Asian Development Bank &
Afghanistan

FACT SHEET

Table 1. **Afghanistan: 2012 Loan, Technical Assistance, and Grant Approvals** ($ million)[a]

Loans				
Sovereign	**Nonsovereign**	**Technical Assistance**	**Grants**	**Total**
–	–	0.98	376.00	376.98

– = nil.

[a] Excludes cofinancing.

Table 2. **Afghanistan: Cumulative ADB Lending by Sector as of 31 December 2012**[a]

Sector	**Loans** (no.)	**Amount** ($ million)	**%**[b]
Agriculture and Natural Resources	8	167.80	17.62
Energy	3	70.50	7.40
Finance	1	5.00	0.53
Industry and Trade	1	5.70	0.60
Public Sector Management	1	48.00	5.04
Transport and ICT	7	338.10	35.50
Multisector	2	317.18	33.31
Total	**23**	**952.28**	**100.00**
Total Disbursements		**$815.0 million**	

ICT = information and communication technology.

[a] Includes sovereign and nonsovereign loans.

[b] Total may not add up because of rounding.

Table 3. **Afghanistan: Cumulative Nonsovereign Financing by Product**

Number of Projects	6
	Amount ($ million)
Loans	135.00
Equity Investments	8.10
Guarantees	25.00
B Loans	30.00
Total	**198.10**

Partnerships

Afghanistan is a founding member of the Asian Development Bank (ADB), which was established in 1966. After a hiatus from 1980 to 2001, ADB resumed partnership with the Government of Afghanistan. ADB is the sixth largest donor according to the government's 2012 Donor Cooperation Report. ADB and its development partners support the Afghanistan National Development Strategy (ANDS) and national priority programs (NPPs), and its ambitious targets and benchmarks for measuring progress in the country's reconstruction and development. In the London and Kabul conferences in January and July 2010, respectively, and in the Chicago (May 2012) and Tokyo (July 2012) conferences, the government and the international community reaffirmed their long-term development partnership in the transition period (2012–2014) and in the transformation period (2015–2025) based on the government's economic strategy for the transformation decade. The ANDS and NPPs will remain the agreed basis for their partnership. They also agreed that development financing will be increasingly aligned behind the Afghan-led NPPs, implemented as much as possible through the country's own systems. In the July 2012 Tokyo Conference, the government and the international community developed the Tokyo Mutual Accountability Framework (TMAF) to further consolidate the partnership for development assistance during the transition and transformation periods. Under the TMAF, the international community reconfirmed its commitment of aligning 80% of aid with the NPPs and channeling at least 50% of development assistance through the government's national budget as agreed in the London and Kabul conferences.

ADB also cooperates with civil society organizations in Afghanistan to strengthen the effectiveness, quality, and sustainability of the services it provides. Nongovernment organizations are involved in the implementation of grant investment projects financed through the Japan Fund for Poverty Reduction (JFPR).

Operational Challenges

Afghanistan continues to face daunting challenges, including endemic poverty and lack of human capacity; insecurity; weak governance and institutionalized corruption; opium exports equal to 13% of gross domestic product; rampant gender inequality; and policy, regulatory, and institutional constraints that have limited economic growth.

Future Directions

ADB's country partnership strategy (CPS), 2009–2013 for Afghanistan continues to focus on energy, transport and communications, agriculture and natural resources, and governance. Support for these sectors will include capacity and institutional development and attention to sector governance, with an emphasis on public financial management, procurement, and anticorruption, in line with ADB's Second Governance and Anticorruption Action Plan. It is proposed that the bulk of ADB assistance continue to be provided through sector-based multitranche financing facilities (MFFs), although there remains scope for project- and program-based support. ADB is also expected to make additional strategic private sector investments. The CPS is fully aligned with the ANDS, the ANDS Results-Based Framework, and the NPPs. ADB's support focuses on Pillar 3 (economic and social development) and Pillar 2 (governance, rule of law, and human rights) of the NPPs.

Context

ADB has provided Afghanistan with $952 million in sovereign and nonsovereign loans, along with $2.2 billion worth of grants, for a total of $3.2 billion since 1966.

