

SUMMARY

Measure "Cross Border Cooperation Afghanistan-Tajikistan" in favour of Afghanistan and Tajikistan to be financed from the general budget of the European Union

1. Identification

Budget heading	21.020300 Cooperation with Central Asia 21.020500 Cooperation with Afghanistan
Total cost	EUR 16 000 000 of EU contribution Total amount of co-financing: EUR 4 000 000
Basic act	Regulation N° 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a Financing Instrument for Development Cooperation (OJ L 77, 15.3.2014, p. 44–76)

2. Regional background

The Action will cover two countries: Afghanistan and Tajikistan.

The long-term social and economic development of Afghanistan and Tajikistan depends, partly, on ensuring stability along their 1,300 km-long shared border. Achieving this stability requires collaboration and strong linkages – economic, financial, social, and cultural – that create the conditions for equitable growth and integration. Northern Afghanistan and the wider Central Asia region share common natural resources, culture, and language, and were connected historically through the Silk Road's trade and cultural exchange with Iran, China, Pakistan, Russia, and the Middle East. Potential exists to reinvigorate these historical links and with them the region's long-term development. Cross-border trade in Central Asia already accounts for USD 8.5 billion (EUR 7.7 billion) of commerce each year, mostly through small-scale exchange in agricultural and consumer goods. As a World Bank study has emphasized it, much of the benefit of this cross-border trade goes directly to small- and medium-sized enterprises, with a disproportionately positive effect on local incomes.¹

Several large-scale projects have been initiated to take advantage of this strategic location as a transmission route for key commodities (e.g., CAREC corridors, CASA 1000). However, while these initiatives have created important potential advancements in regional connectivity, northern Afghanistan and southern Tajikistan's poor development indicators can, in part, be attributed to a lack of relatively smaller-scale connecting infrastructure that integrates large investments with otherwise isolated regions and populations. Therefore, encouraging smaller cross-border local infrastructure investments projects, combined with support to the development of the local private sector, could have a profound and lasting impact on the region as a whole, helping to

¹ <http://go.worldbank.org/GAG6HBK130>

build a broader, healthier economy, as well as to provide necessary connections and services to the wider region and its people.

3. Summary of the Measure

1) Background:

The proposed Action supports the plans of the Afghanistan and Tajikistan governments to strengthen regional cooperation and catalyse economic growth. It provides a solid foundation for encouraging longer-term cross-border exchange, cooperation and security. It is intended to begin the process of unlocking the local economic potential of this area. The specific objective of the Action is to facilitate an enabling physical and institutional environment for, trade, production and local business development in the targeted areas. The Action will work towards achieving the following results:

1. Enhanced and sustainable economic infrastructure in and around border areas;
2. Improved range and quality of micro and small enterprise support services in target areas.

The Action will focus on the needs of the most vulnerable part of the population of both regions, notably women and children. It will contribute to increase security and stability along the border and increase regional connectivity, contributing to better linking Central Asia and Asia.

The Action will be implemented by AKDN (Aga Khan Development Network) and KfW/PATRIP, which are two recognized actors in the region.

2) Coherence with the programming documents:

The proposed Action is in line with the priority sectors identified in the EU's regional strategies, the one for Central Asia and the other for Asia.

3) Identified actions:

The overall objective of the Action is to catalyse regional economic development and integration in the border regions of Afghanistan and Tajikistan. Activities will be carried out in the Takhar province in Afghanistan and in the Khatlon and Gorno-Badakhshan Autonomous regions in Tajikistan. These regions are amongst the poorest of the two countries. Strengthening economic activities throughout the frontier will contribute to increase economic and trade opportunities in the two regions, leading to improved living standards for the local population. Ultimately, the project will contribute to the economic, political and social stability of the regions between the two countries.

The proposed Action strongly supports the plans of the Afghanistan and Tajikistan governments to strengthen regional cooperation and catalyse economic growth. It provides a solid foundation for encouraging longer-term cross-border exchange and cooperation, and is intended to begin the process of unlocking the local economic potential of this area. This Action will build on and sustain the gains already made, through construction of five cross-border bridges and related road market and irrigation infrastructure, as well as community-based interventions in agriculture, and natural resource management, to further unlock the potential of the region.

In detail, the following main activities will be carried out:

1. Construction of a cross-border bridge at Ai-Konoum port (260 meter length, with a load capacity of 80 metric tons);
2. Construction of cross-border market and convention centre near Ai-Konoum port;
3. Road improvement from the bridge to district centres in Takhar and Khatlon (32 km);
4. Improvements in productive infrastructure and technical support to farmers (improvement and extension of Dashti Qala irrigation canal, protection of Dashti Archi canal, riverbank stabilisation of 135 hectares along the Amu Darya through reforestation);
5. Governance and policy dialogue for regional cooperation, including trade and transport facilitation;
6. Support to Business Membership Organisations (BMOs) and Enterprise Support Organisations ESOs for Afghan Micro and Small Enterprises;
7. Strengthening Micro Lending Organisations (MLOs) in Tajikistan and supporting their transition to Micro Deposit and Lending Organisations (MDLOs);
8. Developing and establishing an Enterprise Growth Accelerator (EGA) in Tajikistan.

4) Expected results:

1. Enhanced and sustainable economic infrastructure in (and around) border areas;
2. Improved range and quality of micro and small enterprise support services in target areas.

5) Lessons learned:

A World Bank² study has emphasized that much of the benefit of cross-border trade goes directly to small and medium-sized enterprises, with a disproportionately positive effect on local incomes. Enabling cross-border trade is, therefore, a ‘win-win’ strategy that generates local incentives for stability and cooperation, whereby “the most significant effect of growth in cross-border trade is likely to be poverty reduction in communities in contiguous regions.” The proposed Action will build on the lessons learnt and results achieved to extend the benefits of enhanced rural infrastructure and governance and continue to support the physical, social and institutional environment to create the necessary conditions for sustainable local development.

