



# Technical Assistance Report

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Project Number: 48419-001  
Capacity Development Technical Assistance (CDTA)  
October 2015

## Islamic Republic of Afghanistan: Public Management Support

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 24 September 2015)

Currency unit	–	afghani/s (AF)
AF1.00	=	\$0.01574
\$1.00	=	AF63.5025

## ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
MOF	–	Ministry of Finance
PFM	–	public financial management
RAMP	–	risk assessment and risk management plan
SOC	–	state-owned corporation
SOE	–	state-owned enterprise
TA	–	technical assistance

## NOTE

In this report, "\$" refers to US dollars.

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## CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 48419-001</b>	
<b>Project Name</b>	Public Management Support	<b>Department /Division</b>	CWRD/CWPF
<b>Country Borrower</b>	Afghanistan, Islamic Republic of NA	<b>Executing Agency</b>	Ministry of Finance
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ Public sector management	Economic affairs management		0.50
	Public expenditure and fiscal management		0.50
	Reforms of state owned enterprises		0.50
		<b>Total</b>	<b>1.50</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional development Public financial governance	Some gender elements (SGE)	✓
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Rural Urban	Low High
<b>6. TA Category:</b>	B		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>1.50</b>	
Capacity development technical assistance: Technical Assistance Special Fund		1.50	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>1.50</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		No	
Use of country public financial management systems		No	



## I. INTRODUCTION

1. The Public Management Support technical assistance (TA) will strengthen the capacity of the Ministry of Finance (MOF) to conduct sophisticated management analysis and decision making as the country addresses new and complex challenges in economic and fiscal policy reform. The TA will also establish an oversight regime in MOF to properly monitor the financial performance and delivery of services in Afghanistan's state-owned enterprises (SOEs) and state-owned corporations (SOCs). The government request for the TA formed part of Afghanistan's country operations business plan, 2015–2017 and two missions were undertaken to design the TA. The government has confirmed the design of the TA, including the impact, outcome, outputs, and financing and implementation arrangements. The design and monitoring framework is in Appendix 1.<sup>1</sup>

## II. ISSUES

2. Afghanistan's gross domestic product growth averaged 8.1% from 2003 to 2013. It fell sharply to 2% in 2014 due to a protracted period in forming the new government, combined with a worsening security situation.<sup>2</sup> Private consumption limited growth for 2014 due to the political uncertainty and the retrenchment of security forces. However, inflation fell markedly in 2014 due to ample supply of goods and lower international prices. In 2015, the economy is projected to grow 2.5% if the political, security, and business environment is stable (footnote 2). Agricultural output is projected to drop; economic growth will be driven by industry and services.<sup>3</sup>

3. Lower economic growth limited government revenues and the country was unable to meet its 2014 targets, leading to a fiscal deficit.<sup>4</sup> Revenue fell short of the International Monetary Fund target by 28%, or \$527 million (footnote 2). Development partners were asked to help meet the deficit but only \$118 million was provided, leaving the government to finance the difference by drawing down treasury cash reserves.<sup>5</sup> The national budget still depends heavily on foreign aid flows. In total, 71% of the total budget is financed by development partners—90% of the development budget and 57% of the recurrent budget. The national budget is dominated by security costs, accounting for over 37% of total expenditure (footnote 2).

4. International assistance is estimated to be \$3.2 billion in 2015, significantly lower than the 2014 figure of \$5.0 billion.<sup>6</sup> This downward trend is expected to continue over the medium term, placing more pressure on the government to limit fiscal risks but meet critical expenditure. Fiscal deficits are projected to continue, exacerbated by increased security costs. Development partners are working with the government to help find long-term solutions to budget issues by increasing tax and customs collection, improving financial management practices, and working in specific sectors, i.e., mining, to improve economic growth and national income.<sup>7</sup>

5. Afghanistan's policy, institutional, and governance frameworks remain underdeveloped, as shown by the overall low scores on country performance assessment ratings of 2014.<sup>8</sup> A significant lack of human capacity compounds the problem. Since international assistance

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<sup>1</sup> The TA first appeared in the business opportunities section of ADB's website on 31 July 2015.

<sup>2</sup> ADB. 2015. *Asian Development Outlook 2015*. Manila.

<sup>3</sup> Opium production is excluded from national accounts; in 2014 \$850 million in revenue for farmers was estimated.

<sup>4</sup> World Bank. 2015. *Afghanistan Economic Update*. Washington, DC.

