



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 05-Jun-2018 | Report No: PIDISDSA24537



**BASIC INFORMATION**

**A. Basic Project Data**

Country Afghanistan	Project ID P158768	Project Name Public-Private Partnerships and Public Investment Advisory Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 10-Jan-2018	Estimated Board Date 27-Jun-2018	Practice Area (Lead) Finance, Competitiveness and Innovation
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Central PPP Authority	

Proposed Development Objective(s)

The Project Development Objective is to develop a pipeline of feasible private and publicly funded projects.

Components

Strengthening Institutional and Technical Capacity  
Infrastructure Preparation Facility  
Project Management

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	50.00
<b>Total Financing</b>	50.00
<b>of which IBRD/IDA</b>	20.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	20.00
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IDA Grant	20.00
<b>Non-World Bank Group Financing</b>	
Trust Funds	30.00
Afghanistan Reconstruction Trust Fund	30.00

Environmental Assessment Category

A-Full Assessment

Decision

The review did authorize the team to appraise and negotiate

**B. Introduction and Context**

1. **There have been substantial improvements in development outcomes in Afghanistan since 2001, particularly in expanded access to basic services such as water, sanitation, and electricity, and improved outcomes in education and health.** However, some gains are now being eroded due to growing insecurity. Between January and September 2017, 2,640 people were killed and around 5,380 injured. The number of internally displaced people has increased at an alarming pace: in the first half of 2017 alone, more than 200,000 people have been displaced internally due to conflict and more than 296,000 refugees have returned from Iran and Pakistan. The increased conflict appears to be affecting business and consumer confidence as economic activity is continuing to stagnate. The annual economic growth rate was estimated at 2.6 percent in 2017, increasing slightly from the 2.4 percent recorded in 2016. Growth is expected to edge up to 2.2 percent in 2018, but only assuming no further deterioration in the security environment. In the medium term, growth is expected to remain muted, increasing modestly to 3.6 percent by 2020.

2. **Poverty in Afghanistan has increased sharply, from 38.3 in 2011 to 54.5 percent in 2016/17.** Unemployment remains high at 23.9 percent and there is a widespread dearth of productive employment opportunities. Stagnating economic growth, increasing demographic pressures and continued insecurity have taken a toll on an already impoverished population. Since 2011, GDP per capita has dropped from \$691 in 2012 to \$591 in 2016. With half the population below the age of 15, and an annual population growth rate of 3 percent, each year, 400,000 new workers enter the workforce. Afghanistan’s labor market has been unable to provide productive employment opportunities to improve the incomes of its workforce. Only 40 percent of the working age (15+) population, and two thirds of the working age male population is employed. Among the employed, majority of employment is vulnerable: more than three-fourths of the employed population works as casual daily labor, unpaid family workers, or are self-employed.

3. **Stronger growth is predicated on improvements in security, political stability, steady progress with reform, and continued high levels of aid flows.** Growth could also be enhanced with the right combination of fiscal and other policy reforms, including improving budget execution and reorienting budget expenditures toward labor-intensive and



community-based programs that directly reach the population with the greatest needs.

4. **Strategic and efficient allocation of scarce public resources for infrastructure and other investments is critical to Afghanistan's self-reliance agenda.** The Government has made significant progress in establishing a public financial management (PFM) system that has contributed to increasing revenues. Despite these gains, Afghanistan's fiscal space remains extremely narrow. Revenues, currently at nearly 11.4 percent of gross domestic product (GDP), finance only 60 percent of the recurrent budget or 40 percent of the overall expenditure. The remaining financing needs are being met by donor grants, which are at around 17 percent of GDP. On-budget Government expenditures are expected to grow modestly to around 27.1 percent of GDP by 2020. Domestic revenues are projected to reach 12.1 percent of GDP by 2020, if government can sustain recent improvements in compliance and administration. The rising expenditure would lead to an increase in the financing gap over the medium term. Thus, expenditures must be prioritized and private investment needs to be accelerated.