The Action will also build and expand on the numerous and large-scale activities undertaken by the Aga Khan Development Network (AKDN) in the border regions over the last 20 years. An independent evaluation of the Afghanistan Community Renewal Programme (ACRP), implemented in Takhar, has highlighted the effectiveness of AKDN’s community-driven approach to development. The importance of supporting local institutions, and linking these with government structures, to promote transparency and accountability, is vital for all aspects of social and economic development. Local ownership in process of identifying development priorities leads to more relevant interventions, and encourages well-functioning communities in which all members have a voice and services are delivered equitably. AKDN has been operating in rural Tajikistan for over 20 years, developing a vast physical and social infrastructure in these areas. As a result, it has been able to identify areas of untapped potential and underserved needs, and thus design programmes specifically to address these needs, with

² <http://go.worldbank.org/GAG6HBK130>

careful consideration of the local context. For instance, AKDN-supported MLOs currently address a critical financing gap in rural markets by providing loans to both consumers and microbusinesses in areas that are not serviced by either MFIs or commercial banks.

The Action will also build on the work of the PATRIP Foundation, set up by KfW on behalf of the German Federal Foreign Office (GFFO) in 2011 with the specific mandate of fostering regional integration of the border regions of Afghanistan and of promoting cross border cooperation and exchange. PATRIP Foundation does so by facilitating the implementation of multi-sectoral infrastructure projects such as bridges, roads, markets. In 2015 the work of PATRIP Foundation was evaluated positively on behalf of the GFFO through the KfW external evaluation department in cooperation with a team of external evaluators. The main strengths identified of the Foundation were the excellent selection of capable implementing partners, the diligent work of the Monitoring Consultant team to ensure adherence to technical and financial standards and the observed positive impact of single projects on people's lives.

The Action will also build on the satisfactory past cooperation between the EU and AKDN in both countries.³

The construction of cross-border infrastructure warrants complementary activities for facilitation of the free movement of goods, vehicles and people across the border. Cross-border exchanges and market linkages between Afghanistan and Tajikistan are hampered by substantial impediments to trade and transit (such as burdensome regulatory requirements, visa and vehicle permit issues, etc.). The Action will aim to address specifically trade and transport facilitation matters to optimize the utilization and benefits of the new cross-border infrastructure.

4. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This Action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

5. Cost and financing

Cross Border Cooperation Afghanistan-Tajikistan	EUR 16 000 000
Total EU contribution to the measure	EUR 16 000 000

The Committee is invited to give its opinion on the attached Measure in favour of Afghanistan and Tajikistan.

³ In Tajikistan, since 1994, a long standing collaboration has been established between AKDN and the EU. AKDN is and was one of the key implementing partners for the Delegation in various fields including rural development (in addition under the ongoing Rural Development Programme I, a 5 MEUR grant is planned to be contracted with AKF for Natural Resources Management in the Zarafshan valley of Tajikistan), education and private sector development. Collaboration with AKF was always very fruitful and positive, with good impact reported. In Afghanistan, the EU and AKF have partnered in reconstruction efforts for the country since 2005. AKDN has implemented mainly national resource management projects under Panj-Amu River Basin Program in Northern Afghanistan, as well as projects in the field of agriculture.



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This action is funded by the European Union

ANNEX

of the Individual measure in favour of Afghanistan and Tajikistan for Cross Border Cooperation
Afghanistan-Tajikistan

Action Document for "Cross Border Cooperation Afghanistan-Tajikistan"

1. CRIS number	039/570			
2. Zone benefiting from the action/location	Asia; Central Asia, Afghanistan, Tajikistan The Action shall be carried out at the following location: Takhar province, Afghanistan; Khatlon and Gorno-Badakhshan Autonomous Oblasts, Tajikistan.			
3. Programming document	MIP 2014-2020 Afghanistan (EUR 10 000 000) MIP 2014-2020 Tajikistan (EUR 6 000 000)			
4. Thematic area	Sustainable Economic Development, Trade	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 20 000 000 Total amount of EU budget contribution: EUR 16 000 000 The contribution is for an amount of EUR 16 000 000 from the general budget of the European Union for 2016, subject to the availability of appropriations following the adoption of the relevant budget. This Action is co-financed by potential grant beneficiaries for an indicative amount of EUR 4 000 000.			
6. Aid modality and implementation modalities	Project Modality Direct management – grants – direct award to AKDN Indirect management with KfW/PATRIP			
7 a) DAC codes	- sector trade 33120, 38 % - sector transport 21020, 23% - sector 250 business and other services: 20% - sector 311 agricultural development: 19%			
b) Main Delivery Channel	AKDN KfW/PATRIP			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>

	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

SUMMARY

The overall objective of the Action is to catalyse regional economic development and integration in the border regions of Afghanistan and Tajikistan. Activities will be carried out in the Takhar province in Afghanistan and in the Khatlon and Gorno-Badakhshan Autonomous regions in Tajikistan. These regions are amongst the poorest of the two countries. Strengthening economic activities throughout the frontier will contribute to increase economic and trade opportunities in the two regions, leading to improved living standards for the local population. Ultimately, the project will contribute to the economic, political and social stability of the regions between the two countries.

The proposed Action supports the plans of the Afghanistan and Tajikistan Governments to strengthen regional cooperation and catalyse economic growth. It provides a solid foundation for encouraging longer-term cross-border exchange, cooperation and security. It is intended to begin the process of unlocking the local economic potential of this area. The specific objective of the Action is to facilitate an enabling physical and institutional environment for, trade, production and local business development in the targeted areas. The Action will work towards achieving the following results:

1. Enhanced and sustainable economic infrastructure in and around border areas;
2. Improved range and quality of micro and small enterprise support services in target areas.

The Action will focus on the needs of the most vulnerable part of the population of both regions, notably women and children. Building on the multiannual indicative programmes for both countries and the two EU's regional strategies, the one for Central Asia and the other for Asia, the Action will usefully reinforce existing EU programmes. It will contribute to increase security and stability along the border and increase regional connectivity, contributing to better linking Central Asia and Asia.

The Action will be implemented by AKDN (Aga Khan Development Network)¹ and KfW/PATRIP, which are two recognized actors in the region.

¹ AKDN is an umbrella organisation of which Aga Khan Foundation (AKF) is a member. AKDN is not a legal entity and hence the grant will be signed by AKF (UK). The implementation partners will be AKF Afghanistan, AKF Tajikistan, and MSDSP Tajikistan (which is associated with AKF Tajikistan, but is registered separately, though still under the AKDN umbrella).

