workmanship inferior to its other aspects (3.9), but still above Average.

3.3 Herat Electrification Project

Between 23 May and 8 June, eleven engineers conducted 155 site visits for the Herat Electrification Project (HEP) activities across 12 districts in Herat province, the majority in Chisht-E-Sharif, Obe, Karrukh, and Pashtun Zarghun. In doing so, they made a total of 19,938 observations and recorded 250 deviations.

3.3.1 Objective and Status

HEP's objective is to provide access to electricity to households, institutions, and businesses in Chisht-E-Sharif, Obe, Karrukh, and Pashtun Zarghun districts in Herat province, through three Components:

Component 1

Electrification of four districts in Herat province (USD 20 million): This Component supports investments for building a new 110 kilovolt (kV) transmission line and four 110/20 kV substations and medium and low voltage (MV/LV) distribution networks in four districts of Herat province.

Component 2

Grid densification, extension, and off-grid pilots in Herat province (USD 36 million): This Component extends grid electricity supply to other parts of Herat province. Additionally, solar mini-grids and solar-hybrid mini-grids will be piloted in villages that are unlikely to obtain grid electricity in less than five years and where it is technically and economically justifiable.

Component 3

Technical assistance (USD 4 million): This Component finances technical assistance to ensure timely and quality completion of the project; enhance DABS capacity in procurement, engineering studies, and project management; enhance financial planning for utility and safeguards implementation; and prepare a foundation for further extension and integration of the grid in Herat Province.

Project activities were paused on August 15, 2021. Before this, the project had made the most progress on Component 1, while for Component 2 the installation of a 25 MVAR Capacitor Bank in Hoot substation was nearing completion in August 2021.

Overall, we found project components to be non-operational and incomplete. The transmission line and distribution grid are non-operational, substations are partially complete, and solar panels installed at hospitals require maintenance as specified in O&M Plans. However, a minor segment of the distribution grid in the Chisht-E-Sharif district has been energized through the Salma hydro-electric plant substation, benefiting 350 mostly office and commercial consumers.

3.3.2 Deviations

Table 10: HEP Deviations in Q2 2022

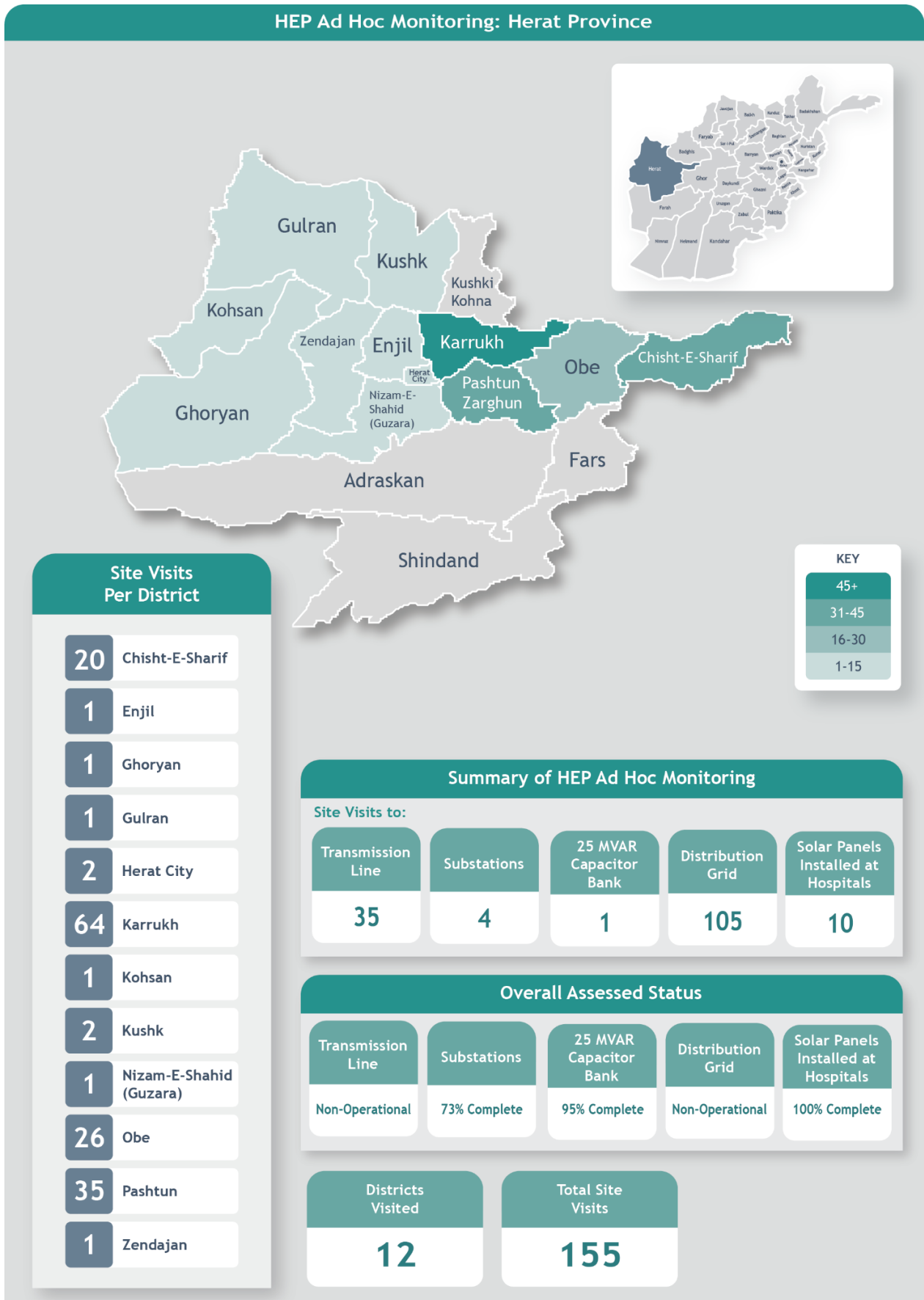
| | CRITICAL | MAJOR | MINOR | TOTAL |
|------------------------------------|----------|-------|-------|--------|
| Deviations identified in Q2 | 71 | 39 | 140 | 250 |
| Estimated rectification cost (USD) | 62,886 | 8,590 | 9,055 | 80,531 |

Overall, our engineers recorded 250 deviations, one percent of the 19,938 observations made, involving physical inspection and verification of different construction elements. A quarter of these (28 percent, n=71) were Critical deviations, 16 percent Major (n=39), but more than half Minor (56 percent, n=140). The table below shows how we classified deviations identified.

Table 11: HEP Deviations Identified in Q2 2022 by Aspect

| | CRITICAL | MAJOR | MINOR | TOTAL |
|--------------------|-----------|-----------|------------|------------|
| O&M | 38 | 24 | 108 | 170 |
| Project Management | 13 | 7 | 15 | 35 |
| Workmanship | 11 | 3 | 11 | 25 |
| Materials | 5 | 3 | 4 | 12 |
| Design | 3 | 2 | 0 | 5 |
| Social Standards | 1 | 0 | 2 | 3 |
| | 71 | 39 | 140 | 250 |

Figure 4: Map of TPM Activities for HEP in Q2 2022



3.3.3 Good Practice and Extra Work

We did not identify any examples of Good Practice or Extra Work.

3.3.4 Transmission Line

Our engineers identified the transmission line as non-operational. Although transmission towers have been erected and conductors installed, the connection with the Karrukh substation is not fully complete, and most towers are missing bracings.

We recorded 37 deviations in the transmission line, amounting to 1 percent of 6,968 observations made. Almost a quarter of deviations were Critical (24 percent, n=9), with one Major deviation and the remainder Minor (73 percent, n=27). More than two-thirds of deviations found (68 percent, n=25) were assessed as arising from insufficient or lack of O&M planning and practice, followed by issues with the quality of workmanship (20 percent, n=7). At 23 sites, involving 47 towers, the transmission line crossed over houses, roads, and canals or rivers; no public safety issues have been reported in relation to them.

3.3.5 Substations

Infrastructure work has been suspended on all four substations since August 2021. Our engineers reported that the contractor does not currently maintain an active presence at any of the substations, with no staff on site save for storekeepers and security guards. We assessed the overall physical progress for Karrukh and Obe substations as 70 percent and Chisht-e-Sharif and Pashtun Zarghun substations as 75 percent. Engineers also identified that energization and commissioning had not begun (Many substations equipment need pre-commissioning, which is required for the main components of a substation before final commissioning and energization, but our engineer did not report any findings regarding the pre-commissioning of equipment at any of the four substations).

The prime contractor, a joint venture between Aster Private Limited from Turkey and State Corps from Afghanistan), had subcontracted all civil construction activities to Novin Simia Company, who had further subcontracted them to a local construction firm, (Farooq Rahimi Construction Company).

Our engineers visited two warehouses and listed equipment and materials but were only able to inspect a small proportion of equipment; 29 sealed boxes containing substation equipment were not inspected.

3.3.6 Capacitor Bank

We assessed the overall physical progress for the 25 MVAR Capacitor Bank as 95 percent. Commissioning and energization were pending the availability of a direct power line. The quality of the Capacitor Bank was found to be satisfactory, although we found a disconnect switch touching the tapping line upon disconnection. This has been reported as a Major deviation but would be a Critical (potentially life-threatening) one if the deviation is not rectified before the Capacitor Bank is connected to the power supply.

3.3.7 Distribution Grid

We visited 6,545 poles and 134 transformers during 105 site visits, with each site visit covering up to 70 poles. Our engineers found that conflict had caused damage to various parts of the grid, as well as instances of stolen parts, and intentional or accidental damage to poles, meter boxes, transformers, or conductors. Two transformers and 58 poles at different locations had been energized through the Salma hydroelectric plant substation, providing electricity to 350 consumers, 300 commercial users, and 50 local government offices. We reviewed all the equipment and materials in the Chisht-E-Sharif and Pashtun Zarghun warehouses.

Our engineers recorded 174 deviations in the distribution grid: 52 Critical (30 percent), 26 Major (15 percent) and 96 Minor (55 percent). Most of the Critical and Major deviations (73 percent, n=57) related to insufficient or a lack of O&M, followed by issues with overall project management (20 percent, n=15).

In 163 locations, distribution grid poles and conductors crossed over roads, houses, canals and, in some cases, over existing power lines. At three sites, the conductor heights were well below the agreed safe standard and constitute Critical deviations. At five sites, poles were located in areas prone to flooding with no mitigation measures in place. There were no reported complaints or disputes regarding land acquisition or compensation.

3.3.8 Solar Panels

We visited ten hospitals in eight districts and in Herat City. Although solar panel installations at all hospitals were completed in June 2020, a dispute between DABS, the contractor, and the Ministry of Public Health, has prevented any handover.

Our engineers identified solar power systems at five hospitals as fully operational, two as partially operational, and three as non-operational.

Overall, the quality of inverters provided was assessed as low, with most hospitals reporting maintenance challenges. In addition, the contractor and DABS have failed to respond to O&M issues. We recorded 20 deviations related to solar panels: seven Critical, eight Major and five Minor.

3.3.9 Contractor Management

Site visits to the transmissions line identified that all relevant contractor personnel had been assigned to the project, including a project and site manager, electrical engineer, civil engineer, and safety staff. DABS has also assigned an engineer to maintain visits to the transmission towers. The contractor delivered on-the-job training to 15 DABS Planning and High Voltage team members in April 2020. The training included topics such as preliminary works, construction, installation, erection, quality inspections, and commissioning of the transmission line.

During site visits to the four substations, the contractors reported that they had assigned engineers for all sites, although none were available given project suspension. Similarly, contractors reported that they had assigned an engineer for the 25 MVAR Capacitor Bank, but the engineer was not available during the site visit.

3.3.10 Documentation

During site visits to the transmission line, our engineers were able to verify ten of the 19 required documents (53 percent). Similarly, during site visits to the four substations, our engineers were able to verify half of the documentation as available on site (eight of the 16 document). Where reported as not available, contractors most often stated that the documents were stored at DABS.

In visits to both the Capacitor Bank and distribution grid, most documents were verified as available on site, with only two of the required documents reported as unavailable for verification. For the Capacitor Bank, this equalled 18 percent of documents unavailable (two of eleven documents) and for the distribution grid this equalled 20 percent of documents unavailable (two of ten documents). During visits to the Capacitor Bank, engineers noted that where documentation was reported as not available on site or at the DABS office, contractors most often stated that it was stored at the DABS Herat office.

3.3.11 Operations and Maintenance Plans

There were no O&M Plans available during site visits to the transmission line, substations, Capacitor Bank or distribution grid. For site visits to the transmission line, the DABS team did not know who was responsible for preparing an O&M Plan and reported that doing so had not been included in the project Bill of Quantities.

In comparison, O&M Plans were available at all ten hospitals for solar panel site visits. The Plans had been developed by the contractor, and hospitals were expected to be responsible for implementation though they had not been implemented at the time of reporting.

3.3.12 Environmental and Social Standards

Our engineers did not report any negative environmental impacts from any of the site visits. Equally, no trees were reported to have been cut down for work relating to the project components.

At 23 sites, involving 47 towers, the transmission line crossed over houses, roads, and canals or rivers. All were at or above the standard minimum height.

During site visits to the distribution grid, engineers identified five sites with poles in areas prone to natural disaster, such as flooding, however, no mitigation measures were in place. The distribution grid's poles and conductors cross over roads, houses, canals, and in some cases over existing power lines at 163 sites. At three sites the conductor heights were well below the safety standard., reported as Critical deviations.

3.3.13 Land Acquisition

There was no evidence of complaints or disputes related to land acquisition or compensation for the transmission line and substation visits.

Almost half the land used for the transmission towers was owned by the Afghan Government (49 percent, n=17), followed by private ownership (40 percent, n=14). At three sites with three towers each, these were located on a mix of Government and private land. Land acquisition or planning documents were not available for one site. Land clearance and transfer documents were available for 15 out of 20 Government-owned sites (75 percent). At 16 sites, 88 households had donated land for tower installation, with transfer documentation available for twelve of these (71 percent). For the other sites, we could not verify land donation papers, although DABS reported that the land was donated by the communities.

During site visits to the distribution grid, our engineers reported that a third of land used for poles was Government-owned, with the remainder of poles sited on a mix of Government and privately-owned land. There were no land acquisition or Government land clearance documents available. At seven sites, residents had allowed poles to be installed inside their house compounds. There were no complaints or disputes reported relating to land acquisition or compensation.

3.3.14 Overall Assessment

We assess the overall progress and outputs of construction activities in relation to Design, Materials used, and quality of Workmanship as **Good**.

Our engineers rated the key aspects of infrastructure based on the site observations and assessment for Design, Materials, and Workmanship aspects. O&M received the lowest scores, often attributable to issues arising from ongoing conflict.

