



**AFGHANISTAN  
NATIONAL DEVELOPMENT STRATEGY**

**PRIORITIZATION  
AND IMPLEMENTATION  
PLAN**

**MID 2010 – MID 2013**

*For consideration at the 14<sup>th</sup> Meeting of the  
Joint Coordination and Monitoring Board*

*Volume I*



**KABUL**  
INTERNATIONAL CONFERENCE ON AFGHANISTAN

20 JULY, 2010

**AFGHANISTAN  
NATIONAL DEVELOPMENT STRATEGY**

**ANDS PRIORITIZATION AND IMPLEMENTATION PLAN  
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VOLUME I**

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## ACRONYMS AND ABBREVIATIONS

<b>ALPT</b>	Accelerated Learning Program for Teachers
<b>AEIC</b>	Afghan Energy Information Centre
<b>AGS</b>	Afghan Geological Survey
<b>ASMEDA</b>	Afghan Small to Medium Enterprise Development Agency/Authority
<b>ACCI</b>	Afghanistan Chamber of Commerce and Industry
<b>AGCHO</b>	Afghanistan Geodesy and Cartography Head Office
<b>ALA</b>	Afghanistan Land Authority
<b>AMDGs</b>	Afghanistan Millennium Development Goals
<b>ANQA</b>	Afghanistan National Qualifications Authority
<b>A-NIC</b>	Afghanistan Network Information Center
<b>AREDP</b>	Afghanistan Rural Enterprise Development Program
<b>ASDP</b>	Afghanistan Skills Development Project
<b>ADF</b>	Agricultural Development Fund
<b>GIAAC</b>	Anti-Corruption Commission
<b>BDS</b>	Business Development Services
<b>CSC</b>	Civil Service Commission
<b>CBNRM</b>	Community Based Management of Natural Resources
<b>CBHC</b>	Community-Based Health Care
<b>CARDF</b>	Comprehensive Agriculture and Rural Development Facility
<b>CEDAW</b>	Convention on the Elimination of All forms of Discrimination against Women
<b>DABS</b>	Da Afghanistan Breshna Sherkat
<b>DDA</b>	District Development Associations
<b>DOWAs</b>	Department of Women's Affairs
<b>DMTVET</b>	Deputy Ministry of Technical and Vocational Education and Training
<b>DCN</b>	District Communications Network
<b>DEO</b>	District education office
<b>EDPs</b>	Economic Development Packages
<b>EDPs</b>	Education Management Information System
<b>EQUIP</b>	Education Quality Improvement Program
<b>ESC</b>	Employment Service Centers
<b>ERDA</b>	Energy for Rural Development in Afghanistan
<b>EGs</b>	Enterprise Groups
<b>ESMF</b>	Environmental and social management framework (
<b>EMS</b>	Express Mail Services
<b>FP</b>	Facilitating partners
<b>GMU</b>	Grant Management Unit
<b>HEMIS</b>	Higher Education Management Information System
<b>IDLG</b>	Independent Directorate of Local Government
<b>IMCI</b>	Integrated Management of Childhood Illness
<b>ITSSF</b>	Integrated Trade and SME Support
<b>IMU</b>	Interim Management Unit
<b>ICE</b>	Inter-ministerial Commission for Energy
<b>IFIs</b>	International Finance Institution
<b>LMIAU</b>	Labor Market Information and Analysis Unit
<b>LBAT</b>	Labor Based Appropriate Technology
<b>LEFMA</b>	Long-term Extractive industries Fiscal Model for Afghanistan
<b>MIS</b>	Management Information System

<b>MMC</b>	Metallurgical Construction Company
<b>MEW</b>	Ministry of Energy and Water
<b>MPW</b>	Ministry of Public Works
<b>MRRD</b>	Ministry of Rural Rehabilitation and Development
<b>NRIRCP</b>	National Regional Integrated Resource Corridor Program
<b>NREN</b>	National Research and Education Network
<b>NADF</b>	National Agricultural Development Framework
<b>NESP</b>	National Education Strategic Plan
<b>NEPDG</b>	National Energy Policy Development Group
<b>NESP</b>	NATIONAL ENERGY SUPPLY PROGRAM
<b>NEIEP</b>	National Extractives Industry Excellence Program
<b>NICTCA</b>	National Information and Communications Technology Council of Afghanistan
<b>NPPs</b>	National Priority Programs
<b>NPITT</b>	National Program of In-service Teacher Training
<b>NQA</b>	National Qualifications Authority
<b>NQF</b>	National Qualifications Framework
<b>NRAP</b>	National Rural Access Program
<b>NSDP</b>	National Skills Development Program
<b>NADF</b>	The National Agricultural Development Framework
<b>OFC</b>	Optical Fiber Cable
<b>PACEA</b>	Partnership for Advancing Community-based Education in Afghanistan
<b>PRR</b>	Priority Reconstructing and Reform
<b>PAs</b>	Producer Associations
<b>PMO</b>	Project Management Office
<b>PSB</b>	Project Steering Board
<b>PSDD</b>	Private Sector Development Directorate
<b>REED</b>	Rural Enterprise and Energy Department
<b>RITS</b>	Rural Infrastructure Technical Services
<b>SGs</b>	Savings Groups
<b>SIP</b>	School improvement plan
<b>SMC</b>	School management committee
<b>SMT</b>	School Management Training
<b>SDNRP</b>	Sustainable Development of Natural Resources Project
<b>TTCs</b>	Teacher Training Colleges
<b>TVETB</b>	Technical and Vocational Education and Training Board
<b>TOT</b>	Training Of Trainers
<b>TVET</b>	Technical Vocational Education and Training
<b>UPTAF</b>	Urban Planning Technical Assistance Facility
<b>VSLAs</b>	Village Savings and Loan Associations
<b>WUAs</b>	Water User Associations

## EXECUTIVE SUMMARY

On July 20, 2010, the Government of the Islamic Republic of Afghanistan and the international community met in Kabul to deliberate and endorse an Afghan Government-led action plan for improved governance, economic and social development, and security. Demonstrating a renewed commitment to the People of Afghanistan within the framework of the *Afghanistan National Development Strategy*, the new generation of national priority programs presented at the Kabul International Conference on Afghanistan aim to empower all Afghan citizens and their institutions to contribute to improved service delivery, job creation, equitable economic growth, public revenue generation, the protection of the rights of all Afghan citizens, and a durable and inclusive peace.

In many ways, the start of the "Kabul Process" represents a turning point for the People of Afghanistan and their international partners. Unlike a few short years ago, the Afghan Government and its many development partners across civil society and the private sector maintain the leadership and institutional capabilities to realize the full benefits of a national program approach. With the prevalence of violent extremism, poverty, and perceived high-levels of corruption across many State institutions, adopting a prioritized programmatic approach is a practical and moral imperative for two main reasons:

First, the Afghan Government must be seen to help improve the lives of all Afghan citizens. Only through the provision of services, establishing law and order, and fostering economic activity nationwide can the Government garner legitimacy in the eyes of its constituents. Further, Afghan-led programs with a national reach, while providing for the unique circumstances of different regions and provinces, can unify the country, thereby ensuring greater national, as well as regional, stability.

Second, the Government recognizes its current limited capacity to design and undertake an overly-ambitious set of complex national programs. By focusing on the delivery of a smaller number of large-scale programs that address key priority areas over the next three years, local Afghan expertise can maximize benefits for the people of Afghanistan and reduce the need for foreign assistance over time.

The story of the Kabul International Conference on Afghanistan is a story of hope, determination, and peace. Since late 2001, the country has witnessed significant advances in school enrollment, access to essential health services, roads and telecommunications coverage, the reach of the police force and State courts, and many other areas critical to expanding people's choices and capabilities for a meaningful life with dignity. In the pages to follow, the national priority programs presented aim to provide opportunities to all Afghans (including the far majority living outside of urban centers), while ensuring the country has a skilled labor force to drive emerging industries.

As a collective, integrated group, these programs represent the backbone of the Government of Afghanistan's transition strategy, meeting urgent national needs that the Afghan State must capably fulfill, and must be seen to be fulfilling. They offer concrete steps for overcoming the intricate governance and security challenges that impede socio-economic recovery. And they seek to create an enabling economic environment to attract investment and create high-value industries to form a strong revenue base, ensuring the continuation of government programs as foreign development assistance declines. A series of consultations have been conducted on each of the programs presented with leading members of Afghan civil society, the private sector, and academia, including through their participation in Standing Committees on Governance, Economic and Social Development, and Security held in June with the Government and international community.

The national priority programs and related Government initiatives are presented in two parts: this document, Volume I, contains a synthesis of the consultations, analysis, and way forward for achieving immediate results over the next six months, twelve months, and three year periods in the critical areas of governance, economic and social development, and security. Volume II, found at <http://www.mfa.gov.af/kabul-conference.asp> and <http://www.and.s.gov.af/>, contains the detailed national priority program summaries in the areas of governance and economic and social development

(including projected medium-term outcomes for the next three-to-five years), as well as the following three initiatives: "Joint Framework for *Inteqal*: A Process for Strengthening Peace and Stability in Afghanistan and the Region", "Regional Cooperation", and the "Afghanistan Peace and Reintegration Program".

### **Understanding and Tackling the Challenges to Implementation**

Besides the difficult conditions for national program implementation caused by continued political violence across Afghanistan, particularly in the South and South-Eastern regions, there are a multitude of constraints – including organizational, regulatory, and supply – involving Government agencies, international development partners, the private sector, and civil society organizations. These constraints have been examined in the context of the (re)-design of national priority programs presented at the Kabul International Conference on Afghanistan. Elaborated in the program summaries contained in Volume II, the Government of Afghanistan recognizes these constraints and that the overall capacity of Afghanistan to absorb foreign assistance, while improving rapidly, remains limited. Unrealistic budget planning by both the Government and donors is exacerbated by low capacity and complicated processes for both the Government and the donors, which contribute to poor budget execution. The Government also appreciates that, while it has reduced fiduciary and development risks at a world record pace, overall implementation risks remain too high to guarantee that opportunities for mismanagement and corruption diminish to manageable levels.

To further expand capacity and continue reductions in fiduciary and development risks, a concerted effort to build public financial management capacity in line Ministries is required urgently. In particular, a focus is needed on: i) delivering effective procurement and payment systems; ii) streamlining and simplifying government and donor delivery systems; iii) improving consolidated and project level flows of management information and follow-up of on-budget and off-budget programs; and iv) unleashing the capacity of the private sector and civil society service-provider organizations to tender for and implement programs.

