



Afghanistan: Improving the Development Effectiveness of the Afghanistan Infrastructure Trust Fund

Project Name	Improving the Development Effectiveness of the Afghanistan Infrastructure Trust Fund				
Project Number	54353-001				
Country	Afghanistan				
Project Status	Proposed				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td>TA: Improving the development effectiveness of the Afghanistan Infrastructure Trust Fund</td> <td></td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 750,000.00</td> </tr> </table>	TA: Improving the development effectiveness of the Afghanistan Infrastructure Trust Fund		Technical Assistance Special Fund	US\$ 750,000.00
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Technical Assistance Special Fund	US\$ 750,000.00				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development Knowledge solutions				
Sector / Subsector	Public sector management - Public administration				
Gender Equity and Mainstreaming	Some gender elements				
Description	<p>1. The proposed knowledge and support technical assistance (TA) will support the transformation of the Afghanistan Infrastructure Trust Fund (AITF) into a flagship vehicle for infrastructure investment to help improve the economic development and livelihood of the Afghan people. The TA aims to increase the number of contributors and commitments to AITF, make it more financially sustainable, expand financial modalities, strengthen its management, and improve its visibility. The enhanced AITF will help support the implementation of the next country partnership strategy (CPS) for Afghanistan, 2021 2025, which will be aligned with Strategy 2030 of the Asian Development Bank (ADB) and the government's vision. It will provide crucial infrastructure financing needed to support the post-coronavirus disease (COVID-19) pandemic recovery, facilitate private sector development, private public partnerships (PPPs), and provide more economic opportunities for women and men.</p> <p>2. The proposed TA is in line with the priorities emphasized in the CPS for Afghanistan, 2017 2021 and the fragile and conflict-affected situations (FCAS) approach of ADB. The TA is included in the country operations business plan for Afghanistan, 2021 2023.</p>				
Project Rationale and Linkage to Country/Regional Strategy	<p>1. Despite notable progress, Afghanistan still faces many challenges. It is ADB's poorest developing member country and one of the poorest countries in the world. In addition to serious problems caused by violent conflict and political uncertainty, Afghanistan faces risks from disasters including earthquakes, droughts, and floods. The overall prospects of Afghanistan have been significantly affected by the COVID-19 pandemic. The government is developing the new strategic framework that will guide Afghanistan's development and post-COVID-19 recovery: the Afghanistan National Peace and Development Framework (ANPDF) II. Infrastructure development is a key factor to achieving the government's vision outlined in the ANPDF II and has the potential to generate significant employment and inclusive growth, which will be critical to post-COVID-19 recovery and in providing more economic opportunities for women and men. As part of ANPDF II, the National Infrastructure Plan (NIP) is also being revised for the period 2021 2025 to support the economic growth agenda. A number of planned investments envisaged under the NIP will be in partnership with the private sector, including PPPs and other financing instruments and modalities.</p> <p>2. Afghanistan's economy was significantly affected by the COVID-19 outbreak, with estimated GDP contraction of 5.0% in 2020. Domestic fiscal revenue is projected to fall from 13.6% of GDP in 2019 to 10.0% in 2020, as economic activity, trade, and customs revenues declined. The overall budget forecasts include on-budget development partner support declining, thus, increasing pressure for efficient use and prioritization of resources on both operating and development budgets. While the operating budget will be maintained at levels of \$3.9 billion, development budget estimates indicate a decline from \$1.7 billion to \$1 billion over the period to 2023, further limiting government's ability to invest in infrastructure development. Government is now preparing for the Afghanistan Conference 2020 and the expectation is that the development partner commitments will decrease, after the significant increase in 2020 in the support for COVID-19 response. The security and political uncertainties are some of the factors influencing the level of donor support for Afghanistan; however, economic downturns in donor countries and increased global demands will also affect commitments for Afghanistan.</p> <p>3. ADB is one of the few major development partners in the country focused on financing large infrastructure. During 2002 2020, ADB provided \$5.9 billion in assistance, focusing on agriculture and natural resources, energy, and transport and communications. ADB also administers AITF, which was established in 2010 in response to the need for a dedicated financing mechanism to support infrastructure development in Afghanistan. It is the only multi-donor platform for bilateral, multilateral, and individual contributors to invest in infrastructure development projects that foster economic growth and improve the livelihood of the Afghan people. Currently, there are five donors that contribute to the AITF. As of 31 March 2020, the total commitments by development partners to AITF reached \$743.5 million, of which over \$450.6 million have been allocated to 10 investment and 7 TA projects. As of 31 March 2020, total contracts awarded amounted to \$394.5 million of which \$297.3 million has been disbursed. The remaining funds in AITF will be used for projects that will be committed in 2020 and 2021.</p> <p>4. ADB has been working with the government to strengthen AITF and attract more donor contributions, however, commitments have been affected by slow implementation of AITF-financed projects and the difficult operating context. ADB has introduced a range of improvements following an impact assessment and an internal audit assessment of AITF. The administration of the AITF has been fully moved to the Afghanistan Resident Mission (AFRM) to further streamline processes, strengthen the management, and ensure closer coordination with the donor partners at country level. To address portfolio performance issues, ADB developed the enhanced project delivery approach (EPDA), which uses a fragile and conflict-affected situation (FCAS) framework to improve project preparation and management. However, there is an urgent need to further strengthen the AITF and find new ways of bringing financing for infrastructure development in Afghanistan, including attracting new donors and more private sector investment.</p>				
Impact	Improved access to better infrastructure and services in Afghanistan				
Outcome	AITF strengthened to more effectively support infrastructure development in Afghanistan				
Outputs	Strategy for enhancing AITF developed and adopted AITF management and reporting strengthened Visibility of AITF increased				
Geographical Location	Nation-wide				

Summary of Environmental and Social Aspects
Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Business Opportunities	
Consulting Services	The TA is expected to mobilize on an intermittent basis 377 person months of individual consultant services (1130 person-months of international consultants and 2647 person-months of national consultants). Consultant inputs will be required to conduct feasibility study, draft strategy and business plan, prepare outreach materials, oversee administration of AITF, and prepare and deliver outreach and capacity building activities. All consultants will be recruited as individuals in accordance with the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions. The indicative implementation arrangements are summarized in Table 1. Consultants will be required to submit quarterly progress and final reports to ADB. Specific technical outputs will be outlined in the consultants' terms of reference. The evaluation of their performance will also be based on the findings of assessments by ADB. The TA will also involve recruitment of to a consulting firm with 12.5 person per month to develop the AITF Strategy and Business Plan.

Responsible ADB Officer	Peshtaz, Sayed Rassoul
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Afghanistan Resident Mission
Executing Agencies	Afghanistan * Ministry of Finance Pashตูนistan Watt, Kabul, Islamic Republic of Afghanistan

Timetable	
Concept Clearance	25 Sep 2022
Fact Finding	16 Jul 2020 to 16 Jul 2020
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	22 Oct 2020

Project Page	https://www.adb.org/projects/54353-001/main
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