#### Sectoral and Institutional Context

5. **The Government recognizes the importance of improving PFM to improve budget execution rates and increase the efficient allocation of public and donor resources to development priorities.** To this effect, the Government of the Islamic Republic of Afghanistan (GoIRA) has started developing a Public Investment Management (PIM) framework,<sup>1</sup> which will help align the budget with fiscal policy and national development priorities through improved project identification, appraisal, and approval. One of the core aspects of the PIM framework will be helping the GoIRA ensure that public investment planning prioritizes projects that support national development priorities and allocate and leverage best financing options more efficiently.

6. **The Government plans to leverage private investment, supplementing public and donor resources, to achieve its development priorities.** To this effect, the GoIRA has launched a public-private partnership (PPP) program, which is designed to attract private financing for infrastructure and other investment projects. The GoIRA created the Central Partnership Authority (CPA) in August 2016, a General Directorate within the Ministry of Finance (MoF), as the central coordinating actor for PPPs, and retains 25 technical staff. Since its establishment, the CPA helped create the PPP legal framework. The CPA has worked closely with line ministries to build PPP capacity through workshops, develop the upstream PPP pipeline, and provide technical support on downstream PPP transactions that preceded the PPP Law and are now at the negotiation stage. In September 2016, the President issued a PPP Law,<sup>2</sup> which is awaiting ratification by the National Assembly.

7. **PPP transactions, particularly in contexts affected by fragility, conflict, and violence (FCV), are complex and require a long lead time to reach fruition.** Despite several successful PPP transactions, a 2011 World Bank-supported study identified gaps in policies/regulations, limited institutional capacity to prepare PPP projects, and a weak overall investment climate as the key challenges to further development of PPPs in Afghanistan. The World Bank and other donors have been providing technical assistance (TA) to strengthen the PPP legal and policy framework, build institutional and technical capacity, and operationalize the CPA. This TA support will enable the GoIRA to use PPPs, where appropriate within the PIM-PPP framework, to meet development needs.

<sup>1</sup> In preparation of the implementation of the World Bank-funded Fiscal Performance Improvement Support Project (FSP) (P159655), which was delivered in December 2017.

<sup>2</sup> The GoIRA is in the process of implementing a new budget circular process that aims to integrate the PIM with the PPP framework, hence the proposed changes in the PPP Law to reflect this new proposal.



8. **Initial market sounding has demonstrated private sector interest in investment opportunities in Afghanistan, particularly by diaspora investors looking to return to Afghanistan and regional investors in the United Arab Emirates, Turkey, India, and Pakistan.** However, sound appraisal of development-oriented investment projects is required to determine the most optimal, fiscally sustainable financing solution (either public or PPP). As in previous PPP transactions, it is likely that PPP opportunities will require case by case Government and/or donor support, including viability-gap financing, subsidies, guarantees, and other instruments designed to reduce project risk, ensure the bankability and affordability of the projects, and increase attractiveness to the private sector. The GoIRA is considering creating a viability gap fund with the support of other donors to systematize the provision of such support to future PPP transactions.

9. **Government sovereign payment guarantees and other indirect contingent liabilities (for example, termination payments and other compensation clauses) that may arise from PPPs are considered a form of debt by the International Monetary Fund (IMF) Extended Credit Facility (ECF) aiming to preserve macroeconomic and financial stability by ensuring public debt sustainability.** Thus, integrating fiscal sustainability considerations into decision making on the allocation of financing (public, private, and donor) and the preferred procurement approach for prioritized projects will be critical to ensuring value for money and the sustainable implementation of the PIM-PPP framework.

10. **The proposed project, Public-Private Partnerships and Public Investment Advisory Project (PPIAP), will support improved planning, budgeting, and preparation of development investment projects to ensure strategic prioritization and solid implementation.** To this end, the Project will enable the GoIRA, through both advisory and capacity development activities for relevant Government stakeholders and the establishment of a suitable mechanism, to assess and prepare a pipeline of feasible public investment and PPP projects. It will help maximize funds available for the country's most pressing development needs.