<sup>5</sup> Treasury reserves dropped 77% to \$93 million.

<sup>6</sup> All international assistance to Afghanistan is via grants.

<sup>7</sup> One-third of revenues are estimated as lost due to weak governance and poor tax and customs administration.

<sup>8</sup> ADB. Afghanistan: Country Performance Assessment. Unpublished.

resumed in 2001, lack of capacity has emerged as a key development challenge to Afghanistan's reconstruction and development. The military presence is drawing down, and the government is taking more ownership in providing a secure environment for its citizens, but two challenges remain. First, economic growth is expected to fall as development partner support declines and security becomes more tenuous. Second, the fiscal situation becomes more difficult to manage as revenues drop from lower economic growth, and there is less direct budget support.

6. The TA is aligned with the Strategy 2020 of the Asian Development Bank (ADB), the Midterm Review Action Plan, ADB's country partnership strategy (CPS), 2009–2013, and Afghanistan's interim CPS, 2014–2015<sup>9</sup>. The CPS, 2009–2013 identified infrastructure investments as necessary to rapid economic growth and poverty reduction. The CPS also targeted public sector management for better efficiency and more effective delivery of services and infrastructure. The interim CPS, 2014–2015 continues the focus of the CPS, 2009–2013 and is fully aligned with the Afghanistan National Development Strategy, 2008–2013.<sup>10</sup> The strategy envisions a stable Afghanistan by 2020 based on constitutional democracy with social equity, environmental sustainability, and a market economy led by the private sector.<sup>11</sup>

7. **Governance.** Afghanistan scores low on ADB's 2014 country performance assessment indicator that measures transparency, accountability, and corruption in the public sector (footnote 8). Oversight bodies such as the parliament, judiciary, and supreme audit office have not been effective in strengthening central and provincial governance. To prioritize expenditures or institute programs or processes that ensure fiscal policy is implemented, the government, specifically MOF, needs to better understand governance risks and how to mitigate these risks.

8. Understanding governance risks is relevant for both the country and the sectors, especially infrastructure. In Afghanistan, ADB's priority sectors include energy and road transport—both important providers of public services. In the energy sector, leakage and misallocation of public resources results from the lack of sector monitoring and tracking among government, SOEs, SOCs, and other agencies. Afghanistan's road transport subsector is also vulnerable to leakages and misallocation of public funds due to inadequate institutional and human capacity, and weakness of public oversight and monitoring mechanisms. ADB projects being designed and implemented in these two sectors likewise suffer from weaknesses in the project cycle. Robust governance sector assessments will identify the sector vulnerabilities, and provide necessary mechanisms to address the problems.<sup>12</sup>

9. Other development partners have complementary assistance programs in public financial management, including the United States Agency for International Development and United States Treasury, the Department for International Development of the United Kingdom, and Australia's Department for Foreign Affairs and Trade. Their support focuses on revenue (improving collection, broadening the tax base, and reducing corruption), public financial management (budget operations, budget expenditure, and treasury operations), and similar

<sup>9</sup> ADB. 2008. Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank. Manila; ADB. 2014. Midterm Review of Strategy 2020: Meeting the Challenges of a transforming Asia and Pacific. Manila; ADB. 2008. Country Partnership Strategy: Afghanistan, 2009-2013, Manila; ADB. 2014. Interim Country Partnership Strategy: Afghanistan, 2014-2015. Manila.

<sup>10</sup> Government of Afghanistan. 2007. *Afghanistan National Development Strategy*. Kabul.

<sup>11</sup> In ADB's country operations business plan for Afghanistan for 2015–2017, \$1,500,000 is programmed for this TA.

<sup>12</sup> The governance assessment will be undertaken in accordance with ADB's Second Governance and Anticorruption Action Plan. <http://www.adb.org/documents/reviced-guidelines-implementing-adbs-second-governance-and-anticorruption-action-plan>.



issues in line ministries. The development partners also work on smaller programs related to procurement (particularly in line ministries) and various anticorruption measures. Many of these programs are coming to an end, reflecting a general winding down of operations in Afghanistan. The TA is aligned with other development partner programs to minimize duplication of effort and maximize available resources.