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

The long-term social and economic development of Afghanistan and Tajikistan depends, partly, on ensuring stability along their 1,300 km-long shared border. Achieving this stability requires collaboration and strong linkages – economic, financial, social, and cultural – that create the conditions for equitable growth and integration. Northern Afghanistan and the wider Central Asia region share common natural resources, culture, and language, and were connected historically through the Silk Road's trade and cultural exchange with Iran, China, Pakistan, Russia, and the Middle East. Potential exists to reinvigorate these historical links and with them the region's long-term development. Cross-border trade in Central Asia already accounts for USD 8.5 billion (EUR 7.7 billion) of commerce each year, mostly through small-scale exchange in agricultural and consumer goods. As a World Bank study has emphasized it, much of the benefit of this cross-border trade goes directly to small- and medium-sized enterprises, with a disproportionately positive effect on local incomes².

Several large-scale projects have been initiated to take advantage of this strategic location as a transmission route for key commodities (e.g., CAREC corridors, CASA 1000). However, while these initiatives have created important potential advancements in regional connectivity, northern Afghanistan and southern Tajikistan's poor development indicators can, in part, be attributed to a lack of relatively smaller-scale connecting infrastructure that integrates large investments with otherwise isolated regions and populations.³ Therefore, encouraging smaller cross-border local infrastructure investments projects, combined with support to the development of the local private sector, could have a profound and lasting impact on the region as a whole, helping to build a broader, healthier economy, as well as to provide necessary connections and services to the wider region and its people.

1.1.1 Public Policy Assessment and EU Policy Framework

The proposed interventions are fully consistent with the overall regional strategy of the Afghan Government and the draft Afghanistan National Development Framework (currently in process of finalization), and the Tajikistan National Development Strategy 2016-2030⁴ both of which acknowledge the importance of supporting the development of small and medium size enterprises as well as cross border cooperation.

The national governments of both countries, as well as donors and private industry have recognised the importance of micro, small and medium sized enterprises in fostering inclusive economic growth, including the need for increased investment, access to financing, business support services, appropriate policies and infrastructure for creating opportunities to increase trade.

In addition, the Khatlon-Takhar Cross-Border Commission has prioritised the construction of a bridge connecting Dashti Qala and Farkhor. The Action has been endorsed by central government ministries in both countries and all interventions have been designed in close coordination with relevant local institutions to ensure sustainability.

The Action is also well aligned with the EU's regional indicative programmes for Central Asia⁵ and Asia⁶. SME development is a key focus area under the socio-economic development component of the Central Asia regional programme, including support for an enabling environment for SMEs as well as access to credit. Furthermore, EU Central Asia Regional programme also aims to strengthen cross-border cooperation through integrated border management, facilitate cross border trade, and secure the

² <http://go.worldbank.org/GAG6HBK130>

³ In 2015, Tajikistan ranked 188th and Afghanistan ranked 185th out of 189 countries in terms of 'trading across borders' by the World Bank Group's Doing Business index.

⁴ and the draft 2016-2020 Midterm Development Strategy under preparation

⁵ <https://ec.europa.eu/europeaid/sites/devco/files/mip-2014-2020-central-asia-regional-20140812-en.pdf>

⁶ http://eeas.europa.eu/asia/docs/rsp/regional-asia-mip-2014-2020_en.pdf

mobility of people. The Regional Programme for Asia also recognises the importance of enhancing trade and commercial activities in the region surrounding Afghanistan. It recognises the need among other to support cross border cooperation in areas such as productive employment, decent work, sustainable natural resources management etc.

Finally, the Action will contribute to EU's goals of improving rural livelihoods and employment, including the sustainable management of natural resources in both countries. In Afghanistan, it will contribute to reducing dependence of farmer households on income from poppy and helping to build institutional capacity in this remote area. In Tajikistan it will support the development of micro and small-sized enterprise of the regions, which are in deep need of financing and which cannot easily benefit of other EU nation-wide support for SMEs given the remoteness of the region.

1.1.2 Stakeholder analysis

Extensive consultations with relevant stakeholders and target groups at all levels have been undertaken during the process of designing this Action. Target groups and local authorities will be engaged throughout the Action: participation in the monitoring and evaluation processes, participation in meetings, trainings and workshops. Communities and local government authorities will gradually take ownership, and ultimately leadership, of initiatives undertaken through the Action.

a) Government authorities, national bodies and key development partners:

Endorsements for this Action have been received from the following: Ministry of Finance, Afghanistan, Governor of Takhar, Afghanistan, Ministry of Transportation, Tajikistan, the Association of Microfinance Organisations in Tajikistan (AMFOT), KfW Development Bank in Tajikistan, and German Development Cooperation (GIZ) in Tajikistan.

Furthermore, the Action will be implemented in close collaboration with the relevant ministries and their line departments at provincial and district level, such as Ministries of Agriculture and Livestock, Ministries of Rural Rehabilitation and Development, and Ministries of Economy and Trade. AKDN has well-established relationships with these bodies in both countries and receives strong support from them for all project activities. AKDN ensures that relevant government staff are fully informed about the project, and are engaged throughout, whilst also preparing from the outset to institutionalise project outcomes.

b) Communities and local institutions

The target communities will be supported to advocate for their needs, particularly in terms of accessing markets, and trading their products across the border. In addition to the Community Development Councils (CDCs) in Afghanistan and Village Organisations (VOs) in Tajikistan, the Action will work with District Development Authorities (DDAs) in Afghanistan and Social Unions for the Development of Village Organisations (SUDVOs) in Tajikistan, and will connect with the relevant ministries and departments, such as Agriculture and Livestock, Economy, and Customs. The project will also engage with local government departments and authorities to continuously evaluate local priorities.

The provincial governments of Takhar and Khatlon will also be key stakeholders in the Action, and have already expressed support for the initiatives through the Cross-Border Commission.