This is a challenging agenda and will take time. However, the establishment of Five Cluster Groupings of ministries (covering Governance, Economic and Infrastructure Development, Agriculture and Rural Development, Human Resource Development, and Security), in early 2010, to improve coordination, program delivery, and prioritization in support of ANDS implementation is a positive move. As demonstrated through the preparations for the Kabul Conference, this innovative arrangement for enhanced Government leadership in all major areas of recovery and rehabilitation is realizing results. The high quality of inter-ministerial and official level coordination, for example, has been a major achievement, as has the identification of strong linkages between governance and socio-economic development programming. But it does not end here. The national priority programs begin an iterative and consultative process for setting out a short, medium and long-term plan for ANDS implementation, which lays a solid foundation for more robust prioritization and budget realism in the future.

### **Building Good Democratic Governance and the Rule of Law**

Advanced through six national priority programs, the Government's goal in this area, as presented in the Afghanistan National Development Strategy, is to: "*strengthen democratic processes and institutions, human rights, the rule of law, delivery of public services, and government accountability.*" Its National Priority Program for Financial and Economic Reforms introduces a comprehensive set of reforms to strengthen a more fiscally sustainable Afghan economy and to ensure that public (including donor) funds are used in a responsible and efficient manner, leading to effective development outcomes. Seeking to counter rising perceptions of corruption by increasing the transparency and accountability of procedures and controls, the National Transparency and Accountability Program will build effective and independent oversight institutions for monitoring and evaluating the performance of the Government institutions and officials. The Afghanistan Program for

Efficient and Effective Government aims to improve civil service management by: (a) introducing and implementing broad-based policy, legal, and structural reforms in public administration; (b) improving public service delivery through a simplification of procedures; and (c) developing comprehensive training and improving working conditions of the civil service. In bringing government closer to the people by ensuring that local government is both empowered and accountable, the National Program for Local Governance will focus on implementing the Sub-National Governance Policy, as well as strengthening both institutional development and democratic representation at the sub-national level. The National Program for Justice for All targets those parts of the legal system that are most relevant to the way citizens experience the legal system and the rule of law, including by providing legal aid, revising laws, simplifying the operations of State Courts, and facilitating linkages between informal and formal justice systems. Finally, the Afghanistan Program for Human Rights and Civic Responsibilities responds to the challenges of violent extremism and limited capacities to guarantee the basic freedoms of the Afghan people, by strengthening Afghan state institutions to protect human rights and raise awareness among the general population about their inherent rights and responsibilities as Afghan citizens, including through civic education.

### **Unleashing Economic and Infrastructure Development**

To be realized through six national priority programs, the Government's goal in this area is to: *"support Afghanistan's transition to financial independence and developing a business climate that enables private investment."* Its flagship transport-oriented program, National-Regional Resource Corridor Initiative, is focused on developing the critical infrastructure needed to reap benefits directly from large-scale, environmentally friendly exploitation of Afghanistan's mineral resources and, indirectly, from increased trade flows and labor mobility. The Extractive Industries Excellence Program will spearhead the rapid scaling-up of major and artisanal extractive industries, as well as resource corridors, for all major mineral groups. Building on gains made in both power generation and distribution, the National Energy Supply Program will meet increasing demand through a combination of domestic generation and imports, and through alternative sources such as solar photovoltaic and small-scale hydro-generation. The Urban Planning Technical Assistance Facility recognizes that good urban planning supports the development of the private sector and contributes significantly to social and security stabilization objectives, including protecting the most vulnerable and supporting the delivery of cost-effective public services. The Integrated Trade and SME Support Facility aims, among other objectives, to reform the Small and Medium-sized Enterprise legal and regulatory environment, achieving real gains in the international competitiveness of Afghanistan's existing and emerging SMEs. Finally, E-Afghanistan intends to bridge the communications gap that exists within Afghanistan, whilst also creating new systems of data and information management within a new model of public management.

### **Accelerating Agriculture and Rural Development**

Guided through the implementation of four national priority programs, the Government's goal in this area is to: *"develop prosperous rural and pastoral communities."* Achieving this goal stands or falls on whether the government, civil society, and the private sector can trigger dramatic increases in job creation, rural employment, and rural growth. Responding to damaged irrigation and other water systems, soil, rangeland, and forests, the Government's National Water and Natural Resources Development Program introduces large-scale natural resource projects in the areas of irrigation development and management, land management, and rural energy development. The National Comprehensive Agriculture Production and Market Development Program provides research and extension services, agriculture infrastructure development, rural credit, improved agricultural production methods, and market development to strengthen the value chains between production, the factory, and the domestic and export markets. The further scaling-up of the National Rural Access Program will link farmers and communities to the growing national road network by developing a system for nationwide labor-intensive road construction and maintenance. Finally, the National

Strengthening of Local Institutions Program will expand the reach of Community Development Councils to all of Afghanistan's villages, providing resources for critical village infrastructure. It will also strengthen capacity and sustainability potential through the clustering of villages for economies of scale and stronger linkages to Government.

### **Facilitating Human Resource Development**

To be achieved through five national priority programs, the Government's goal in this area is to: "produce quality human resources and promote and sustain economic development which will, in turn, foster stability and security for its citizens." Its Facilitation of Sustainable Decent Work through Skills-Development and Market-Friendly Labor Regulation aims to address the skills gap in Afghanistan by enhancing the employability of Afghan youth and young adults and identifying market-demanded skills and offering literacy, skills training, and technical and vocational education in partnership with the private sector. The Education for All Program seeks to improve equitable access, quality, and enrollment in primary and secondary education (especially for girls) and to strengthen community ownership, especially in the most remote, less secure, and disadvantaged areas. Expanding Opportunities for Higher Education Program aims to increase access and the quality of higher education, especially in fields that directly contribute to economic growth, in partnership with the private sector. The objective of the Capacity Development to Accelerate National Action Plan for Women of Afghanistan Implementation Program is to implement gender mainstreaming across all sectors by strengthening the Ministry of Women's Affairs and other ministries' capacity to address the needs of females in all national priority programs. Through the Human Resources for Health Program, strengthened quality and access both to education for health care workers and to health education in the school curriculum will improve the health and well-being of Afghan families. Finally, the Increase Access and Improve the Quality of Higher Education will increase access to quality higher education, especially in fields that contribute to private sector partnerships and equitable economic growth.

### **Transitioning to Afghan-Led Security**

In accordance with the London Conference Communiqué, the Government of Afghanistan has introduced with international partners a Joint Framework for *Inteqal* (transition) to: "*facilitate a phased transfer, province-by-province, to an Afghan security lead.*" It involves two main stages: (a) An assessment leading to a conditions-based joint decision and an announcement by the Afghan Government that *Inteqal* will be initiated in a province or set of provinces; and (b) Phased implementation, which requires provincial administrations to achieve specific milestones to complete the transition to full Afghan ownership across all functions of government throughout Afghanistan. To ensure a sustainable transition, the Government and the international community will underpin security efforts with sufficient governance and development resources and approaches, including balanced local representation and inclusive access to the rule of law and economic and social development. In addition, the Government will reinforce this initiative by properly training, equipping, and increasing the size of the Afghanistan Nation Army to 171,000 and the Afghanistan National Police to 134,000, and it will strengthen the Ministries of Interior and Defense, including through institutional reform and leadership development.

### **Reconciliation and Reintegration through a new Peace Initiative**

The *Consultative Peace Jirga*, held from 2-4 June 2010, demonstrated that a representative cross-section of Afghan society is ready to reconcile differences politically to end the conflict, provided that opposition forces accept the laws and Constitution of Afghanistan, including respect for the equal rights of men and women, and renounce violence and ties to terrorist organizations. In support of this goal, the Afghanistan Peace and Reintegration Program is designed to promote peace through a

political approach. It will encourage regional and international cooperation, help create the political and judicial conditions for peace and reconciliation, and will encourage combatant soldiers and their commanders, previously siding with armed opposition and extremist groups, to renounce violence and terrorism and to join in the constructive processes of reintegration and peacebuilding. Requiring robust civilian-military cooperation and coordination on the ground to achieve progress, the program will be led by the High Peace Council, comprised of respected Government and civil society leaders. It aims to reintegrate thousands of former combatants and stabilize 4000 communities in 220 districts over five years through, among other initiatives, a Community Recovery Program, an Agricultural Conservation Corps, and a Public Works Corps.

### **Curbing the Trade and Harmful Effects of Narcotics**

Counter-narcotics, as a cross-cutting issue, must be integrated into the programming and initiatives of all Five Government Clusters. The Kabul Conference provides an opportunity to introduce an Afghan counter-narcotics perspective viewed as a “*new beginning*” in Afghanistan’s transition away from narcotics production and trade towards alternative and sustainable livelihoods. Specifically, the Government, with support from its international and national partners, will review, integrate, and implement a more effective, coherent, and pragmatic National Drug Control Strategy (NDCS) to address narcotics issues comprehensively and sustainably. In particular, all national priority programs should be aligned with the following counter-narcotics strategic priorities of the Government of Afghanistan: (i) step up the effective disruption of the drugs trade by targeting traffickers and their supporters; (ii) facilitate the strengthening and diversification of legal rural livelihoods, with a particular focus on the needs of communities that abandon illicit cultivation; (iii) ensure the reduction of demand for illicit drugs and the treatment of drug users; and (iv) in support of these three priorities, ensure the required strengthening of institutions both at the central Government level and in the provinces.

### **Expanding Regional Cooperation**

Addressing regional problems requires coordinated and coherent regional approaches. Among the Government’s chief priority actions for tapping the immense benefits from regional cooperation include: (a) Greater inter-security agency coordination and intelligence sharing, including for identifying and eliminating terrorist sanctuaries and support bases; (b) Combating narcotics in the framework of the Paris Pact and Rainbow Strategy, including increased responsibility by transit countries to prevent the trafficking of chemical precursors to Afghanistan and by drug consumer countries to curb demand; (c) To implement the tri-partite agreement on the return and reintegration of Afghan refugees and internally displaced persons between the Islamic Republics of Iran and Pakistan; (d) The Central Asia-South Asia (CASA) 1000 electricity project, the Turkmenistan, Afghanistan, Pakistan and India (TAPI) natural gas pipeline project, and the construction of a railway from Shirkhan Bander to Herat, from Kandahar to Spin Boldak, and from Jalalabad to Torkham; and (e) Cooperation with neighbouring countries, especially in the Gulf region, on Afghan labour migration which contributes to an important source of revenue through remittances.