10. **Economic policy management.** Afghanistan's economic development strategy is embedded in and implemented through the government's national priority programs, a prioritized version of the Afghanistan National Development Strategy. This agenda covers a wide range of policies and programs (good governance, human resources development, building critical infrastructure, private sector development, agriculture, and mining) and is considered the core of Afghanistan's growth and development strategy. Despite the government's ambitions and development partner support, policy implementation is a challenge.

11. MOF is the lead agency in developing and implementing economic and fiscal policy. It has a broad portfolio of responsibilities including economic and fiscal policy, revenue collection, budget formulation, payment processing, treasury services, debt management, financial reporting, aid management, and assets management (SOEs, SOCs, property, etc.), and MOF administration. The government, and more specifically MOF, does not have sufficient expertise and capability to manage the expected rapid deterioration in the economic and fiscal situation. In such an environment, the government needs to (i) recognize the trade-offs, (ii) be aware of short-term versus long-term impacts, (iii) understand the capacity of policy makers and officials to implement decisions in timely and effective ways, (iv) ensure risks are avoided or mitigated, (v) ensure current resources are being used effectively and efficiently, (vi) allow decision makers to have full understanding of the impacts and consequences of their decisions, and (vii) properly engage the public to ensure support for directions and changes. This TA will support decision makers by supplementing and enhancing capacity to address these challenges in the offices of the minister of finance and the deputy ministers of finance. To help ensure sustainability in MOF, the advisors will also be required to prepare a 3-year capacity development plan to improve the economic and fiscal capability in MOF. The advisors will also then be required to deliver at least two workshops a year on economic and fiscal issues over the life of the TA.

12. **State-owned enterprises and state-owned corporations.** A total of 39 SOEs and SOCs employ about 25,000 employees. SOEs include Mazar-e-Sharif Power and Fertilizer and Afghan Gas, which provide essential services. By many accounts, a large number of SOEs and SOCs are not being run efficiently and are generating losses. MOF provides oversight of SOE and SOC performance and financial management, but there is no robust monitoring system. Information on financial performance of SOEs and SOCs is limited, making it difficult to gauge their financial position, capital base, financial reporting systems, and profitability. Information on SOE and SOC service delivery, and whether services are meeting the needs of the public, is also limited. There has been no assessment of fiscal impact and risks associated with the SOEs and SOCs, and the SOE unit in MOF does not have the capacity to effectively monitor the performance or to conduct fiscal risk analysis of the SOEs and SOCs.

13. In an attempt to separate SOE and SOC policy from everyday operations, the government has established a holding company to help manage the SOEs and SOCs. The evolution of the new body and functions will be important to monitor, since the proposed amendments to the laws related to SOEs and SOCs include the institutionalization of state ownership and oversight functions within MOF. It is expected that MOF will continue to monitor and analyze the operations of SOEs and SOCs from a fiscal perspective, while the new

corporation exercises direct control over them. Both MOF and the new body have significant capacity-building requirements for these emerging roles. Apart from building the institutional capacity to provide more active oversight of the SOEs and SOCs, the TA will also build the capacity of the officers who will be implementing the improved system of monitoring.

14. ADB has supported capacity development activities within MOF through the Capacity Building for Reconstruction and Development TA, Capacity Building of the Ministry of Finance TA, Capacity Building for Economic Management TA, Support for Economic Policy Management TA, and the Fiscal Management and Public Administration Reform Program project.<sup>13</sup> ADB's involvement and investments in advisory and capacity development efforts have yielded valuable lessons (the impact on individuals, systems and accountabilities from a country who has endured long periods of war; the importance of nurturing young talent; sustained investments in building systems; and the importance of using the Budget as a tool for instigating change), and have contributed to a number of significant achievements. This TA further develops the approach to date and expands the capacity-building efforts in SOE and SOC monitoring.

### III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

#### A. Impact and Outcome

15. The impact of the TA is strengthened Afghanistan's institutions and improved performance of SOEs and SOCs. This impact is aligned with the Afghanistan National Development Strategy (footnote 10). The outcome will be improved public sector decision making.

#### B. Methodology and Key Activities

16. The TA will have the following outputs:

- (i) **Output 1: Increased understanding of public financial management, procurement and anticorruption issues.** One international and two national consultants will undertake a governance assessment to give MOF greater understanding of the national public financial management, procurement, and anticorruption issues, and in the road transport and energy sectors as well. A risk to achieving this output is difficulty in accessing data due to bureaucracy because of vested interests.
- (ii) **Output 2: Improved economic and fiscal policy management.** Four national consultants will provide strategic support for economic and fiscal policy making. The consultants will work with the minister of finance, and the deputy ministers of finance (for both finance and administration). The national consultants will train MOF staff on economic and fiscal policy management through workshops. A risk to this output is the high turnover of MOF staff, which impacts the sustainability of the training.

