

JAPAN SOCIAL DEVELOPMENT FUND



THE JAPAN SOCIAL DEVELOPMENT FUND (JSDF) IS FUNDED BY THE GOVERNMENT OF JAPAN AND ADMINISTERED BY THE WORLD BANK.

SPECIAL WINDOW FOR AFGHANISTAN



THE WORLD BANK



THE GOVERNMENT OF JAPAN

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The Japan Social Development Fund (JSDF) was established by the Government of Japan and the World Bank in June 2000 as a mechanism for providing direct assistance to the poorest and most vulnerable groups in eligible member countries of the World Bank Group, while fostering long-term social development. JSDF grants target initiatives that provide rapid results in poverty alleviation and foster the direct participation of NGOs, community groups and civil society.

The main purposes of the JSDF are to

- (i) support innovative programs which directly respond to the needs of the poorest and most vulnerable groups in society;
- (ii) provide rapid and demonstrable benefits which can be sustained, to the poorest and most vulnerable groups; and
- (iii) build capacity, participation and empowerment of civil society, local communities and NGOs.

JSDF IN AFGHANISTAN

In March 2002, the Government of Japan agreed with the World Bank to set up a special window within the JSDF to support activities in Afghanistan under a three year program of assistance. Activities have supported the country's reconstruction and transition toward political, economic and social stability. The special window has provided support for both project and capacity building grants with a total value to date of US\$ 50 million (JPY 5,890 million). The grants have been in the area of rural access and employment, community development, micro-entrepreneurship and finance and healthcare.

NATIONAL SOLIDARITY PROGRAM

The National Solidarity Program (NSP) is the largest ever effort to empower and develop the historically neglected rural areas by giving grants to locally elected bodies to build small scale infrastructure of the people's own choosing. This is the only government program to have reached all the country's 34 provinces, touching the lives of 13 million villagers. It has achieved this despite working in extremely difficult terrain under uncertain security conditions, often in remote communities with high levels of illiteracy. The

Table 1: JSDF active and closed projects

Project name	Signed	Grant Value US\$m
Closed Projects		
NGO Support Program	7/17/02	2.00
Capacity Building for National Solidarity Program	11/27/02	1.48
Health Sector Emergency Reconstruction & Development	4/3/03	0.50
		\$3.98
Active Projects		
Creating Future Potential micro-Entrepreneurs	9/6/03	2.80
First Microfinance Bank of Afghanistan	11/18/03	0.70
National Emergency Employment Program for Rural Access	8/28/04	19.60
Emergency National Solidarity Program	4/10/05	25.90
		\$49.00



program is now being extended to cover a further 4,000 communities across the country.

THE NATIONAL SOLIDARITY PROGRAM HAS TOUCHED THE LIVES OF 2 OUT OF 3 RURAL PEOPLE

- ▶ 20,000 communities have consultative local governance institutions
- ▶ Many rural communities have benefited from small infrastructure projects of their choosing
- ▶ 28% of the population now has access to drinking water and improved sanitation
- ▶ 25% have better roads to access markets and services
- ▶ 18% have better irrigation systems
- ▶ 16% now have access to power
- ▶ 11% of children study in reconstructed schools
- ▶ The program employed some 4,000 Afghan nationals; skills of 600,000 local council members have been developed

JSDF has made three contributions to NSP with a cumulative total of \$29 million. A JSDF grant in 2002 for the NGO Support Program helped pioneer the approach taken under this successful program. Since then, JSDF funds have supported the piloting of the approach, capacity-building for communities and implementing partners and the scale up of the program.

The NSP builds on lessons learned from the JSDF funded NGO Support Program of \$2 million, which for the first time ever in Afghanistan established an operational partnership between NGOs and the government.

NATIONAL EMERGENCY EMPLOYMENT PROGRAM & RURAL ACCESS

The Government of Afghanistan (GoA) attaches a high priority to improving rural accessibility and has been promoting the reconstruction of rural access infrastructure since 2002. This effort was part of the government's social protection agenda and aimed to create employment while also rehabilitating rural roads.

Since its inception in 2002 under the JSDF-financed Emergency Community Empowerment Project, the National Rural Access Program has rehabilitated about 8,000 km of rural roads throughout the country to an all-weather standard and has connected over 3,000 villages to town centers. The rural road network is estimated at 30,000 km and the rehabilitation works, to-date, have returned more than 25 percent of the network to maintainable condition. The program also provided around 13 million labor-days of employment.

