



Country Operations Business Plan

November 2017

Afghanistan
2018–2020

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 19 September 2017)

Currency unit	–	afghani (AF)
AF1.00	=	\$0.0146
\$1.00	=	AF68.66671

ABBREVIATIONS

ADB	–	Asian Development Bank
ANPDF	–	Afghanistan National Peace and Development Framework
ANR	–	agriculture and natural resources
COBP	–	country operations business plan
CPS	–	country partnership strategy

NOTES

- (i) The fiscal year (FY) of the Government of Afghanistan and its agencies ends on 21 December. "FY" before a calendar year denotes the year in which the fiscal year ends, e.g., FY2014 ends on 21 December 2014.
- (ii) In this report, "\$" refers to US dollars.

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CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY

1. The country operations business plan (COBP), 2018–2020 for Afghanistan is closely aligned with the strategic focus of the country partnership strategy (CPS), 2017–2021. The key strategic focus of the Asian Development Bank (ADB) will remain on infrastructure development in the transport, energy, and agriculture and natural resources (ANR) sectors, which the Afghanistan National Peace and Development Framework (ANPDF) identifies as priority areas.¹
2. The government's ultimate objective as detailed in the ANPDF is to attain self-reliant, sustainable economic growth, and move away from a dependency on development partner assistance. Under the ANPDF's development component, the government is seeking to create sustainable employment in seven priority areas, including agriculture (including irrigation, water management, and development of agriculture value chains), energy and infrastructure development, and regional integration; all featured in ADB's current operations and the CPS, 2017–2021. Overall, infrastructure is expected to lead to job creation and private sector development in the short to medium term, and create economic growth and opportunities in the medium to long term.
3. The government prefers that ADB continue its strategic focus on three infrastructure sectors in Afghanistan, and this is reflected in COBP, 2018–2020. Investment projects undertaken during the current COBP period include building institutional capacity and strengthening sector governance. Additionally, ADB's Private Sector Operations Department will pursue commercially viable transactions that generate financial returns while also delivering on ADB's overall mission to promote environmentally sustainable and inclusive economic growth. The expected results of ADB assistance are summarized in Appendix 1. Appendixes 2 and 3 present the project pipeline, and Appendix 4 summarizes the knowledge publications and events.

¹ Government of Afghanistan. 2017. *Afghanistan National Peace and Development Framework (ANPDF), 2017 to 2021*. Kabul.

COUNTRY ASSISTANCE RESULTS AREAS

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2018–2020	Changes from Last COBP
1. Transport			
Transport network scope and efficiency improved	<ul style="list-style-type: none"> Construction or rehabilitation of national roads and CAREC corridors Road operations and maintenance, and asset management Expansion of railway infrastructure Transport policies and institutional capacity building 	Amount: \$200 million (ADF) Share of COBP envelope: 30%	Not applicable – first COBP
2. Energy			
Power supply and electrification rate increased	<ul style="list-style-type: none"> Construction of regional and domestic electricity transmission lines Construction of electricity distribution lines Renewable energy generation Rehabilitation of gas wells Energy sector capacity development and institutional reform 	Amount: \$147 million (ADF) and \$190 million (cofinancing) Share of COBP envelope: 22%	Not applicable – first COBP
3. Agriculture, Natural Resources, and Rural Development			
Agriculture productivity increased	<ul style="list-style-type: none"> Construction or rehabilitation of irrigation and water resources infrastructure Provision of agriculture market infrastructure Agriculture value chain development Integrated water resources management Agricultural and natural resource-based institutional strengthening and reforms Increased participation of women in agriculture 	Amount: \$318.76 million (ADF) Share of COBP envelope: 48%	Not applicable – first COBP

ADB = Asian Development Bank, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, COBP = country operations business plan.

Source: ADB estimates.

INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2018–2020

Project/Program Name ^a	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
2018 Firm												
Turkmenistan	ENE	GI	IEG, GEM, PAR, RCI	CWEN		297.00	0.0	0.0	147.00	147.00	0.0	150.00
Afghanistan Pakistan (TAP) Transmission Line (phase 1) ^b												
Horticulture Value Chain Development Sector Project	ANR	GI	IEG, ESG, PAR	CWER	2017	74.58	0.0	0.0	74.58	74.58	0.0	0.0
Total						371.58	0.0	0.0	221.58	221.58	0.0	150.00
2018 Standby												
Solar Energy Generation Project 2 (MFF, tranche 5) ^c	ENE	GI	IEG, GEM, PAR	CWEN		40.00	0.0	0.0	0.0	0.0	0.0	40.00
Total						40.00	0.0	0.0	0.0	0.0	0.0	40.00
2019 Firm												
Arghandab Integrated Water Resources Development Project (phase 1)	ANR	GI	IEG, ESG, PAR	CWER	2016	222.09	0.0	0.0	222.09	222.09	0.0	0.0
Solar Energy Generation Project 2 (MFF, tranche 5) ^c	ENE	GI	IEG, GEM, PAR	CWEN		40.00	0.0	0.0	0.0	0.0	0.0	40.00
Total						262.09	0.0	0.0	222.09	222.09	0.0	40.00
2019 Standby												
Railway Connectivity Project	TRA	GI	IEG, RCI, PAR	CWTC		200.00	0.0	0.0	200.00	200.00	0.0	0.0
Total						200.00	0.0	0.0	200.00	200.00	0.0	0.0
2020 Firm												
Railway Connectivity Project	TRA	GI	IEG, RCI, PAR	CWTC		200.00	0.0	0.0	200.00	200.00	0.0	0.0

Project/Program Name ^a	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
Kabul-Managed Aquifer Recharge Project	ANR	GI	IEG, ESG	CWER	2015	22.09	0.0	0.0	22.09	22.09	0.0	0.0
Total						222.09	0.0	0.0	222.09	222.09	0.0	0.0
2020 Standby												
Central Asia Regional Economic Cooperation Corridors 5 & 6 (Salang Corridor) Project	TRA	GI	IEG, RCI, PAR	CWTC	2016	120.00	0.0	0.0	120.00	120.00	0.0	TBD
Arghandab Integrated Water Resources Development Project (phase 2)	ANR	GI	IEG, ESG, PAR	CWER	2016	100.00	0.0	0.0	100.00	100.00	0.0	0.0
Total						220.00	0.0	0.0	220.00	220.00	0.0	0.0

ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture, natural resources, and rural development; COL = concessional OCR lending; CWEN = Energy Division; CWER = Environment, Natural Resources and Agriculture Division; CWTC = Transport and Communications Division; ENE = energy; ESG = environmentally sustainable growth; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; IEG = inclusive economic growth; MFF = multitranches financing facility; OCR = ordinary capital resources; PAR = partnerships; PDA = project design advance; RCI = regional integration; TBD = to be determined; TRA = transport; TRTA = transaction technical assistance.

^a Given the provisional nature of the indicative lending program, composition of lending instruments in the actual loan delivery may change. The lending program includes ADF grants.

^b Initial conversations with Afghanistan National Army Trust Fund, managed by the North Atlantic Treaty Organization, indicate that cofinancing of \$150 million will be possible in 2018. The funds would be managed through Afghanistan Infrastructure Trust Fund.

^c Cofinancing will be sought from the Green Climate Fund.

Source: Asian Development Bank.

Table A2.2: Nonlending Products and Services, 2018–2020

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2018								
Preparing the Railway Connectivity Project	TRA	CWTC	TRTA	TASF	1,500.0		0.0	1,500.0
Total					1,500.0		0.0	1,500.0
2019								
Public Management Support II	FIN	CWPF	KSTA	TASF	1,500.0		0.0	1,500.0
Total					1,500.0		0.0	1,500.0
2020								
None								

ADB = Asian Development Bank; CWPF = Public Management, Financial Sector and Trade Division; CWTC = Transport and Communications Division; FIN = finance; KSTA = knowledge and support technical assistance; TASF = Technical Assistance Special Fund; TRA = transport; TRTA = transaction technical assistance. Source: Asian Development Bank.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Lending Products, 2017

Project/Program Name ^a	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/PDA	Cost (\$ million)						
						ADB					Co-finance	
						Total	Regular OCR	COL	ADF Grants	Total		Gov't
Firm												
Kabul–Jalalabad–Kunar Transmission Line Project (MFF, tranche 4)	ENE	GI	IEG, GEM,PAR	CWEN		65.00	0.0	0.0	0.0	0.0	5.00	60.00
Solar Energy Generation Project (MFF, tranche 3) ^b	ENE	GI	IEG, GEM,PAR	CWEN		46.50	0.0	0.0	44.76	44.76	1.74	0.0
Additional Financing to Road Asset Management Project	TRA	GI	IEG, RCI,PAR	CWTC		30.00	0.0	0.0	30.00	30.00	0.00	0.0
Qaisar–Dari Bum Ring Road Project ^c	TRA	GI	IEG, RCI,PAR	CWTC		334.00	0.0	0.0	330.00	330.00	4.00	0.0
Total						475.50	0.0	0.0	404.76	404.76	10.74	60.00

ADB = Asian Development Bank; ADF = Asian Development Fund; AFG = Afghanistan; COL = concessional OCR lending; CWEN = Energy Division; CWTC = Transport and Communications Division; ENE = energy; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; IEG = inclusive economic growth; MFF = multitranches financing facility; OCR = ordinary capital resources; PAR = partnerships; PDA = project design advance; RCI = regional integration; TRA = transport; TRTA = transaction technical assistance.