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<sup>13</sup> ADB. 2002. *Proposed Technical Assistance Cluster to the Islamic Republic of Afghanistan for Capacity Building for Reconstruction and Development. (Subcomponent 4b)*. Manila; ADB. 2005. *Technical Assistance to the Islamic Republic of Afghanistan for Capacity Building of the Ministry of Finance*. Manila; ADB. 2005. *Technical Assistance to the Islamic Republic of Afghanistan for Capacity Building for Economic Management*. Manila; ADB. 2007. *Technical Assistance to the Islamic Republic of Afghanistan for Support for Economic Policy Management*. Manila; ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Program Cluster of Loans to the Islamic Republic of Afghanistan for the Fiscal Management and Public Administration Reform Program*. Manila.

- (iii) **Output 3: Improved oversight of SOEs and SOCs.** One international and two national consultants will support MOF to (a) assess the true financial position of its SOE and SOC portfolio, (b) develop an appropriate strategy to manage the portfolio, (c) ensure the SOEs and SOCs are budget-neutral or positive, and (d) enable the SOEs and SOCs to improve service provision and contribute to economic growth. An important element of an SOE and SOC strategy is to ensure the governance of individual SOEs and SOCs improves and that SOE and SOC operations are transparent, especially in relation to financial performance. A risk to this output is that appointments to SOE and SOC boards are made on nontechnical grounds.

### C. Cost and Financing

17. The TA is estimated to cost \$1,600,000, of which \$1,500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The government will provide counterpart support in the form of office accommodation, translation and interpretation, transport, training facilities, and other in-kind contributions. The cost estimates and financing plan are in Appendix 2.

### D. Implementation Arrangements

18. The TA will be implemented from 1 October 2015 to 31 December 2018. The executing and implementing agency is the MOF. ADB will administer the TA, with the Public Management, Financial Sector, and Trade Division of the Central and West Asia Department as the focal point.

19. Under the TA, ADB will engage individual consultants in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). Two international consultants (14 person-months) will lead the work associated with SOE and SOC reform, and lead the governance assessment. Eight national consultants (188 person-months) will be selected. Four will provide advisory support to MOF, two will support the SOE and SOC reform work, and two will support the governance assessment. Through previous ADB TA projects, ADB is confident of the quality of national consultants and the availability of national expertise to undertake the national consultancies. Disbursements will be done in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

20. The TA activities will be monitored through regular consultations, including regular review missions with meetings with relevant stakeholders. ADB's Afghanistan Resident Mission will be closely engaged in TA management under the Central and West Asia Department joint venture arrangements. Activities will also be monitored through periodic reporting from consultants. The outputs of the TA will be used for policy dialogue, disseminated through various workshops, and incorporated into future government programs.

## IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,500,000 on a grant basis to the Government of Afghanistan for Public Management Support, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the Project is Aligned with</b>			
Strengthen Afghanistan's institutions and improve the performance of SOEs and SOCs. <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<b>Outcome</b> Improved public sector decision making	a. Cabinet committee quarterly reviews of budget execution by 2018 (Baseline: No Cabinet committee reviews in 2015)  b. Government monitoring regime over the SOEs and SOCs by 2018 (Baseline: no SOE and SOC monitoring regime in 2015)	a. Cabinet Committee minutes  b. Reports from the SOE unit in MOF	Worsening security situation undermines expenditure prioritization process.  Government does not hire new staff focused on SOE and SOC issues.
<b>Outputs</b> 1. Increased understanding of public financial management, procurement, and anticorruption issues	1a. Governance assessment completed at the national level and for the road transport and energy sectors by end of 2016 (Baseline: No governance assessment in 2015)	1a. Consultants' reports	Access to data is difficult due to bureaucracy because of vested interests.
2. Improved economic and fiscal policy management	2a. At least 50 staff in MOF attend training on economic and fiscal policy management issues by 2018 (Baseline: zero in 2015)	2a. Consultants' reports	High turnover of MOF staff impacts on the sustainability of the training.
3. Improved oversight of SOEs and SOCs	3a. Formal process established to select qualified directors for SOE and SOC boards by 2018, with appropriate gender elements (Baseline: No formal process for selecting SOE and SOC directors in 2015)	3a. Reports from the SOE unit in MOF	Appointments to SOE and SOC boards are made on nontechnical grounds.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	3b. 50% of SOEs and SOCs produce publicly available audited annual reports by 2018. (Baseline: No quarterly audited reports publicly available in 2015)	3b. Reports from the SOE unit in MOF	