3.4 Naghlu Hydropower Rehabilitation Project

The Naghlu Hydropower Rehabilitation Project consists of three components:

Component 1

Mechanical, electrical, and electromechanical works, covering:

- (a) Rehabilitation of Unit 1 of Naghlu Hydropower Plant (NHP).
- (b) Enhanced maintenance of other units of the powerhouse, including provision of spare parts, O&M equipment, and construction of related warehouses.

Component 2

Dam safety and power generation improvement, comprising:

- (a) Dam Safety Audit and Safety Improvement Measures, including the reactivation of the low-level outlet.
- (b) Optimization of Power Generation.

Component 3

Environmental and social sustainability, project management support, and future project preparation, supporting:

- (a) NHP's environmental and social sustainability through electrification of villages around the Naghlu Dam and development assistance to improve the livelihoods of communities surrounding the dam.
- (b) The Project Implementing Entity, the Environmental and Social Advisory Panel, and the Project Technical Advisory Panel.
- (c) Identification of potential future projects for hydropower development.

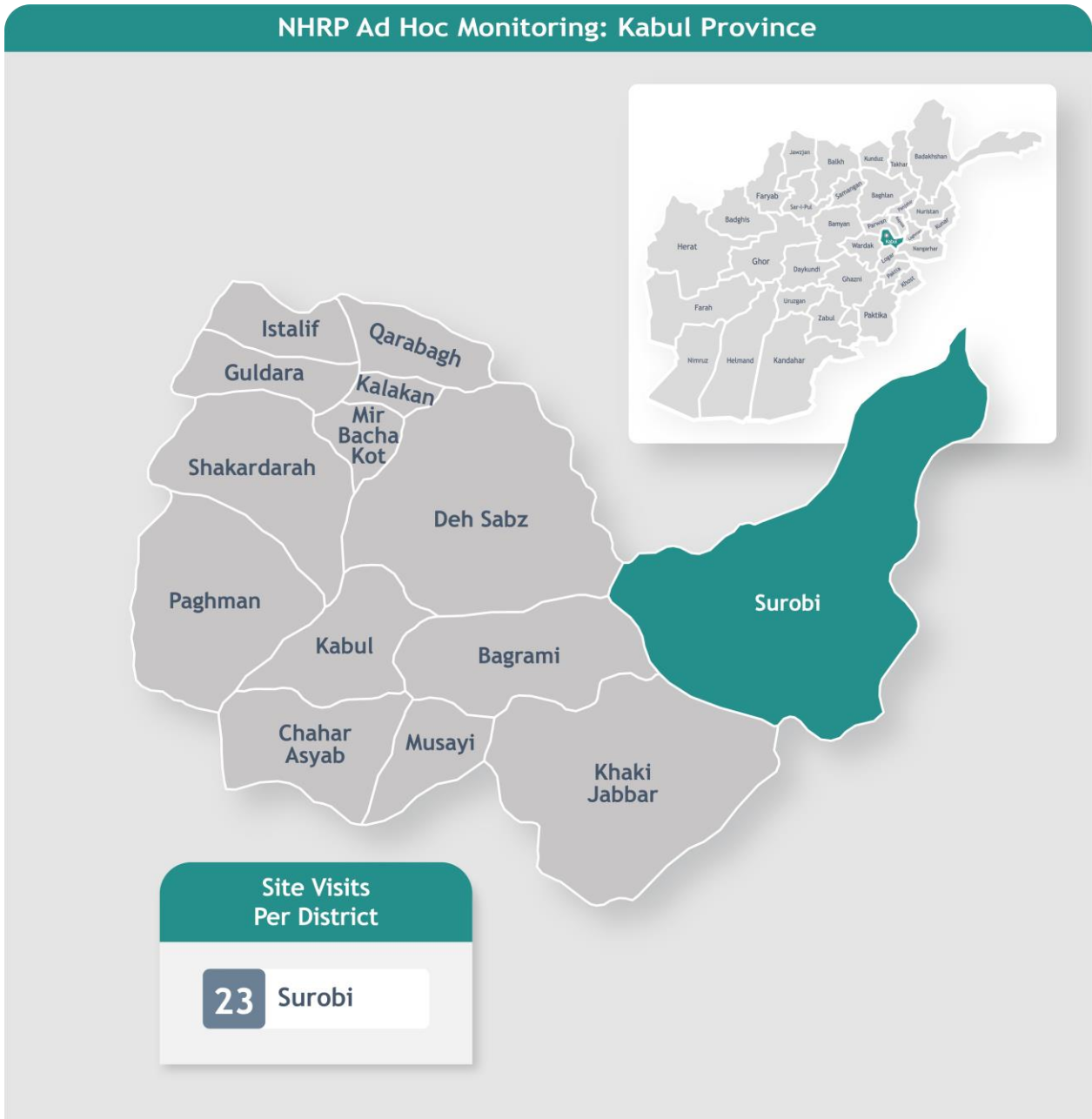
Between 29 March and 3 April, we conducted 23 site visits to monitor implementation of the project. This included five visits to the Naghlu Dam (Components 1 and 2), located at the confluence of the Panjshir and Kabul rivers in Surobi district, Kabul province, and 18 visits to the adjacent villages in Surobi district (Component 3).

3.4.1 Deviations

During their visits to the dam, our engineers verified 56 different dam features, including the dam platform, reservoir, intake structure, and hydraulic turbines; the powerhouse; the spillway gate; the bottom outlet (flushing gates); the drainage galleries and drainage pumps; the warehouse for spare parts for the dam; the sub-station; the boundary wall; and the access roads to the dam. In addition, our engineers conducted 14 verifications of the sediment level.

In total, our engineers made 90 observations related to the dam and 14 verifications of sediment levels. Of the 90 observations related to the dam, our engineers identified 19 deviations (21 percent). Five of these were Critical, ten Major, and four Minor. Our engineers found that the causes of most of the deviations were poor maintenance and project management by the NHP team.

Figure 5: Map of TPM Activities for NHRP in Q2 2022



The estimated total rectification cost for the deviations related to the dam is USD 3,717,800. The highest estimated rectification cost, USD 3,500,000, related to an increase in the reservoir’s sediment level.

Table 12: NHRP Components 1 and 2 Deviations in Q2 2022

| | CRITICAL | MAJOR | MINOR | TOTAL |
|------------------------------------|-----------|---------|-------|-----------|
| Deviations identified in Q2 | 5 | 10 | 4 | 19 |
| Estimated rectification cost (USD) | 3,615,550 | 101,100 | 1,150 | 3,717,800 |

During their visits to the different villages, our engineers assessed 380 different project features, including electricity poles, conductors and wires, and transformers.

Of the 440 observations related to the villages around the dam, our engineers identified 36 deviations (8 percent): 13 (36 percent) of these were Critical, seven (20 percent) Major, and 16 (44 percent) Minor. Three villages had no deviations: Momin Khan and Serinai Clay (Masjid Umer Faroq), Sherkhan Kas, and Hosian Khil Naghlo. The main causes of deviations included improper supervision by the supervising site engineer of the sub-project design drawings, poor workmanship, poor maintenance, negligence by DABS during and after sub-project implementation, and disregard by the community for newly installed electricity infrastructure.

The estimated total rectification cost for the deviations related to the villages is \$8,300. The highest estimated rectification cost, \$1,000, related to the installation of a tall electricity pole with a high-quality foundation in a flood-risk area.

Engineers identified 17 Notifications, applicable to ten villages. The only village with no deviations or notifications was Momin Khan and Serinai Clay (Masjid Umer Faroq). Most notifications related to earthing plates not being buried in the ground and parts of the poles and transformers rusting due to poor-quality paint.

Table 13: NHRP Component 3 Deviations in Q2 2022

| | CRITICAL | MAJOR | MINOR | TOTAL |
|------------------------------------|----------|-------|-------|-------|
| Deviations identified in Q2 | 13 | 7 | 16 | 36 |
| Estimated rectification cost (USD) | 2,400 | 2,100 | 3,800 | 8,300 |

Table 14: NHRP Component 1 and 2 Deviations Identified in Q2 2022 by Aspect

| | CRITICAL | MAJOR | MINOR | TOTAL |
|-------------------------|----------|-----------|----------|-----------|
| Environmental Standards | 0 | 1 | 0 | 1 |
| Materials | 0 | 0 | 1 | 1 |
| Project Management | 2 | 3 | 0 | 5 |
| O&M | 3 | 6 | 3 | 12 |
| | 5 | 10 | 4 | 19 |

Table 15: NHRP Component 3 Deviations Identified in Q2 2022 by Aspect

| | CRITICAL | MAJOR | MINOR | TOTAL |
|--------------------|-----------|----------|-----------|-----------|
| Social Standards | 11 | 0 | 0 | 11 |
| Workmanship | 0 | 2 | 3 | 5 |
| Materials | 0 | 4 | 5 | 9 |
| Project Management | 2 | 1 | 5 | 8 |
| O&M | 0 | 0 | 3 | 3 |
| | 13 | 7 | 16 | 36 |

3.4.2 Good Practice and Extra Work

During their visits to the dam, our engineers identified one example of Good Practice where the sub-station had a dedicated area for a future additional transformer. Our engineers did not find evidence of Extra Work at the dam.

During their visits to the different villages, our engineers did not identify any examples of Good Practice but did identify seven examples of Extra Work. Four of these were in the same village: Momin Khan and

Serinai Clay (Masjid Umer Faroq). They included a community member erecting a wooden power pole with DABS adding and connecting the attached power line.

3.4.3 Principal Findings on the Naghlu Dam (NHRP Components 1 and 2)

Turbines

Our engineers assessed all four Vertical Francis Turbines at the Naghlu Dam and found that two were fully operational, one was operational but undergoing annual maintenance during data collection, and one was partially operational and in need of repairs. Due to a lack of water in the dam reservoir, the turbines were generating less power than planned. Around the time of the engineers' site visit, the NHP team could only keep one or two turbines operational.

Operations and Maintenance

Our engineers found that an adequate O&M system appeared to be in place for the Naghlu Dam. The NHP technical team reported that they had prepared an annual O&M Plan before the high flow season, covering different approaches to repairing spillway gates and turbine elements.

A review of the maintenance observation logbook found that the maintenance team had reportedly carried out 240 inspections of, or site visits to, various components of the dam since the start of 2021, listing 200 deficiencies or deviations for all turbines. All recorded deficiencies or deviations had been rectified.

The NHP team reported that spare parts were required, and that dam maintenance could not be fully carried out without them. They also reported that they had worked with DABS and the World Bank to procure these items and started a bidding process in 2020. Companies in Russia and Ukraine were identified, but the process had been terminated in August 2021 before procurement had been finalized.

Our engineers also observed the NHP team working without appropriate equipment such as safety glasses, gloves, safety hats with lights, safety shoes, anti-sliding ladders, and safety vests.

Drainage Galleries

Our engineers identified that the drainage galleries had been partly under water for more than 40 years before two new drainage pumps were installed in 2020 (both of which were assessed as fully operational). As a result, our engineers found a range of Critical, Major, and Minor deviations:

- More than half of the drainage holes in the drainage galleries are covered with sediment and are not operational. Blockage of these holes could prevent water from flowing from the dam's foundation to the drainage galleries, increasing uplift pressure at the foundation.
- The uplift pressure could not be monitored because the tool for measuring it had rusted when the drainage galleries were partly under water and was not operational.
- The artificial cooling system of concrete pipes was not operational due to the drainage galleries being under water for a long time.
- The lighting system in the drainage galleries was not operational, putting laborers working in the galleries at risk. Laborers also lacked the appropriate safety equipment.
- Sediment has accumulated on the walls and the roof of the drainage galleries and is potentially harmful to the laborers working there.

Measurement of Sediment in the Dam Reservoir

Although the NHP team measured the sediment in the dam reservoir in front of the intakes, they had not been able to conduct any bathymetric surveys in recent times. The team had the necessary equipment - an echo sounder and a boat - but insecurity made it difficult to explore all areas of the dam reservoir. The team also lacked the appropriate Geographic Information System extension applications and technical expertise to interpret results of the data collected as part of the bathymetric survey. This meant that the gradient of the sediment could not be measured. However, triangulation of the sediment measurements in front of the intakes with the original height of the dam appeared to indicate that the sediment is 33.3 meters deep, covering 227 million cubic meters. This has decreased the capacity of the dam reservoir from 550 to 323 million cubic meters of water, significantly reducing the amount of electricity it can produce. Moreover, there was only 3.7 meters separated the sediment and the turbine intakes, meaning that if the sediment reached the intakes, it would flow directly into the turbines, causing a shutdown. These sediment findings were reflected as Critical deviations in the dataset.

Our engineers assessed that the flushing tunnel and flushing gates were in good condition. However, the sediment in the dam reservoir could not be flushed because a sample from the top surface of the sediment contained heavy metal and unexploded ordnance. The bottom part of the sediment will need to be tested before a decision can be made on how to remove it.

Environment and Safety

An Environmental and Social Impact Assessment had been conducted more than a year before our visit, whose principal finding related to the increasing amount of sediment in the reservoir, and the potential health or environmental risks that could arise depending on the type of materials accumulated in the sediment.

The NHP team confirmed that workers at the dam had received both Environmental Health and Safety training and First Aid training. Although a First Aid kit was available at the NHP team's office near the dam, our engineers observed that this was a long way from where most of the O&M work was carried out. Our engineers made a recommendation to the NHP team to carry First Aid kits with them when working at the dam. An incident reporting mechanism was available for reporting physical injuries, but no injuries had yet been reported.

Many key documents relating to dam safety, including the Dam Safety Plan and Emergency Preparedness Plan, were not available.

3.4.4 Principal Findings on Project-Supported Villages (NHRP Component 3)

Operational Status

Of the 18 villages supported by NHRP, eleven are located upstream and seven downstream. Work was completed in all the upstream villages, with electricity provided to the grid. However, our engineers noted that electricity is only reaching communities in seven of the eleven upstream villages. In the remainder, many of the planned beneficiary households stated they did not have the means to buy power meters or cables to connect their houses to the meter boxes. Reports suggested that even households with the resources were unwilling to pay, believing they should not have to. Our engineers highlighted this as a Critical deviation for the relevant villages.

Similar issues applied to four of the seven downstream villages where work had been completed. For the remaining three villages, work is still ongoing in two and has temporarily stopped in one due

to a dispute regarding compensation for trees that had been cut down. Our engineers reported that DABS was unwilling to provide power to any of the villages until construction had been completed for all sub-projects downstream.

Electricity Availability and Accessibility

For the seven upstream villages that are receiving power, four communities reported that power supplies were generally stable for between 18 to 24 hours a day, while three stated that there were frequent interruptions. Reports show that a total of 1,710 customers have been connected to the grid and are being billed monthly. No voltage drops were detected in any of the villages receiving electricity at the time of our visits.

The distribution grid experienced four faults in 2021. All four faults related to the circuit breakers, and reports show that they were all fixed within 14 days by replacing the breakers. The DABS engineer confirmed that a team is available to correct any faults, with each staff member from DABS Surobi district allocated three or four transformers under a single team leader. Faults that cannot be fixed are reported to the main DABS office in Kabul, and then assigned to an appropriate team.