### **Resource Requirements and Measuring for Results**

Based on consultation with donors, the Government of Afghanistan estimates that approximately \$10 billion will be available to support core socio-economic development initiatives over the coming three years, with additional resources available to support current governance and security sector strengthening priorities. The Government has stated its desire that the international community direct 80% of its total socio-economic development assistance in support of its fifteen socio-economic development national priority programs. In this regard, an overall budget ceiling of \$8 billion was assigned, with the Agriculture and Rural Development Cluster accounting for around 33% of the total (\$2.8 billion), Human Resource Development around 23% (\$2 billion), and Economic and

Infrastructure Development Cluster around 44% (\$3.8 billion). These funds were judged to be incremental and could be added to existing high-performing programs with committed funds and additional absorptive capacity.

In terms of measuring performance in the implementation of the *ANDS Prioritization and Implementation Plan*, the Ministry of Economy is chiefly responsible for coordinating monitoring and evaluation, with the Central Statistics Organization responsible for data collection. A major weakness in the past has been the lack of data systems to support monitoring. Through the introduction of cluster groupings of ministries, monitoring and evaluation is given renewed emphasis. Intended results – in the form of both outcomes and outputs - have been defined for all national priority programs individually, and in some cases for clusters as a whole. The total number of intended results has been kept manageable, and each are elaborated in easy-to-review matrices, allowing for the monitoring of different program components that contribute to the achievement of specific program and cluster outcomes and outputs. Moreover, an integrated monitoring and evaluation system, inclusive of impact indicators, will be designed as part of the ANDS results-based management system to inform decision-making on a frequent basis in the Cabinet, Parliament, Joint Coordination and Monitoring Board, and other fora.

### **Leadership and Accountability**

In support of the Cabinet and National Assembly, the Five Cluster Groupings of ministries mentioned above have contributed, since January's London Conference, to improved coordination across Government and the prioritization of Afghanistan National Development Strategy implementation. Immediately after the Kabul Conference, they will initiate work on operational action plans to facilitate delivery towards the six and twelve month targets presented in the intended results matrices for the national priority programs and related Government priority initiatives. Measures were also recently introduced to strengthen the periodic ANDS review meetings of the Joint Coordination and Monitoring Board and associated Standing Committees and sector working groups. The Government of Afghanistan further welcomed representatives of the international community to meet at the Foreign Ministers level, on an annual basis, to review mutual progress on commitments and to consider new Afghan priorities as part of a three year "Kabul Process" towards the implementation of the first five-year Afghanistan National Development Strategy (mid-2008 to mid-2013).

The Afghan Government also pledges to support its international partners in fulfilling the principles outlined in the 2010 "Operational Guide: Criteria for Effective Off-Budget Development Finance". In particular, international partners must ensure that all governance, development, and security sector programs undertaken in Afghanistan are designed, reported on regularly, and evaluated with meaningful input by the Government and respond directly to Afghan priorities. In addition, for every off-budget project supported, international partners must remain committed to guaranteeing that sustainability and building both Afghan private or public-sector capacities are critical steps in the design, implementation, and evaluation of every off- budget project.

Though a significant step forward, the *ANDS Prioritization and Implementation Plan* should be qualified:

First, the Kabul International Conference on Afghanistan represents only the start of the process of transition. The roadmap will need to be reviewed and updated regularly.

Second, a balance should be struck between necessary long-term structural reforms and a more pragmatic set of near-term reforms over the next one-to-three years, whose main purpose is to facilitate national priority program implementation.

Third, as the Government takes on more responsibility for managing national development through its budget, donor assistance will need to provide adequate resources for operating and maintaining the assets and services to be transferred to Afghan authorities.

To support the transition to greater Afghan ownership, the Government plans to establish mechanisms to: (a) consider long-term financing needs and gaps; (b) explore how the Government budget can become the main policy instrument used by donors and the Government to manage transition; (c) facilitate “hand-over strategies” from internationally-led programs; (d) monitor the progress of national programs in achieving agreed short and medium-term outcomes; and (e) propose recommendations for overcoming implementation bottlenecks for consideration by the Cabinet, Parliament, JCMB, and other decision-making fora.

This prioritization and implementation plan for the Afghanistan National Development Strategy should be reviewed and discussed alongside the companion *Kabul International Conference on Afghanistan Communiqué: A Renewed Commitment to the Afghan People*. Drawing directly on near-term targets presented in the national priority programs introduced at the Kabul Conference, the Communiqué emphasizes major one year commitments by the Government of Afghanistan, to be monitored closely, updated, and renewed every twelve months. With continued direct engagement by Afghanistan's international partners - and their corresponding concrete and time-bound commitments, both of these instruments can serve as key vehicles for enhanced leadership and mutual accountability in a common effort to bring stability to Afghanistan's region and to increase the socio-economic development and governance empowerment opportunities of its citizens.

## **INTRODUCTION: REAFFIRMING THE GOVERNMENT’S VISION FOR GOVERNANCE, DEVELOPMENT, AND SECURITY**

World leaders convened, on 20 July 2010, in Kabul with their Afghan counterparts to consider and endorse an Afghan Government-led action plan for improved governance, economic and social development, and security. The gathering, the first of its kind at the Foreign Ministerial level in Afghanistan, marks the culmination of several months of intensive study and rigorous policy debate on Government priorities implemented through national programs to achieve Afghanistan National Development Strategy objectives.

The *ANDS Prioritization and Implementation Plan* presented to the Kabul International Conference on Afghanistan remains committed to the Afghanistan National Development Strategy vision, by solar year 1400 (2020), of:

- *A stable Islamic constitutional democracy at peace with itself and its neighbors, standing with full dignity in the international family.*
- *A tolerant, united, and pluralistic nation that honors its Islamic heritage and the deep seated aspiration toward participation, justice, and equal rights for all.*
- *A society of hope and prosperity based on a strong, private-sector led market economy, social equity, and environmental sustainability.*

At the same time, the prioritization and implementation plan for the ANDS, presented in this and an accompanying volume, recognizes the central importance of achieving marked progress, over the next one to three years, in the critical areas of service delivery, job creation, economic growth, public revenue generation, the protection of the rights of all Afghan citizens, and stabilizing all provinces and districts. For the Afghan people and their international partners, the next twelve months, in particular, can represent a turning point in the country's transition away from violent conflict and aid dependence to an Afghan-led era of peace, justice, and equitable development.

Moving beyond a list of prioritized projects (i.e., simply a “re-prioritized budget-making process”), the Kabul Conference is distinguished by introducing truly integrated national priority programs, consisting of inter-connected components that address the combined needs for service delivery, governance reform and strengthening, national policy and regulatory development, resource mobilization, and establishing the conditions for sustainable economic growth and job creation. For instance, it is insufficient to provide Afghan farmers with new irrigation infrastructure and other tools for increased productivity, if they continue to lack a policy and regulatory framework that encourages access to both domestic and international markets. Rather, to provide farmers with a living wage and reliable, sustained returns on investment, a fully integrated programmatic approach is required.

In building durable foundations – in the next one to three years – for stability, broad-based development, and financial independence over the medium to longer-term in Afghanistan, the focus of future international development partner and private sector investment in the country will shift to returns to growth, revenue, and sustainable employment. Returns to revenue require formal economic growth and effective systems of governance, and formal growth is best achieved along well governed trade corridors around which transit, trade facilitation, extraction, storage, and processing capabilities can be maximized. Historically a land bridge connecting people, ideas, and commercial activities across three distinct regions of Asia, Afghanistan is poised to exploit economically its geographical location and industrious culture.

### *How the ANDS Prioritization and Implementation Plan was Conceived and Prepared*

In response to implementation challenges presented in the next section and the perceived need to prioritize the broad Afghanistan National Development Strategy agenda (with its 17 sector-wide and 6 cross-cutting strategies) and to enhance leadership capabilities for coordination and implementation, the Government of Afghanistan proposed at the London Conference on Afghanistan (28 January 2010) a realignment of related Ministries around clusters to facilitate progress in the areas of Agricultural and Rural Development, Human Resource Development, Economic and Infrastructure

Development, Governance, and Security. With an innovative focus on developing new and strengthening existing national programs, these Ministerial-level Clusters were requested in London to prioritize the implementation of the Afghanistan National Development Strategy to further the pivotal goals of national stability, job creation, economic growth, and representative and accountable governance.

By mid-February, the Government initiated Kabul Conference preparations through the three major development cluster groupings, beginning with a comprehensive situation analysis of all major development programs and projects. In March, consultations with the international community commenced, followed by a Joint Coordination and Monitoring Board Standing Committee on 13 April 2010, where the three development clusters unveiled their agreed goal, objectives, and situation analyses. Around the same time, public consultations were convened with key stakeholders from Afghan civil society, the private sector, and the Afghanistan research and academic communities.

From 10-22 May, an unprecedented gathering of Ministers from the three development clusters was organized in Bamyan to arrive at a select number of national priority programs to empower and provide social and economic opportunities to all Afghan citizens. A similar Ministerial-level meeting on related governance reform and strengthening issues took place, from 24-26 June, in Herat. Engaging local citizens in the national dialogue, each of these meetings was followed Standing Committees on Development (12 June), Security (27 June), and Governance (30 June). Discussed initially at the 8 July Joint Coordination and Monitoring Board gathering, summaries of twenty-one national priority programs were integrated, along with commitments on regional cooperation and from both the *Consultative Peace Jirga* (2-4 June) and a Joint Framework for *Inteqal* (transition), into one coherent action plan for ANDS prioritization and implementation.

## **UNDERSTANDING AND TACKLING THE CHALLENGES TO IMPLEMENTATION**

With a view to ensuring implementation is ‘doable’, an external technical specialist team assessed the proposed national priority programs, the capacity of ministries to administer the programs, and steps needed for sound execution. Key findings from their evaluation, further elaborated by cluster and by program elsewhere, include:

1. Focus in the short-term on existing programs that are being scaled-up or extended and can leverage existing systems for early results. In the case of Afghanistan, past achievements are good predictors of future achievement. Existing programs need to learn the lessons of the past and to incorporate better processes into their operations.
2. Programs based on significant analytical and feasibility work have a higher chance of success in the shorter term and also merit attention. This is especially so where they are leveraging the successes of existing programs.
3. Budgeting and planning needs to be strengthened for both on and off-budget programs. Arrangements for multi-year budgeting, multi-year obligations, and annual appropriation and commitment controls remain inadequate. There remain a number of inefficiencies that contribute to poor budget execution performance, including fragmented budgeting between Government and donors (and even amongst donors), inefficiencies in the allocation of resources, and poor medium-term fiscal marksmanship (such as cash forecasting). More rigorous budget planning and program costing, and a more flexible approach to the reprioritization of both on and off-budget funds from poor performing programs to high performing programs, would improve budget execution rates dramatically.
4. Implementation arrangements for all National Priority Programs need to be in line with broader improvements to the public financial management system, but in the short-term, management of fiduciary and development risks are paramount. A number of existing programs have what might be termed “work arounds”, such as float accounts through a third party and the use of contract employees in the Ministries. While these need to be integrated into government systems in the long-run, where

they pose small fiduciary risks now but are supporting good budget-execution, they should not be removed. Removing them would severely effect the implementation of a number of key national priority programs. If the risks are not known, then a rapid independent assessment needs to be undertaken.