^a Given the provisional nature of the indicative lending program, the composition of the lending instruments actually delivered may change. The lending program includes ADF grants. Investment lending accounted for 100% of sovereign lending commitments in the 3-year period of 2014–2016.

^b The MFF Energy Supply Improvement Investment Program is estimated to be \$1.22 billion. The project is expected to receive \$15 million of parallel cofinancing from Islamic Development Bank. This is still to be confirmed.

^c The project includes \$180 million of cancelled funds from Grant 0244-AFG under the MFF Road Network Development Investment 2 and \$5 million in Asian Development Fund Disaster Risk Reduction funding.

Source: Asian Development Bank.

Table A3.2: Nonlending Products and Services, 2017

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
Support for Infrastructure Investment Policy II	PSM	AFRM	KSTA	TASF	1,000	AITF	1,100	2,100
Arghandab Integrated Water Resources Development Investment Program (Supplementary)	ANR	CWER	TRTA	TASF	200	AITF	600	800
Horticulture Value Chain Development Sector Project	ANR	CWER	TRTA	TASF	600		0	600
Total					1,800		1,700	3,500

ADB = Asian Development Bank; AFRM = Afghanistan Resident Mission; AITF = Afghanistan Infrastructure Trust Fund; ANR = agriculture, natural resources, and rural development; CWER = Environment, Natural Resources and Agriculture Division; KSTA = knowledge and support technical assistance; PSM = public sector management; TASF = Technical Assistance Special Fund; TRTA = transaction technical assistance.

Source: Asian Development Bank.

INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A4.1: Knowledge Publications and Events for 2018

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
Post Conflict Performance Indicators Report 2018	Governance and public sector management	Publication and documentation	CWRD	Non-TA
Urban Sector Assessment: Afghanistan	Urban development	Publication and documentation	CWRD	Non-TA
Infrastructure Project Evaluation Criteria	Governance and public sector management	Publication and documentation	CWRD	TA (51173-001) ^a
Infrastructure Investment Plan	Governance and public sector management	Publication and documentation	CWRD	TA (51173-001) ^a
PPP Implementation Guideline	Governance and public sector management	Publication and documentation	CWRD	TA (51173-001) ^a
National Infrastructure Plan (Update)	Governance and public sector management	Publication and documentation	CWRD	TA (51173-001) ^a
Renewable Energy Roadmap and Action Plan	Energy	Publication and documentation	CWRD	TA (8808)
Power Tariff Model and Framework	Energy	Publication and documentation	CWRD	Non-TA
National Grid Expansion	Energy	Publication and documentation	CWRD	Non-TA
Power Synchronization Study	Energy	Publication and documentation	CWRD	Non-TA
Domestic Energy Generation Potential	Energy	Publication and documentation	CWRD	Non-TA
Energy Sector Master Plan	Energy	Publication and documentation	CWRD	Non-TA
Total number of publications = 12 Total number of events = 0				

CWRD = Central and West Asia Department, PPP = public-private partnership, TA = technical assistance.

Note: "Publications" may include databases, multimedia, and other forms of documentation. "Events" may include event organization and training or capacity development.

^a TA pending approval.

Source: Asian Development Bank.

Table A4.2: Additional Knowledge Publications and Events Delivered in 2017

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Funding Source
Afghanistan Transport Sector Master Plan Update (2017–2036)	Transport	Publication and documentation	CWRD	Non-TA
Afghanistan Water Sector Development Strategy	Water	Publication and documentation	CWRD	TA (7994)
Afghanistan: Financial Sector Assessment	Finance	Publication and documentation	CWRD	Non-TA
Total number of publications = 3				
Total number of events = 0				

CWRD = Central and West Asia Department, TA = technical assistance.

Note: “Publications” may include databases, multimedia, and other forms of documentation. “Events” may include event organization and training or capacity development.

Source: Asian Development Bank.

Table A4.3: Innovation, Advanced Technology, and Pilot Initiatives to be Implemented in 2018

Item	Nature	Project Number	Sector or Theme	Division
PPP Implementation Guidelines	INO	51173-001	PSM	AFRM
Renewable Energy Roadmap and Action Plan	INO		ENE	CWEN
Total number of innovation, advanced technology, and pilot initiatives = 2				

AFRM = Afghanistan Resident Mission, CWEN = Energy Division, ENE = energy, INO = innovation, PPP = public-private partnership, PSM = public sector management.

Source: Asian Development Bank.