Through its various interventions, the Action is expected to benefit over 1 million people in the cross-border region, of which at least 50% will be women.

c) Local businesses and service providers

An AKDN SME ecosystem study was completed in Tajikistan in April 2016, involving extensive consultations with micro and small business owners and ecosystem actors. Interviews with local entrepreneurs have both informed and validated the need for the envisioned technical assistance and seed/start-up capital proposed under the Action. There is strong demand for such services and a solid pipeline of potential enterprises.

In Tajikistan, the newly consolidated, unique community-owned Micro Lending Organisation (MLO) will be supported. Through support provided by this Action, 900 microenterprises in Tajikistan will have access to financial services via the MLO system.

In Afghanistan, extensive consultations have been held with Enterprise Support Organisations (ESOs): the Afghan Investment Support Agency, the Afghanistan National Standardisation Authority, Takhar Chamber of Commerce, Harakat⁷, and the Afghan Woman Business Federation. At the local level, producer groups, which are organised as Business Membership Organisations (BMOs) around particular products, have also been actively involved in the design of the Action. Through the consultations, particular needs have been identified, such as improving production, post-harvest value addition, collective marketing and scaling up to enable trade. As a result, it was determined that this Action will focus on key value chains (e.g., poultry, horticulture, vegetables, beekeeping, handicrafts) and will support productivity, enterprise development and women's participation in the economy. The Action will work with 28 BMOs and 5 ESOs, which in turn, will support up to 300 microenterprises in Afghanistan.

Local producers and business owners have also strongly expressed the need to be able to access cross-border markets and engage in cross-border trade. Hence, they also see improved cross-border infrastructure as key to their long-term financial security.

In line with the EU's Framework activities on gender equality and women's empowerment⁸, the Action will address some of the specific constraints affecting women in the target areas (See Cross cutting issues document and 3.3 below).

1.1.3 Problem analysis

Afghanistan's four northernmost provinces – Badakhshan, Baghlan, Kunduz, and Takhar – feature some of the lowest human development indicators in the world. This lack of development generally reinforces the country's political fragility and leaves its communities vulnerable to radical and criminal influences forcing them to enter into illicit livelihood activities. Though more stable than many provinces in southern Afghanistan, the northern Afghan provinces remain a fragile and marginalised part. They are also a strategically important area linking China, Central and South Asia. Development in northern Afghanistan, therefore, has the potential to have a profound and lasting impact on the region as a whole, helping to build a stronger economy, and to provide necessary services to the region and its peoples. The current security situation is dynamic, but AKDN (the proposed implementing partner for this Action) is able to rely on its strong networks at all levels (from central government to community) to make informed decisions regarding programming. Whilst the north has experienced an increase in violent activity, Takhar has remained relatively stable, though sandwiched between two provinces that have been more affected by the insurgency (Kunduz and Badakhshan). Currently, the main routes to Tajikistan are through Kunduz and Badakhshan, and therefore, Takhar could provide the option of a viable trade (and humanitarian) route at times when the others might need to be closed.

The collapse of the Soviet Union resulted in considerable social and economic challenges for Tajikistan. Without Russian subsidies and technical expertise much of its social and physical infrastructure fell into disrepair. As a consequence, its human development index deteriorated rapidly sliding from 0.63 (1990) to 0.53 (2000) and is only now returning to Soviet-era levels. However, domestic economic opportunities remain scarce; more than 60% of households have at least one family member who has migrated for work. Consequently, its economy is heavily dependent on

⁷ Harakat is an independent, non-profit, Afghan-managed organization that aims to improve Afghanistan's business environment. It supports the private sector, government and civil society to implement activities to reduce or remove barriers that currently make it difficult to do business in Afghanistan.

⁸ http://ec.europa.eu/europeaid/joint-staff-working-document-gender-equality-and-womens-empowerment-transforming-lives-girls-and_en

remittances (equivalent to 47% of GDP in 2011), which have been severely affected by deteriorating economic conditions in Russia. The eastern region of GBAO is the poorest of the country, due in large part to its remoteness. Its population is held back by a lack of connectivity and poor provision of services.

The proposed Action strongly supports the plans of the Afghanistan and Tajikistan governments to strengthen regional cooperation and catalyse economic growth. It provides a solid foundation for encouraging longer-term cross-border exchange and cooperation, and is intended to begin the process of unlocking the local economic potential of this area. This Action will build on and sustain the gains already made, through construction of five cross-border bridges and related road market and irrigation infrastructure, as well as community-based interventions in agriculture, and natural resource management, to further unlock the potential of the region.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Risk 1A: External – Security Increased insecurity in Afghanistan, with potential spill-over into Tajikistan, could affect programme implementation, data collection and monitoring	M	Maintain close working relationships with communities, ensuring local leaders understand and support AKDN's presence. Security staff continuously monitors working areas and a major conflict is unlikely. Afghan staff originates mostly from the project areas, which means they do not often travel long distances.
Risk 1B: External – Security Frequent closures of the bridge by the Government of Tajikistan due to security perceptions	M	Close dialogue on security aspects with local and central authorities of Tajikistan by both AKDN and the EU Delegation.
Risk 2: External – Community Issues Local power structures within the community may be challenged by project interventions and result in negative consequences for the community and overall project implementation and sustainability	L	AKDN agencies have built significant experience, support and trust in the proposed target areas. Existing relationships with the proposed stakeholders will ensure strong buy-in and participation during implementation. AKDN adopts a Do No Harm Approach and will take additional measures to avoid conflict and sensitivities.
Risk 3: External – Farmers Farmers and service providers may be unwilling to participate in the Action, or lack the necessary resources and time, to experiment and adopt new technologies and approaches	L	Past experience has shown that farmers' adoption rate reaches as much as 70% in programme coverage districts. Similarly, the majority of service providers have generated enough profit, are privatised and no longer receive subsidies from AKDN.
Risk 4: External – Economic uncertainty Tajikistan's high dependence on remittances makes it vulnerable to shocks, particularly in Russia	M	The Action's support for local enterprise will potentially mitigate some of the effects of reduced in-coming remittance cash flows, and provide jobs for returning migrants.
Risk 5: External – Changes in National Bank of Tajikistan (NBT) regulations can affect financial sustainability of Micro Lending Organisations (MLOs). Enhanced	M	In order to be ready for any unexpected changes in NBT regulations, MLOs need to maintain sufficient volume of paid up capital and ensure continual capital increase.