5. Resources concentrate on key implementing Ministries. Ministry capacity remains low, and a certain amount of “projectising” of the national priority programs is needed to ensure the timely execution of these activities. Project implementation units need to be located within Ministry structures, and financial control must remain with the Ministry. However, broader capacity to manage the financial aspects of the national priority programs will take several years. Therefore, broader capacity-building of Ministries needs to be undertaken in parallel to executing the programs agreed at the Kabul Conference. Emphasis needs to be on increasing capacity in budget planning, procurement, treasury functions, and, in particular, budget execution.

6. Action and time-based outputs (milestones) should be used to support implementation, but not as the primary basis to assess performance. Intended results from program activities, in terms of outcomes, are based on high level assumptions, including good implementation performance. It needs to be understood that outcome targets are indicative and will have to be updated through an iterative process over time. Good use of available financial and non-financial information in the management of programs is lacking and should be improved.

#### *Absorptive capacity, fiduciary, and development risks*

Afghanistan’s absorptive capacity - its ability to do more - is expanding, and inherent fiduciary and development risks are falling at world record pace. Nevertheless, the ability of the economy to absorb new investment in both the public and private spheres remains insufficient to enable a rapid improvement in outcomes for Afghan communities. Sustained support for expanding the capacity of both the economy and the private sector is required to continue to exploit the gains thus far. *Both fiduciary and development risks are being reduced*, but are still too high to guarantee that the opportunities for mismanagement or corruption diminish to manageable levels. In addition, there are some indications from Afghanistan Reconstruction Trust Fund Monitoring Agent reports that an increasing amount of non-payroll expenditures presented for reimbursement do not comply with public financial management requirements, indicating an overall deterioration in the effectiveness of the control environment.

Analysis reveals weak absorptive capacity is associated with high aid levels; constrained levels of private sector capacity; and low levels of institutional capacity. *Analysis also suggests that Afghanistan is receiving arguably sufficient levels of aid* in aggregate, given the quality of governance and public financial management. There may, however, be a case for some additional aid or a reprioritization of current resources to emphasize development effectiveness.

A deterioration in the credibility of the budget, between 2005 and 2008, has been significant and remains a major concern. While both Government and donor practices have improved significantly, development risks remain high as a result of incomplete and untimely financial information provided to the Government on off-budget project and program aid. However, behind the seemingly poor rates of execution for donor funding lie some more complex issues related to the slowing effect of additional donor fiduciary controls, as well as over-ambitious appropriations for large expenditures.

#### *Overview of the ANDS Prioritization and Implementation Process*

The process of setting national priorities through Ministerial Clusters has achieved several useful outcomes likely to lead to better programs with more effective implementation. Core characteristics of the process include consultation and ownership by the Government. This process also lays the foundation for an integrated approach to budget policy. However, overall prioritization (both across and within major sectors of Government activity) can still improve. as can the quality and realism of

the proposals which vary somewhat between programs. Some build on existing programs, where we maintain considerable evidence of past success; others seek to scale-up pilot programs, while many are new ideas requiring careful planning in order to produce results. But by providing a forum for discussion on a wide number of proposals, the process is a practical step in operationalizing the ANDS by identifying short, medium and long-term priorities.

Overall, there is scope to move some funds on-budget, but in some cases, large and complex projects that require detailed planning, procurement and monitoring may need to be executed primarily by international partners. Better reporting by donors of these off-budget activities (in line with the principles shared at the conclusion of this plan, and elaborated further in Volume II) is critical. At the same time, the Government must participate in some form in the governance arrangements for all programs and projects. A move by international partners to report on the same regular and detailed basis as Government-led programs and projects would be a major step towards monitoring overall budget and aid effectiveness.

## **BUILDING GOOD DEMOCRATIC GOVERNANCE AND THE RULE OF LAW**

Governance Cluster Members: The Supreme Court, Office of the Attorney General, Ministry of Justice, Independent Administrative Reform and Civil Service Commission, Independent Directorate of Local Governance, High Office of Oversight for Anti-Corruption, Afghanistan Independent Human Rights Commission, and Ministry of Finance. The Ministry of Rural Rehabilitation and Development, the Ministry of Interior and the Controller and Audit Office are also represented in working groups.

*Situation Analysis:* The government of Afghanistan has made significant strides in recent years in establishing and developing modern institutions of democratic governance. At the same time, ongoing democracy-building efforts face multiple challenges. The absence of adequate channels for Afghan citizens to voice their needs and aspirations, continued bottlenecks to the delivery of essential public services, poor reach and unclear relationships between sub-national and central government institutions, corruption and the subversion of public finance rules, the limited presence of the State judiciary and the timely dispensation of justice, and neglect of human rights and civic responsibilities promotion all erode the legitimate authority of Afghan State institutions. Countering these effects requires an integrated approach and a leadership team committed to immediate action. Ultimately, the true measure of success will be whether the Afghan people begin to accept their government as service-oriented, credible, and legitimate.

*Needed Response:* The Goal of Governance as presented in the Afghanistan National Development Strategy is to: “Strengthen democratic processes and institutions, human rights, the rule of law, delivery of public services and government accountability.” The Afghan Ministries and institutions in the Governance Cluster are focused on a “whole-of-government effort” to prioritize key actions that demonstrate immediate results to the people. The Governance Cluster has defined the following set of Strategic Objectives to guide its work at both central and local levels: (i) a focus on governance reforms and capacities; (ii) access to and delivery of justice; (iii) human rights and civic responsibilities for the population; (iv) strengthening governance systems at all levels; and (v) transparency, accountability, and integrity of government and democratic processes and institutions. In support of these objectives, the following National Priority Programs are proposed:

1. National Priority Program for Financial and Economic Reforms: A comprehensive program of reforms to strengthen the Afghan economy and ensure that public funds are used in a transparent and responsible manner is necessary for effective governance. The public financial management reform agenda is proposed as a series of five inter-related activities that together aim to achieve more than the sum of their parts: (i) a move toward fiscal sustainability through gradual increases of domestic revenue; (ii) strengthening the budget as an instrument of government policy; (iii) improving budget execution; (iv) developing capacity to implement effective programming; and (v) increasing accountability and transparency in public finances.

2. National Transparency and Accountability Program: The program aims at countering rising perceptions of corruption by increasing the transparency and accountability of procedures and controls through specific projects devoted to: (i) building effective and independent oversight institutions; (ii) monitoring and evaluating the performance of Government institutions and officials; (iii) facilitating systems and process re-engineering of central and local government finance; (iv) creating effective mechanisms to prevent corruption and the misuse of public office for private gain; (v) reinforcing the integrity of public and business sector relationships; (vi) promoting transparency and providing citizens with information in an easily accessible and understandable manner; and (vi) increasing political accountability.

3. Afghanistan Program for Efficient and Effective Government: This program recognizes the need to improve effective public expenditure and civil service management. It will maximize public resources and foreign aid by: (i) introducing and implementing broad-based policy, legal, and structural reforms in public administration; (ii) improving public service delivery by Government through the simplification of procedures; (iii) developing comprehensive training activities and improving the working conditions of the civil service; (iv) developing measures to change the ability and capacity of the civil service to better carry out its responsibilities; and (v) enabling the development of core

economic functions of government as independent authorities. These reforms would also seek to strengthen Ministerial policy, planning, and regulatory oversight capacities within a delimited mandate that allows for the separation between oversight and delivery functions.

4. The National Program for Local Governance: The Government is committed to bringing the public sector closer to the people by ensuring that local government is both empowered and accountable. It will achieve this by: (i) implementing the recently approved Sub-National Governance Policy, which must now be rapidly implemented at local levels. Specific efforts will focus on the alignment of all relevant laws and regulations with the Sub-National Governance Policy. developing a new framework for sub-national finance and planning, and building consensus around official administrative procedures; (ii) furthering institutional development through public administrative reform implementation at the sub-national level, as well as organizational and institutional development of participating agencies and municipal institutions; and (iii) ensuring democratic representation by rationalizing political representation at the sub-national level, strengthening the organization of sub-national elections, and increasing public participation in decision-making (including through the budgeting process).

5. National Program for Justice for All: The four components of this program target those parts of the legal system that are directly and immediately relevant to the way citizens experience the legal system and the rule of law. The first three components are concerned with the ability of justice institutions to deliver justice services to the people, including through: (i) improving physical infrastructure and equipment, and conducting administrative and organizational reform to improve service delivery; (ii) finalizing commentaries for Civil and Penal Codes, reviewing and revising laws and optimizing the law-making processes, and the simplification of operational processes; and (iii) creating a dedicated police force tasked with providing security to judges and other justice personnel. The fourth component aims at improving access to justice to the Afghan people through a range of initiatives, including: (i) addressing the urgent need to link informal and formal justice systems; (ii) creating legal awareness; (iii) promoting legal aid; and (iv) improving criminal punishments.

6. Afghanistan Program for Human Rights and Civic Responsibilities: Human rights and civic responsibilities are fundamental to the functioning of responsive governing institutions and industrious societies, and they are also cornerstones for establishing sustainable peace and development. Violent extremism, under-development, and limited capacities across the public sector continue to undermine efforts to guarantee the basic freedoms of the Afghan people. This program aims to respond to these challenges by: (i) strengthening Afghan state institutions to protect human rights and to ensure the civic responsibilities of governing institutions; (ii) raising awareness among the general Afghan population of their inherent rights and responsibilities, including through civic education; (iii) strengthening the independence and sustainability of Afghanistan's national constitutional and other specialized institutions; (iv) supporting the contributions of Afghanistan's traditional and local institutions to promote human rights and civic responsibilities; and (v) ensuring effective measures to establish justice and end impunity.