### C. Proposed Development Objective(s)

11. **The Project Development Objective (PDO) is to develop a pipeline of feasible public and privately funded projects.** Given its fiscal constraints, the GoIRA must maximize funds available for infrastructure and other development priorities. The theory of change is that the capacity building and the TA to streamline the public investment and PPP institutional framework and the undertaking of robust pre-feasibility and feasibility studies, that are reviewed by relevant committees in alignment with the national development priorities, will support sustainable and strategic investment. Once implemented, both the public and PPP financing pipelines developed with Project support will provide solutions for priority investment needs and stimulate private sector development for higher economic growth and better service delivery. Given that a range of important development investments will be covered by private sector financing, the GoIRA will be able to concentrate scarce public resources on other priorities in its development agenda, for example, public service delivery to the benefit of the population, especially the poor. This reflects the principles of the World Bank's MFD approach to development.

### Project Beneficiaries

12. **The project will benefit two main stakeholders:** (a) government institutions in the form of TA and capacity-building training, mainly to the Central Partnership Authority (CPA) and Policy Department of the Ministry of Finance (MoF) and other agencies sponsoring PPPs, and (b) large, medium, and small private investors by helping prepare infrastructure/ other projects and addressing investor concerns.



## PDO Results Indicators

13. Progress in achieving the PDO will be measured by the number of (a) feasibility studies that lead to tendered projects, of which 100 percent have considered gender issues; (b) PPP policy recommendations/ institutional development recommendations implemented; and (c) PPP projects tendered, of which 100 percent have considered gender issues.

## D. Project Description

14. **To achieve its objective, the project will introduce standard project appraisal and preparation models, along with sound legal, regulatory, and institutional policies that encourage private investment and optimal use of public resources to maximize available finance for development.** The project will provide capacity-building support to relevant government agencies to allocate and disburse funds for development investment projects efficiently.

### Project Components

15. **The project has three components.** Component 1 will strengthen the institutional framework and technical capacity of relevant agencies. Component 2 will establish and provide initial funding for an Infrastructure Project Preparation Facility (IPPF) to support project appraisal and preparation. Component 3 will cover project management.

#### ***Component 1: Strengthening Institutional and Technical Capacity (US\$5.0 million)***

16. **This component will support the creation of a framework to manage public investments and PPPs to align with the proposed Public Investment Management (PIM) Framework which aligns investments with national development priorities.** The component will strengthen the coordination between project planning and the budget processes, integrate these processes with the PPP project cycle, and ensure alignment with national development priorities. This component will also strengthen the MoF CPA and Policy Directorate to support the implementation of timely, high-quality public investment and PPP projects.

#### *Subcomponent 1A: Improving and integrating the PIM-PPP framework*

17. **This subcomponent will fund the following activities:** (a) development of standardized project appraisal documents; (b) development of PPP Law Rules of Procedure (RoPs); (c) review and revision of PPP (and where necessary, related public investment law) laws required to implement an integrated Public Investment Management-PPP (PIM-PPP) framework; and (d) preparation of the fiscal commitments and contingent liabilities (FCCL) framework. To facilitate implementation of the PPP legal framework, PPP Law RoPs will be developed to provide a step-by-step guide to line ministries on all aspects of the PPP program, including the institutional roles/responsibilities of the CPA, line ministries, and other stakeholders. These RoPs will include template documents covering PPP project cycle processes and will mirror similar operating guidelines for public projects that come under the Public Procurement Law.