Safety

Our engineers observed that none of the laborers at the two sites where work was ongoing were wearing personal protective equipment. The laborers reported working an average of eight hours per day on site.

A First Aid kit was not available at either site. The on-site engineer stated that workers had not received any Environmental, Health and Safety training and that he did not know why. No incident reporting mechanism was available, although no injuries had occurred to date. Our engineers established that no security incidents related to the sub-project had affected the workers or communities.

Our engineers identified various instances in which conductor lines cross over roads/highways, canals/streams, houses, or existing power lines. All cases of a conductor overlapping existing power lines were in the downstream area. Contractors had planned to remove old power lines once the new ones were operational. Our engineers identified one instance where the space between the roof of a house and the conductor was considered unsafe, and another instance where the distance between an electricity pole and an asphalt road was considered unsafe. There were also two villages where electricity poles had been placed in potentially flood-prone areas.

3.4.5 Documentation

For Components 1 and 2, our engineers verified that only 17 out of the 40 documents (43 percent) that should be available at the dam, as per NHRP criteria, were available. In almost all cases where the documents were not available, the NHP team reported that external consultants should have finalized them, but that work had not yet started before their contracts ended in August 2021.

For Component 3, only a handful of documents were available at sub-project sites. The remainder were all reportedly at the DABS office.

3.4.6 Overall Assessment

We assess the overall progress and outputs of construction activities in relation to the Naghlu Dam and beneficiary villages as **Poor**. Our engineers assessed the NHRP completion rate at 48 percent.

To calculate the overall NHRP rating based on all site visits conducted, we took a weighted average of the scores for Components 1 and 2 (67 percent), and Component 3 (33 percent).

For Components 1 and 2, our engineers assessed the NHRP completion rate at 25 percent. Although the lowest rating is 3.1 for O&M, the overall average rating for work done at the Naghlu Dam under NHRP is **Poor** because of the range of Critical and Major deviations identified by our engineers.

For Component 3, our engineers assessed the NHRP completion rate at 95 percent. Although the lowest average rating for the villages is 3.6 for Workmanship, the overall average rating for work done in the villages around the Naghlu Dam is **Below Average** because of the different Critical and Major deviations identified in some of the villages.

4 Results from Economic Sector Monitoring

Following the change of government in August 2021, we were tasked by the World Bank to monitor economic indicators in a number of key areas:

- Prices and availability of food and non-food items that combine into a Consumer Price Index basket as defined by the World Bank, and the extent to which shopkeepers selling these items paid taxes and/or relied on cashless transactions.
- Banking sector activities, including both formal banking activities and activities of informal currency exchange traders and Hawala operators.
- Transport flows at major border crossings.
- Labor market activities, including nominal wages and availability of casual workers as well as the extent to which salary payments of civil servants were being made.

We collected this information by conducting short surveys at markets and banks with shopkeepers, bank branch managers, bank clients, skilled and unskilled daily workers, and Hawala operators. Physical data collection also took place at border crossings through observations and interviews with truck drivers and phone interviews with telecom operators and civil servants.

We have collected data continuously since mid-November 2021 in 50 districts in 22 provinces, covering Afghanistan's six largest urban centers and 16 smaller ones. Data has been shared with the World Bank on a weekly basis through our Digital Platform, where analysis is also visualized through a Power BI dashboard. In addition, during weekly meetings, we provided extensive updates related to topics such as exchange rate movements and new directives from Da Afghanistan Bank (DAB).

In Q2 2022, we conducted 695 site visits through 576 market visits and 119 border crossing visits (monitoring visits to bank branches were included in the market visits). We conducted 31,722 interviews,¹² 31,020 on-site and 702 by phone. Information about respondents' gender was unavailable for 2 percent (n=576) of the interviews because these respondents are interviewed through group interviews. Of the 31,146 interviews where this information was available, only 1 percent (n=194) of interviews were with women. This was partly due to the nature of the respondents sampled and the additional difficulties of engaging with women in the current circumstances.

Figure 6 below presents the number of site visits conducted, disaggregated by monitoring activity and province. Figure 7 presents the number of interviews.

¹² For Economic Sector Monitoring, we report on the number of interviews conducted and not the number of respondents because many of the respondents were interviewed repeatedly over the reporting period.

Figure 6: Map of Economic Sector Monitoring Site Visits in Q2 2022

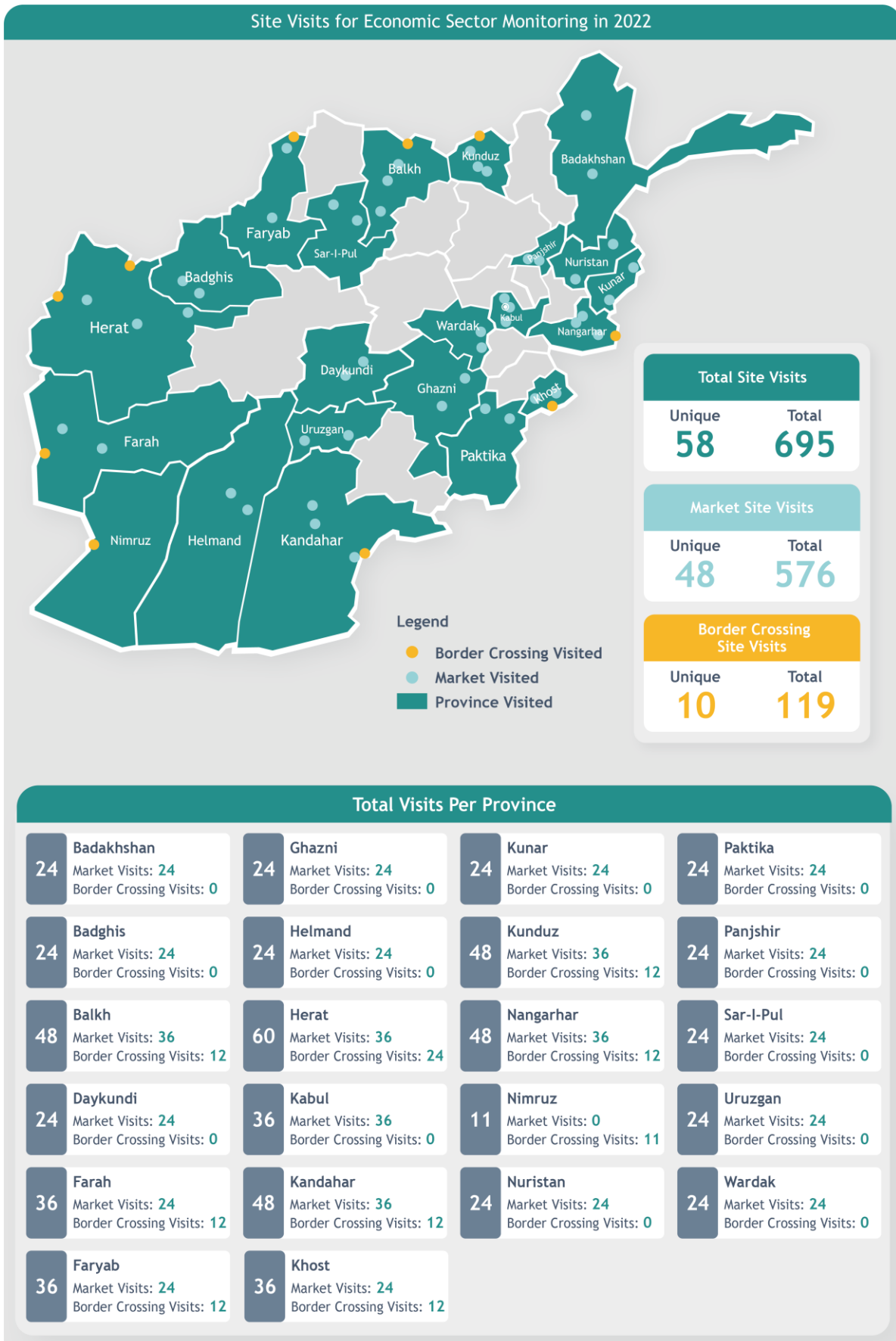


Figure 7: Interviews conducted in Q2 2022¹³

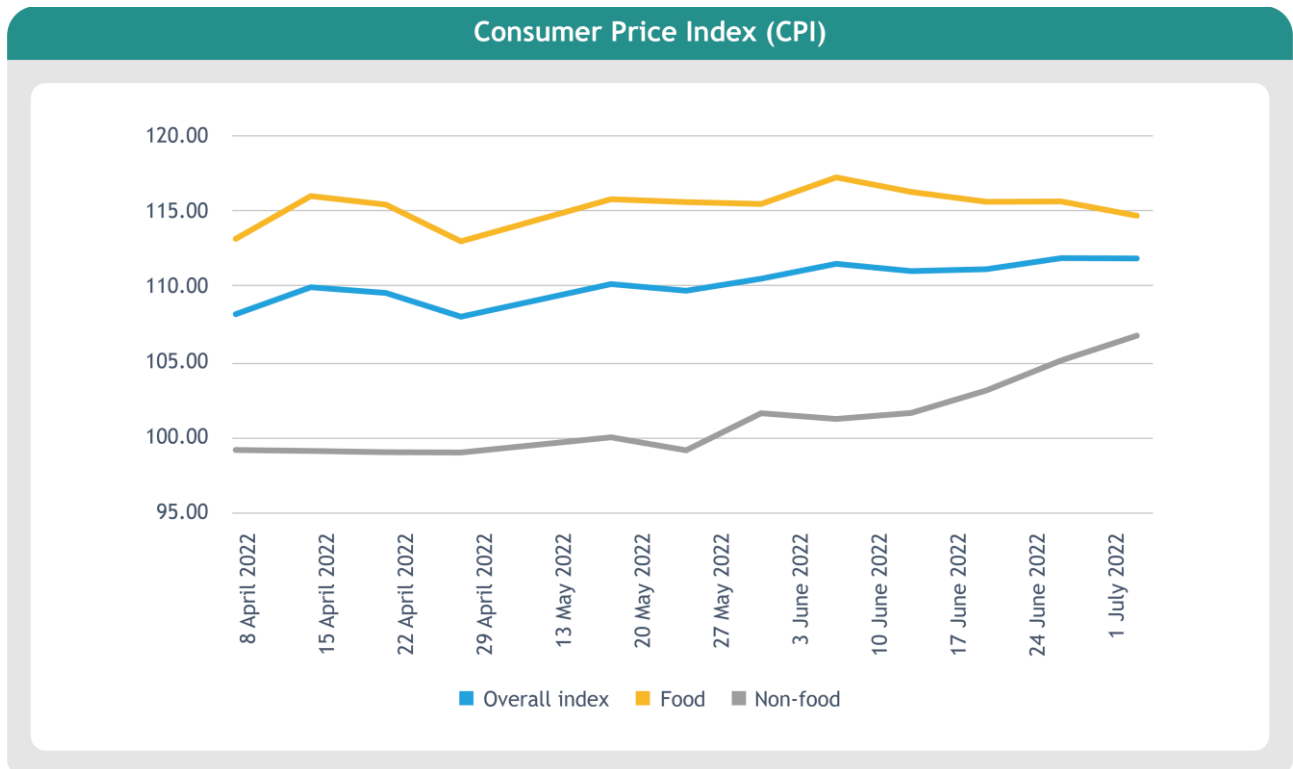
| Economic Sector Monitoring Interviews in 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Survey Type | Respondent Type | Number of interviews conducted with men | Number of interviews conducted with women | Number of interviews conducted for which gender of interviewee is unknown | Total number of interviews conducted by respondent type | Total number of interviews conducted by survey type | Interviews conducted on-site or by phone? |
| Bank | Bank branch manager Bank customer | 575 2,662 | 3 51 | | 578 2,713 | 3,291 | On-site |
| Bank OP | Shopkeeper next to the bank Bank security guard Bank customer Bank branch manager | 350 560 76 107 | 1 - - 3 | | 351 560 76 110 | 1,097 | On-site |
| Food | General/grocery store Shop/cart/stall with vegetables Shop/cart/stall with fruits Bakery Butcher (shop with meat) Dairy shop | 1,662 1,680 1,654 1,474 1,549 1,197 | - - - 6 - 6 | | 1,662 1,680 1,654 1,480 1,549 1,203 | 9,228 | On-site |
| MSNFEX | Informal currency exchangers Hawala operators Informal currency exchangers and Hawala operators | 922 582 396 | - - - | | 922 582 396 | 1,900 | On-site |
| Market service | Shared taxi/van/rickshaw driver Barber Private health facility staff Real estate agent Tailors for men and boys Tailors for women and girls Daily laborers (group interviews) | 1,538 1,552 1,609 939 1,678 1,100 N/A | - - 1 - - 57 N/A | | 1,538 1,552 1,610 939 1,678 1,157 576 | 9,050 | On-site |
| Non-food item vendors | Firewood seller (commonly used) Petrol pump/gas station staff/shopkeeper Shopkeepers (fabric) for women and girls Shopkeepers (fabric) for men and boys Shopkeeper (stationery) Shopkeeper (shoes) | 902 1,098 1,126 1,141 1,067 1,119 | - - 1 - - - | | 902 1,098 1,127 1,141 1,067 1,119 | 6,454 | On-site |
| Government employee | Civil servants | 440 | 21 | | 461 | 461 | Phone |
| TELECOM | Telecom operator | 197 | 44 | | 241 | 241 | Phone |
| TOTAL | TOTAL | 30,952 | 194 | 576 | 31,722 | 31,722 | |

| Enumerators | Male | Female | Total |
|---------------------------|------|--------|-------|
| Visiting Border Crossings | 20 | 0 | 20 |
| Visiting Markets | 52 | 0 | 52 |
| Making phone interviews | 0 | 6 | 6 |

4.1.1 Prices and Availability

Food prices stabilized during Q2 after rising in the first quarter. Conversely, prices of non-food items rose rapidly in the last month of the quarter, largely driven by increasing energy prices.

Figure 8: Consumer Price Index Afghanistan - Index Week 48 2021¹⁴



Although there were significant price increases, our findings indicate that key food and non-food items are still available in sufficient quantity in local markets.

¹⁴ We collected data over a total of 12 weeks from Week 14 to Week 26. There is no Week 18 data collection due to Eid.