ADB, along with other development partners, has played an important role in helping Afghan authorities with the country's critical rehabilitation and development needs over the past decade.

At the request of the Afghan authorities, ADB loan- and grant-financed projects and programs, and related technical assistance, have focused on energy, transport, irrigation, and agriculture. Additional ADB assistance has been provided to the country's governance and financial sectors. Private sector support has focused on loans and investments to stimulate the development of Afghanistan's telecommunications and banking sectors.

ADB-Supported Projects and Programs

Since resuming operations in Afghanistan in 2002, ADB has aimed, through its assistance, to spur inclusive economic growth, with most projects classified as core poverty interventions.

ADB is a key donor in the transport sector. It has provided $1.7 billion to construct or upgrade over 1,500 kilometers (km) of regional and national roads as of December 2012, and $31 million to rehabilitate four regional airports. Major initiatives include the $805 million MFF for the Transport Network Development Investment Program, approved in 2011, to construct and upgrade over 570 km of regional and national roads, conduct a rail study, and support capacity building in the transport sector master plan. In 2012, the road from Yakawlang to Bamyan extending over 88 km was completed, reducing travel time by more than half. At present, all four of the regional airports are fully operational, with usage more than doubled compared to their pre-rehabilitation levels.

The first railway line between Hairatan (Uzbekistan border) and Mazar-e-Sharif constructed with ADB's assistance became fully operational in 2012. Over 4 million tons of goods have been transported through it, and the line is part of a larger rail network planned across the northern and other regions of the country, including Herat, as well as to Pakistan and Tajikistan. On the institutional side, ADB supported the establishment of the Afghanistan Railway Authority, which the government approved in 2012 to regulate and ensure the sustainability of the railway sector.

ADB is the largest on-budget donor in the energy sector with one completed and seven ongoing projects involving power

Table 4. **Afghanistan: Development Indicators**

Non-MDG	
Population in millions	27.03 [2012]
Annual population growth rate (%)	2.0 [2010–2012]
Adult literacy rate (%)	...
Population in urban areas (%)	23.5 [2011]
MDG	
Population living on less than $1.25 (PPP) a day (%)	...
Population living below the national poverty line (%)	36.0 [2008]
Under-5 mortality rate per 1,000 live births	101 [2011]
Population using an improved drinking water source (%)	50 [2010]

... = data not available, MDG = Millennium Development Goal, PPP = purchasing power parity.

Sources: ADB. 2013. *Basic Statistics 2013.* Manila;
World Bank. 2013. World Development Indicators Online.

Table 5. **Afghanistan: Economic Indicators, 2008–2012**

Economic Indicator	2008	2009	2010	2011	2012
Per capita GNI, Atlas method ($)	300	370	420	470	...
GDP growth (% change per year)	3.6	21.0	8.4	7.2	11.9
CPI (% change per year)	26.8	(12.2)	7.7	11.8	6.2
Unemployment rate (%)	...	...	...	...	...
Fiscal balance (% of GDP)	(4.1)	(1.6)	0.9	(0.6)	(0.0)
Export growth (% change per year)	34.4	2.1	12.3	(4.7)	(3.0)
Import growth (% change per year)	14.7	(0.8)	11.6	3.6	8.7
Current account balance (% of GDP)	0.9	(2.8)	3.9	3.0	4.0
External debt (% of GNI)	21.4	9.3	9.0	7.5	...

( ) = negative, ... = data not available, 0.0 = value is less than half of unit employed, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2013. *Asian Development Outlook 2013.* Manila;
ADB staff estimates;
World Bank. 2013. World Development Indicators Online.

Table 6. **Afghanistan: Project Success Rates**

Sector	%[a]	No. of Rated Projects/ Programs
Agriculture and Natural Resources	–	1
Finance	50.0	2
Multisector	100.0	2
Public Sector Management	–	1
Transport and ICT	50.0	2
Total	**50.0**	**8**
Year of Approval		
2000s	50.0	8

– = nil, ICT = information and communication technology.

[a] Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR or PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2012.