#### *Subcomponent 1B: Strengthening GoIRA institutional and technical PIM-PPP capacity and awareness*

18. **This subcomponent will support the following activities:** (a) resident advisers to enhance technical capacity, (b) capacity-building program to the CPA and relevant line ministries on project preparation and appraisal, and (c)



communication and awareness-building campaign. To support implementation of the framework and ensure the preparation of high-quality appraisal documentation, capacity building will be provided to the Ministry of Finance Policy Department (MoFPD), Ministry of Economy (MoEc), and CPA staff. They will be trained under a train-the-trainer approach and they will then provide subsequent trainings to line ministries' staff. This will improve the quality of project proposals from the line ministries.

***Component 2: Infrastructure Project Preparation Facility (US\$40.0 million)***

19. **This component will support the establishment and operation of an Infrastructure Project Preparation Facility (IPPF), including development of its governance structure, institutional roles and responsibilities.** Lack of up-front planning and funding to prepare projects has resulted in inefficient prioritization and implementation of projects. The Project will support robust appraisal and preparation of public and privately funded, aligned with the budget circular process, via the establishment and initial funding of an Infrastructure Project Preparation Facility. The IPPF will provide funding for the robust appraisal and preparation of projects, ensure that prioritized projects contribute to the national development agenda and align with maximizing the developmental value of public resources, and be integrated into the budget circular process.

*Subcomponent 2A: Design and establishment of the IPPF*

20. **This subcomponent will support the robust design of an umbrella IPPF to provide long-term financing vehicle for the appraisal and preparation of development projects.** This will help the GoIRA move from an individual project approach to a systematized program to ensure that projects are prioritized and well-designed. The IPPF will have two funding windows, an Appraisal Window and a PPP Project Development Fund (PDF) Window. In addition, this subcomponent will determine the IPPF's governance structure and institutional roles and responsibilities related to decision making, management and oversight of funds, procurement and compliance with environmental and social safeguards requirements. It will also provide capacity building to GoIRA officials to build understanding of IPPF processes and ensure high-quality management of the IPPF.

*Subcomponent 2B: Initial Funding of the IPPF*

21. **This subcomponent will provide initial funding for the two IPPF windows.** The IPPF Appraisal Window will fund the pre-feasibility studies for projects proposed by the line ministries as part of the Budget Circular 1 process. This appraisal process will enable the GoIRA to determine each project's strategic fit with national development priorities and decide for each project on the preferred procurement approach, either public or PPP. The Appraisal Window will also support detailed feasibility studies for approved public projects. The PPP PDF Window will fund the preparation of detailed feasibility studies, including any safeguard assessments required at the feasibility stage; detailed design and tender documents for projects suitable for PPP financing arrangements. This will enable robust preparation and structuring of PPP transactions. This Project will not support the implementation, whether construction of works or any other implementation activities, of projects prepared under the IPPF. If during implementation, a request is received for the financing of detailed designs and tender documents regarding projects that may involve the use or potential pollution of international waterways, riparian notification will be undertaken either by the recipient or by the Bank on the recipient's behalf, prior to such financing, as is required under OP 7.50.

***Component 3: Project Management (US\$5.0 million)***

22. **This component will finance the Project Management Unit (PMU).** A PMU in the CPA will implement the



Project. This subcomponent will finance the PMU until it is mainstreamed into the Afghan civil service (the Tashkeel). The funding will ensure that a strong team is in place to manage day-to-day operations and monitor the Project activities, including technical, fiduciary, safeguards, and M&E. The PMU is already in place, and several staff have been recruited under the PPG. The PPG will be terminated when the PPIAP is approved by the Board and funding for the PMU will then transfer to Component

### 3. Project Cost and Financing

23. The overall project cost is US\$50 million, financed by IDA (US\$20 million) and the Afghanistan Reconstruction Trust Fund (ARTF) (US\$30 million).

