

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA7511

Project Name	DABS Planning And Capacity Support (P131228)
Region	SOUTH ASIA
Country	Afghanistan
Sector(s)	Transmission and Distribution of Electricity (100%)
Theme(s)	Other public sector governance (100%)
Lending Instrument	Technical Assistance Loan
Project ID	P131228
Borrower(s)	Ministry of Finance
Implementing Agency	Da Afghanistan Breshna Sherkat
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	03-Dec-2015
Date PID Approved/Disclosed	03-Dec-2015
Estimated Date of Appraisal Completion	01-Dec-2015
Estimated Date of First Grant Approval	25-Feb-2016
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

1. Afghanistan remains one of the least-developed countries in the world. The pace of economic recovery has been slow with real GDP growth in 2015 estimated at 1.9 percent largely attributed to the protracted process of political transition, a deteriorating security situation, and erosion in investor and consumer confidence. Lack of security is also perceived as the most important constraint for public service delivery in Afghanistan. The country continues to confront a state of fragility and conflict that is undermining economic prospects as well as social cohesion and stability. Socioeconomic indicators continue to remain at low levels: poverty incidence nationwide was 35.8 percent in 2011-12.

2. International donors have committed to continue providing financial assistance to Afghanistan contingent on satisfactory reform progress. At the December 2014 London Conference, the international community reaffirmed its Tokyo commitment of providing USD 16 billion in development assistance for Afghanistan over 2012-15, sustaining support through 2017 at or near the levels of the past decade, and providing continuing but declining support through the “Transformation Decade” (2015-2024).

3. The Government's development vision focuses on tackling corruption and building better governance, restoring fiscal sustainability, bolstering private sector confidence, promoting growth, and improving security and political stability. Investments in the energy sector play a critical role in contributing to economic growth and stabilization. Indeed, getting access to electricity is a major barrier to growth in Afghanistan, which ranks only in position 141 of countries worldwide to access to electricity. Better energy services will help meet the objectives of the Islamic Republic of Afghanistan (IRoA) Development by stimulating job growth, production, and improving the quality of life for millions.

Sectoral and institutional Context

4. The long lasting conflict has had a severe impact on the power sector and needs reconstruction or overhaul. The Afghan power system is small, fragmented and underdeveloped but demand is growing rapidly. Despite considerable progress in building power infrastructure over the last decade, the estimated grid-based electricity covers only about 20 - 25 percent of the population. About 80 percent of electricity is imported from Iran, Tajikistan, Turkmenistan and Uzbekistan, and accounts for about 600MW of the capacity available in the country. Domestic diesel generators, thermal and hydropower account for about 340MW across the country.

5. Sector institutions are evolving, with a gradual separation of policy and operations. The main government department responsible for the power sector in Afghanistan is the Ministry of Energy and Water (MEW). It is increasingly focused on policy, strategy, planning, regulatory issues, and coordination of energy issues with neighbors and donors. However, operations and investment are increasingly devolved to Da Afghanistan Breshna Sherkat (DABS). After its separation from MEW in 2009, DABS has been able to establish itself as a financially independent and commercially viable entity while remaining under state ownership. DABS has also been gradually improving its governance structure, staffing, and customer management. DABS was also able to make significant progress in billing and collections by automatizing its billing system in all major cities.

6. However, DABS needs to improve its capacity to manage new investments. The majority of DABS' staff lack the appropriate level of technical qualification to run a modern power system. This makes planning and implementation of new investments, and reliable operation and maintenance of the system a critical part of the aforementioned capacity building needs. If it is to meet the demands placed on it, it must build capacity of its staff through technical and other training and then ensure that these new capacities are applied to the task in hand. It needs more and better trained staff and as such needs to draw from a wider pool of educated and capable professionals, including women.

7. The World Bank has in the past provided significant support both in terms of IDA and ARTF financing and technical assistance. At present the Bank is increasing its engagements in the sector with substantial challenges in scaling up future support. Currently, Bank's ongoing engagement is a USD75 million project (Afghanistan Power Systems Development Project) aimed at rehabilitating and expanding electricity infrastructure in secondary cities.

II. Proposed Development Objectives

The Project Development Objective is to improve DABS capacity in distribution investment planning, implementation, operation and maintenance.

III. Project Description

Component Name

Component 1: DABS staff capacity building

Comments (optional)

The objective of this component is to support DABS' capacity to plan and implement new investments in distribution systems and to operate and maintain the investments properly. A consulting firm will be hired under this component to carry out a training program consisting of a mix of classroom and on-the-job trainings, particularly focusing on DABS planning. O&M staff will also receive identified trainings in planning and implementation of safe operation and maintenance of the network. The consultants will also work with DABS in establishing an O&M planning system, and operationalize in six major load centers in the country.

Component Name

Component 2: Training center development

Comments (optional)

This component supports development of a training center in Kabul. Currently DABS does not have any training facility for its staff, and this has been identified as a critical gap in its overall capacity building efforts. Under this component DABS will hire a consulting firm to design the training center based on the scope of work already identified. A contractor will later be hired to build and furnish the training center which is expected to take about two years. Until then, DABS will use a temporary space for the training to be carried out under component 1. The training center will also be equipped with specialized office and training equipment.

IV. Financing (in USD Million)

Total Project Cost:	6.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			0.00
Afghanistan Reconstruction Trust Fund			6.00
Total			6.00

V. Implementation

8. Responsibility for the project implementation and management will rest with DABS, which has appointed a Project Manager for day to day project management. The Project Manager will be supported by a Project Implementation Team, with members assigned from different departments within DABS. The team members will be responsible in providing the necessary support to the Project Manager from their respective departments. The key members of the team with adequate qualification and appropriate skill have been identified or hired. They consist of a Distribution Planning Engineer, a Knowledge and Learning Specialist, a Financial Management Specialist, a Procurement Specialist, a Safeguards Specialist, and a Monitoring and Evaluation Specialist. Consulting firms and contractors will also be hired under the project to carry out specialized project activities

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
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Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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Implementing Agencies

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