JSDF has allocated \$19.6 million to the DDR & RLS (Disarmament, De-mobilization and Reintegration & Rural Livelihoods Support) component of the program. JSDF funding has been used to target ex-combatants and rural poor—two particularly disadvantaged beneficiary groups that stand to benefit greatly from employment opportunities, skills training and rural access. So far 2,188 ex-officers, ex-soldiers, ex-combatants, and rural poor have received training in construction supervision, construction management, and craft skills.

HEALTH SECTOR EMERGENCY RECONSTRUCTION & DEVELOPMENT

The Health Sector Emergency Reconstruction and Development Project is helping to expand delivery of high-impact basic health services and ensure equitable access, particularly for women and children in underserved rural areas. It has contributed to ensuring that 82 percent of the population has access to primary health care. Independent evaluation indicates that the quality of care had improved significantly and the number of patients served has more than tripled. The percentage of women receiving prenatal care has increased from 5% in 2003 to 78% in 2006. The project has also helped ensure the Ministry of Public Health's stewardship over the sector through a greater role in healthcare financing, the coordination of partners, and oversight of NGOs.

JSDF provided support to the start-up at a critical stage in its development. The objectives of the grant were to: (i) improve the delivery of basic health services such as immunization, maternal care, and family planning, in under served areas of the country by strengthening the ability of the Min-



istry of Public Health to work systematically with NGO's; (ii) establish and manage performance based partnership agreements; and (iii) enhance the institutional capacity of the MOPH by improving communication between the Ministry of Public Health's central and provincial offices.

The grant financed the first four consultants who became the core of the Grants and Contract Management Unit of the ministry which is responsible for ensuring effective implementation. The grant also financed an international consultant who helped establish the framework in which the contracts with the NGOs were established. It also supported Provincial Health Directors workshops and increased the connectivity available to ministry staff working in the field. The grant's impact has been an improvement in the capacity of the ministry and improvement of the communications between the central ministry and its provincial offices.

CREATING FUTURE POTENTIAL MICRO-ENTREPRENEURS

With JSDF support the Ministry of Labor and Social Affairs contracted three Afghan NGOs to provide vocational training for out of school youth in computer literacy, carpentry, electrical works, welding, plumbing, hair-dressing in four provinces. The program is working with boys and girls aged between 12 and 28 years. Construction of the four youth centers in Faryab, Kandahar, Kabul, and Mazar has been completed. Over 16,680 young boys and girls are being trained in vocational skills by the ministry and by the NGOs.

FIRST MICROFINANCE BANK OF AFGHANISTAN (FMBA)

FMBA was the first licensed microfinance institution after the fall of the Taliban. JSDF funds have helped support the initial capacity building of FMBA to enable it to provide financial services to the poor and underserved. With the grant funds FMBA was able to install a management information system and train its staff on administering banking operations including the use of MIS.

Access to finance has increased for the underserved: Since the start of operations, FMBA has exceeded initial

targets, remained profitable, and successfully expanded access to finance through the growth of its microfinance portfolio. FMBA has disbursed a total of 13,581 loans worth \$19.6 million. Today, 18 percent of FMBA's clients are women; FMBA will increase its group lending activities, which are expected to reach more women entrepreneurs.

In this way, the grant has supported an increasingly competitive sector. There are currently 13 licensed microfinance institutions in the country, including FMBA, of which BRAC Afghanistan, the largest Afghan MFI, and FINCA are considered to be FMBA's largest competitors. With the entry and development of more microfinance institutions and banks lending to small businesses over the last few years, Afghanistan has demonstrated great potential for further development in the financial sector and hence increased private sector development.

ABOUT THE DONOR AND THE BANK

The Government of Japan is the sole contributor to the JSDF. The World Bank Group and grant beneficiaries express their appreciation to the Government and people of Japan for their generosity and commitment to a shared vision of poverty reduction and effective development assistance.

The World Bank's primary focus is to help the poorest people through its development assistance. The Bank works in more than 100 developing countries, bringing finance and technical expertise to help countries reduce poverty and achieve sustainable and equitable growth. Within client countries, the Bank works with public and private sector agencies and non-government organizations to formulate and deliver assistance strategies.

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