#### E. Implementation

##### Institutional and Implementation Arrangements

24. **The project is multisectoral and covers different facets of the GoIRA's budgeting, procurement, and project implementation functions.** The institutional and implementation arrangements for the Public Private Partnership and Public Investment Advisory Project (PPIAP) are designed to align with the budget circular process and the PIM-PPP framework and will require strong coordination across the GoIRA to support smooth implementation. The PPIAP will be managed by a PMU in the CPA, which will be responsible for managing implementation, procurement and financial management (FM), environmental and social safeguards, and monitoring and evaluation (M&E). The PMU will be supported by the MoF Procurement Directorate on procurement issues and by the MoF Finance Directorate on FM issues.

25. **High-level oversight and centralized coordination is required to ensure smooth project implementation.** Given that development projects often involve multiple entities within the Government, DCs<sup>3</sup> will provide high-level oversight of the budget circular process and the appraisal and preparation of public and PPP projects prepared under PPIAP financing. Below the level of DCs, centralized coordinating roles in the project cycle process will be played by the Ministry of Finance Budget Department (MoFBD), MoFPD, CPA, and the Ministry of Economy (MoEc). The MoFPD and MoEc will review concept notes and pre-feasibility studies prepared by line ministries at the appraisal stage, to ensure projects fit with national development priorities and compliance with national environmental and social safeguards requirements. The MoFBD will clear the public projects for their fit within budget ceilings under Budget Circular 2.

26. **Line ministries will identify and sponsor projects financed under the PPIAP and retain responsibility for the preparation and implementation of projects in their respective sectors.** Technical sector expertise is in the line ministries, and therefore line ministries will be responsible for the preparation of project-related documents, including concept notes, pre-feasibility studies, feasibility studies, and tender documents (for PPPs). If during implementation, a request is received for the financing of detailed designs and tender documents regarding projects that may involve the use or potential pollution of international waterways, riparian notification will be undertaken either by the recipient or by the Bank on the recipient's behalf, prior to such financing, as is required under OP 7.50. The line ministries will also manage the consultants and transaction advisers procured to support project appraisal and preparation. The CPA provides technical support to line ministries to support the preparation and procurement of PPP projects. The line

<sup>3</sup> The DCs were established under the Afghanistan National Peace and Development Framework (ANPDF) 2017–2021, with the objective of implementing the new National Priority Programs (NPPs) designed under the ANPDF. There are six DCs, including Infrastructure Development, Land and Water, Human Development, and Rule of Law and Anticorruption. Membership of the DCs varies but includes relevant line ministries and government administrative entities.





ministries will be responsible for ensuring that the projects they submit comply with the applicable national Environmental and Social safeguards regulations.

**F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The public and privately funded projects for which appraisal and preparation may be funded may be located nationwide. The projects for which appraisal and preparation may be funded under Subcomponent 2B and the expected environmental and social footprint of the projects should they be implemented are not known at this stage (and will not be known until project proposals are received by the MoF and CPA from sponsoring line agencies). The TA will support a range of infrastructure projects in different locations and sectors at the national and/or sub-national level.

**G. Environmental and Social Safeguards Specialists on the Team**

Mohammad Arif Rasuli, Environmental Safeguards Specialist  
Mohammad Yasin Noori, Social Safeguards Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy is triggered because the proposed project will finance preparatory TA activities, including full feasibility studies and tender documents for public and privately funded projects. Whereas the TA project will in and by itself not finance these investments, the actual investments themselves, if and whenever and wherever they are implemented, could potentially lead to substantial adverse downstream environmental and social impacts. Considering capacity constraints and weak regulatory system in the country as well as the above reasons, the proposed project is assigned an Environmental Assessment Category A.



