



Technical Assistance Report

Project Number: 53113-001
Knowledge and Support Technical Assistance (KSTA)
November 2019

Islamic Republic of Afghanistan: Infrastructure Project Implementation Support

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 30 September 2019)

Currency unit	–	afghani/s (AF)
AF1.00	=	\$0.0127546953
\$1.00	=	AF78.402500

ABBREVIATIONS

ADB	–	Asian Development Bank
DABS	–	Da Afghanistan Breshna Sherkat (Afghanistan Power Utility)
EPDA	–	enhanced project delivery approach
FCAS	–	fragile and conflict-affected situation
M&E	–	monitoring and evaluation
MOF	–	Ministry of Finance
PPMS	–	project performance monitoring system
TA	–	technical assistance

NOTE

In this report, “\$” refers to United States dollars.

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 53113-001
Project Name	Infrastructure Project Implementation Support	Department/Division CWRD/AFRM
Nature of Activity Modality	Policy Advice Regular	Executing Agency Ministry of Finance
Country	Afghanistan, Islamic Republic of	
2. Sector		ADB Financing (\$ million)
✓ Public sector management	Public administration	1.88
Agriculture, natural resources and rural development	Agricultural policy, institutional and capacity development	0.30
Energy	Energy sector development and institutional reform	0.30
Transport	Transport policies and institutional development	0.30
Total		2.78
3. Operational Priorities		Climate Change Information
✓ Accelerating progress in gender equality		Climate Change impact on the Project Low
✓ Promoting rural development and food security		
✓ Strengthening governance and institutional capacity		
Sustainable Development Goals		Gender Equity and Mainstreaming
SDG 1.4		Some gender elements (SGE) ✓
SDG 2.4		
SDG 5.a		
SDG 7.a		
SDG 9.1, 9.4		
SDG 11.2		
4. Risk Categorization Complex		Poverty Targeting
		General Intervention on Poverty ✓
5. Safeguard Categorization Safeguard Policy Statement does not apply		
6. Financing		
Modality and Sources		Amount (\$ million)
ADB		2.78
Knowledge and Support technical assistance: Technical Assistance Special Fund		2.78
Cofinancing		0.00
None		0.00
Counterpart		0.11
Government		0.11
Total		2.89
Currency of ADB Financing: US Dollar		

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) is the third of a series of TA projects from the Asian Development Bank (ADB) to help the Government of Afghanistan better deliver sustainable infrastructure development. This TA will build on TA for Support for Infrastructure Investments and Policy (closed in September 2018) and ADB's current ongoing TA for Second Support for Infrastructure Investments and Policy, which helped the government improve budget and project selection processes.¹ To sustain these improvements, the TA will (i) improve the monitoring of ADB-financed projects in Afghanistan by engaging third party monitoring consulting firms, (ii) enhance the government's infrastructure project performance monitoring system (PPMS), (iii) support project management, and (iv) strengthen institutional and human capacities.

2. The TA is included in ADB's country operations business plan for Afghanistan, 2019–2021, which is aligned with the priorities of ADB's Strategy 2030 and country partnership strategy for Afghanistan, 2017–2021.² The TA will focus on improving portfolio performance in the sectors that ADB has invested in, including agriculture, natural resources, and rural development; energy; and transport. In line with the TA objectives, the TA will also continue to support the National Infrastructure Plan, 2017–2021 and the updating of this plan.³

II. ISSUES

3. **Insufficient financing for infrastructure.** Afghanistan faces a severe infrastructure deficit. The National Infrastructure Plan 2017–2021 estimates that the country requires an average of \$1 billion annually for infrastructure.⁴ The financing needed for the plan significantly exceeds available resources from development partners. In the long run, Afghanistan expects public–private partnerships to fill in the funding gaps.

4. **Weak performance of projects.** Afghanistan's current infrastructure portfolio has large project commitments, funded by the government and various development partners including ADB. However, many projects experience significant delays and perform poorly mainly because of (i) low project readiness; (ii) poor quality at entry (inadequate project planning, appraisal, and design); (iii) restrictive and ineffective monitoring of projects because of security concerns; (iv) delays in procurement, contracting, disbursement, and various other stages of implementation; (v) ineffective project management offices with low technical and managerial capacity causing poor contract management; (vi) low capacity of contractors; and (vii) ineffective monitoring and evaluation (M&E). To address these critical issues, ADB, with the Ministry of Finance (MOF) and

¹ Asian Development Bank (ADB). 2013. Technical Assistance to Islamic Republic of Afghanistan for Support for Infrastructure Investments and Policy. Manila (TA 8470-AFG). <https://www.adb.org/projects/47263-001/main#project-pds>; ADB. 2017. Technical Assistance to the Islamic Republic of Afghanistan for the Second Support for Infrastructure Investments and Policy. Manila (TA 9396-AFG). <https://www.adb.org/projects/51173-001/main#project-pds>.

² ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila; and ADB. 2017. *Country Partnership Strategy: Afghanistan, 2017–2021—Achieving Inclusive Growth in Fragile and Conflict-Affected Situation*. Manila. The TA first appeared in the business opportunities section of ADB's website on 9 August 2019.

³ Government of Afghanistan. 2016. *National Infrastructure Plan, 2017–2021*. Kabul. <https://edoc.site/national-infrastructure-plan-npp-executive-summary-august-2016-pdf-free.html> (accessed 20 January 2019).

⁴ NIP (2017–2022) outlines the proposed level of new investments at the sector level that will develop and expand the country's economic base and deliver the Afghanistan National Peace and Development Framework vision and National Priority Programs outcomes. <http://policymof.gov.af/home/wp-content/uploads/2019/01/Natioal-Infrastructure-NPP.pdf>.

line ministries, developed the enhanced project delivery approach (EPDA) in 2016 to improve project and portfolio performance.⁵ The EPDA uses a fragile and conflict-affected situation (FCAS) framework to improve project preparation and management.

5. In addition to providing financial support, ADB also provides cross-sector support to develop the government's capacity to plan and budget infrastructure investments. ADB's two other TA projects in this series helped the government develop the National Infrastructure Plan 2017-2021 to better plan infrastructure projects and utilize resources at the national and sector level (footnote 1). The TA will help the government monitor the projects and improve their performance.

6. **Inadequate strategic focus.** The government requires efficient infrastructure planning and resource allocation, in addition to support for project implementation and budget execution. With the support of ADB's TA projects and the government's proper planning, the government increased its infrastructure budget execution rate by about 36%, achieving 96.8% in 2018 compared to 61% in 2017.⁶

III. THE TECHNICAL ASSISTANCE

A. Impacts and Outcome

7. The TA is aligned with the following impacts: public sector strengthened and access to better infrastructure and services improved.⁷ The TA will have the following outcome: infrastructure delivery improved.⁸

B. Outputs, Methods, and Activities

8. **Output 1: Third party monitoring for projects utilized.** This output will help improve monitoring of ADB-financed projects in Afghanistan. Currently, due to security concerns, ADB staff are unable to conduct review missions in many project sites. ADB staff have to rely on the supervision consultant to know projects' progress. As recommended by the EPDA, ADB will engage third party monitoring consulting firms under the TA. Under three different packages (energy; transport; and agriculture, natural resources, and rural development), the firms will comprehensively monitor projects that are mainly classified as "problem" or "potential problem" and/or are inaccessible to ADB staff because of security restrictions. The firms will also monitor infrastructure quality along with social and environmental safeguards and gender issues. The presence of on-site third party monitoring will significantly enhance ADB's oversight and its ability to ensure timely and effective project implementation. ADB will verify and review performance to ensure the consulting firms perform as required.

9. **Output 2: Results-based monitoring and evaluation system supported.** This output will address the weak monitoring and evaluation (M&E) system in MOF. The TA will help enhance the existing government's PPMS for efficient project management and implementation, and

⁵ ADB. 2016. *Afghanistan: Enhanced Project Delivery Approach Paper*. Manila.

<https://www.adb.org/sites/default/files/linked-documents/cps-afg-2017-2021-sd.pdf>.

⁶ Government of Afghanistan, Deputy Minister Office for Finance, Director General of Budget Database

⁷ Government of Afghanistan, Ministry of Finance. 2016. *Afghanistan National Peace and Development Framework, 2017–2021*. Kabul. <http://policymof.gov.af/home/afghanistan-national-peace-and-development-framework-anpdf/>.

⁸ The design and monitoring framework is in Appendix 1.

enable effective assessment of overall project performance.⁹ It will integrate the disparate M&E systems in various line ministries and government agencies into a coherent system to be managed by the MOF. Besides raising awareness of the importance of M&E systems, the TA will assist in building capacity for implementing M&E sustainably. A results-based PPMS will enable the government and ADB to identify implementation problems early—such as procurement delays that lead to slippages in contract awards and low disbursement—and allow proactive responses to resolve issues. The TA will also help establish a monitoring system to assess project safety and security. The TA will engage an international M&E specialist and a national M&E specialist to help the MOF enhance the PPMS. The office-based consultants will also help build the M&E capacity of the MOF and provide advisory support to the M&E focal points of the sector line ministries.