Figure 9: Proportion of Food Items reported to be 'Regularly Available'

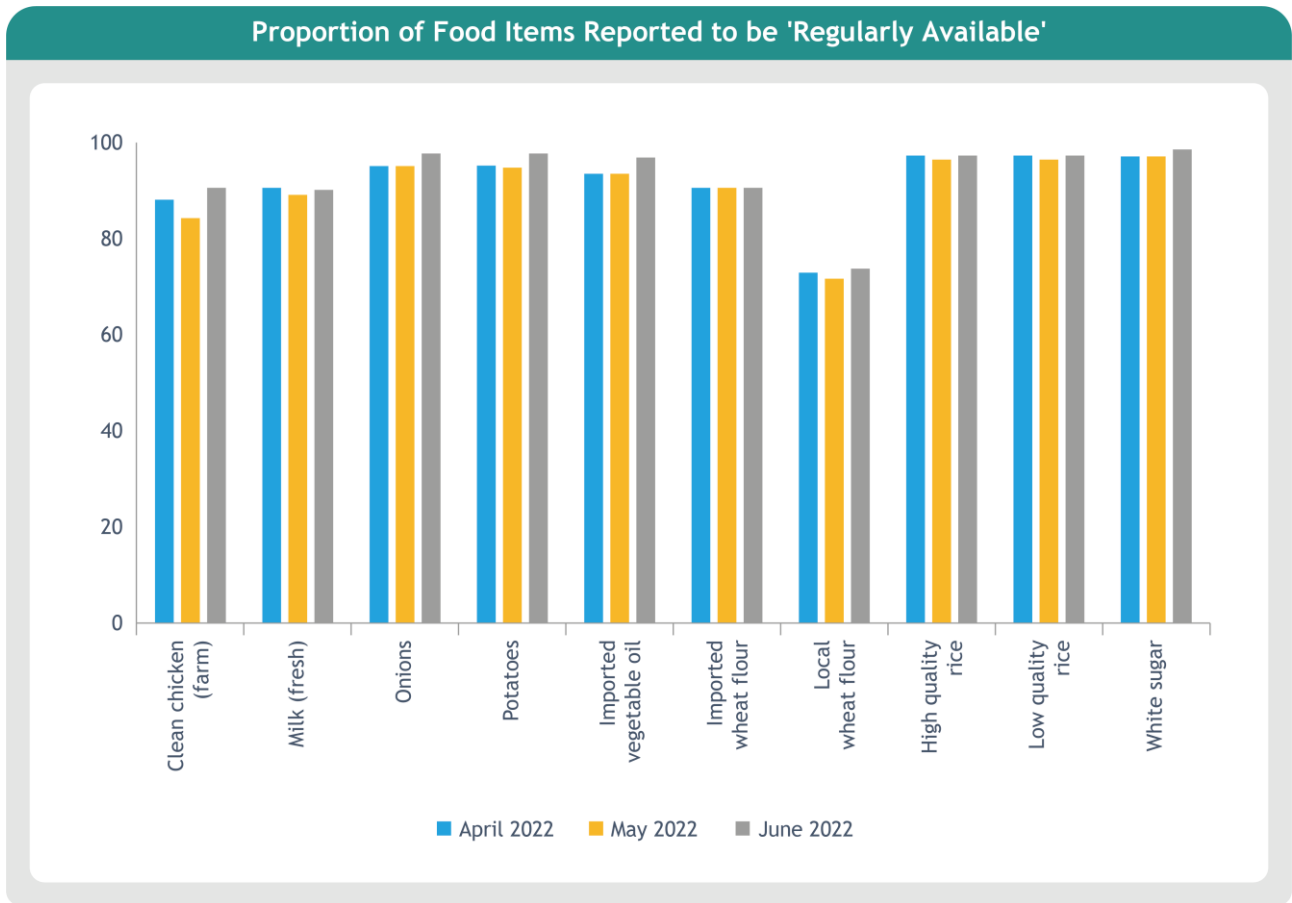
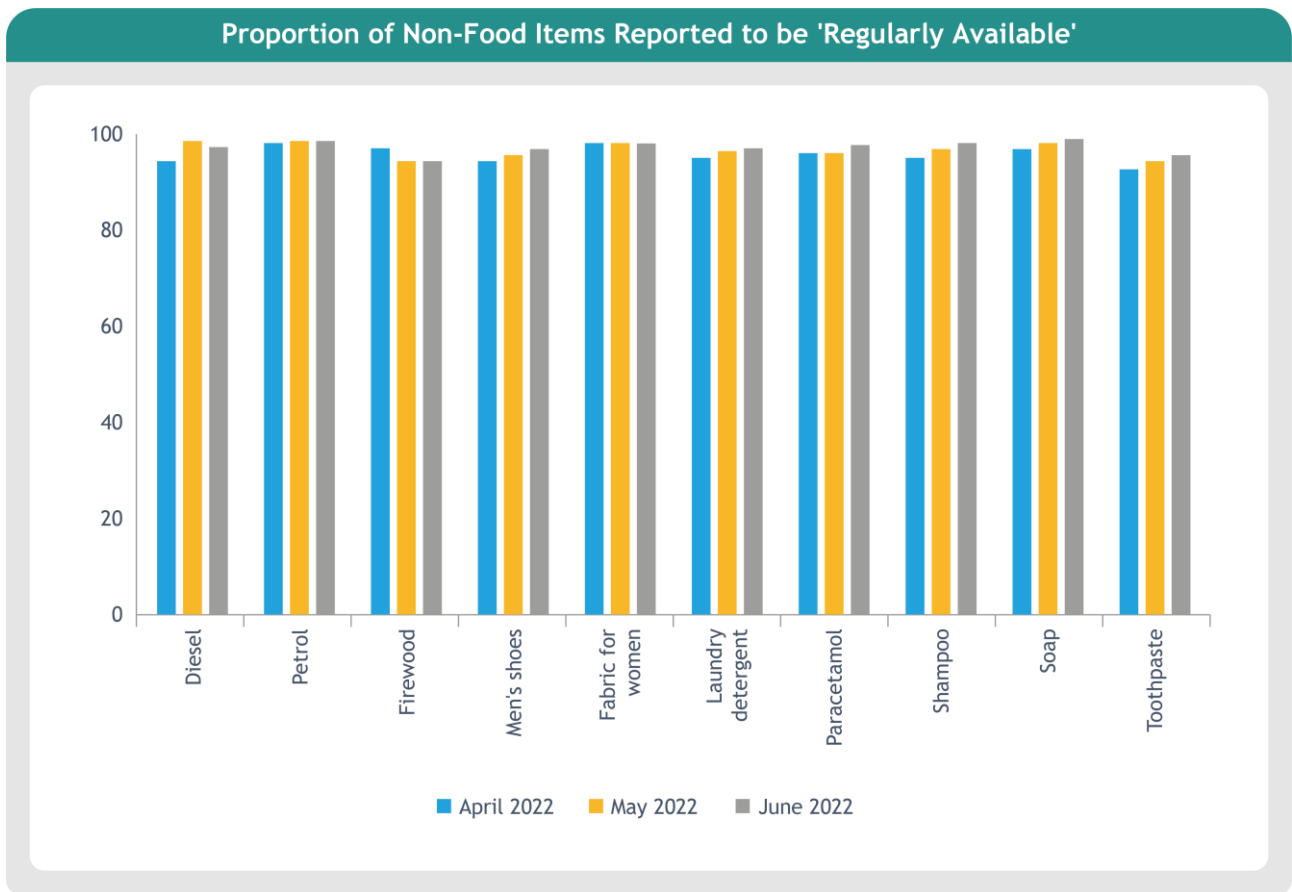


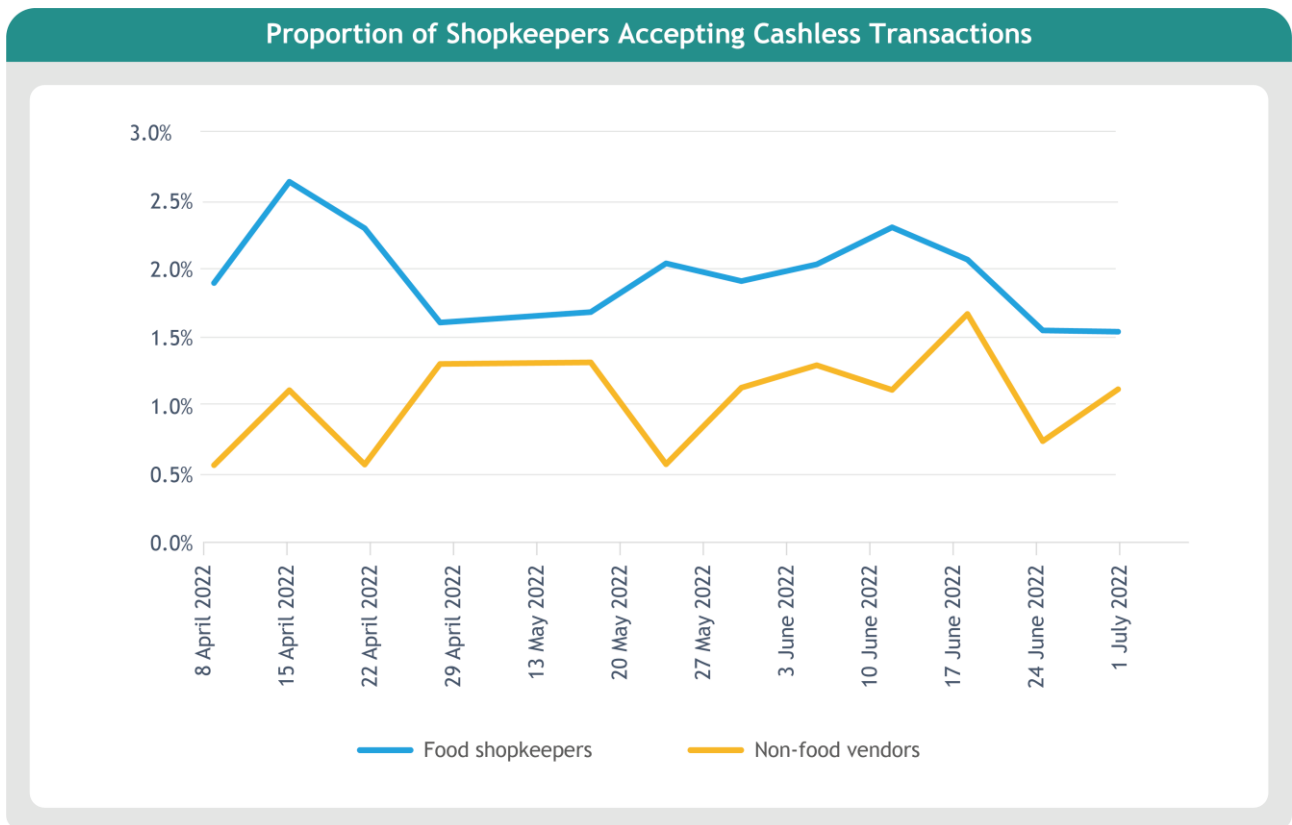
Figure 10: Proportion of Non-Food Items reported to be 'Regularly Available'



4.1.2 Cashless Transactions

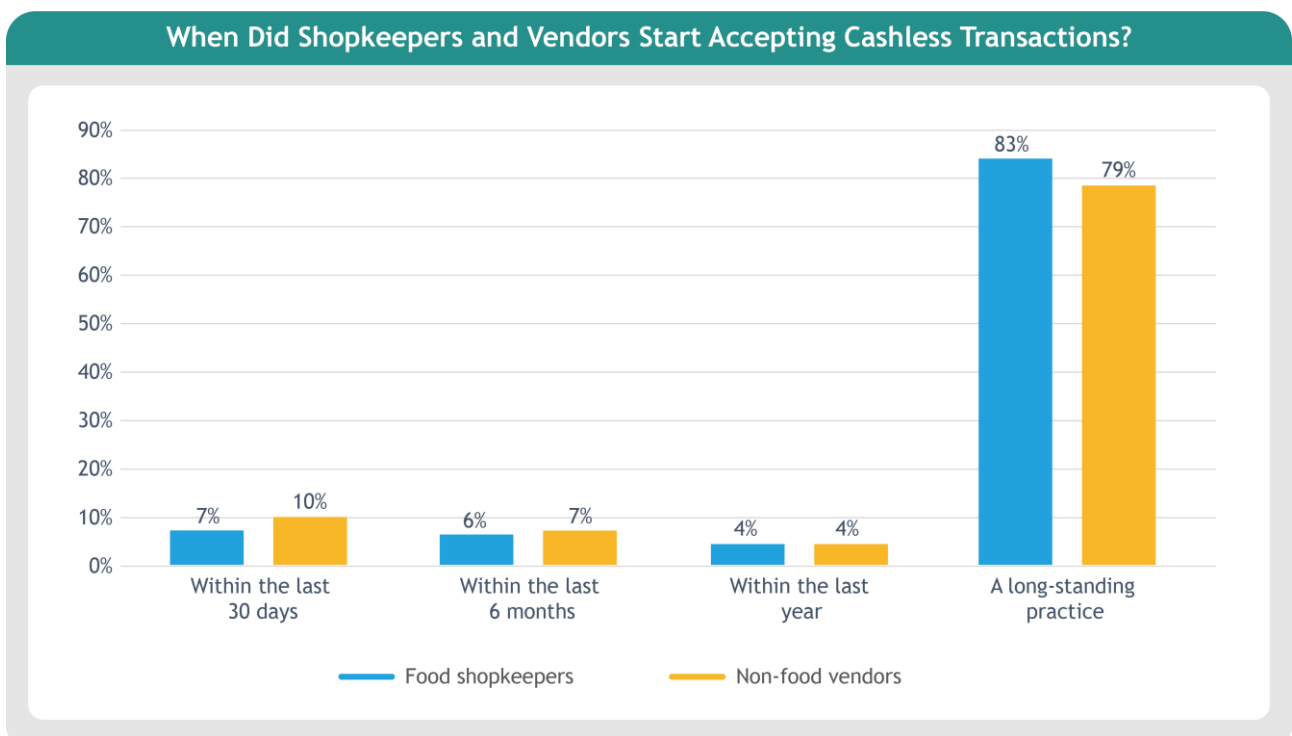
Only a small percentage of shopkeepers and vendors interviewed reported that they accepted cashless transactions. This amounted to 2 percent (n=181) of the 9,228 interviews with food shopkeepers and 1 percent (n=67) of 6,454 interviews with non-food vendors.

Figure 11: Proportion of Shopkeepers Accepting Cashless Transactions



We conducted 248 interviews with shopkeepers and vendors who said they accepted cashless transactions. In 83 percent (n=150) of cases, shopkeepers and vendors said this was a long-standing practice.