Key Activities with Milestones
<p><b>1. Increased understanding of public financial management, procurement, and anticorruption issues</b></p> <p>1.1 Select consultants to undertake governance assessment (December 2015).</p> <p>1.2 Governance assessment consultants work with government officials in reviewing the PFM, procurement, and anticorruption policies and procedures of the government and in the road transport and energy sectors (February 2016).</p> <p>1.3 Undertake consultations on the draft findings of the governance assessment and revise the report accordingly (May 2016).</p> <p>1.4 Governance specialists deliver report to ADB and other government agencies (June 2016).</p> <p><b>2. Improved economic and fiscal policy management</b></p> <p>2.1 Select four advisors to support the MOF (December 2015).</p> <p>2.2 Advisors support minister of finance, deputy minister of finance (finance), and the deputy minister of finance (administration) in developing and implementing the government's economic and fiscal policies (January 2016–December 2018).</p> <p>2.3 Advisors prepare 3-year training program for MOF staff on economic and fiscal policy issues (February 2016).</p> <p>2.4 Advisors deliver at least two workshops per year in 2016, 2017, and 2018 on economic and fiscal policy issues for MOF staff (March 2016–December 2018).</p> <p><b>3. Improved oversight of SOEs and SOCs</b></p> <p>3.1 Select consultants to work on SOEs and SOCs (December 2015).</p> <p>3.2 SOE and SOC specialists, in conjunction with the SOE unit in MOF, undertake a rapid assessment of the SOEs and SOCs to understand government's knowledge of SOEs and SOCs, and MOF's current practices of individual SOEs and SOCs and the portfolio as a whole (January 2016).</p> <p>3.3 SOE and SOC specialists, in conjunction with the SOE unit in MOF, undertake consultations with the SOEs and SOCs and collect data, to understand the broad issues in the SOE and SOC sector (February 2016).</p> <p>3.4 SOE and SOC specialists assess legal framework, financial positions, and service delivery of the government's SOEs and SOCs (March 2016–June 2016).</p> <p>3.5 SOE and SOC specialists prepare a draft strategy and action plan for government's SOEs and SOCs (July 2016).</p> <p>3.6 SOE and SOC specialists consult with the government, private sector stakeholders, and the SOEs and SOCs on the draft SOE and SOC strategy and action plan and seek comments to enable finalizing the documents. (August 2016).</p> <p>3.7 Government approves the SOE and SOC strategy and action plan (September 2016).</p> <p>3.8 SOE and SOC specialists assist in implementing action plan (October 2016–June 2018).</p>

**Inputs**

ADB: \$1.5 million (grant)

Note: The government will provide counterpart support in the form of counterpart staff, office space, secretarial assistance, translation and interpretation as needed, domestic transportation and other in-kind contributions.

**Assumptions for Partner Financing**

Not applicable.

ADB = Asian Development Bank, MOF = Ministry of Finance, PFM = public financial management, SOC = state-owned corporation, SOE = state-owned enterprise.

<sup>a</sup> Government of Afghanistan. 2007. *Afghanistan National Development Strategy*. Kabul.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Amount</b>
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	245.0
ii. National consultants	1,048.0
b. International and local travel	110.2
c. Reports and communications	14.8
2. Contingencies	82.0
<b>Total</b>	<b>1,500.0</b>

Note: The technical assistance (TA) is estimated to cost \$1,600,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of office accommodation, transport, training facilities, and other in-kind contributions. The value of government contribution is estimated to account for 6% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-V).

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. A total of 202 person-months of international (14 months) and national (188 months) consulting services are required to ensure that the technical assistance (TA) project is effectively managed and the intended outcome is achieved. Only individuals will be engaged as firms are unlikely to be interested in contracts requiring a high number of national consultants. The individuals will be selected in accordance with the ADB Guidelines on the Use of Consultants (2013, as amended from time to time). The TA will be implemented over 39 months. Reporting and outputs will be closely linked to the design and monitoring framework and its indicators, and will be documented in inception reports to be finalized with the government and Asian Development Bank (ADB) within 3 weeks of startup. The consultants will be expected to work as a team, with the advisors in the Ministry of Finance (MOF) supporting the other consultants as required. Reports will be provided in English and Dari or Pashto.