10. **Output 3: Project management and implementation supported.** This output will support additional measures to address problems with project readiness and improve ADB's portfolio performance in Afghanistan. ADB has been developing project readiness filters and taking measures to improve project quality at entry, such as changing contract modalities from design-build contracts to design-bid-build. ADB's new procurement framework allows a more flexible and customized approach to meet project objectives and reduce procurement time, thus improving project implementation.

11. Compliance with ADB's Safeguards Policy Statement 2009 (SPS) has emerged as a major issue in project implementation in Afghanistan. The TA will provide support to various line ministries including the Ministry of Urban Development and Land (MUDL) for developing their capacities in preparing land acquisition and resettlement plans and implementing these in a manner that ensures full compliance with ADB's SPS.

12. The TA will engage an international project management advisor to help increase efficiency and reduce bottlenecks that delay project implementation, including security issues, slow procurement, weak financial management, and low capacity of the government and contractors. The specialist will also help integrate the EPDA (and FCAS tools) into ADB-funded projects. The TA will facilitate improved contract management capacity in the MOF and sector ministries by engaging one international and one national contract management advisor. The TA will also engage a transport specialist to update the market study on Afghan national contractors and consultants and propose recommendations to attract and to enhance participation of competent national firms in the bidding.

13. **Output 4: Institutional and human capacities strengthened.** The output will help the government to better plan and implement infrastructure development projects. Through change management and skills development, the TA will help strengthen institutions and build capacity. Currently, one international and one national infrastructure specialist help the government improve planning, implementation, and monitoring systems for the National Infrastructure Plan. Consultants under the TA will provide advisory and capacity-building support, especially to the MOF Policy Department. The infrastructure specialists will work with an international project economist, who will build the MOF's capacity to evaluate proposals and ongoing projects. Improved M&E reporting systems, with training, will be a part of these activities. The TA will recruit an international FCAS advisor to help build MOF capacity to implement FCAS tools in development projects. Some of the capacity-building activities will be based on demand.

⁹ The existing PPMS provides some basic monitoring data on implementation of the infrastructure development projects.

14. The TA will also help build the capacity of sector ministries to mainstream gender in infrastructure projects, including (i) improving women's access to social, economic, or financial resources and opportunities, and/or basic rural infrastructure; (ii) increasing the number or percentage of women in projects and local associations; and (iii) monitoring gender impacts and collecting evidence on social and gender impacts of the infrastructure projects.

15. During TA implementation, some areas may need further improvement, based on requests and discussions with the MOF and relevant line ministries, and will be better served through analyses, reviews, and studies. TA will provide a specific budget for demand-driven analyses, reviews, and studies, some of which will be the basis for support for capacity development (output 4).

C. Cost and Financing

16. The TA is estimated to cost \$2,886,000, of which \$2,775,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-6). The key expenditure items are listed in Appendix 2. The government will provide counterpart support in the form of counterpart staff remuneration, office accommodation, logistics and administrative support, training facilities, and other in-kind contributions.

D. Implementation Arrangements

17. ADB will administer the TA. The MOF will be the executing agency and the implementing agencies will be the MOF, the Ministry of Agriculture, Irrigation and Livestock, Da Afghanistan Breshna Sherkat (DABS), the Ministry of Urban Development and Land (MUDL), and the Ministry of Transport and Civil Aviation. All disbursements will be in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The TA will be implemented from November 2019 to June 2023.

18. Under the TA, the recruitment of consultants will be in accordance with the ADB Procurement Policy (2017 as amended from time to time). ADB will periodically engage national third party monitoring consulting firms under three separate packages (energy; transport; and agriculture, natural resources, and rural development) for 12 person-months for the three packages. ADB will also engage a total of 18 individual consultants, including 9 international consultants (52 person-months) and 9 national consultants (162 person-months), to improve portfolio performance.¹⁰ ADB staff can be used as resource persons to help reduce bottlenecks that delay project implementation, including slow procurement, social safeguards compliance, and low capacity of the government.

19. ADB will evaluate the progress of the TA through regular consultations, including regular review missions with meetings with stakeholders, based on the performance targets and indicators defined in the design and monitoring framework (Appendix 1). ADB's Afghanistan Resident Mission will be closely engaged in TA management under the Central and West Asia Department joint venture arrangements.