pressure by the Tajik tax committee and / or the State Audit Chamber could result in an unexpectedly high level of taxes, duties and levy, which may have a negative impact on the project's outcome.		
Risk 6: External – Devaluation of local currency could potentially impact value of loan capital and repayments. The ability to carry out all planned activities of the Action may also be affected. An overall weak financial sector in Tajikistan may result in additional bank / MFI insolvencies, which might negatively affect parts of the project budget	M	In order to avoid losses, MLOs do not maintain liability in foreign currency and do not lend in foreign currency. The Action's budget includes a small reserve for contingency. The situation will be closely monitored and the EU will be kept informed of any issues arising in this regard.
Risk 7: External – Unilateral customs/border/trade policies randomly implemented by neighbouring countries	M	Monitoring the situation as well as facilitating and capacitating government structures and mechanisms to address the settlement of pending issues.
Risk 8: Internal – Staff turnover Staff vacancies may leave a knowledge vacuum and human resource gap	L	AKDN agencies are primarily operated by local staff, and systems are in place to ensure institutional memory and documentation. This Action will support steady investment towards localisation of senior management.
Assumptions		
The cross-border infrastructure components depend on favourable security conditions and conducive bilateral relations. The maintenance of the trade and productive infrastructure requires responsible local institutions to include this in their operation plans and budgets. Success targeting and growing enterprises engaged in cross-border activities will depend on conducive environment along the Afghan-Tajik border (i.e. that markets remain open at least weekly; transit trade crossings remain open for most commodities), which in turn depends on stable security situation and positive relations between the Tajik-Afghan Government at local and national levels.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

A World Bank⁹ study has emphasized that much of the benefit of cross-border trade goes directly to small and medium-sized enterprises, with a disproportionately positive effect on local incomes. Enabling cross-border trade is, therefore, a 'win-win' strategy that generates local incentives for stability and cooperation, whereby "the most significant effect of growth in cross-border trade is likely to be poverty reduction in communities in contiguous regions." The proposed Action will build on the lessons learnt and results achieved to extend the benefits of enhanced rural infrastructure and governance and continue to support the physical, social and institutional environment to create the necessary conditions for sustainable local development.

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The Action will also build and expand on the numerous and large-scale activities undertaken by the Aga Khan Development Network (AKDN) in the border regions over the last 20 years. An independent evaluation of the Afghanistan Community Renewal Programme (ACRP), implemented in Takhar, has highlighted the effectiveness of AKDN's community-driven approach to development. The importance of supporting local institutions, and linking these with government structures, to promote transparency and accountability, is vital for all aspects of social and economic development. Local ownership in process of identifying development priorities leads to more relevant interventions, and encourages well-functioning communities in which all members have a voice and services are delivered equitably. AKDN has been operating in rural Tajikistan for over 20 years, developing a vast physical and social infrastructure in these areas. As a result, it has been able to identify areas of untapped potential and underserved needs, and thus design programmes specifically to address these needs, with careful consideration of the local context. For instance, AKDN-supported MLOs currently address a critical financing gap in rural markets by providing loans to both consumers and microbusinesses in areas that are not serviced by either MFIs or commercial banks.

The Action will also build on the work of the PATRIP Foundation, set up by KfW on behalf of the German Federal Foreign Office (GFFO) in 2011 with the specific mandate of fostering regional integration of the border regions of Afghanistan and of promoting cross border cooperation and exchange. PATRIP Foundation does so by facilitating the implementation of multi-sectoral infrastructure projects such as bridges, roads, markets. In 2015 the work of PATRIP Foundation was evaluated positively on behalf of the GFFO through the KfW external evaluation department in cooperation with a team of external evaluators. The main strengths identified of the Foundation were the excellent selection of capable implementing partners, the diligent work of the Monitoring Consultant team to ensure adherence to technical and financial standards and the observed positive impact of single projects on people's lives.

The Action will also build on the satisfactory past cooperation between the EU and AKDN in both countries.¹⁰

The construction of cross-border infrastructure warrants complementary activities for facilitation of the free movement of goods, vehicles and people across the border. Cross-border exchanges and market linkages between Afghanistan and Tajikistan are hampered by substantial impediments to trade and transit (such as burdensome regulatory requirements, visa and vehicle permit issues, etc.). The Action will aim to address specifically trade and transport facilitation matters to optimize the utilization and benefits of the new cross-border infrastructure.

3.2 Complementarity, synergy and donor coordination

As explained under point 1.1.1 the Action is in line with EU programmes in the region. The Action will thus complement EU's initiatives in the field of SMEs development, regional integration and border development and institutional capacity building. The Action will look for synergies with the BOMCA and BOMNAF programmes. Furthermore, it aligns with the Heart of Asia process, in which the EU is a key member, particularly supporting Trade, Commerce and Investment Opportunities Confidence Building Measures. It should make the region a more attractive proposition for other prospective investors by providing some of the key foundational elements required for transformational change.

Implementing part of the Action through KfW/PATRIP Foundation will improve synergy and donor

¹⁰ In Tajikistan, since 1994, a long standing collaboration has been established between AKDN and the EU. AKDN is and was one of the key implementing partners for the Delegation in various fields including rural development (in addition under the ongoing Rural Development Programme I, a 5 MEUR grant is planned to be contracted with AKF for Natural Resources Management in the Zarafshan valley of Tajikistan), education and private sector development. Collaboration with AKF was always very fruitful and positive, with good impact reported.

In Afghanistan, the EU and AKF have partnered in reconstruction efforts for the country since 2005. AKDN has implemented mainly national resource management projects under Panj-Amu River Basin Program in Northern Afghanistan, as well as projects in the field of agriculture.

coordination with another major donor in the targeted region¹¹. In order to implement these projects, PATRIP Foundation has entered into agreements with nine NGOs. The Aga Khan Foundation (AKF) has been the main implementing partner as from the beginning of the Foundation's work in 2011. Together with AKDN the Foundation already realized three market projects (Tem, Vanj and Shurabad), two bridges (Vanj and Shurabad bridges) and two roads (Mohi-Mai, Nusai) all in the Afghan-Tajik border region¹².