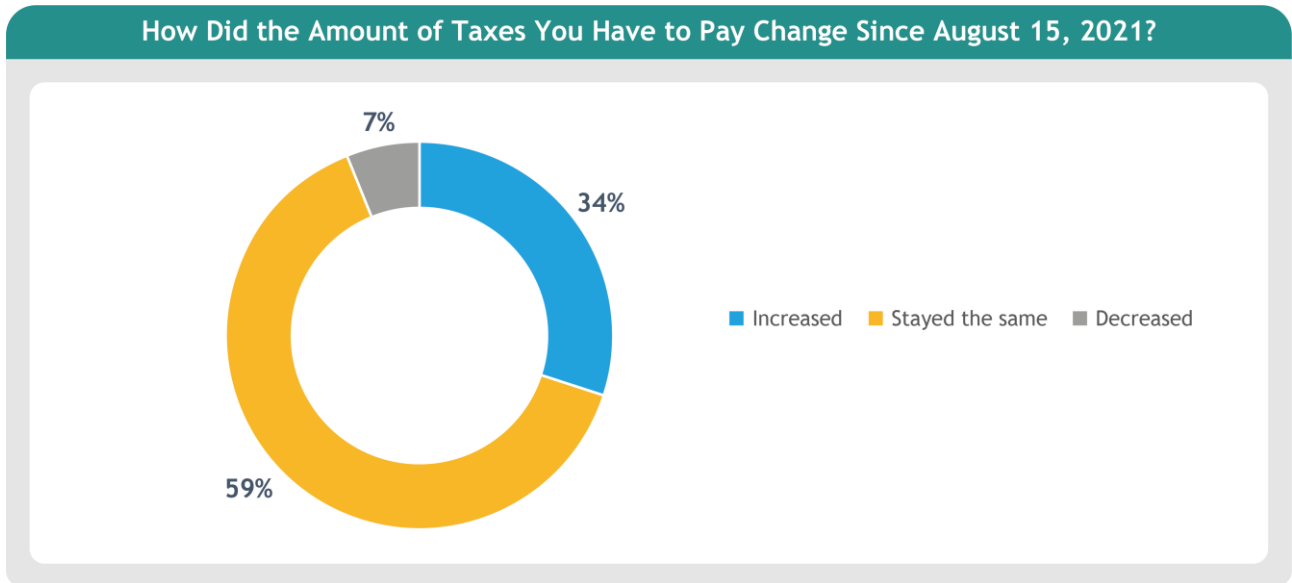
Figure 12: Shopkeepers and Vendors Accepting Cashless Transactions



4.1.3 Taxes

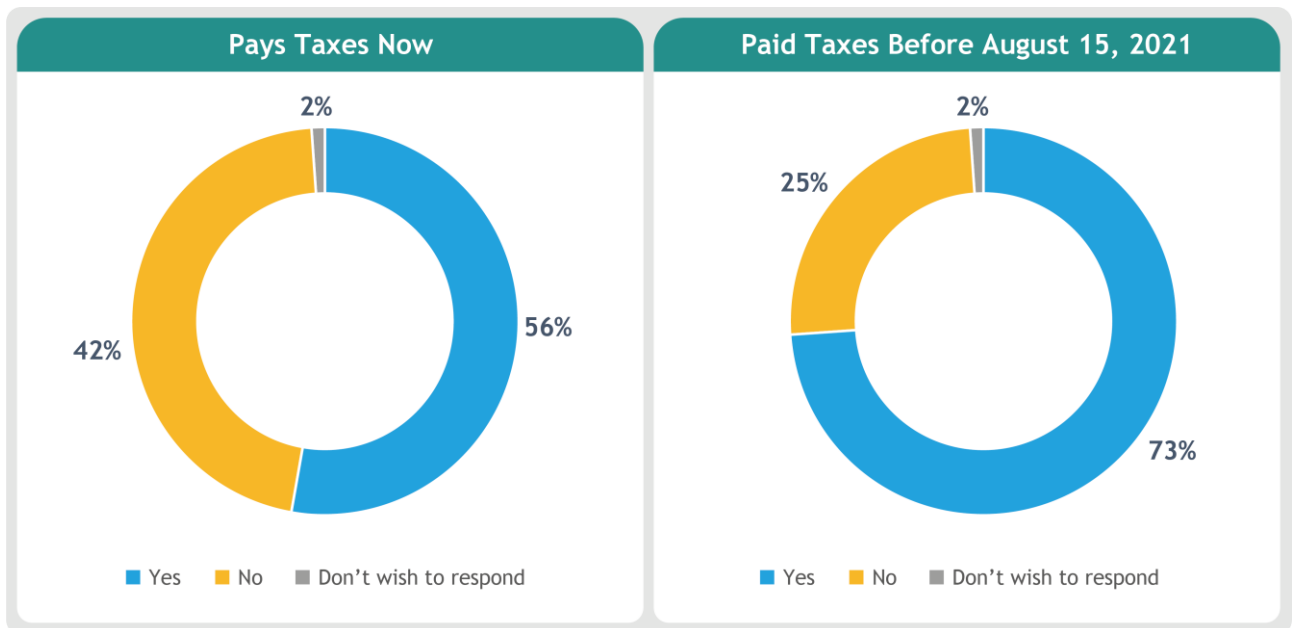
The majority of shopkeepers and vendors reported that their taxes had stayed the same since August 2021.

Figure 13: Change in Amount of Taxes Paid Since August 15, 2021



However, only half of interviewed shopkeepers and vendors (n=8,782), reported that they were currently being taxed, against three-quarters of shopkeepers and vendors (n=11,448) reporting they were doing so before August 2021.

Figure 14: Proportion of Shopkeepers and Vendors Reported to be Paying Taxes

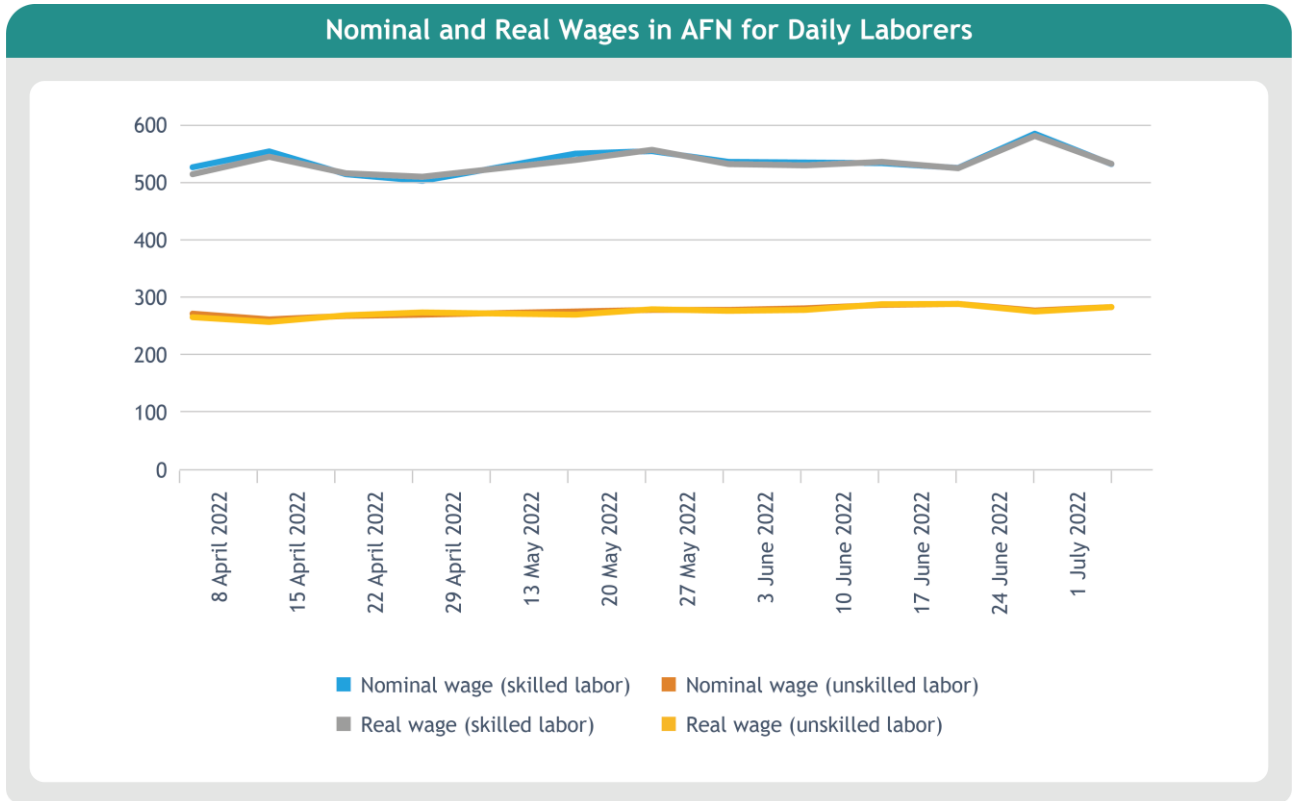


4.1.4 Labor Market

Our data shows that both nominal and real wages remained stable during the reporting period. For this calculation, weekly inflation was applied and calculated using the Consumer Price Index data shown in Figure 8. If we had used monthly or annual inflation with an older base period, real wages would be

significantly lower than nominal wages (This was not used for this report to ensure reliance on our data only).

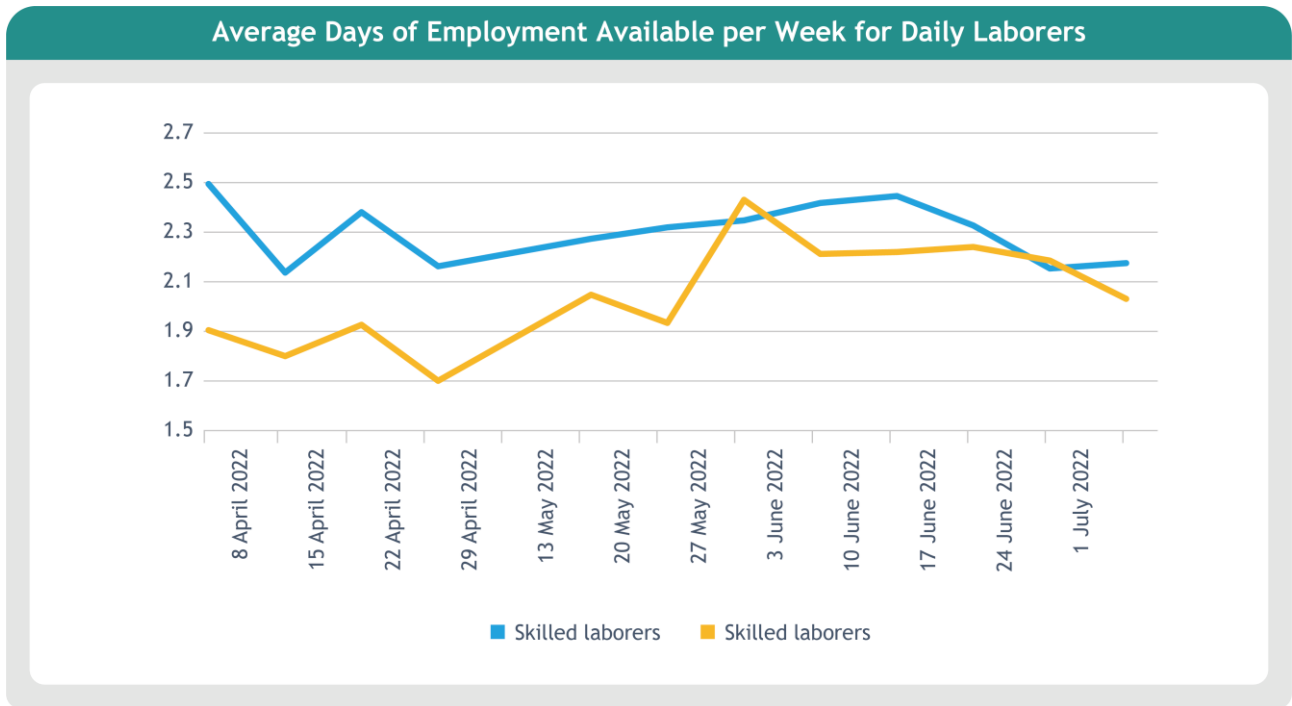
Figure 15: Nominal and Real Wages (in AFN)¹⁵



Available employment for daily workers was slightly higher compared to Q1 but still low overall during this reporting period, averaging just over two days of work per week for both skilled and unskilled laborers.

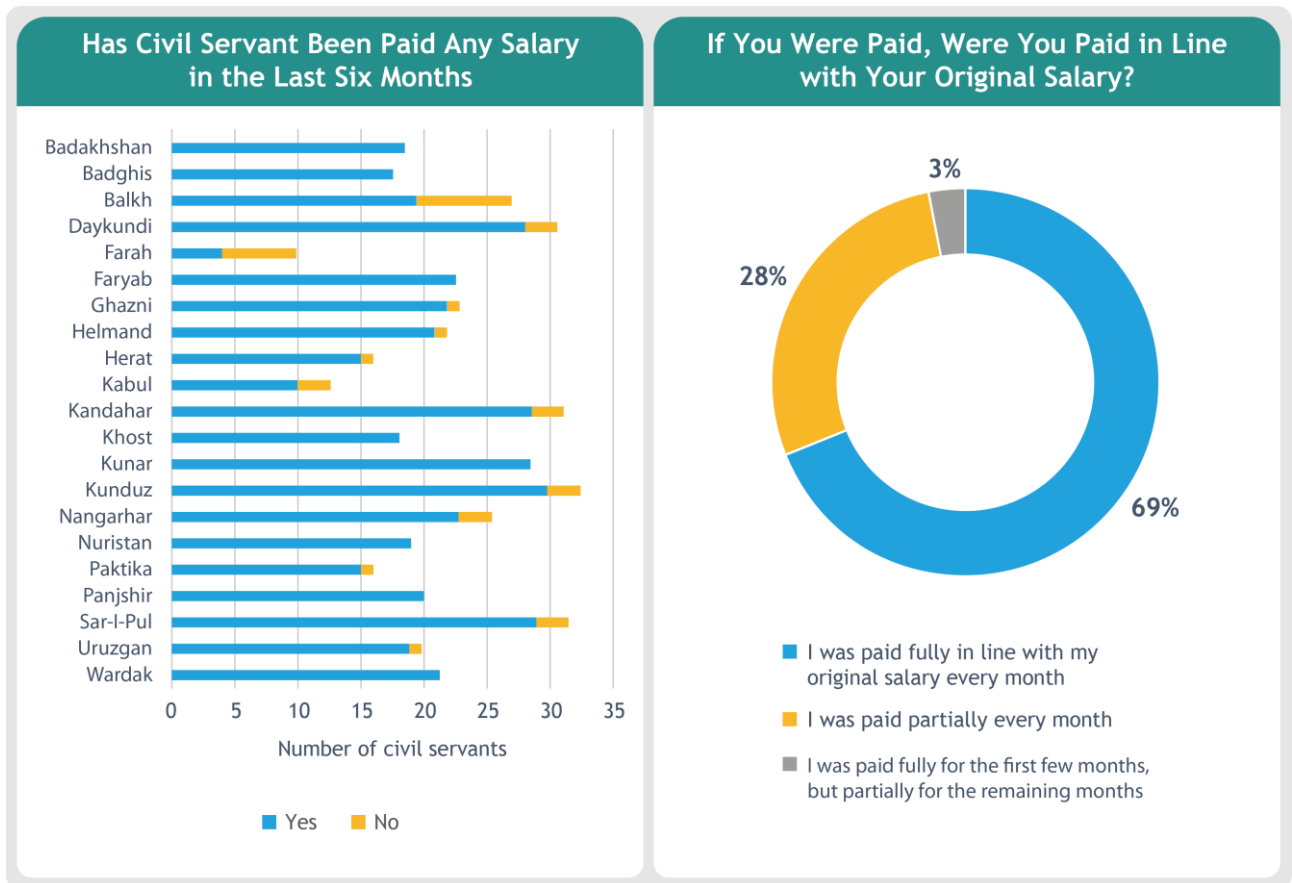
¹⁵ Although there was significant volatility in the AFN/USD exchange rate in late 2021, during this reporting period the average exchange rate approximated to 90 AFN = 1 USD, with minor fluctuations.