### Consulting Services Inputs

No.	Position	Person-months	Method of Recruitment
<b>A. International Consultants</b>			
1.	State-owned enterprises expert	12	Individual
2.	Governance expert	2	Individual
<b>Subtotal (A)</b>		<b>14</b>	
<b>B. National Consultants</b>			
1.	State-owned enterprise expert	18	Individual
2.	State-owned enterprise expert	18	Individual
3.	Governance expert	4	Individual
3.	Governance expert	4	Individual
5.	Economic advisor to the minister of finance	36	Individual
6.	Economic advisor to the minister of finance	36	Individual
7.	Economic advisor to the deputy minister of finance (administration)	36	Individual
8.	Financial specialist to the deputy minister of finance (finance)	36	Individual
<b>Subtotal (B)</b>		<b>188</b>	
<b>Total</b>		<b>202</b>	

Source: Asian Development Bank.

### A. International Consultants

#### 1. State-Owned Enterprises Expert (12 person-months)

2. **Objective.** The objective is to support the government in its efforts to develop a formal monitoring system of the state-owned enterprises (SOEs) to manage any potential fiscal risks and exploit any economic opportunities.

3. **Scope of work.** The international consultant will be required to plan and lead the work of a small local team of official counterparts, locally engaged experts, and seconded SOE representatives who will use existing material and such additional verification, investigation, and stakeholder consultation as may be needed to

- (i) develop a recommended SOE reform strategy and, taking into account stakeholder feedback, relevant government plans and strategies, past and current ADB support and experience in the sector, and other development partner support;



- (ii) assess the capacity of the national team to implement the action plan, and any help they may need to complete implementation; and
- (iii) provide summary documentation of the lessons from the assignment, the results achieved, and deliverables provided compared to what is specified in the assignment's objectives and terms of reference.

4. **Qualifications.** The consultant will have a degree in a relevant field from an internationally recognized university and at least 15 years of experience working on SOE reform, including at least 8 years as a team leader in developing SOE reform strategies, engaging with stakeholders to build support for reforms and implementing sector-wide reforms as well as reform of individual SOEs. Fluency in English and significant experience working in developing country contexts are essential; work in the region and/or in Afghanistan is desirable.

## 2. Governance Expert (2 person-months)

5. **Objective.** The objective of this consultancy is to prepare a risk assessment and risk management plan (RAMP), for public financial management (PFM), procurement, and anticorruption in Afghanistan.

6. **Scope of work.** To inform country partnership strategy preparation, a risk assessment for the country systems for PFM, procurement, and corruption is being undertaken to develop a RAMP. The governance expert will also be required to provide oversight and direction to the two national experts who will be undertaking governance assessments of the energy and transport sectors.

7. **Detailed tasks.** In conjunction with the nominated government counterparts, and other development partners involved, the consultant will undertake the following tasks:

- (i) **Literature review and web search.** Identify and obtain a complete set of recent publications and diagnostics relevant to the assessment.
- (ii) **Assessment of the risks identified.** Assess the risks identified in terms of their likelihood to occur and their relative seriousness. Serious and likely risks are termed high risks and will be included in the RAMP.
- (iii) **Risk management plan.** Based on the findings, develop a RAMP identifying the main risks and suggested mitigation measures.

8. **Qualifications.** The governance specialist will have graduate qualifications in public administration, economics or finance. At least 15 years of experience in public finance, governance, or capacity building in developing countries is required; regional experience will be preferred.

## B. National Consultants

### 1. State-Owned Enterprises Expert (two positions at 18 person-months each)

9. **Objective.** The objective is to support the government in its efforts to develop a formal monitoring system of the SOEs to manage potential fiscal risks and exploit economic opportunities.

10. **Scope of work.** The consultant will be required to contribute expert accounting and financial guidance and inputs while working collaboratively as a key member of a small local team lead by an international team leader and SOE reform consultant. The team will include official counterparts, a national accounting and finance expert, and seconded SOE

representatives, and will use existing material and such additional verification, investigation, and stakeholder consultation, as needed, to develop a recommended SOE reform strategy and, taking into account stakeholder feedback, relevant government plans and strategies, past and current ADB support and experience in the sector, and other development partner support.