Table 7. **Afghanistan: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2011–2012**

Number of Ongoing Loans (as of 31 Dec 2012)		9
	2011 ($ million)	**2012** ($ million)
Contract Awards/Commitments[a,b]	7.4	24.7
Disbursements[a]	43.0	35.7
Number of Ongoing Grants (as of 31 Dec 2012)[c]		17
	2011 ($ million)	**2012** ($ million)
Contract Awards/Commitments[a,b]	352.8	413.2
Disbursements[a]	77.9	198.6
Projects at Risk (%)		9.1

Note: Totals may not add up because of rounding.

[a] Includes closed loans that had contract awards or disbursements during the year.

[b] Excludes policy-based lending/grants.

[c] Includes only Asian Development Fund and other ADB Special Funds.

generation, transmission, and distribution. To date, ADB has invested around $680 million in Afghanistan's energy sector, and committed an additional $370 million to strengthen the country's energy supply chain. ADB's flagship projects include transmission lines from Tajikistan, Turkmenistan, and Uzbekistan to import electricity, feeding the main load centers in the north, east, and central parts, including Kabul. ADB-assisted projects have added 510 km of transmission lines, providing electricity to more than 5 million people. Ongoing projects will generate an additional 6.8 megawatts of power, add 207 km of transmission lines, and provide 99,320 new power connections. Eight gas wells will be rehabilitated in the Sherberghan area.

The agriculture and natural resources sector is another key area in which ADB provides strong support. In 2012, the investment portfolio comprised eight projects totaling $300.5 million. These projects aim to rehabilitate and establish new irrigation infrastructure, develop market-based agricultural infrastructure, and strengthen the institutional environment to facilitate economic growth and better water resources management. Around 140,000 hectares (ha) of irrigated land have been rehabilitated and upgraded, with an additional 160,000 ha in the planning stages. At the same time, investments in the sector have led to a more efficient use of water resources, increased agricultural productivity, reduced post-harvest losses, and higher incomes received by farmers. Under the MFF: Water Resources Development Investment Program for $303 million, further improvements in irrigated agriculture and water management are expected.

In the area of public financial management, ADB has financially supported the government's efforts to improve fiscal management and to undertake reforms that include budget strengthening, public investment programming, revenue mobilization, civil service management, functioning of provincial administrations, and transparency and accountability of financial management.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in the financing of ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing, such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2012, cumulative direct value-added official cofinancing for Afghanistan amounted to $336.9 million for 19 investment projects and $11.2 million for 13 technical assistance projects.

In 2012, the Afghanistan Infrastructure Trust Fund provided $60 million and $30 million grants to Transport Network Development Investment Program–Tranche 2 and Road Network Development Investment Program–Tranche 2, respectively. The JFPR provided an $18.5 million grant to Enhanced Agricultural Value Chains for Sustainable Livelihoods, and another $10 million grant to Community-Based Irrigation Rehabilitation and Development.

A summary of projects with cofinancing from 1 January 2008 to 31 December 2012 is available at www.adb.org/countries/afghanistan/cofinancing

Table 8. Afghanistan: Projects Cofinanced, 1 January 2008–31 December 2012

Cofinancing	No. of Projects	Amount ($ million)
Projects[a]	8	199.20
Grants	8	199.20
Technical Assistance Grants	2	3.00

[a] A project with more than one source of cofinancing is counted once.

Table 9. Afghanistan: Share of Procurement Contracts

	2011		2012		Cumulative (as of 31 Dec 2012)	
Item	Amount ($ million)	% of Total	Amount ($ million)	% of Total	Amount ($ million)	% of Total
Goods, Works, and Related Services	7.13	0.10	24.69	0.34	332.90	0.29
Consulting Services	0.37	0.09	0.69	0.14	6.74	0.08

Table 10. Afghanistan: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2008–31 December 2012

Contractor/Supplier	Sector	Contract Amount ($ million)
Afghan Sadaqat Construction Company	Agriculture and Natural Resources	8.33
Mumtaz Construction Group	Agriculture and Natural Resources	7.99
M/S National Gold Construction Company	Agriculture and Natural Resources	7.54
M/S Fayz Construction Co. Ltd.	Transport and ICT	6.40
Shahran Construction Company	Agriculture and Natural Resources	4.89
Samander Construction and Production Company	Agriculture and Natural Resources	4.56
M/S Gulf Home Base JV	Transport and ICT	3.58
Amin Qasim Ltd.	Transport and ICT	2.96
Khudai Noor Barak Construction Company	Agriculture and Natural Resources	2.08
M/S Human Knowledge Consulting LLC (HKC)	Transport and ICT	1.92

ICT = information and communication technology.