*Challenges to Implementation:* The Governance Cluster's challenges to implementation are manifold. First, past efforts placed a heavy emphasis on the development and security side in seeking to foster stability, manifested in the under-resourcing of comprehensive governance reform and capacity-building Institutions across Government, critical to the delivery of development assistance and a strong security sector, remain relatively weak and in an early stage of development. Increased and appropriate forms of capacity development assistance are essential for all governing institutions (both within and outside the State), while at the same time, progress in enhancing nascent governing structures can only be achieved incrementally. Moreover, governance, by its very nature, has a largely political dimension, which impacts the ability to carry out any reform agenda. Leadership needs to remain committed over multiple years to an agenda for positive and systemic governance change. Third, instability in major regions of the country presents a significant obstacle to implementation of governance reform and strengthening efforts at the sub-national level. The ability to overcome this last challenge is a pivotal concern of all Government Clusters, and it must be addressed in the coming weeks and months with conflict-sensitive action plans as a matter of high urgency.

## PROGRAM 1: NATIONAL PRIORITY PROGRAM FOR FINANCIAL & ECONOMIC REFORMS

**Intended Outcome: Improved transparency and efficiency in public spending, and increased domestic revenues**

Budget	Intended Results		
	Immediate Term (6-months)	Immediate Term (12-months)	Short Term (1-3 years)
<i>Working towards fiscal sustainability, Government will achieve increases in domestic revenues through expanding the tax base and support to the private sector.</i>			
	<ul style="list-style-type: none"> <li>-Domestic revenues will increase to 9.4% of GDP at the end of 1389 (75.3bn AFS).</li> <li>-The Medium-Term Fiscal Framework (MTFF) more accurate and practical tool as a basis for policy analysis and planning, with more robust expenditure and revenue projections (incl. line ministries' three year forward estimates of baseline spending, future projections of maintenance costs and cross-cutting reforms, and mining revenues).</li> </ul>	<ul style="list-style-type: none"> <li>-Government will confirm its commitment to gradually take over security financing, for example by allocating additional revenue annually to security spending.</li> <li>-Broadening the tax base in provinces, the share of revenue collected by Large Tax Payer Offices (LTOs) and Medium-Tax Payer Offices (MTOs) will increase to 85 percent of revenue department's tax collection.</li> </ul>	<ul style="list-style-type: none"> <li>-Domestic revenues will increase by around 0.7 percent of GDP annually for the next two years.</li> <li>-Based on robust financial viability analysis by Ministry of Finance, plans will be made to corporatize, privatize or liquidate SOEs. FLGE, Afghan Gas, North Power, Fertilizer and Azadi Printing Enterprise are expected to be considered for corporatization.</li> </ul>
<i>Government will improve the transparency and efficiency of its public spending that meets effective development outcomes.</i>			
	<ul style="list-style-type: none"> <li>-Budget process will result in a more realistic, performance-based budget in 1390, through consideration of performance against financial and non-financial targets and presentation of robust project plans.</li> <li>-Gaps in Line-Ministry PFM capacity will be addressed in seven critical Ministries in 1389 through standardized assessments and designing targeted capacity building programs.</li> <li>-External Audit, independent both in reporting and mandate, will be established in the Control and Audit Office (CAO) by a new Audit Law according to international standards.</li> <li>-The effectiveness of off-budget development assistance improves, as off-budget programs that meet the effectiveness criteria are included in the comprehensive budget</li> </ul>	<ul style="list-style-type: none"> <li>-As a measure of improved PFM standards (in particular procurement), the ratio of eligible expenditures as monitored by the Afghanistan Reconstruction Trust Fund (ARTF) Monitoring Agent improves in a sustained manner, by at least 2% annually from 1389 to 1390 onwards.</li> <li>-Risk-based internal audits will be conducted in 7 Line Ministries by the Ministry of Finance Internal Audit, whilst assessing and building the capacity of their internal audit departments.</li> </ul>	<ul style="list-style-type: none"> <li>-Budget execution increases by 10-20% annually over the - medium-term (compared to the amount of executed budget for previous year).</li> <li>-[Afghanistan's score in the Open Budget Index increases to 30% for 1390.]</li> <li>-Effective internal audit function is undertaken across the Government on a risk-management basis, aiming to gradually cover all key Line-Ministries. The National Assembly is encouraged to examine at least [50%] of the Auditor General's reports.</li> <li>-50% of development assistance will be channeled through the Government budget, increasing Government ownership and capacity.</li> </ul>

## PROGRAM 2: NATIONAL TRANSPARENCY & ACCOUNTABILITY

**Intended Outcome: To build public trust in and legitimacy of, the Government evidenced by perceptions on trust, legitimacy and corruption**

Budget	Intended Results		
Later	Immediate Term (6-months)	Immediate Term (12-months)	Short Term (1-3 years)
<b>Component 1: Further legal and institutional development</b>			
	<i>Legal Reform:</i> Anti-corruption law and audit law amended and enacted. Independence of HOO and CAO is ensured	- Legal basis for MCTF established; Penal code drafted; access to information law enacted; UNCAC related laws prioritized. - The penal provisions with UNCAC e.g. illicit enrichment, false assets declaration harmonized. - Draft of Anti-Corruption Tribunal (ACT) legislation completed	Amendment to the Penal Code & UNCAC related laws are ratified. The ACT legislation is enacted
<b>Component 2: Strengthening accountability mechanisms</b>			
	<i>Joint Monitoring and Evaluation Committee (MEC) &amp; its secretariat</i> are established & the first visit takes place	Reports are published & recommendations for setting up new benchmarks for effective anti-corruption efforts made	The MEC continues its M&E activities
	<i>Complaints mechanisms and regional expansion:</i> Hotline established, mechanism for protecting whistleblower/informant developed & HOO regional offices established	Triangular complaints initiatives (civil society, IPO, complaints) established; significant complaints acted upon & 3 remaining regional offices established	Complaints followed up; HOO's operations expanded & CAO's regional offices established
	<i>Three anti-corruption priorities for ministries:</i> Implementation & oversight of anti-corruption priorities launched and continued	Results reviewed and reported upon; priorities revised, implementation & oversight continued	Results reviewed & new priorities identified
	<i>Internal audit mechanism strengthened in ministries;</i> Internal audit mechanism strengthened in ministries; in the interim, MOF to conduct four risk based internal audits	Internal audit reports are acted upon by the ministries; Internal audit capacity strengthened in ministries	Effective internal audit is established across the ministries
<b>Component 3: Introducing transparency initiatives</b>			
	<i>Preventing the import of low quality goods:</i> Corruption vulnerability assessment for import of construction material, food, fuel & medicine	Capacity of ANSA developed; mobile labs established in major ports; cases investigated & reported to court	Fines collected; prosecutions conducted
	<i>Asset registration and verification:</i> Assets of a certain number of officials registered & declared	Assets registration, verification, investigation & updating performed	Publication & preliminary verification of declarations performed
	<i>Simplification of processes and procedures:</i> Mapping of the processes of procurement, contracting, issue of construction permit & Hajj affairs	Procedures for mapped processes reformed & mapping of the processes of passport & driving license completed	Driving license and passport procedures reformed; business, evaluation of education certificate & pension processes mapped
	<i>Oversight Mechanism for Elections</i> –joint independent oversight mechanism for elections established	Assets of candidates are declared, campaign costs are reviewed, reports are published	Elections process oversight continues

### PROGRAM 3: AFGHANISTAN EFFICIENT & EFFECTIVE GOVERNMENT

Budget	Intended Results		
	Immediate Term (6-months)	Immediate Term (12-months)	Short Term (1-3 years)
<b>Component 1: Broad-based Policy, Legal, and Structural Reform in Public Administration</b>			
	<ul style="list-style-type: none"> <li>-Cabinet has direct oversight of PAR</li> <li>-SPDU established within IARCSC</li> <li>-Policy development for more comprehensive PAR</li> <li>n-New law “Code” drafted</li> <li>-Scaling up of CSRP initiated</li> </ul>	<ul style="list-style-type: none"> <li>-Drafting of Code completed</li> <li>-Separation of boards of appointment &amp; appeals from CSMD</li> <li>-Civil service appointment &amp; grievance processes reviewed and reformed</li> <li>-10 ministries/agencies are reviewed</li> <li>-Deconcentration of IARCSC recruitment</li> </ul>	<ul style="list-style-type: none"> <li>-By 2013 Pay &amp; Grading introduced to all</li> <li>-Completed realignment and rationalizing of activities of 10 ministries/agencies</li> <li>-A “senior civil service” established</li> <li>-Deconcentration of recruitment process from center completed</li> </ul>
<b>Component 2: Improved Public Service Delivery by Government</b>			
	5 service delivery areas reformed, with the time for service delivery reduced; revenue collection increased; opportunities for corruption reduced; and performance measures established	Approximately 5 additional candidates for reforms identified and agreed with Line Ministries / Agencies	Minimum of 5 critical service areas reformed per year, public confidence in Government improves
<b>Component 3: Comprehensive Training and Capacity Development and Improvement of Working Conditions</b>			
	<ul style="list-style-type: none"> <li>ACSI Broad-based training,</li> <li>Introduction of 5 common functions training in security challenged provinces/districts</li> <li>Internship program instituted to address recruitment needs on aging cohort</li> <li>Scale up of MCP initiated</li> </ul>	<ul style="list-style-type: none"> <li>-ACSI completes five common functions for 16,000 civil servants</li> <li>-civil service training centers in security challenged and distant provinces established</li> <li>-capacity of CSC (475 Staff) strengthened</li> <li>-injection of staff and staff capacity through MCP, NIBP, and ACSS; MCP scaled up to 400-500 positions</li> <li>- capacity building of boards of appointment and appeals and their regional components;</li> <li>-From 16, continue expanding RIMUs in key ministries/agencies</li> <li>-recommendations on disparity in salaries of civil servants and NTA salaries</li> <li>-Implementing Quarterly performance appraisals for individual and organizational deliverables/accountability introduced</li> <li>Needs assessment of IDLG for capacity development initiated</li> </ul>	Linkages with colleges and graduate level educational institutions to promote masters level degrees in public administration/ management and E-Learning
<b>Component 4: Improvement in the Operational Framework</b>			
	<ul style="list-style-type: none"> <li>-240 line management positions established for change mgt in all agencies Recruitment [process for women imitated</li> <li>-Gender units established in 13 ministries</li> <li>-Introduction of HRMIS in select ministries.</li> </ul>	<ul style="list-style-type: none"> <li>-New Code makes provisions for flexibility in recruitment and appointment of civil servants</li> <li>-Gender Units established in 20 ministries</li> <li>-HRMIS expanded across government</li> </ul>	Gender units established in all ministries and significant advances made in gender parity in government