The locations of activities to be implemented through this Action have been chosen to build on existing interventions and reflect priority needs identified by AKDN in collaboration with government and other stakeholders and donors. The infrastructure components are proposed at the direct request of the Cross-Border Commission, and follow logically from similar undertakings in other places along the border. The livelihoods and enterprise development interventions on the Afghan side will address the specific needs of populations in Takhar, which are currently underserved; similar activities are currently supported by other donors in other provinces along the Afghan-Tajik border. Whilst the enterprise development activities in Tajikistan will be concentrated in GBAO in order to leverage existing investments, they will extend to other areas, and will also complement other initiatives in the wider cross-border region.

All activities are planned and undertaken using a strategic approach to avoid duplication and maximise leverage potential. Linkages between these various interventions are facilitated through internal planning and lesson-sharing mechanisms, as well as participation in external forums and coordination platforms. Donors and project implementers working in the field of cross-border cooperation will be involved and consulted in the framework of the activities of the action, including taking into account past experience and ongoing interventions. AKDN will also actively seek to synergise and coordinate its work with programmes of other organisations e.g., GFFO/KfW, GIZ, JICA, SIDA, UNDP, USAID, ADB/CAREC Programme, DFID, World Bank, International Trade Centre, IOM, etc.

3.3 Cross-cutting issues

1. Gender Equality –The proposed Action will address some of the specific constraints affecting women in the target areas. It will support the economic empowerment of women, their financial inclusion through access to credit and markets, provide business development services, agricultural technology enhancement for increased productivity and facilitate active participation of women/girls in local decision-making processes. This Action aligns with the key pillars of the EU's Framework for Gender Equality and Women's Empowerment 2016-2020, particularly "Promoting the social and economic rights / empowerment of girls and women." Also in line with the Framework, the Action will collect sex-disaggregated data to ensure systematic measurement of progress on gendered dimensions. The data will be collected in a gender sensitive manner to ensure credibility and reliability of the information.
2. Environmental Protection - AKDN agencies have an environmental safeguard policy, which requires the consideration of environment and social issues around projects. All infrastructure projects are subject to environmental screening, and those that are found to have any negative impacts will undergo an environmental impact assessment. Those with negative impacts will either be abandoned or specific mitigation strategies will be advised by the assessment. Businesses supported by the Action will be assisted to understand their environmental impact, enact measures to mitigate it, and then continue to assess it.
3. Climate change - All infrastructure interventions will be screening for their climate risk, and climate proofing integrated into their design in order to guarantee their sustainability, as required.

¹¹ To date PATRIP Foundation has implemented 74 multi-sectoral infrastructure projects in the target region. 43 of those have been successfully completed and are in operation. The total financial volume administered by PATRIP Foundation amounts to almost 50 million EUR.

¹² <http://www.patrip.org/en/patrip-foundation/>

Opportunities will be identified and integrated to promote environmentally sustainable, low carbon and climate resilient development; these will include, e.g. promotion of climate smart agriculture, water efficient irrigation, cleaner production and energy efficiency associated to SME support.

4. The proposed Action addresses Human Rights issues by enabling vulnerable groups to gain awareness of their rights. One of the key strategic focus areas is strengthening voice and representation to develop civil society, enhancing inclusion and participation of vulnerable groups and giving them opportunities and access to services. Work at several levels, from informal community institutions (including traditional and religious leadership), to formal community institutions (such as community development councils and village organisations), as well as with local government and non-governmental organisations will encourage participatory and inclusive decision-making processes, and equitable distribution of resources.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG target(s) 8 – promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all and 9 – build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, but also promotes progress towards Goal(s) 1 – reduce poverty, 2 – achieve gender equality and empower women and girls. This does not imply a commitment by the Government of Afghanistan and Tajikistan benefitting from this programme.

Overall objective

To catalyse regional economic development and integration in the border regions of Afghanistan and Tajikistan. It is expected that the Action will improve income generating opportunities for over 1 million people.

Specific objective

To facilitate an enabling physical and institutional environment for local business development, trade and production in the targeted areas.

Expected results

- | | |
|-----|--|
| R 1 | Enhanced and sustainable economic infrastructure in (and around) border areas; |
| R 2 | Improved range and quality of micro and small enterprise support services in target areas. |

4.2 Main activities

Regarding R 1:

- | | |
|--------|--|
| A 1.1. | Construction of a cross-border bridge at Ai-Konoum port (260 meter length, with a load capacity of 80 metric tons); |
| A 1.2. | Construction of cross-border market and convention centre near Ai-Konoum port; |
| A 1.3. | Road improvement from the bridge to district centres in Takhar and Khatlon (32 km); |
| A 1.4. | Improvements in productive infrastructure and technical support to farmers (improvement and extension of Dashti Qala irrigation canal, protection of Dashti Archi canal, riverbank stabilisation of 135 hectares along the Amu Darya through reforestation); |

- A 1.5. Governance and policy dialogue for regional cooperation, including trade and transport facilitation.

All completed infrastructure activities will be handed over to the relevant local authorities or community institutions for ongoing operations and maintenance. Part of the handover process will include commitment from the accepting institution(s) that all reasonable steps will be taken to ensure the infrastructure remains functional and equally accessible to all potential users and providers of auxiliary services. Once handover is complete, AKDN will continue its ongoing engagement with communities, local government and the cross-border commission, and may be able to offer further support, such as training opportunities through linkages with local training institutes.

Regarding R 2:

- A 2.1. Support to Business Membership Organisations (BMOs) and Enterprise Support Organisations ESOs for Afghan Micro and Small Enterprises;
- A 2.2. Strengthening Micro Lending Organisations (MLOs) in Tajikistan and supporting their transition to Micro Deposit and Lending Organisations (MDLOs);
- A 2.3. Developing and establishing an Enterprise Growth Accelerator (EGA) in Tajikistan.