Figure 16: Demand for Skilled and Unskilled Daily Workers



Almost all civil servants interviewed in this reporting period reported that they had been paid in the last six months (92 percent, n=426), but only two-thirds of these (n=296) reported that the salaries received were in line with their original salary.

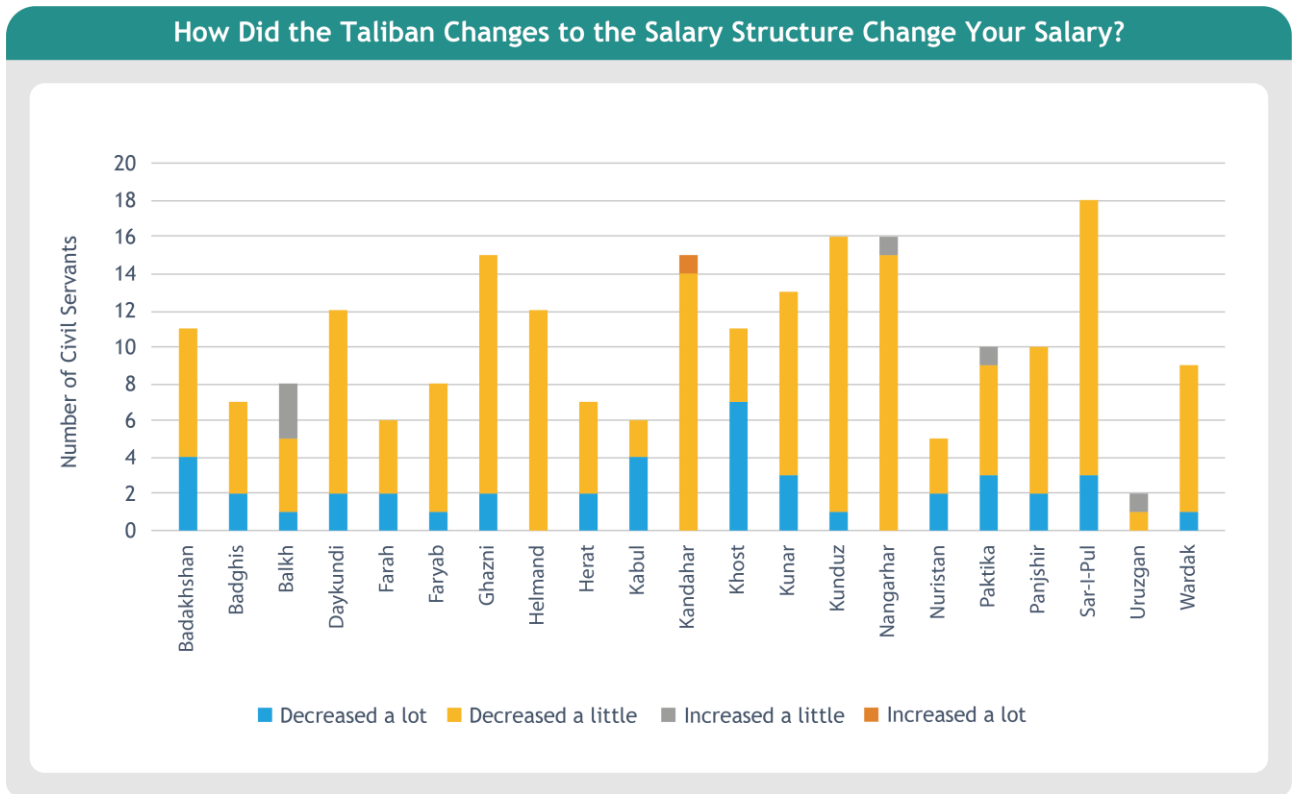
Figure 17: Civil Servant Salary in the Last Six Months



Civil servants in 84 percent (n=304) of the 361 interviews were aware of the changes that the interim Taliban administration had made to the civil servant salary structure. Respondents in more than two-thirds of the 304 interviews (71 percent, n=217) stated that their salary had also changed as a result.

Of the 217 interviews with civil servants who reported that their salary had changed due to the Taliban’s revisions to the salary structure, almost all reported that their salary had decreased (97 percent, n=210).

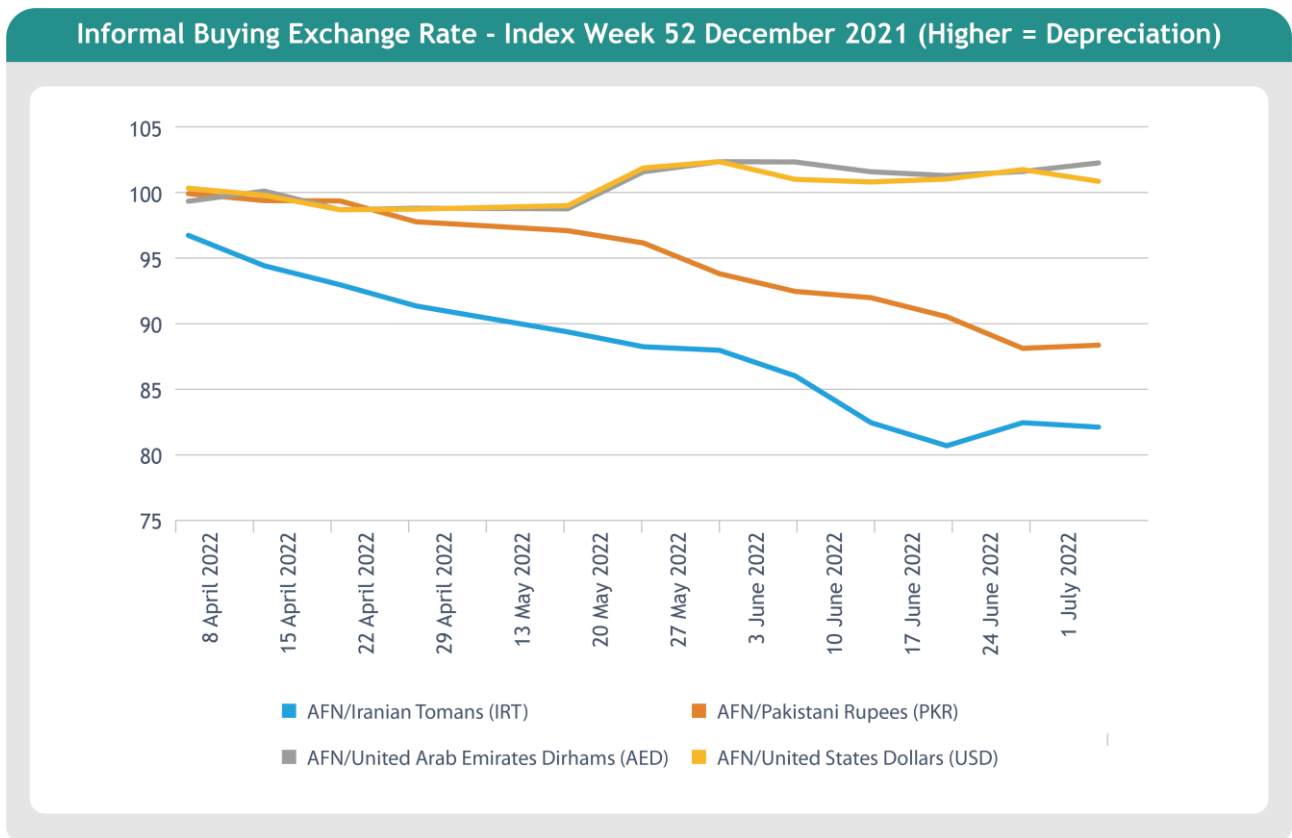
Figure 18: Impact of Taliban Changes to the Salary Structure



4.1.5 Exchange Rates

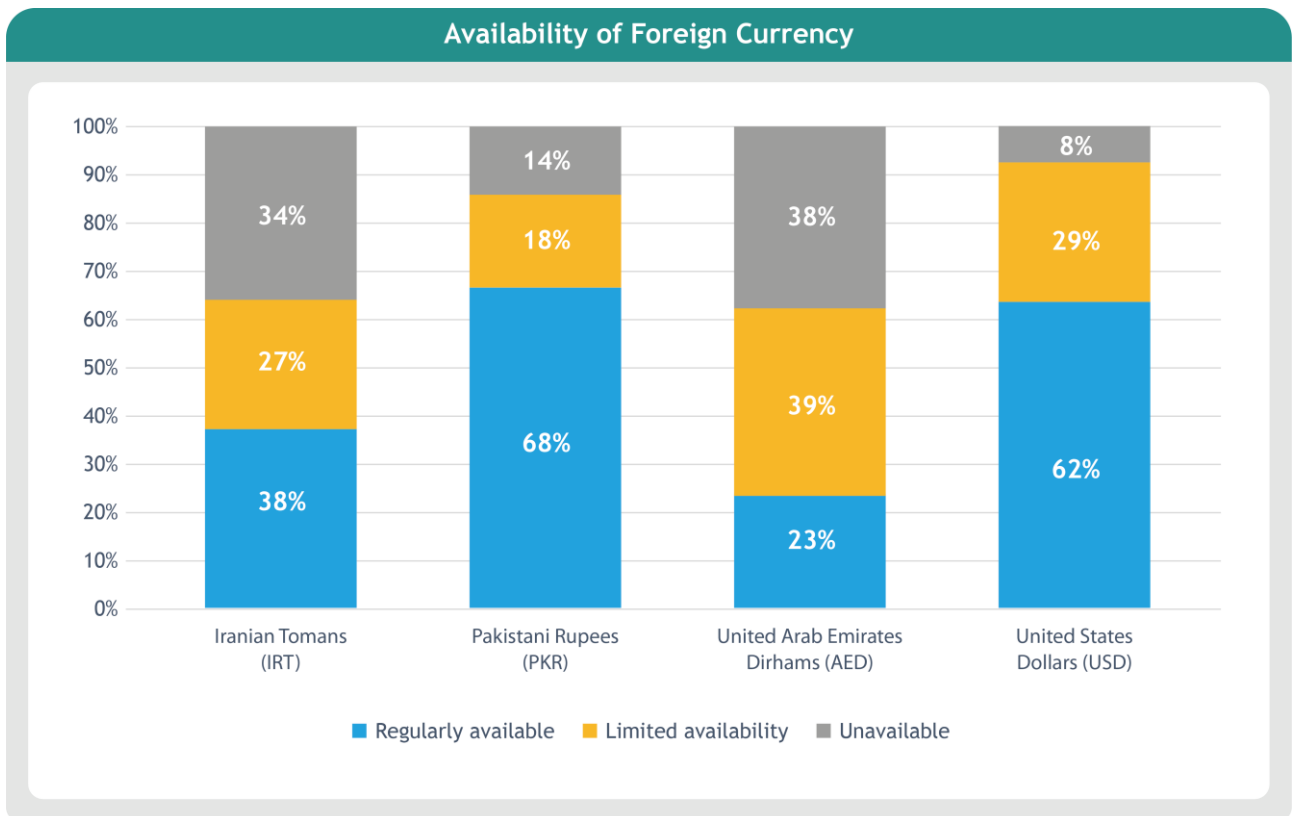
Exchange rate fluctuations differed by currency. While exchange rates for the Afghani (AFN) against the US Dollar and the United Arab Emirates Dirham stayed relatively stable for the first two months of this quarter, there was a modest depreciation of the AFN in the final month. On the other hand, the AFN appreciated against the Pakistani Rupee and the Iranian Toman. This may have been because Afghanistan exports increased to these countries during this quarter, in particular the export of natural resources such as coal.

Figure 19: Exchange Rate (Higher = Depreciation)



Many traders reported shortages of foreign currency in Q2. While approximately two-thirds of informal currency traders of Pakistani Rupees (68 percent, n=897) and US Dollars (62 percent, n=823) reported that there was enough availability of the currency in the market, these percentages were significantly lower for Iranian Tomans (38 percent, n=505), and United Arab Emirates Dirhams (23 percent, n=308).

Figure 20: Availability of Foreign Currency

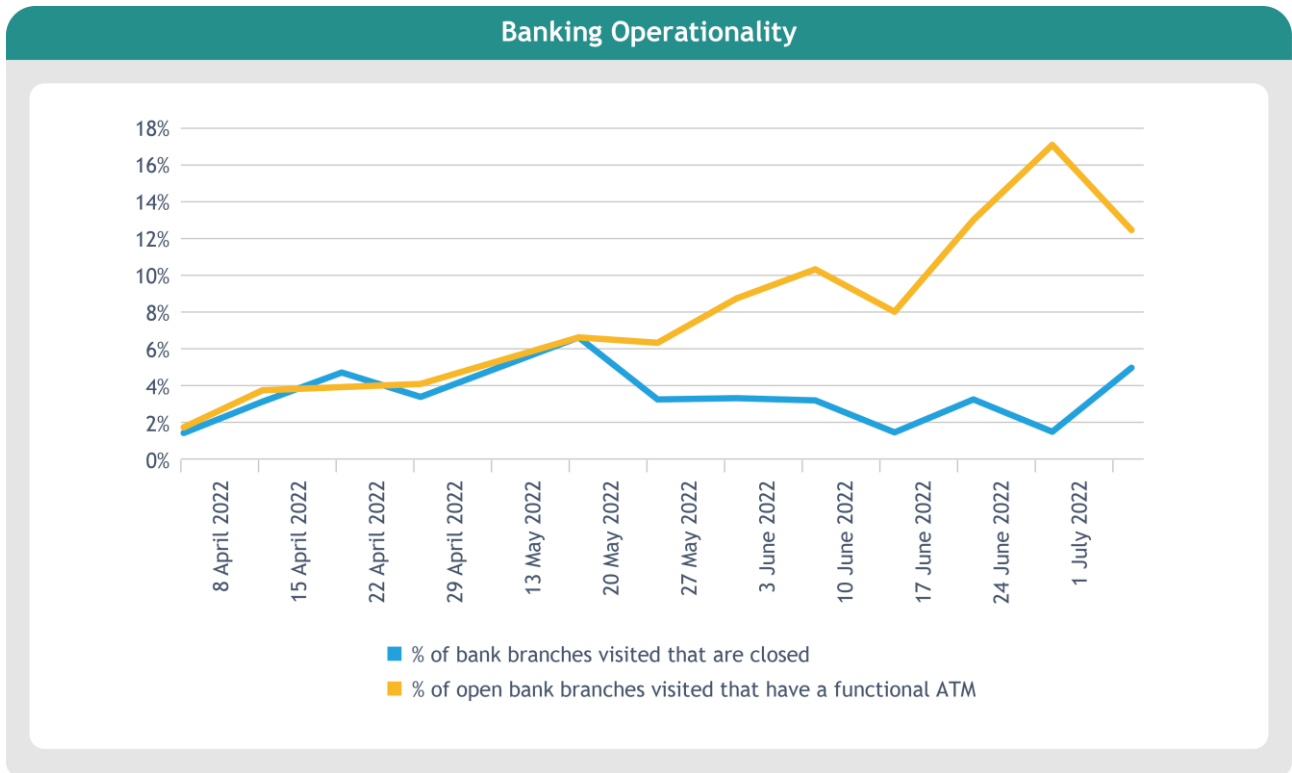


4.1.6 Banking

In this reporting period, we visited 703 branches of eleven banks across the country.¹⁶ Although most of these banks were open (96 percent, n=678), on average, only a few had a functioning ATM (7 percent, n=46). However, in the last month of this quarter, the proportion of banks with functioning ATMs increased.