		<p>The nature, type, and physical locations of the investment projects will be determined by feasibility studies to be carried out during implementation of the proposed project. The borrower has prepared an Environmental and Social Management Framework (ESMF) for the proposed project, to ensure a process is put in place that would ensure the required environmental and social studies and plans are prepared when these investments are identified, in compliance with Afghanistan's own requirements and with OP 4.01 and other triggered World Bank safeguards policies.</p>
Performance Standards for Private Sector Activities OP/BP 4.03	No	<p>The policy is not triggered. The project aims to build the capacity of the relevant government institutions which will take the responsibility for implementation of safeguards instruments. The ESMF stipulates the responsibilities of the private sector.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The Project ESMF has negative list clearly showing the names of all protected areas and Natural Habitats in Afghanistan that should be avoided. If the policy is applicable to any projects, the relevant requirements of OP/BP 4.04 will be applied during project implementation. Relevant safeguard screening and assessments will be conducted at pre-feasibility and feasibility stages, including appropriate mitigation measures.</p>
Forests OP/BP 4.36	No	<p>This policy is not triggered as none of the potential projects will be in areas having forests. In addition, the ESMF includes screening measures to ensure that there is no land degradation and in rare cases, extreme care, mitigation measures would be planned during the feasibility planning and ESIA process (in case it is needed) and properly implemented.</p>
Pest Management OP 4.09	Yes	<p>Discussions with the government counterparts has indicated that agriculture relate projects could be one of the priorities. The ESMF has provided the mechanism to take care of pest management and IPM issues in case such projects materialize.</p>
Physical Cultural Resources OP/BP 4.11	No	<p>This policy is not triggered. The Project ESMF has negative list excluding the demarcated cultural sites. The project will not be considered in nationally and internationally recognized sites. The ESMF includes</p>



		the appropriate screening for chance find procedures according to national law.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered since there is no conclusive evidence pointing to indigenous people living in potential project areas who meet the criteria of OP/BP 4.10 and could potentially benefit or be adversely affected by the project's activities.
Involuntary Resettlement OP/BP 4.12	Yes	Under Subcomponent 2B, the PPIAP will finance preparatory TA activities for public and privately projects, including pre-feasibility and feasibility studies. The project will not finance these investments and will, therefore, not have any major direct social impacts or land acquisition impact, but there may be potential impacts from anticipated infrastructure projects in these areas.
		A framework approach is adopted as all project investments under Subcomponent 2B could not be identified at the time of project appraisal. The borrower has prepared a stand-alone RPF for the proposed project to guide preparation of RAP(s) (where needed).
Safety of Dams OP/BP 4.37	Yes	Discussions with the government have indicated that feasibility studies of reservoirs could be one of the priorities. If, during implementation, a request is made to fund such feasibility studies, the relevant requirements of OP/BP 4.37 will be applied. The ESMF includes a draft generic ToR which will be customized to the needs of any particular feasibility study requested, e.g. panel of experts or dam safety studies.
Projects on International Waterways OP/BP 7.50	Yes	RVP exception has been obtained so that if a request is received for the financing of detailed designs and tender documents regarding projects that may involve the use or potential pollution of international waterways, riparian notification will be undertaken either by the recipient or by the Bank on the recipient's behalf, prior to such financing, as is required under OP 7.50.
Projects in Disputed Areas OP/BP 7.60	No	There is no disputed area as defined under this policy.



## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed project will finance preparatory TA activities, including pre-feasibility and feasibility studies (including necessary safeguards assessments) and tender documents for public and privately funded infrastructure projects. If during implementation, a request is received for the financing of detailed designs and tender documents regarding projects that may involve the use or potential pollution of international waterways, riparian notification will be undertaken either by the recipient or by the Bank on the recipient's behalf, prior to such financing, as is required under OP 7.50. The current project will itself not finance these investments and, therefore, will not have any major environmental or social impacts. However, should any of the prioritized projects be implemented, future investments by the government or private sector beyond the scope of the project are expected to have potential substantial impacts that could be reduced, mitigated or compensated with undertaking full ESIA and preparation and implementation of ESMPs, RAP and other appropriate safeguards tools and, if needed, by undertaking further assessments. High risk investments with long term, irreversible and severe impacts such as hydropower projects will require detailed assessments and thus the proposed project is assigned an Environmental Assessment Category A.