Monitoring and Evaluation (M&E) Activities:

The Action will include a comprehensive M&E plan to ensure activities are completed on time and to high standard, and deliver the intended outcomes and impacts. Main activities towards M&E include (but are not limited to): sample survey at baseline and endline to measure changes in income, regular visits to project sites to observe construction activities, periodic interviews and focus group discussions to determine perceptions of beneficiaries, and review of key datasets, e.g. official records from border posts, cross-border commission, MLOs, etc. This will generate a combination of qualitative and quantitative data will be used to measure the effectiveness, efficiency, relevance and sustainability of the Action.

4.3 Intervention logic

The proposed Action is designed to address some of the region's fundamental needs and binding constraints undermining economic development in border areas. Through a combination of catalytic economic infrastructure and business financial and non-financial support services that target micro to small enterprises, the Action aims to connect, promote and sustain more inclusive economic growth in the region.

The proposed Action aims to build up and support community-based and government institutions, as well as local businesses, in the belief that development is best achieved by strengthening economic, political, and social systems that involve closely linked networks of individuals, communities, governments, businesses, and civil society actors. The methods for achieving the results and objectives of this Action are based on tested successful processes using participatory methodologies.

The support to financial capital to MFIs and SMEs will be financed by the AKDN contribution and the EU contribution is focusing on infrastructure and capacity building components.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this Action, it is not foreseen to conclude a financing agreement with the partner countries, referred to in Article 184(2)(b) of Regulation (EU, Euratom) N° 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this Action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015, technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) N° 236/2014.

5.3 Implementation modalities

5.3.1.1 Grant: direct award to AKDN (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The proposed Action is designed to address some of the region's fundamental needs and binding constraints undermining economic development in border areas. Through a combination of catalytic economic infrastructure and business financial and non-financial support services that target existing micro to small enterprises, the Action aims to connect, promote and sustain more inclusive economic growth in the region.

The overall objective of the Action is to catalyse regional economic development and integration in the border regions of Afghanistan and Tajikistan.

The specific objective is to facilitate an enabling physical and institutional environment for local business development, trade and production in the target areas.

To deliver these objectives, the Action will work towards achieving the following two results:

1. Enhanced and sustainable economic infrastructure in (and around) border areas;
2. Improved range and quality of micro and small enterprise support services in target areas

The proposed Action strongly supports the plans of the Afghanistan and Tajikistan governments to strengthen regional cooperation and catalyse economic growth. It provides a solid foundation for encouraging longer-term cross-border exchange and cooperation, and is intended to begin the process of unlocking the local economic potential of this area.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to Aga Khan Development Network. Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the Action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power (Article 190(1)(f) RAP). The specific characteristics of this Action require the implementing organisation to have particular capabilities in relation to the following:

- *Long-term presence and commitment* – AKDN has been working along and across the border between Afghanistan and Tajikistan since 1996 and 50 years in Central and South Asia to address the development challenges faced by populations living in these remote and isolated areas. AKDN has invested significant sums of its own resources, particularly to embark on some of its most pioneering interventions which have been further leveraged to secure additional investment.
- *Regional cross-border programming* – Whilst other actors do implement programmes located close to the border on both sides, AKDN is the only actor to have a truly regional cross-border programme that is of significant magnitude. In addition to physical cross-border infrastructure,

AKDN's contribution towards regional integration includes interventions in health, education, energy, agriculture, economic development, policy development and humanitarian assistance. AKDN is the only private NGO to have been given Government permission and direct responsibility for building bridges across the border, physically connecting Afghanistan and Tajikistan.

- *Political capital* – AKDN has very strong relations with the national governments of Afghanistan and Tajikistan, and all programmes are designed to support national priorities. Cooperation protocols have been signed by His Highness the Aga Khan and the Governments of both Afghanistan (2002) and Tajikistan (1995), providing the framework for AKDN activities in the two countries, and demonstrating a commitment which has led to AKDN becoming a partner of choice for many ministries and donors.
- *Approach and relevant technical competencies* – AKDN has several constituent institutions that are engaged in enterprise and economic development in both Afghanistan and Tajikistan, which will support the delivery of the proposed Action. When taken together, AKDN is able to support enterprise development across the full spectrum, and is also able to facilitate an enabling business environment, unlike any other organisation.

In this region, there are no other non-government actors that are investing as heavily as AKDN in rural economic development.

(c) Eligibility conditions: N/A

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed Action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the Action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the Action.

(f) Indicative trimester to conclude the grant agreement

First trimester of the year 2017.

5.3.1.2 Indirect management with a Member State agency

A part of this Action may be implemented in indirect management with KfW in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the main infrastructure part of the Action (activity A.1.1- A.1.2-A1.3 under Result 1 as described in section 4.2 before). This implementation is justified because the KfW managed PATRIP Foundation is specialised in cross border physical investments in the border areas of Pakistan, Afghanistan and Tajikistan.

The entrusted entity would carry out the following budget-implementation tasks: Overseeing procurement and grant award procedures; Overseeing awarding, signing and executing the resulting procurement contracts and grant contracts, notably accepting deliverables and carrying out payments and recovering the funds unduly paid.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly

substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution in EUR
5.3.1.1 – Direct grant to AKDN (direct management)	7 217 900	4 000 000
5.3.1.2 – Indirect management with KfW	8 782 100	N.A.
5.88 – Evaluation, 5.9 – Audit	N.A.	N.A.
5.100 – Communication and visibility	N.A.	N.A.
Total	16 000 000	4 000 000

5.6 Organisational set-up and responsibilities

This Action will be managed by the EU Delegation in Afghanistan in close collaboration with the EU Delegation in Tajikistan. The EU Delegation in Tajikistan will for instance be in charge of ensuring a political dialogue with the Tajik Government regarding the need to maintain the bridge open once it will be built.

A Steering Committee convened and chaired by the EU Delegation in Afghanistan, gathering all involved actors, the other EU Delegation in Tajikistan, AKDN representatives, KfW/PATRIP representatives and eventually other donors involved in the region should be organised at least every year.

The Steering Committee should monitor the progress of the programme and ensure synergies with other activities led by the EU and other donors in the targeted region.