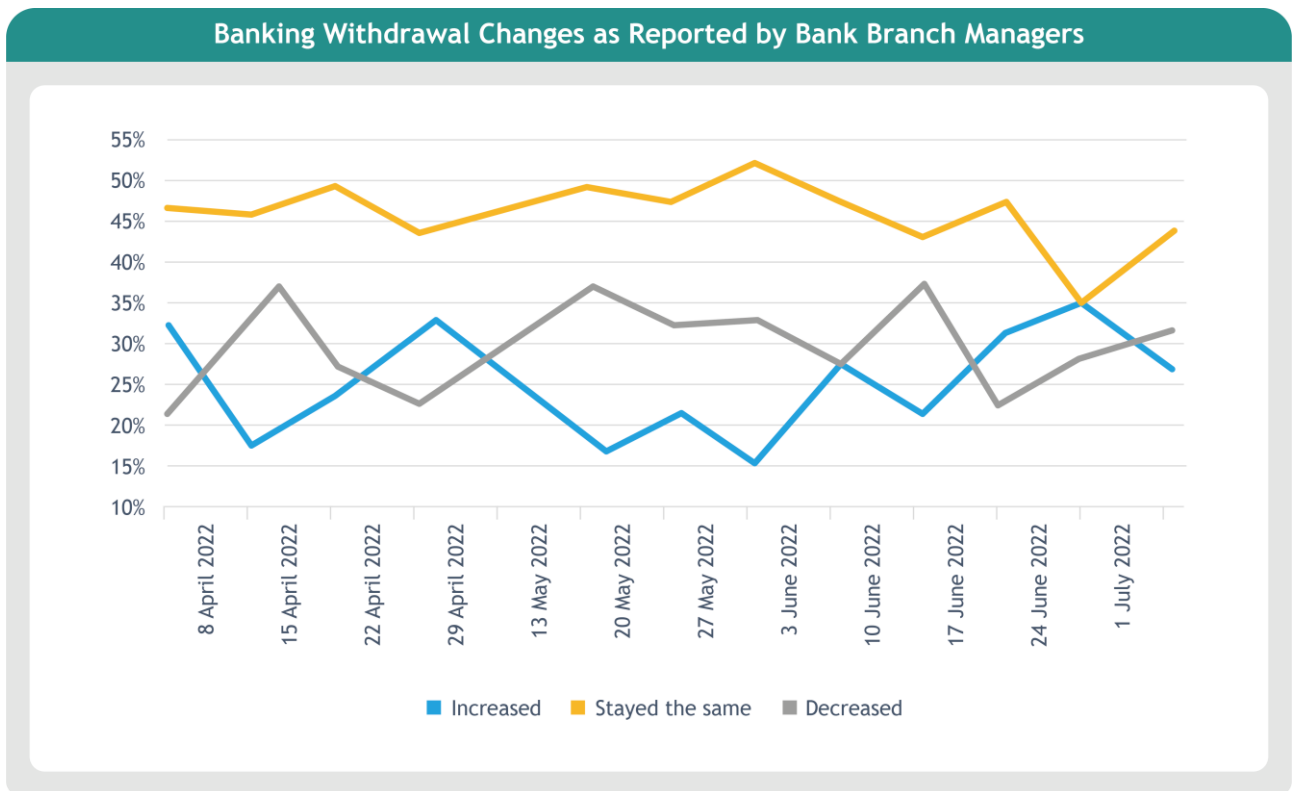
¹⁶ Afghan United Bank, Afghanistan International Bank, Azizi Bank, Bank Alfalah Ltd, Bank Millie Afghan, First Micro Finance Bank, Ghazanfar Bank, Islamic Bank of Afghanistan, Maiwand Bank, New Kabul Bank, and Pashtany Bank.

Figure 21: Banking Operationality



At the beginning of Q2 2022, more bank branch managers than in the previous reporting period reported that the number of withdrawals had stayed the same. By the end of the reporting period, however, a higher proportion of managers reported an increase in the number of withdrawals. At the same time, there was also a slight increase in the number of bank branch managers reporting that withdrawals had decreased.

Figure 22: Banking Withdrawal Changes as Reported by Bank Branch Managers



On average, the withdrawal limits reported by bank branch managers were lower than those set by the DAB, affecting both individual and corporate accounts, regardless of whether the withdrawals were made in USD or AFN. Several branch managers appeared to be imposing lower withdrawal limits because of local liquidity concerns. This is confirmed in interviews with bank clients, almost half of whom reported they were unable to withdraw the amount they wanted to because the bank did not have sufficient funds available (45 percent, n=30). The difference between limits set by bank branch managers and DAB increased throughout this reporting period for individual account holders. For corporate account holders, there was less of a discernible trend.

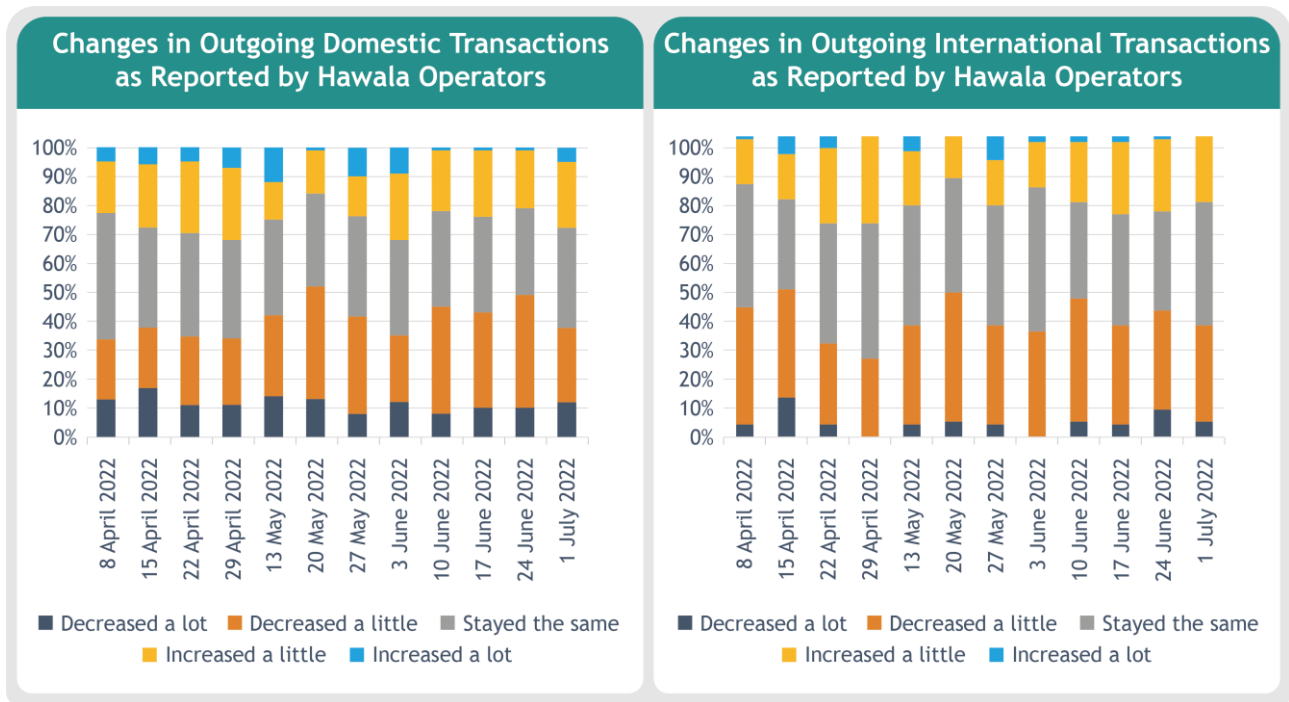
Figure 23: Monthly Withdrawal Limits for Individuals and Businesses (in AFN and USD)



4.1.7 Hawala

During this reporting period, in interviews with Hawala operators, most interviewees reported that the number of outgoing transactions they carried out was the same as the previous week for both domestic (34 percent, n=318) and international transactions (39 percent, n=208). The percentage of interviewees who reported that transactions were unchanged was higher during the first two months of this reporting period. In the final month there was an increase in the number of Hawala operators reporting that transactions had decreased a little. This was the case for both domestic (34 percent of interviews, n=106) and international transactions (35 percent of interviews, n=61).

Figure 24: Changes in Outgoing Domestic and International Transactions as Reported by Hawala Operators



According to Hawala operators, the top three domestic destinations for sending money were Kabul (accounting for 28 percent of all domestic transactions), Herat (15 percent of all domestic transactions), and Balkh (13 percent of all domestic transactions). The top three international destinations for sending money were Iran (accounting for half of all international transactions), Pakistan (23 percent of all international transactions), and Turkey (18 percent of all international transactions).

Figure 25: Common Domestic Destinations for Hawala Operators

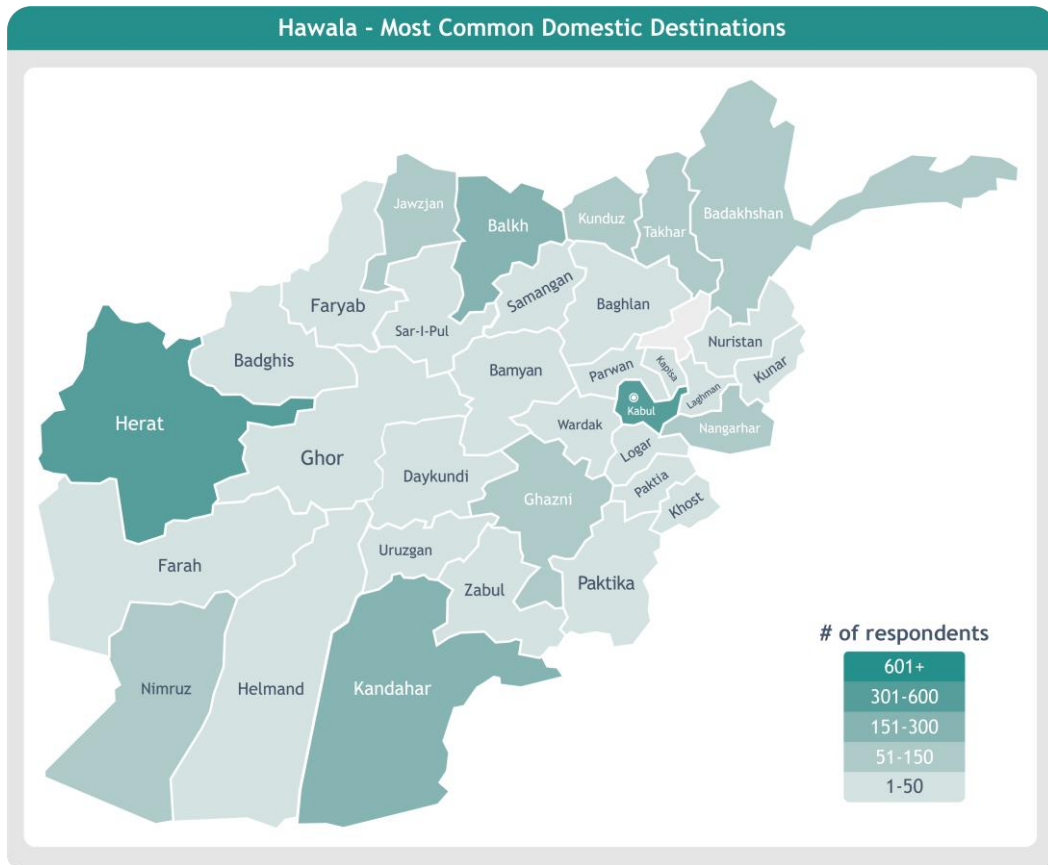
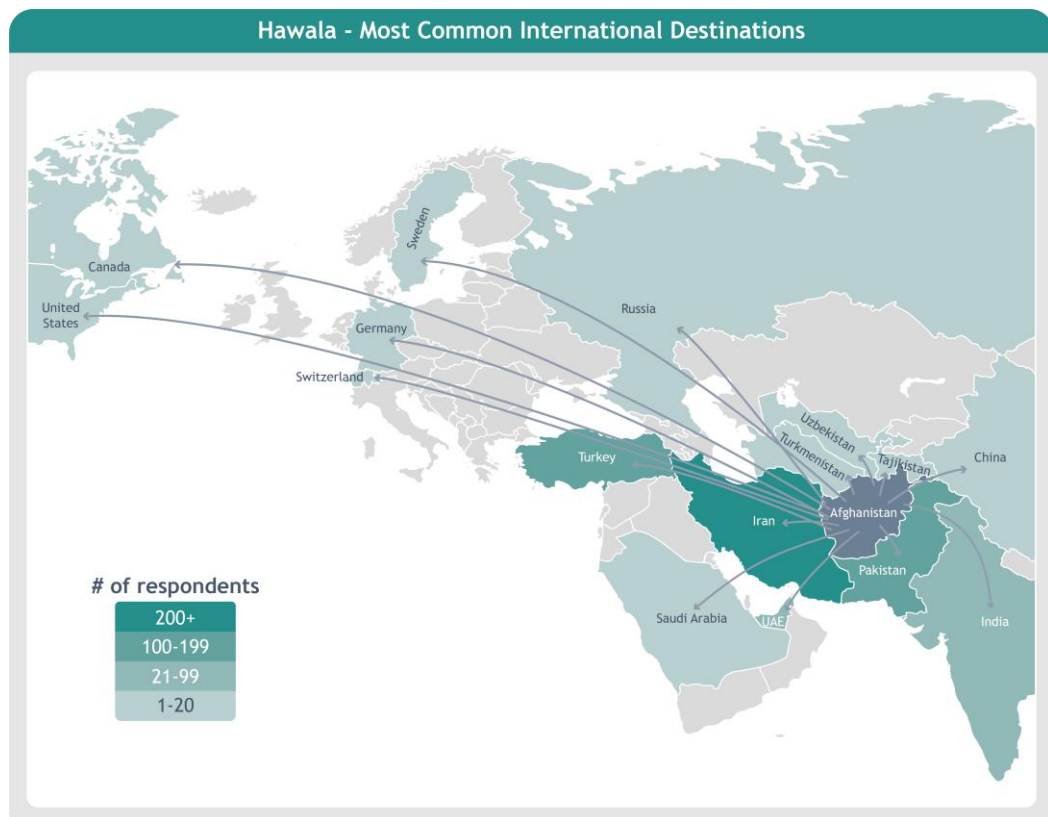


Figure 26: Common International Destinations for Hawala Operators



5 Refining our Approach

Since the change of government in August 2021, we have worked with World Bank contract managers, practice groups, and project task teams to identify and plan to address critical information gaps, building on our continuing in-country presence and ability to continue conducting data collection.