The project activities under Subcomponent 2B will support the assessment for both public and privately funded projects, where environmental and social risks and impacts will be assessed and necessary mitigation measures analyzed. Under this project, a framework approach will be adopted. The approach considers lessons learned from other projects, sets out a range of screening and reviewing tools for use at both pre-feasibility and feasibility levels to identify and assess potential adverse environmental and social impacts of projects, and includes guidelines for preparing relevant mitigation management plans. This approach will allow the necessary time to strengthen government capacity to prepare project-level environmental and social instruments as required by GoIRA and World Bank policies. Where needed, site-specific Environmental and Social Management Plans (ESMPs), and Resettlement Action Plans (RAPs) will be prepared and would be subject to local disclosure and consultations as national law and WB safeguards policies. The project assessments and plans are subject to WB review and clearance. The approach highlights the importance of citizen engagement and access to information and communication in underpinning effective environmental and social management and describes screening procedures.

The project overall risk is assessed as High, given the country's fragile environment and limited capacity. The main risks relate to the security, political and governance, the macroeconomic environment, institutional capacity, and environmental and social categories. The limited institutional capacity is reflected in the design of the PPIAP, which places strong emphasis on institutional strengthening within the MoF and the sponsoring line ministries. The Project will support resident advisers to work closely with the CPA and relevant line ministries. This risk is further mitigated through the IPPF which will provide support for capacity building at the MoFPD, CPA, and line ministries. In addition, social and environmental safeguard specialists will be hired in the MoF, who will be responsible for ensuring the compliance with the relevant policies and laws.

#### Social impacts and risks

The project is expected to generate overall positive social impacts. The TA activities will not themselves have any major direct social impacts and risks, but there may be potential impacts from implementation of projects to be



supported under Subcomponent 2B of the project. The overall social risks ratings are likely to be Substantial (S) at this stage. The key drivers of possible social risks for PPIAP from future investments may include (a) potential land acquisition impacts from anticipated infrastructure projects that will be included for pre-feasibility and feasibility studies; (b) workers' safety/labor influx risk and community safety risks associated with labor camp and workers coming into the project area, which are expected to occur during implementation; and (c) low capacity of local companies to conduct social safeguards studies.

The MoF CPA (through consultants) will conduct social screening and scoping at the pre-feasibility stage. Consulting firms will be engaged to collect information and assess/identify key social risks and identify issues for consideration in more detailed assessments at the feasibility stage. More specifically, with regard to identification of risks and impacts, preliminary social screening and scoping at pre-feasibility stage and SIA, site-specific Social Management Plans (SMPs), and RAPs (where needed) during feasibility stage will be prepared for all projects and will be subject to local disclosure and consultation as per the national law and World Bank safeguards policies. The ESMF includes provisions for conducting social safeguards due diligence. The RPF also includes due diligence procedures for land acquisition and resettlement of the affected people.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The TA projects activities to be supported under PPIAP have not been identified, but should any of the projects appraised and prepared be implemented, they are not expected to have significant indirect or long-term environmental impacts that could not be mitigated by applying the relevant mitigation tools provided for in the ESMF. The potential environmental impacts could be caused by generation of chemicals, hazardous wastes, wastewater generation, earth moving, transportation, and civil works. Occupational, health, and safety issues of the relevant projects and because of the weak regulatory and enforcement system in the country would also be another important area that should be properly addressed.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Not Applicable

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The responsible agency for this project is the MoF, which has experience with implementation of World Bank-funded projects, preparation of ESMFs for the Second Customs Reform and Trade Facilitation Project (SCRTEP), and Project Financial Management (PFM) in the past. However, the MoF still lacks adequate capacity to handle all the relevant environmental and social safeguards issues and needs assistance from the World Bank.

The client has prepared an ESMF that was reviewed and cleared by the World Bank and is disclosed both in relevant places and in the format and languages understandable for the local people in the country and at the World Bank's external website before appraisal. The ESMF and the TORs for the ESIA(s) and RAP(s) were subject to meaningful and participatory stakeholder consultations in Kabul, with representation from relevant stakeholders and participation of the relevant project areas.