11. More generally, the consultant will support the team leader—especially in relation to commercial and economic matters—as and when required, and specifically in drafting and finalizing accounting and financial aspects of the various outputs.

12. **Qualifications.** The consultant will have a degree in commerce and/or economics from an internationally recognized university, and at least 10 years of experience working in Afghanistan on commercial and/or economic analysis and reporting, including experience in a senior role. A professional certification such as chartered accountant, certified public accountant or certified financial analyst is desirable. A high level of competence in written and oral presentation in English and Dari or Pashto—particularly including technical terms used in commerce and economics—is essential.

## 2. Governance Expert (two positions at 4 person-months each)

13. **Objective.** The objective of the consultancy is to assess PFM, procurement, and corruption risks for both country systems, and ADB and/or development partner project systems where these exist, for the energy and transport sectors, resulting in a RAMP. The governance experts will have necessary graduate qualifications and sector experience in energy and transport.

14. **Scope of work.** For the country partnership strategy preparation, a risk assessment will be conducted, including for PFM, procurement, and corruption risks, for transport and energy sectors, and a RAMP. The governance experts will also take any direction and guidance from the international governance expert.

15. **Detailed tasks.** In conjunction with the nominated government counterparts and development partners involved, the consultant will undertake the following tasks:

- (i) **Literature review, web search, and updating.** Identify and obtain a complete set of recent publications and diagnostics relevant to the assessment.
- (ii) **Current and planned reforms.** Map all current and planned mitigation and reform actions, in discussion with government, development partners, and other agencies.
- (iii) **Assessment of the risks identified.** Assess which of the identified risks are high risks, using the approach in the guidelines. The high risks are carried forward to the RAMP.
- (iv) **Risk management plan.** Discuss the findings of the assessment and the draft RAMP with the international governance expert and country team leader before finalizing. RAMP will identify the main risks and suggested mitigation measures.

16. **Qualifications.** The governance specialists will have graduate qualifications in public administration, economics or finance. At least 5 years of experience in public finance, governance, or capacity building is required.

## 3. Economic Advisor (three positions at 36 person-months each)

17. **Objective.** The objective is to strengthen the government's capacity in economic and fiscal policy management. The economic advisors will be required to provide advisory services

to the minister of finance (two positions) and the deputy minister of finance (finance) on key economic and fiscal policy issues as well as to support capacity building for national counterparts.

18. **Detailed tasks.** The economic advisors will provide the minister of finance and the deputy minister of finance (finance) with quality support and advice on a broad range of policy issues, including input on major reform programs. They will also lead the effort to strengthen and develop the capacity of staff within the Office of the Minister and the Office of the Deputy Minister of Finance (Finance) and the Ministry of Finance, as well as provide the authorities with advice and support in the design and development of macro level economic reforms.

19. Reporting to ADB is to be done on a quarterly basis, on the basis of short write-ups describing progress along the tasks defined above, and a final report at the end of the assignment.

20. **Qualifications.** The consultants will hold a master's degree in economics, public finance, finance, or related disciplines. The consultants will also have a minimum of 5 years of relevant professional experience.

#### 4. Financial Specialist (36 person-months)

21. **Objective.** The objective is to strengthen the government's capacity in economic and fiscal policy management. The financial specialist will be required to provide advisory services to the deputy minister of finance (administration) on key economic and fiscal policy issues as well as to support capacity building for national counterparts.

22. **Detailed tasks.** The consultant's tasks will include, but not be limited to, capacity building and support for the following:

- (i) MOF's budget preparation and execution and expenditure management and financial systems integration, including to ensure that the director general in administration, deputy minister of administration, and other senior ministry officials are aware of their responsibilities;
- (ii) assist with MOF's overall budget preparation process in a manner consistent with MOF's strategic plan (consolidating and reviewing from departments across ministries), including programming activities and preparing budget estimates of the wage, nonwage, and development expenditures, as well as the development of required budget documentation; and
- (iii) any other tasks as required by the minister of finance or the deputy minister of finance (administration).

23. Reporting to ADB is on a quarterly basis, on the basis of short write-ups describing progress along the tasks defined above, and a final report at the end of the assignment.

24. **Qualifications.** The consultant will hold a master's degree in public finance, accounting or related disciplines. A professional certification such as chartered accountant, certified public accountant, or certified financial analyst is desirable. The consultant will also have a minimum of 5 years of relevant professional experience.