5.7 Performance monitoring and reporting

Throughout the project lifecycle, AKDN and KfW/PATRIP will record information and results against the indicators. The project will include sample baseline and endline surveys for incomes of target beneficiaries to measure the overall impact of the Action. Data will be collected on a regular basis by field monitoring teams using AKDN's established standard formats and tools to measure project progress and quality of interventions. Monitoring tools include observations, pre- and post-tests for training, and focus group discussions and interviews with community members. This will determine the effectiveness of interventions as well as perceptions of beneficiaries in relation to the economic, social and environmental impacts of new cross-border infrastructure and support to enterprise development in the target areas. These monitoring tools will be used to track progress towards achieving the planned results, outcomes and impact of the interventions, and reports will include both qualitative and quantitative analyses of these.

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the Action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the Action. The final report, narrative and financial, will cover the entire period of the Action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the Action, a final evaluation will be carried out for this Action or its components via independent consultants via the implementing partners.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the EGA component of the Action represents an innovative approach, based on global good practice, which will offer tailored and context adapted support designed to contribute to the creation of a vibrant enterprise ecosystem. No other provider in Tajikistan is providing patient and risk tolerant ‘innovation capital’ for MSEs, and its success could revolutionise how micro/small enterprise development takes place in the region.

The evaluation reports shall be shared with the partner countries and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, jointly decide on the follow-up Actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The evaluation reports shall be shared with the partner countries and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external Actions funded by the EU.

This Action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations

APPENDIX - INDICATIVE LOGFRAME MATRIX

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To catalyse regional economic development and integration in the border regions of Afghanistan and Tajikistan	O 1.1 – # and % of people targeted by the project with increased average monthly income (disaggregated by sex, age and beneficiary type including farmers, entrepreneurs and employees) (EU RF L1 ## 3, 8)	TBI by AKDN in the inception period	TBI according to baseline value	Source of data: project beneficiaries; MoV – Interviews/sample survey of incomes at baseline and endline (entrepreneurs, farmers and employees) of project beneficiaries in target areas.	Government regulations and policies continue to be supportive of private sector development.
		O 1.2 – % change in volume of Afghan-Tajik cross-border trade, disaggregated by bridge, type of trade (e.g. local market, transit trade), and type of goods (EU RF L1 #30; L2 #29)	TBI by AKDN in the inception period	TBI according to baseline value	Sources of data: project beneficiaries and secondary data; MoV – Surveys of market traders, drivers, and companies. Market management records; Official statistics (collected regularly by border/customs officials).	Sufficient funding continues after construction for infrastructure maintenance.
Specific objectives: Outcomes	To facilitate an enabling physical and institutional environment for local business development, trade and production in the target areas	SO 1.1 – Level of perception among stakeholders (e.g., government, business associations, entrepreneurs, civil society, smallholder producers) regarding opportunities for business, trade and production	TBI by AKDN in the inception period	TBI according to baseline value	Sources of data: Project data and project beneficiaries; MoV – Baseline data. MIS/field monitoring reports. Records of stakeholder meetings and trade fairs. Experience sharing workshops and training. Interviews with government officials, entrepreneurs and community members.	Government regulations and policies continue to be supportive of private sector development.
		SO 1.2 – # and type of agreements for the long term utilisation, operations and maintenance of infrastructure, including cross border bridge, market, road and irrigation during the project period	‘0’	12 new agreements	Sources of data: Documentation; MoV – Agreements signed and witnessed by AKDN. Community records. Cross-Border Commission/Management committee records. Producer and trade association records.	Sufficient funding continues after construction for infrastructure maintenance.

Outputs	Result 1: R1: Enhanced and sustainable economic infrastructure in (and around) border areas	Status of the cross-border bridge at Ai Khanoum during the project period	(does not exist)	Cross-border bridge constructed	Sources of data – Project information; MoV - Project implementation records, and Field monitoring reports; Project construction specifications and inspection reports; Handover/acceptance certificates.	Security conditions in and around Afghanistan's and Tajikistan's cross-border project area allows project implementation to continue smoothly. Favourable political conditions and continuing bilateral cooperation between Afghanistan and Tajikistan, with high priority placed on cross-border activities. Regulatory environment remains favourable for local microfinance institutions.
		Status of the cross-border market at Ai Khanoum during the project period	(does not exist)	Cross-border market constructed	Sources of data – Project information; MoV - Project implementation records, and Field monitoring reports Project construction specifications and inspection reports; Handover/acceptance certificates.	
		# km of roads upgraded from border to nearest centre during the project period (EU RF L2 ## 26,27 – this may include the bridge above)	'0' km upgraded	32 km road upgraded	Sources of data – Project information; MoV - Project implementation records, and Field monitoring reports Project construction specifications and inspection reports; Handover/acceptance certificates.	
		# km of riverbank rehabilitated/stabilised during the project period	'0' km rehabilitated/ stabilised	25 km riverbank stabilised	Sources of data – Project information; MoV - Project implementation records, and Field monitoring reports. Project construction specifications and inspection reports; Handover/acceptance certificates.	
		# of hectares of land with improved productivity in Dashti Qala and Khwaja Bahwuddin districts (Afghan) during the project period (EU RF L2 #6)	'0' hectares improved	45,000 hectares improved	Sources of data – Project information and project beneficiaries; MoV - Project implementation records, and Field monitoring reports. Community records and interviews with farmers.	

	Result 2: R2: Improved range and quality of micro and small enterprise support services in target areas	# of micro and small enterprises accessing financial products from MLOs and BMOs during the project period (disaggregated by source and type of products) (EU RF Level 2 #30)	‘0’	300 micro enterprises in Afghanistan; 900 micro and small enterprises in Tajikistan	Sources of data – Project information; MoV - MLOs/BMOs reports and records. Project database/MIS.	
		# of micro and small enterprises & BMOs accessing business acceleration, advisory and technical assistance services during the project period (disaggregated by source and type of services)	‘0’	28 BMOs in Afghanistan; 40 enterprises in Tajikistan	Sources of data – Project information; MoV - EGA/BMOs reports and records. Project database/MIS.	
		% of supported business that are engaged in cross-border economic activity during the project period (for 2.2 & 2.3 EU RF L2 #32)	TBI by AKDN in the inception period	TBI according to baseline value	Sources of data – Project information and project beneficiaries; MoV - EGAs/MLOs/BMOs records and reports. Interviews with entrepreneurs.	