## PROGRAM 4: NATIONAL PRIORITY PROGRAM FOR LOCAL GOVERNANCE

**Intended Outcomes: Improved delivery of public services and local government accountability**

Budget Later	Intended Results		
	Immediate Term (6-months)	Immediate Term (12-months)	Short Term (1-3 years)
<b>Component 1: Sub-National Governance Policy</b>			
	<ul style="list-style-type: none"> <li>-SNG Legal framework and mechanisms established and draft legal strategy developed</li> <li>-High priority municipal, district and village legal frameworks and laws drafted</li> <li>-Provincial budgeting and strategic planning pilots underway</li> </ul>	<ul style="list-style-type: none"> <li>-New national laws drafted on SNG, Affirmative Action for Women and CSOs</li> <li>-New Municipal laws drafted incl. priority regulatory frameworks</li> <li>-SNG financial framework and medium-term strategy (3 years) in place</li> <li>-Financial frameworks, budgets and operationalisation underway through pilots. Monitoring/checks and balances system in place</li> </ul>	<ul style="list-style-type: none"> <li>-Completion of SN Governance Legal Framework</li> <li>- 13 new laws drafted and established</li> <li>-Evaluation of SNG framework</li> <li>-Municipal Laws and Provincial levels plans fully established and execution under way</li> <li>-Provincial strategic plans in place</li> <li>-Provincial budgeting and execution in place</li> </ul>
	Administrative Boundary mapping and cadastral exercise commenced	Approval of administrative boundary data	<ul style="list-style-type: none"> <li>-Full framework under execution and resources mobilized</li> <li>-Spatial data infrastructure in place</li> </ul>
	Local government opinion survey pilots launched	Local government opinion surveys assessed and plans for rollout made	Local government opinion surveys rolled out
<b>Component 2: Institutional Development and Service Delivery</b>			
	<ul style="list-style-type: none"> <li>-MoU agreed with IARCSC and capacity building priorities and target setting for PAR in local government completed.</li> <li>-Priority appointments of 20 Dep Provincial Governors and 150 District Governors approved</li> <li>-Approval of IDLG interim structure and links with all SNG stakeholders</li> <li>-Align IDLG program portfolio management and align all the SNG Policy Implementation for all SNG stakeholders</li> <li>-Strategy developed and agreed to introduce performance and accountability measures in the PGOs, combined/incorporated with development of civ-mil approach/strategy and PAR</li> <li>Guidelines drafted (with other govt partners) on basic level government service delivery in insecure areas</li> <li>-Physical infrastructure assessments undertaken</li> <li>-Municipal Structure models assessed and priority projects commenced</li> </ul>	<ul style="list-style-type: none"> <li>-Development of SNG institutional network</li> <li>2<sup>nd</sup> round of Appointment; 14 Dept. Provincial Governors and 214 District Governors, in place.</li> <li>-SN Appointments trained and practicing outreach</li> <li>-Transition of PRTs to PSTs, pilot projects underway and M&amp;E being tested</li> <li>-Procurement and construction underway for SNG buildings/offices</li> <li>-All municipalities assessed, training tailored to priority municipalities to improve service delivery. Service delivery and cost recovery plans ready</li> </ul>	<ul style="list-style-type: none"> <li>-Priority public admin reforms completed in all PGOs and DGOs.</li> <li>Resources mobilized, pilot projects evaluated and Transition underway</li> <li>-All PGOs and DGOs constructed and fully equipped</li> <li>-Municipality and Councils fully established and functional</li> </ul>
<b>Component 3: Democratic Representation &amp; Civic Education</b>			
	<ul style="list-style-type: none"> <li>-Plan for Civil Register agreed</li> <li>-An inter-ministerial committee established, to start evaluating the status of CDCs, DDAs and ASOP Shuras to be transformed into District Councils (DCs) and Village Councils (VCs) with legal status. Initial approach presented</li> </ul>	Approach and plans developed for transition of CDCs, DDAs and ASOP Shuras into District Councils (DCs) and Village Councils (VCs) with legal status.	DCs and VCs established. Full democratic participation targets set and transition complete

## PROGRAM 5: JUSTICE FOR ALL

**Intended Outcome: To Improve Capacity and Confidence of Population in Justice Institutions**

Budget	Intended Results		
	Immediate Term (6-months)	Immediate Term (12-months)	Short Term (1-3 years)
<b>Component 1: Simplification of Operational processes; Commentaries for Civil and Penal Codes; Review and Revision of Laws; Optimization of Law-making Processes</b>			
	Identification of shortcomings in existing procedures	Design of new simplified procedures & Launch of Pilot Scheme	Implementation of new procedures
	-Commentaries of Civil and Penal Codes have been initiated - Defective Laws reviewed -Penal sanctions for land grabbing reviewed -Laws and regulations governing import of sub-standard goods developed	-Commentaries of Civil and Penal Codes written -Criminal Procedural Code passed and enforced -Translation Unit in MoJ is established and enhanced in SC -Comprehensive strategy for review and revision of legislation designed	-Civil, commercial and penal statutes reviewed -Existing Afghan laws and legal resources accessible in coherent, rationalized, classified and digitized format
<b>Component 2: Institutional Development (Capacity Building, Physical Infrastructure, Transportation &amp; Equipments)</b>			
	-SIs Organizational Structures reviewed and reformed -ACT established in eight regions and fully functional -A National Ministers Court established	-JSIs have means to employ specialist expertise to fill existing gaps -Capacities are enhanced in the institute of legislation in every field -Improvement of Capacity Building Programs	-ICT network linking centers and computerization of data collection & management is set up -SC PRR is completed and implemented -Continuation of RIMUs for P&G and PRR -Establishment of Legal Resource Centers
	-JSIs institutions are 50% equipped -Transport needs and establishing service & maintenance facilities are addressed	-JSIs institutions in are 100% equipped -50% Transport needs and establishing service & maintenance facilities are addressed	All the required buildings for JSIs provided 100% Transport needs and establishing service & maintenance facilities addressed
<b>Component 3: Security of JSIs personnel</b>			
		Judicial and justice sector police has been established	JSIs Staff is secured
<b>Component 4: Access to Justice</b>			
	National legal awareness strategy designed and programs harmonized with new strategy	Legal awareness materials produced	Roll out of legal awareness strategy has commenced
	Draft law on informal justice mechanisms produced and finalized	Informal justice strategy is designed and people are aware of this strategy	Nationwide implementation of informal justice strategy commenced
	-Design of national legal aid strategy completed -Mechanism and systems for the provision of legal aid services designed	Legal aid offices expanded to all provinces	
	-Vocational training programs for prisons and juvenile detention centers designed	-Vocational training programs operational -Medical and mental health services in prisons enhanced and expanded	-Program for non-custodial punishments, like community service, designed -Deradicalization program designed

**PROGRAM 6: AFGHANISTAN PROGRAM FOR HUMAN RIGHTS & CIVIC RESPONSIBILITY**  
**Intended Outcome: Increased awareness across the State and general population about human rights and civic responsibilities**

Budget	Intended Results		Short Term (1-3 years)
	Immediate Term (6-months)	Immediate Term (12-months)	
<b>Component 1: Strengthen Afghan State institutions</b>			
	Design strategy, identify implementing partners, and mobilize resources for government-wide human rights and civic education programs.	Pilot human rights and civic education workshops, study tours, and individualized mentoring in a select number (e.g., 5-6) of ministries and agencies.	Increased capacity of State institutions through HR promotion and civic education activities.
	Establish a Human Rights Support Unit (HRSU) in the Ministry of Justice (MoJ) and further develop the capacity of existing human rights units within the Government to strengthen human rights protection across Afghanistan,	Develop an action plan for oversight and management of human rights units across the Government to improve their effectiveness in the protection of human rights across Afghanistan.	Establish human rights units in the Attorney-General's Office (AGO) and Ministry of Education (MoE) to strengthen human rights protection across Afghanistan.
<b>Component 2: Raise awareness among the general Afghan population</b>			
	Design comprehensive Civic Education and Human Rights Action Plan, identify implementing partners, and mobilize resources for human rights and civic education programs that target communities across Afghanistan.	Citizen awareness raised in at least five provinces about human rights, pro-poor development planning, gender, elections, rule of law, disaster preparedness, peace, reconciliation, security, local development, culture, environment, etc.	Enhanced public awareness in at least twenty provinces about human rights and civic responsibilities and improved Government accountability.
<b>Component 3: Strengthen the independence and sustainability of Afghanistan's national constitutional and other specialized institutions</b>			
	Improved effectiveness of AIHRC, IEC, ECC, and PSABSA in managing their programs and resources through staff skills development in planning and operations.	Increased ability of AIHRC, IEC, ECC, and PSABSA to perform their mandated functions in an independent manner through high-level Government and broader civil society support.	Sustainable financing strategy introduced for the AIHRC, IEC, ECC, and PSABSA; improved staff skills-base, networks, and morale.
<b>Component 4: Support the contribution of Afghanistan's traditional and local institutions</b>			
	Design strategy, identify implementing partners, and mobilize resources for a Comprehensive Public Communication Strategy for traditional and local bodies.	Development of baseline data (for future progress reports) on the general understanding of human rights and civic responsibilities for traditional and local bodies.	Measurable improvements in the quality and quantity of traditional and local institutions' focus on human rights and civic responsibility issues.
<b>Component 5: Ensure effective measures are in place to establish justice and end impunity</b>			
	Raise awareness to prioritize the Action Plan on Peace, Reconciliation, and Justice across the general population through workshops and a media outreach campaign.	Reintroduce an updated version of the Action Plan by the Government	Advance peace, justice, and reconciliation goals of the Government through the Action Plan implementation.

## UNLEASHING ECONOMIC AND INFRASTRUCTURE DEVELOPMENT

*Economic and Infrastructure Development (EID) Cluster Members:* Ministry of Mines, Ministry of Transportation and Civil Aviation, Ministry of Public Works, Ministry of Energy and Water, Ministry of Commerce and Industry, Ministry of Communications and Information Technology, Ministry of Urban Development, and Kabul Municipality.