The ESMF has mandated the preparation of Environmental and Social Impact Assessments (ESIAs) that will commence



concurrently but independently with the feasibility studies for each project. The ESMF document also contains the requisite comprehensive Terms of Reference (TORs) for the ESIA, and if the ESIA is not needed, only an ESMP or a management plan would be needed and prepared during the implementation stage. Furthermore, the ESMF has the relevant principles, checklists, guidelines, and other procedures to be applied for each investment and has set forth the principles and procedures/directives to be followed by the borrower once the physical locations of the proposed activities are known.

The ESMF requires to comply with World Bank Safeguard Policies and Environmental, Health, and Safety (EHS) Guidelines as well as the country's relevant laws and regulations. The ESMF also contains specific guidelines to determine linked and/or associated facilities. If existing investments are included, the ESMF document includes provisions for carrying out environment and social due diligence, and the Resettlement Policy Framework (RPF) includes due diligence procedures for land acquisition and resettlement of existing investments. The ESMF has provisions for simple ESMPs to ensure the potential environmental impacts such as chemicals and waste management, wastewater generation, and minor civil works related to infrastructure are properly addressed. Furthermore, the country has major issues and capacity constraints in Environmental management of investment projects and for managing Occupational Health and Safety issues in the construction industries and is considered by the ESMF tools and to be properly applied.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders include Government institutions to which the project will provide TA and capacity-building training. These include the MoF, CPA and Policy Departments, state-owned enterprises and companies, municipalities, and government commissions or other groups established under government order or other entities sponsoring public and privately funded projects.

The borrower has prepared an ESMF and a stand-alone RPF to address potential impacts. Consultations on the first draft ESMF and RPF took place on January 25, 2017 attended by the line ministries, private sector companies, academia, and nongovernmental organizations. The MoF conducted a second round of consultations with all these stakeholders on December 17, 2017. The updated ESMF and RPF were shared with stakeholders for their feedback and comments. The updated ESMF and RPF were cleared by the World Bank-GP/CCSA on January 9th, 2018, and re-disclosed in-country on the MoF website and on the World Bank's external website on January 10, 2018.

Following the PPIAP upgrading from environmental assessment Category B to A, MoF had made consequential edits to the versions of the RPF and ESMF. The revised versions were circulated/shared on April 3, 2017 with all participants from both consultation meetings (January 25, 2017 and December 17, 2017) for their feedbacks and comments. The revised RPF and ESMF were cleared by the WB's RSA on April 24, 2018 and re-disclosed in country on the MoF website and the WB's external website on May 25, 2018.



**B. Disclosure Requirements**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
09-Jan-2018	10-Jan-2018	14-May-2018

**"In country" Disclosure**

Afghanistan  
10-Jan-2018

Comments

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank	Date of submission for disclosure
09-Jan-2018	10-Jan-2018

**"In country" Disclosure**

Afghanistan  
10-Jan-2018

Comments

**Pest Management Plan**

Was the document disclosed prior to appraisal?	Date of receipt by the Bank	Date of submission for disclosure
Yes		10-Jan-2018

**"In country" Disclosure**

Afghanistan  
10-Jan-2018

Comments

**If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**



If in-country disclosure of any of the above documents is not expected, please explain why:

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

Yes

**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

NA

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**OP/BP 4.37 - Safety of Dams**





Have dam safety plans been prepared?

No

Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?

No

Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?

No

#### **OP 7.50 - Projects on International Waterways**

Have the other riparians been notified of the project?

No

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?

Yes

Has the RVP approved such an exception?

Yes

#### **The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

### CONTACT POINT

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**APPROVAL**

Task Team Leader(s):	Constantine Chikosi
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**Approved By**

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Country Director:	Shubham Chaudhuri	05-Jun-2018