20. The implementation arrangements are summarized in the table.

¹⁰ Terms of reference for consultants (accessible from the list of linked documents in Appendix 3).

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	November 2019—June 2023		
Executing agency	Ministry of Finance		
Implementing agencies	Ministry of Finance; Ministry of Agriculture, Irrigation, Livestock; Da Afghanistan Breshna Sherkat; the Ministry of Transport and Civil Aviation, and the Ministry of Urban Development and Land		
Consultants	To be selected and engaged by ADB		
	CQS	Third party monitoring consulting firm for the energy sector (4 person-months)	\$180,000
	CQS	Third party monitoring consulting firm for the transport sector (4 person-months)	\$180,000
	CQS	Third party monitoring consulting firm for the agriculture, natural resources, and rural development sector (4 person-months)	\$140,000
	ICS	9 international and 9 national consultants (214 person-months)	\$1,970,012
Procurement	Eight laptop computers and four printers for use by consultants ^a		
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	All equipment will be handed over to the Ministry of Finance (executing agency) upon completion of the TA.		

ADB = Asian Development Bank, CQS = consultants' qualifications selection, ICS = individual consultant selection, TA = technical assistance.

^a The equipment will be purchased following the ADB Procurement Policy (2017, as amended from time to time).

Source: Asian Development Bank.

21. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. Consulting firms will be engaged for the third party monitoring, which will be split in to three different packages: transport; energy; and agriculture, natural resources, and rural development. For Outputs 2-4, individual consultants will be recruited and all consultants will report to ADB's Afghanistan Resident Mission.

22. **Knowledge products and dissemination.** Reports and other publications under the TA will primarily be digital, but some will be printed on demand for a specific group or requesters. The estimated amount of hard copies will be determined during TA implementation. Selected documents will be translated into local language to ensure wider dissemination. The target audiences will be government officials, development partners and ADB staff. ADB periodically publishes the knowledge products on its website and through corporate social media channels.

23. **ADB's procurement.** Through the TA, laptops and printers, will be procured to support TA implementation. The equipment shall be procured by consultants using the request for quotation method or any other method as appropriate, following the ADB Procurement Policy (2017, as amended from time to time) and associated staff instructions and project administration instructions.

IV. THE PRESIDENT'S DECISION

24. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$2,775,000 on a grant basis to the Government of Afghanistan for Infrastructure Project Implementation Support, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Impacts the TA is Aligned with Public sector strengthened and access to better infrastructure and services improved (Afghanistan National Peace and Development Framework, 2017–2021) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Infrastructure delivery improved	<p>a. Percentage of on-track projects increased to 85% by June 2023 (2018 baseline: 64%)</p> <p>b. Disbursement ratio of ADB-financed infrastructure projects increased to 17.6% by end of 2022 (2018 baseline: 15.6%)</p> <p>c. Infrastructure investment envelope of MOF increased to \$1.3 billion per year by end of 2023 (2018 baseline: \$1 billion per year, as stated in the National Infrastructure Plan, 2017–2021)</p>	<p>a. ADB EOps reporting system</p> <p>b. ADB EOps reporting system</p> <p>c. Annual budget papers of the MOF and annual reports of the Aid Management Directorate</p>	Security deterioration delays project implementation
Outputs 1. Third party monitoring for projects utilized	Third party monitoring recommendations adopted by 2023 (2018 baseline: Not applicable)	AFRM PAU, MOF, and sector ministries reports	Changes in government and government priorities
2. Results-based M&E system supported	<p>2a. Project performance monitoring system in MOF is fully used to monitor the infrastructure development projects by 2023 (2019 baseline: 0)</p> <p>2b. M&E system for assessment of safety and security of projects established in MOF by 2023 (2019 baseline: 0)</p>	<p>2a. MOF and sector ministries quarterly and annual reports</p> <p>2b. AFRM PAU, MOF, and sector ministries reports</p>	
3. Project management and implementation supported	3a. Implementation of operational improvement action plan and recommendations completed by 2023 (2019 baseline: 0)	3a. Provision of analysis and reporting from ADB, project management offices, and National Procurement Authority	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>3b. Integration of the enhanced project delivery approach (and fragile and conflict-affected situation tools) into two ADB-funded projects by 2020 (2019 baseline: 1)</p> <p>3c. Update of market study on Afghan national contractors completed by 2021 (2019 baseline: 0)</p> <p>3d. A report on contract management, checklists, guidelines, and other materials finalized by 2021 (2019 baseline: 0)</p> <p>3e. Safeguards monitoring reports submitted by 2020 (2019 baseline: 0)</p>	<p>3b. AFRM PAU and National Procurement Authority monitoring reports</p> <p>3c. AFRM PAU and MOF monitoring reports</p> <p>3d. AFRM PAU and MOF monitoring reports</p> <p>3e. AFRM and sector ministries reports</p>	
4. Institutional and human capacities strengthened	<p>4a. One study identifying areas for improvement in project management and implementation finalized by 2021 (2019 baseline: 0)</p> <p>4b. At least 50 staff (30% female and 70% male) of MOF and sector ministries applied their increased knowledge on planning, implementing, monitoring, and evaluating infrastructure projects by 2023 (2019 baseline: 0)</p> <p>4c. At least 50 staff (40% female and 60% male) of MOF and sector ministries with improved knowledge on gender-inclusive planning and implementing of infrastructure projects by 2023 (2019 baseline: 0)</p>	<p>4a. Reports from analyses, reviews, and studies as the basis to conduct capacity-building activities in relevant areas</p> <p>4b. Participants' feedback survey</p> <p>4c. Participants' feedback survey</p>	