### *Situation Analysis*

For the first time in Afghanistan's long and eventful history, Afghanistan has the opportunity to transform its vast mineral and hydrocarbon resources into great wealth for all its current and future generations. Never before has a set of opportunities for the environmentally friendly exploitation of Afghanistan's vast mineral resources for the benefit of all Afghans presented itself to the country's leadership. While the unique set of opportunities is now in place, there are key conditions that need to be established to ensure Afghanistan's growth prospects are realized and the country avoids all the worst effects of the resource curse. The EID cluster has been designed to serve as the engine of formal growth and revenue mobilization. It not only requires substantial long-term investment, but is also contingent on progress being made around a set of advanced policy and institutional reforms deemed essential to attaining the EID cluster and overall ANDS objectives.

*Needed Response:* The overall program is designed with a long-term vision, while delivering a number of immediate and short-term wins, as part of an overall improved economic governance framework. Moreover, given the focus on 'narrow' growth, with generated revenues providing resources for broad-based inclusive growth delivered through the ARD and HRD clusters, and the Program for Advanced Reform and Restructuring under the Governance Cluster, the EID program is designed as an integrated national economic development program.

Results emerging from the EID Cluster that directly impact on growth prospects, revenue potential and employment opportunities are considerable. Possible impacts include the following:

- **Growth effects.** Preliminary estimates of successful implementation of EID and Governance Cluster programs indicated that by 2025, contribution to GDP from related components of the services sector (c20%) and industry (c25%) could represent an increase from 18% to almost 50% of GDP, with GDP potentially increasing to US\$80 billion from the 2009 level of US\$13 billion. A further decade could possibly see GDP reach a quarter of trillion US dollars.<sup>1</sup>
- **Revenue Effects** include increasing net revenue earning potential to US\$1b by 2017 and US\$3b by 2025. Second round tax revenues would also increase exponentially up to 2025 followed by diminishing increases.<sup>1</sup>
- **Employment effects** are derived from a variety of sources including: i) 10 million labor days derived from construction related activity in the EID Cluster's flagship program: the National-Regional Resource Corridor Initiative (NRCI); ii) 1 million sustainable jobs from supporting the Small and Medium Enterprises (SME) from increased export opportunities and import substitution; with iii) further substantial increases with successful implementation of SME support and good urban planning to build communities including around resource corridors hubs. Second round employment opportunities through growth impacts are enormous.

The overall objective of the EID cluster is to "*support Afghanistan's transition to financial independence and developing a business climate that enables private investment.*" The six supporting national priority program objectives follow: i) Connecting Afghanistan to the region, and the rest of the world; ii) Progressing Afghanistan's financial independence through strategic partnerships with extractive industries; iii) Delivering cost-effective energy to industries/communities; iv) Improving urban livelihoods; v) Facilitating private sector led inclusive growth including increasing employment and trading opportunities; and, vi) Fostering an open information society.

1. **National-Regional Resource Corridor Initiative** is the flagship transport oriented program focused on developing the critical infrastructure needed to reap benefits directly from large scale,

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<sup>1</sup> More robust estimation of revenue impacts will require development of the LEFMA and a supporting macroeconomic model.

environmentally friendly exploitation of Afghanistan's mineral resources and indirectly from increased trade flows and labor mobility. It aims to deliver shared-use road, rail, aviation, power and water systems in order to, inter alia, establish Afghanistan as a strategic land bridge that connects the East to the Middle East through to Western Europe and to Central and South Asia.

2. Extractive Industries Excellence Program will spearhead the rapid scaling up of major and artisanal extractive industries, as well as resource corridors, for all major mineral groups. It aims to build a stronger and modernized Ministry that delivers and implements good sector policies and support an enabled environment for private extractive industry related investment.

3. National Energy Supply Program will build on gains made in both power generation and distribution in order to meet increasing demand through a combination of domestic generation and imports, and through alternative sources as well as rural electrification using generators. It will foster a broad approach to generation and distribution that reflects the context of Afghanistan, prioritizing private and domestic sectors in the process.

4. Urban Planning Technical Assistance Facility recognizes that good urban planning supports development of the private sector and contributes significantly to social and security stabilization objectives, including protecting the most vulnerable and supporting the delivery of cost-effective public services. Effective integration of land use and transportation planning is critical element to enable successful improvement in infrastructure and economic and social environments of communities, especially in support of resource corridor hubs.

5. Integrated Trade And SME Support Facility objectives include reforming the Small and Medium-sized Enterprises legal and regulatory environment, achieving real gains in international competitiveness of Afghanistan's existing and emerging SMEs, and delivering highly valued business services to SMEs are key objectives. The program has important linkages with industrial parks, emerging transport and trade hubs, and in the trade, construction, agricultural and service industries.

6. E-Afghanistan intends to bridge the communications gap that exists within Afghanistan whilst also creating new systems of data and information management within a model of new public management. To establish greater national unity, it is important that in time all districts, major villages and even remote rural areas can communicate with Kabul, with one another, and the rest of the world.

*Challenges to Implementation:* There are five principle challenges that need to be overcome within the EID sector, to secure success: i) Strengthening the economic policy environment by formulating sound sector policies in year one; ii) Enhancing economic governance and regulatory environment through creation of dedicated authorities (including merit based staffing arrangements) and new regulatory standards and oversight measures also in Year 1; iii) Attracting donor and regional financing through new priority program formulation linked operational investment strategies; iv) Delivering better implementation management, which requires both on and off budget financing, built around an expedited model of project management and continuing improvements in the credibility of EID cluster ministry budgets and risk management; and v) Increasing improvements in monitoring and sustainability through strong designs and supervision and a dedicated monitoring framework.

In strengthening policy implementation, the Government will consider establishing independent authorities in mining, roads, transport, civil aviation, railways and Small and Medium-sized Enterprises development, charged with delivering economic excellence. The authorities would only be established, as part of an Advanced Reform in Restructuring initiative (elaborated in Governance Cluster Program #3 in Volume II), following public policy dialogue, once regulatory oversight capabilities and standards have been developed. Options to create an Afghan Senior Executive Service, to secure leadership and management in transition, will underpin the Advanced Reform and Restructuring initiative.

### ILLUSTRATIVE MATRIX FOR EID CLUSTER

Budget US\$ 3 Yr	Description	Intended Results			Implementing Ministries or Institutions
		Immediate Term (6-months)	Immediate Term (12-months)	Short Term Intended Results (1-3 years)	
<b>1,150</b>	<b>Program 1: National Regional Resources Corridor Initiative: To connect Afghanistan to the region and the rest of the world</b>				
1,000	<b>Roads</b>	<ul style="list-style-type: none"> <li>Cluster Program Implementation Management Team operational</li> <li>Design options for regional connecting network initiated</li> <li>Design options for extractive industry hubs substantially initiated</li> <li>Options paper initiated for establishment of independent authorities tasked with delivery</li> </ul>	<ul style="list-style-type: none"> <li>15% of planned connectivity to the region and the rest of the world achieved</li> <li>Government revenue of Afs1,333,750,000 generated from transport user fees and taxes</li> <li>Adoption and publication of sector policies in transport, mining, energy and railways,</li> <li>Enhanced management reporting institutionalized</li> </ul>	<ul style="list-style-type: none"> <li>Regional resource corridor connecting network plan approved</li> <li>Plan for extractive industry hubs approved</li> <li>25% of planned connectivity to the region and the rest of the world achieved</li> <li>Government Revenue of Afs1,933,937,500 from transport user fees and taxes</li> <li>8,000 full time jobs and 2 million labor days generated</li> <li>Enhanced management follow-up institutionalized</li> </ul>	MoTCA
-*	<b>Railways</b>				
150	<b>Civil Aviation</b>				
<b>300</b>	<b>Program 2: Extractive Industries Excellence Program: To progress Afghanistan's financial independence through strategic partnerships with extractive industries</b>				
44	<b>Building a stronger and modern Ministry</b>	<ul style="list-style-type: none"> <li>Cluster Program Implementation Management Team operational</li> <li>Cluster programs integrated into the national budget process</li> <li>Options developed for establishment of independent authorities tasked with delivery</li> <li>Cluster programs integrated into the national budget process</li> <li>Drafting instructions for subordinate legislation initiated</li> </ul>	<ul style="list-style-type: none"> <li>Subordinate implementing legislation for Mineral and Hydrocarbons Laws of drafted</li> <li>10% of minerals and 25% hydrocarbons surveyed</li> <li>EITI validation progressing</li> <li>Extractive Industry Revenue forecasting model operational</li> <li>Economic criteria in program design institutionalized</li> <li>Enhanced management reporting institutionalized</li> </ul>	<ul style="list-style-type: none"> <li>A strong and capable ministry built including supporting good sector policies</li> <li>Revenue growth of up to US\$ \$2 million each year over the medium term achieved from extractive industries</li> <li>EITI validation completed successfully</li> <li>30% of minerals and 40% hydrocarbons surveyed</li> <li>Sheberghan Gas Project brought online</li> <li>Centre of excellence of Extractive Industry PPP policies operational</li> </ul>	MoM
144	<b>Supporting good sector policies</b>				
3	<b>Implementing good sector regulation</b>				
151	<b>Delivering an increasingly enabled environment</b>				
<b>1,501</b>	<b>Program 3: National Energy Supply Program (NESP): To deliver cost-effective energy to industries/communities</b>				
1,501		<ul style="list-style-type: none"> <li>Cluster Program Implementation Management Team operational</li> <li>Options developed for establishment of independent authorities tasked with delivery</li> <li>Cluster programs integrated into the national budget process</li> </ul>	<ul style="list-style-type: none"> <li>National Energy Policy under preparation</li> <li>Economic criteria in program design institutionalized</li> <li>Enhanced management reporting institutionalized</li> </ul>	<ul style="list-style-type: none"> <li>National Energy Policy prepared and operationalized</li> <li>75% collection rate, 65% urban coverage, 25% rural and 90% non-residential coverage achieved</li> <li>30 per cent reduction in technical losses</li> <li>4,000 jobs created</li> </ul>	MoEW
<b>250</b>	<b>Program 4: Integrated Trade and SME Support Facility: To facilitate private sector led inclusive growth including increasing employment and trading opportunities.</b>				
250		<ul style="list-style-type: none"> <li>Cluster Program Implementation Management Team</li> <li>Options developed for establishment of</li> </ul>	<ul style="list-style-type: none"> <li>Subordinate SME related legislation drafted</li> <li>Afghanistan-Pakistan Trade and Transit Agreement operationalized</li> </ul>	<ul style="list-style-type: none"> <li>..... new SMEs registered and assisted under the program and ..... of them became operational</li> <li>100,000. Jobs created</li> </ul>	MoCI