5.1 Adapting our Methodology and Approach

We continued discussions with the World Bank to identify the Bank's principal information requirements in the absence of being able to obtain regular data through government channels. As a result, we continued sector monitoring of key economic indicators throughout the quarter.

We will continue to engage with the World Bank over future monitoring needs throughout 2022.

5.2 Stakeholder Engagement

In Q2 2022, we continued a standard quarterly report feedback process which involves obtaining feedback from each World Bank task team on reports issued. We conducted sessions with task teams and on previously issued reports, providing an opportunity to explore useful findings, identify information gaps, and review deviations found.

During this period, we also engaged online and in person with UN agencies over planned future World Bank-funded projects in Afghanistan, starting the process of developing Terms of Reference and Monitoring Protocols to respond to the range of monitoring approaches being adopted by different agencies, and seeking their support to enable monitoring to begin as projects begin implementation.

5.3 Improvements to the Digital Platform

In Q2 2022, our Digital Platform Unit continued to respond to the World Bank's requests and provide World Bank teams with data held there. During this period, while no formal training sessions were held, our staff conducted Platform overviews and demonstrated its capabilities to different UN agencies in preparation for new monitoring activities. In addition, we deployed reporting systems for new sector monitoring and added sector visits as a new component, providing users with access to view and export general information about sector visits. We also introduced new reporting types to align with World Bank requirements, including data collection images, updates, and tools.

Annex 1: Infrastructure Scoring and Rating

Initial Scoring and Rating

Our starting point for scoring and grading sites or sub-projects is our engineers' observations, reinforced by documentary evidence (including photographs), and further evidenced by survey responses from local project staff, contractors and technical personnel, laborers, male and female Community Development Council (CDC) office-bearers, and other community leaders and members.

Our engineers then produce a score for different infrastructure elements: Design, Materials, Workmanship, and the Operations and Maintenance (O&M) Plan where applicable, based on the zero to five scoring model outlined below.

| DEFINITION | INITIAL SCORE | INITIAL RATING |
|---|---------------|----------------|
| Design | | |
| The design was created with full consideration of the site requirements. The design is fully appropriate and allows for 100 percent of intended functionality and design life. | 5 | Very Good |
| The design responds to almost all site requirements; however, small considerations could have reduced wear and tear and lowered maintenance requirements. Intended functionality is between 90 percent and 100 percent and design life is not impacted. | 4.0 - 4.9 | Good |
| The design responds only to the major requirements of the site. Some of the design may be inappropriate or missing important elements, causing the sub-project to have between 70 percent and 90 percent of intended functionality and a shorter design life. | 3.0 - 3.9 | Average |
| The design does not respond to all major requirements of the site. Much of the design may be inappropriate or missing important elements, severely lowering functionality to between 40 percent and 70 percent. Sustainability is negatively impacted, and the sub-project will require more maintenance than otherwise would be necessary. | 2.0 - 2.9 | Below Average |
| The design responds only to a minority of the major requirements of the site. The design may be largely inappropriate or missing important elements, making the sub-project unsustainable and non-functional in a number of identifiable areas (between 10 and 40 percent). Portions of the design may have not been feasibly implemented. | 1.0 - 1.9 | Poor |
| The design does not consider any of the major requirements of the site. The design is inappropriate, making the sub-project unsustainable and non-functional (below 10 percent). Identified deficiencies cannot be remedied without affecting the sub-project budget or timeframe and may not be capable of rectification. | 0.0 - 0.9 | Very Poor |
| Materials | | |
| The materials used meet all the technical specifications and exceed them in some areas. | 5 | Very Good |
| The materials used meet all the technical specifications. | 4.0 - 4.9 | Good |
| The materials used meet the major specifications, with some evident deficiencies that can be remedied without affecting the sub-project budget or timeframe. | 3.0 - 3.9 | Average |

| DEFINITION | INITIAL SCORE | INITIAL RATING |
|--|---------------|----------------|
| The materials used deviate from the technical specifications, with a number of evident deficiencies that can be remedied but are likely to affect the sub-project budget or timeframe. | 2.0 - 2.9 | Below Average |
| Many of the materials used deviate from the technical specifications, with many evident deficiencies that cannot be remedied without affecting the sub-project budget or timeframe. | 1.0 - 1.9 | Poor |
| All, or almost all of the materials used deviate from the technical specifications, requiring major reworking, up to and including complete replacement. Identified deficiencies cannot be remedied without affecting the sub-project budget or timeframe and may not be capable of rectification. | 0.0 - 0.9 | Very Poor |
| Workmanship | | |
| The quality of workmanship meets all the technical specifications and exceeds them in some areas. | 5 | Very Good |
| The quality of workmanship meets all the technical specifications. | 4.0 - 4.9 | Good |
| The quality of workmanship meets the major specifications, with some evident deficiencies that can be remedied without affecting the sub-project budget or timeframe. | 3.0 - 3.9 | Average |
| The quality of workmanship meets the technical specifications, with a number of evident deficiencies that can be remedied but are likely to affect the sub-project budget or timeframe. | 2.0 - 2.9 | Below Average |
| The quality of workmanship deviates significantly from the technical specifications, with many evident deficiencies that cannot be remedied without affecting the sub-project budget or timeframe. | 1.0 - 1.9 | Poor |
| In all, or almost all cases, the quality of workmanship deviates from the technical specifications, requiring major reworking, up to and including complete replacement. Identified deficiencies cannot be remedied without affecting the sub-project budget or timeframe and may not be capable of rectification. | 0.0 - 0.9 | Very Poor |
| Operations and Maintenance (applicable to Completed sub-projects) | | |
| The O&M Plan is fully funded and being implemented. It meets all the requirements of the site or sub-project, exceeds them in some identifiable areas, and is expected to be sustainable over the entire design life of the sub-project. | 5 | Very Good |
| The O&M Plan meets all the requirements of the site or sub-project and is fully funded. If not already being implemented, it is expected to be fully funded and to be sustainable over the entire design life. | 4.0 - 4.9 | Good |
| The O&M Plan meets the major requirements of the site or sub-project. The majority of funds needed are in place to support implementation. | 3.0 - 3.9 | Average |
| The O&M Plan meets some but not all of the major requirements of the site or sub-project. A small amount of the funds needed to support implementation are in place. If not already being implemented, the Plan is not expected to be fully funded. | 2.0 - 2.9 | Below Average |
| The O&M Plan meets very few of the major requirements of the site or sub-project. | 1.0 - 1.9 | Poor |
| The O&M Plan does not support or is likely to fail to support the sustainability of the site or sub-project. | 0.0 - 0.9 | Very Poor |

Deviation Definitions

| CATEGORIES | DEFINITION |
|--------------|--|
| Critical | <p>Failure to construct infrastructure in a way that protects workers or community members during construction and requiring urgent mitigation before work can continue.</p> <p>For completed infrastructure, failure to construct infrastructure in a way that protects community members or users.</p> <p>A non-recoverable negative impact in terms of structural quality, functionality or sustainability.</p> |
| Major | <p>Capable of being rectified but not within the existing budget and/or timeframe for completion.</p> <p>A significant negative impact in terms of overall structural quality, functionality and/or sustainability.</p> <p>Not capable of being rectified and resulting in the agreed budget and timeframe for completion being exceeded.</p> |
| Minor | <p>Capable of being rectified within the existing budget and/or timeframe for completion.</p> <p>No significant negative impact in terms of overall structural quality, functionality and/or sustainability.</p> <p>Not capable of being rectified but no negative effect on the agreed budget and timeframe for completion.</p> |
| Notification | <p>Minor deviations identified with an estimated rectification cost of under \$50 are treated as notifications, listed and supplied to the government project team for resolution.</p> |

Scoring and Final Rating

A final sub-project rating takes into account the number and nature of deviations identified as well as evidence of Good Practice. For reporting at project level, we take the average of final ratings for all sub-projects monitored in each reporting period.

| SCORE | DEVIATIONS | FINAL RATING |
|-----------|-----------------------------------|---------------|
| 5.00 | No deviations | Very Good |
| | Not more than 4 Minor deviations | Good |
| 3.00-4.99 | No Critical deviations | Good |
| | 1 Critical deviation | Below Average |
| | More than 1 Critical deviation | Poor |
| | Not more than 2 Major deviations | Good |
| | Not more than 5 Major deviations | Average |
| | More than 5 Major deviations | Below Average |
| | Not more than 4 Minor deviations | Good |
| | Not more than 10 Minor deviations | Average |
| 2.00-2.99 | More than 10 Minor deviations | Below Average |
| | No Critical deviations | Below Average |
| | 1 Critical deviation | Poor |
| | More than 1 Critical deviation | Very Poor |
| | Not more than 2 Major deviations | Below Average |
| | More than 2 Major deviations | Poor |
| | Not more than 4 Minor deviations | Below Average |
| | More than 4 Minor deviations | Poor |

| SCORE | DEVIATIONS | FINAL RATING |
|-----------|--|--------------|
| 0.00-1.99 | Not more than 1 Critical deviation, not more than 5 Major deviations, or not more than 10 Minor deviations | Poor |
| | More than 1 Critical deviation, more than 5 Major deviations, or more than 10 Minor deviations | Very Poor |

Annex 2: Statements of Expenditure Issued in Q2 2022

| PROJECT ID | PROJECT | PERIOD | TOTAL EXPENDITURE PER SOE SUBMITTED BY PMU | ADJUSTMENTS FOR QUESTIONABLE TRANSACTIONS PROPOSED BY TPMA | REVERSAL OF PREVIOUSLY REPORTED QUESTIONABLE TRANSACTIONS RESOLVED IN THE QUARTER | EXPENDITURE RECOMMENDED FOR REPLENISHMENT BY TPMA (USD) |
|------------|--|---------|--|--|---|---|
| P164762 | Afghanistan Land Administration Project | Q3 1400 | 8,164 | - | 252,469 | 260,633 |
| P132742 | ASDP II | Q3 1400 | 747,369 | (172,969) | - | 574,400 |
| P169970 | Afghanistan Water, Sanitation, Hygiene & Institutional Support Project | Q3 1400 | 18,329 | - | - | 18,329 |
| P149410 | CASA CSP (OpEx) | Q3 1400 | 239,096 | - | 13,655 | 252,751 |
| P145054 | CASA 1000 | Q3 1400 | 561,227 | - | - | 561,227 |
| P160568 | CCAP (IDLG) | Q3 1400 | 14,299,251 | (1,234,314) | 245,954 | 13,310,891 |
| P160567 | CCAP (MRRD) CDC Grant Lot 12 | Q3 1400 | 6,090,927 | (6,497) | - | 6,084,430 |
| P160567 | CCAP (MRRD) OpEx | Q3 1400 | 3,878,558 | (42,229) | - | 3,836,329 |
| P160619 | CIP | Q3 1400 | 42,238 | - | - | 42,238 |
| P173775 | COVID-19 Emergency Response and Health Systems Preparedness Project | Q3 1400 | 21,711 | - | - | 21,711 |
| P156894 | Digital CASA | Q3 1400 | 595,630 | - | - | 595,630 |
| P159378 | EQRA (MRRD) OpEx | Q3 1400 | 257,965 | - | 16,038 | 274,003 |
| P166127 | Eshteghal Zaiee - Karmondena (EZ-Kar) (IDLG) Component 3 | Q3 1400 | 490,775 | - | - | 490,775 |
| P166127 | EZ-Kar (Ministry of Economy) | Q3 1400 | 104,623 | - | - | 104,623 |
| P166127 | EZ-Kar (Ministry of Foreign Affairs) | Q3 1400 | 144,215 | - | - | 144,215 |
| P159655 | FSP | Q3 1400 | 523,915 | (1,289) | - | 522,626 |
| P162022 | HEP | Q3 1400 | 385,447 | - | 197,914 | 583,361 |
| P125597 | Kabul Municipal Development Project | Q3 1400 | 376,072 | - | - | 376,072 |

| PROJECT ID | PROJECT | PERIOD | TOTAL EXPENDITURE PER SOE SUBMITTED BY PMU | ADJUSTMENTS FOR QUESTIONABLE TRANSACTIONS PROPOSED BY TPMA | REVERSAL OF PREVIOUSLY REPORTED QUESTIONABLE TRANSACTIONS RESOLVED IN THE QUARTER | EXPENDITURE RECOMMENDED FOR REPLENISHMENT BY TPMA (USD) |
|------------|---|---------|--|--|---|---|
| P161348 | Modernizing Afghanistan's State-Owned Banks | Q3 1400 | 591,636 | (35,393) | - | 556,243 |
| P157827 | Mazar-e-Sharif Gas to Power Project | Q3 1400 | 14,490 | (250) | - | 14,240 |
| P132944 | NHRP | Q3 1400 | 1,150,961 | - | 20,138 | 1,171,099 |
| P168179 | Opportunity for Mobilizing Agribusiness Investments and Development | Q3 1400 | 32,835 | (12,962) | - | 19,873 |
| P158768 | Public-Private Partnerships and Public Investment Advisory Project | Q3 1400 | 183,339 | - | - | 183,339 |
| P159291 | WEE-NPP | Q3 1400 | - | - | 93,758 | 93,758 |
| P164443 | Women's Economic Empowerment Rural Development Project | Q3 1400 | 1,146,387 | (265,003) | - | 881,384 |
| P174119 | REACH - MRRD (CDC) Lot 1 | Q3 1400 | 1,523,155 | (34,113) | - | 1,489,042 |
| P174119 | REACH - IDLG (OpEx) | Q3 1400 | 644,242 | - | - | 644,242 |
| P174119 | REACH-Kabul Municipality | Q3 1400 | 880,084 | - | - | 880,084 |
| P174119 | REACH-IDLG (Grants) | Q3 1400 | 3,292,834 | (89,722) | - | 3,203,112 |
| | | | 38,245,475 | (1,894,741) | 839,926 | 37,190,660 |

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