<p>Key Activities with Milestones</p> <p>1. Third party monitoring for projects utilized</p> <p>1.1 Develop and implement a comprehensive plan to improve M&E and results collection at project sites (February 2020–June 2023).</p> <p>2. Results-based M&E system supported</p> <p>2.1 Strengthen the existing government infrastructure project performance monitoring systems and implement strengthened M&E systems (March 2020–June 2023).</p> <p>2.2 Prepare appraisal criteria for existing projects and help the MOF and sector ministries evaluate the existing portfolio and conduct portfolio reviews and monitoring (May 2020–October 2022).</p> <p>3. Project management and implementation supported</p> <p>3.1 Develop and implement operational improvement action plan and recommendations (June 2020–May 2023).</p> <p>3.2 Update the market study on Afghan national contractors and consultants (Oct 2020–Oct 2021).</p> <p>4. Institutional and human capacities strengthened</p> <p>4.1 Conduct a study to identify areas for improvement in project management and implementation (June 2020–May 2022).</p> <p>4.2 Conduct at least four trainings for the MOF and sector ministries on planning and implementing infrastructure projects, gender-inclusive planning and implementing in infrastructure projects, and M&E of infrastructure projects (April 2020–May 2022).</p> <p>TA Management Activities</p> <p>Participate in meetings and policy dialogue. Provide strategic guidance to TA consultants. Provide contacts with development partners.</p>
<p>Inputs</p> <p>ADB: \$2,775,000 (TASF-6)</p> <p>Note: The government will provide counterpart support in the form of counterpart staff remuneration, office accommodation, logistics and administrative support, training facilities, and other in-kind contributions.</p>
<p>Assumptions for Partner Financing</p> <p>Not applicable</p>

ADB = Asian Development Bank, AFRM = Afghanistan Resident Mission, EOps = electronic operations, M&E = monitoring and evaluation, MOF = Ministry of Finance, PAU = Project Administration Unit, TA = technical assistance, TASF = technical assistance special fund.

^a Government of Afghanistan, Ministry of Finance. 2016. *Afghanistan National Peace and Development Framework*. Kabul. <http://policymof.gov.af/home/afghanistan-national-peace-and-development-framework-anpdf/>.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Third party monitoring consulting firms	500.0
2. Individual consultants	
a. Remuneration and per diem	
i. International consultants	1,212.2
ii. National consultants	757.8
3. Training, seminars, workshops, forum, and conferences	50.0
4. Travel cost of Asian Development Bank staff acting as a resource person	60.0
5. Equipment ^b	20.0
6. Printing ^c	15.0
7. Contingencies	160.0
Total	2,775.0

Note: The technical assistance (TA) is estimated to cost \$2,886,000, of which contributions from the Asian Development Bank are presented in the table. The government will provide counterpart support in the form of counterpart staff remuneration, office accommodation, logistics and administrative support, training facilities, and other in-kind contributions. The value of the government contribution is estimated to account for 4% of the total TA cost. The TA will finance travel of ADB staff as resources persons.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-6).

^b Equipment purchased under the TA will be turned over to the executing agency upon completion of TA activities.

^c Printing of the update of market study on Afghan national contractors and other relevant printings will be funded under the TA.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=53113-001-TARreport>

1. Terms of Reference for Consultants