Table 11. Afghanistan: Top Consulting Firms Involved in ADB Loan Projects, 1 January 2008–31 December 2012

Consultant	Number of Times Contracted	Contract Amount ($ million)
Hemayat Brothers Demining International	1	0.16
Alliott Gulf Limited	3	0.01

Table 12. Afghanistan: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2008–31 December 2012

Consultant	Number of Times Contracted	Contract Amount ($ million)
Afghan Bureau Collaboration Office	1	0.22
Bamyan Women's Business Association	1	0.03
Individual consultants	36	1.32

Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved a total of $198.1 million in nonsovereign financing for Afghanistan, all of which were for six private sector projects. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2012 totaled $36.2 million, representing 0.5% of ADB's total nonsovereign portfolio.

ADB has also successfully supported the development of the private sector by providing equity investment in Roshan, the leading telecommunications firm, and the Afghanistan International Bank, considered as the most profitable private bank in Afghanistan. Further investments are contemplated as enabling conditions for the participation of the private sector in the national economy improve.

Procurement

From 1 January 1966 to 31 December 2012, contractors and suppliers were involved in 185,090 contracts for ADB loan projects worth $116.58 billion. During the same period, contractors and suppliers from Afghanistan were involved in 174 contracts for ADB loan projects worth $332.90 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 11,990 contracts for ADB loan projects worth $5.11 billion. During the same period, consultants from Afghanistan were involved in five contracts for ADB loan projects worth $2.92 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 26,546 contracts for ADB technical assistance projects worth $3.1 billion. During the same period, consultants from Afghanistan were involved in 102 contracts for ADB technical assistance projects worth $3.81 million.

About Afghanistan and ADB

ADB Membership
Joined 1966

Shareholding and Voting Power

Number of shares held:	3,585 (0.03% of total shares)
Votes:	43,189 (0.33% of total membership, 0.50% of total regional membership)
Overall capital subscription:	$55.10 million
Paid-in capital subscription:	$7.35 million

Ashok K. Lahiri is the Director and **Iqbal Mahmood** is the Alternate Director representing Afghanistan on the ADB Board of Directors.

Joji Tokeshi is the ADB Country Director for Afghanistan. The Afghanistan Resident Mission (AFRM) was opened in 2003 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. AFRM engages in policy dialogue and acts as a knowledge base on development issues in Afghanistan.

The Afghanistan government agency handling ADB affairs is the Ministry of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2012, lending volume was $11.72 billion (110 projects), with TA at $150.96 million (237 projects) and grant-financed projects at $696.94 million (27 projects). In addition, $8.3 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2008 to 31 December 2012, ADB's annual lending volume averaged $11.78 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged $778.77 million and $172.56 million in TA over the same period. As of 31 December 2012, the cumulative totals excluding cofinancing were $191.47 billion in loans for 2,531 projects in 44 countries, $5.67 billion in 287 grants, and $3.44 billion in TA grants, including regional TA grants.

Contacts

Afghanistan Resident Mission
House 126, Street No. 2
Haji Yaqub Roundabout Shar-e-Naw
Next to District 10 Police Department
P.O. Box 3070, Kabul, Afghanistan
Tel +93 20 210 3602
Fax +93 85 535204
afrm@adb.org
www.adb.org/afghanistan

ADB Headquarters
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444

Ministry of Finance
Islamic Republic of Afghanistan
Kabul, Afghanistan
Tel +93 20 210 3157
Fax +93 20 210 3258
info@mof.gov.af

Useful ADB websites
Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

In this publication, "$" refers to US dollars. Figures are estimated by ADB unless otherwise cited.
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