Budget US\$ 3 Yr	Description	Intended Results			Implementing Ministries or Institutions
		Immediate Term (6-months)	Immediate Term (12-months)	Short Term Intended Results (1-3 years)	
		independent authorities tasked with delivery <ul style="list-style-type: none"> <li>Cluster programs integrated into the national budget process</li> <li>Subordinate SME related policy and legislative drafting instructions initiated</li> <li>Publication of Tax and Tarriff Policy</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced management reporting institutionalized</li> </ul>	<ul style="list-style-type: none"> <li>.....% of regulatory framework in place and ASMEDA established</li> <li>..... million USD revenue generated by new SMEs</li> <li>Enhanced management follow-up institutionalized</li> </ul>	
<b>405</b>	<b>Program 5: National Urban Delivery Program: To improve urban livelihoods</b>				
75	<b>Strengthening Urban Plans</b>	<ul style="list-style-type: none"> <li>Cluster Program Implementation Management Team operational</li> </ul>	<ul style="list-style-type: none"> <li>Resource corridor urban proposals submitted to Cabinet</li> </ul>	<ul style="list-style-type: none"> <li>1,000 jobs created</li> <li>.....% of urban people below poverty line</li> </ul>	MoUD / Kabul Municipality
-	<b>Towards Sustainable Social Protection</b>	<ul style="list-style-type: none"> <li>Cluster programs integrated into the national budget process</li> <li>Commencement of drafting of an options paper for resource corridor urban plans</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable social housing options linked to wider social protection policy submitted to Cabinet</li> <li>Review of urban Planning Guidelines and Building Codes initiated</li> </ul>	<ul style="list-style-type: none"> <li>.....%, .....% and .....% of urban population covered under safe drinking water, sanitation, electricity</li> <li>..... vulnerable families provided shelter through safety net</li> </ul>	
330	<b>Building Capacity</b>	<ul style="list-style-type: none"> <li>Commencement of sustainable social housing options linked to wider social protection policy</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced management reporting institutionalized</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced management follow-up institutionalized</li> </ul>	
<b>194</b>	<b>Program 6: E-Afghanistan Program: To foster and open information society</b>				
<b>405</b>		<ul style="list-style-type: none"> <li>Cluster Program Implementation Management Team operational</li> <li>Drafting commended of medium-term policy options on access to tele-communications including phone and internet in rural and urban areas</li> </ul>	<ul style="list-style-type: none"> <li>Publication of Government medium-term policy on access to tele-communications including phone and internet in rural (x%) and urban (x%) areas with (currently 3.3m connections)</li> <li>Enhanced management reporting institutionalized</li> <li>Good progress of roll-out of fiber optic and copper cable network complete</li> </ul>	<ul style="list-style-type: none"> <li>250 new telecommunication jobs created</li> <li>..... million USD additional revenue generated</li> <li>..... % population covered under postal services</li> <li>..... % and ..... % of rural and urban populations respectively connected through phones</li> <li>..... % and ..... % of rural and urban populations respectively connected through internet</li> <li>The unit costs of landline and mobile phones reduced to ..... Afs and ..... Afs respectively.</li> <li>E-Governance and national ID card project under preparation</li> <li>Fiber optic and copper cable network complete</li> </ul>	MoCIT
<b>Total Cluster NPP Budget: US\$3,800 M</b>					

## ACCELERATING AGRICULTURE AND RURAL DEVELOPMENT

*The Agriculture and Rural Development Cluster (ARD) Members:* the Ministry of Agriculture, Irrigation and Livestock as facilitator, the Ministry of Rural Rehabilitation and Development, the Ministry of Energy and Water, and the Ministry of Counter Narcotics.

### *Situation Analysis*

Afghanistan's rural areas are producing only a fraction of their potential. The country has more than enough water resources, but has yet to harness them fully. Improved wheat seed coupled with fertilizer and irrigation can increase yields by 50 percent. Less than 10% of water resources have been developed, even though irrigation can double or triple farm yields, as well as make possible the production of higher-value crops. With Government support, rural communities are pulling together to implement community-level projects that foster economic growth and productivity. Afghanistan's rural road network has also steadily expanded, providing isolated farm communities with access to inputs, markets, and basic services. Rural communications have improved dramatically with most parts of the country now having access to mobile phones and modern communications. Yet much remains to be done.

Afghanistan remains one of the poorest countries in the world, and much of its poverty is situated in rural areas. About 80% of the population depends on agriculture and associated forms of rural production. Seasonal and chronic unemployment are common and increasing. The result is a high degree of food insecurity, a socioeconomic environment that is conducive to instability, an illicit economy, and extreme poverty. Without significant, visible change to living conditions in the countryside, insurgents and narcotics traffickers will continue to find willing clients among Afghanistan's impoverished villages.

### *Needed Response*

The Agriculture and Rural Development Cluster Goal is the *development of prosperous rural and pastoral communities*. Achieving this goal stands or falls on whether the government, civil society, and the private sector can trigger dramatic increases in job creation, rural employment, and rural growth. To this end, five objectives are defined that taken together can transform the rural economy:

First, Afghanistan must develop a *basic information framework* to inform government policies for rural development. Second, it must improve both the *production quality and quantity* of agriculture outputs where small interventions can have an enormous impact. Third, global experience in developing countries shows that all-year road access is among the top drivers of rural transformation. Thus, *linkages to markets as well as access to credit* must be improved. Fourth, Afghanistan must *improve food security and services* to create a healthy population able to contribute to productive growth, and fifth, it must establish a *better regulatory and enabling environment* to counter the effects of conflict, corruption, and the deterioration of Afghanistan's natural resources.

Finally, rural development has traditionally split between large programs carried out by a central government and highly localized communities that largely bypass government activity. This must change. New partnerships between the Afghan Government, communities, and the private sector are now guiding planning for the country's agriculture and rural development sector.

The national priority programs presented below together form a set of activities whose purpose is to develop an enabling framework that communities need to build up their productive assets, reduce insecurity, and improve household incomes across the countryside. They will also be the main short and medium-term means to create jobs, stabilize rural areas, and facilitate people's recovery from conflict. Two national labor intensive programs outlined below are already operational. Over time, rising production and increased economic activity stemming from water resources projects and improved production technology will come on-stream, creating more permanent jobs and, ultimately, accelerating economic growth and recovery.

1. National Water and Natural Resources Development: Damage to irrigation and other water systems, soil, rangeland and forests must be reversed for the agricultural economic sector to grow. At the same time, under-utilized land must be made productive, and alternative energy sources must conserve traditional fuel sources, such as timber. The first phase of this program focuses on large-scale natural resource projects in irrigation development and management, Afghanistan land management, and rural energy development.

2. National Comprehensive Agriculture Production and Market Development: From improved production and productivity on the farm, to the market, to the factory and finally to exports, agricultural economic growth requires the strengthening or development of new “value chains”. To this end, this program focuses on research and extension services, agriculture infrastructure development, rural credit, improved agricultural production methods, and market development.

3. National Rural Access: Capacity to purchase inputs and sell products competitively is a prerequisite for successful rural development. Reducing transport costs, as well as providing year-round access to markets, is fundamental for better farming and rural growth. This program, which is already operational and expected to scale-up nationally, will concentrate on linking farmers and communities to the growing national road network by developing a system for nationwide labor-intensive road construction and maintenance.

4. National Strengthening of Local Institutions: Partnerships with communities have also proven to be an efficient way to construct large quantities of small-scale, yet economically productive, assets for poor villagers. This program will build upon existing work to increase rural growth potential. It will expand Community Development Councils to cover all of Afghanistan’s villages, and it will provide additional resources to build simple village infrastructure. This program will also strengthen capacity and sustainability potential through a clustering of villages for better efficiency and stronger linkages to formal government institutions.

*Challenges to Policy and Institutional Reforms*: The single greatest challenge facing ministries in the Agriculture and Rural Development Cluster is the transition of contract staff into civil servants positions. This must be addressed with utmost urgency, while assuring activities continue to support rural population needs. Second, these same ministries require significant internal reforms to improve their efficiency and accountability. Each has carried out a review of its systems for fiduciary oversight and management, and programs will ultimately include an action plan to improve cash management and payment scheduling procedures, the capacity of internal audits, and public procurement. Third, much of the economic growth agenda embedded in these programs rests on a rigorous analysis of value chains and how the Government can remove constraints to private sector investment, rather than enhance direct Government action. This effort must be addressed in concert with other Government of Afghanistan clusters in the coming months.

**ILLUSTRATIVE MATRIX FOR ARD CLUSTER**

Budget (USD million)	Intended Results		
	Immediate (6 months)	Immediate ( 6-12 months)	Short Term (1- 3 years)
<b>Agriculture and Rural Development Cluster: <i>To build prosperous rural and pastoral communities.</i></b>			
<b>2,058</b>			<ol style="list-style-type: none"> <li>1. Increase agricultural production and productivity by 10%</li> <li>2. Rural populations below poverty line reduced to ....%</li> <li>3. increase per capita income in rural areas to ....Afs</li> </ol>
<b>PRIORITY PROGRAMS</b>			
<b>1. National Water and Natural Resource Development Program</b>			
<b>782</b>	<ol style="list-style-type: none"> <li>1. Program implementation team operational</li> <li>2. A need assessment survey started.</li> <li>3. Regulatory constraints addressed</li> <li>4. Implementation methodology set.</li> <li>5. Monitoring, evaluation and reporting mechanisms established</li> </ol>	<ol style="list-style-type: none"> <li>1. Identification and Establishment of database and matrix system.</li> <li>2. Identification of 50% of villages to receive water.</li> <li>3. Program developed for implementation.</li> <li>4. ALMA fully designed and ready for implementation.</li> <li>5. Establishment of operating and maintenance procedures for ERDA.</li> </ol>	<ol style="list-style-type: none"> <li>1. .... million direct and indirect jobs created.</li> <li>2. Improved access to irrigation for 100,000 hectares and safe drinking water by 5%.</li> <li>3. Increased community management of natural resources over 25,000 ha and legal access to government land for commercial purposes by 62,500 Hectares.</li> <li>4. Increase rural access to reliable and affordable services reducing pressures on natural resources</li> </ol>
<b>2. National Comprehensive Agriculture Production and Market Development: <i>Strengthening value chain in order to improve production and productivity on the farm, to the market, to the factory and exports.</i></b>			
<b>489</b>	<ol style="list-style-type: none"> <li>1. Program implementation team put in place</li> <li>2. Implementation methodology agreed.</li> <li>3. Relevant actions integrated in the program</li> <li>4. Monitoring and Reporting mechanism established</li> </ol>	<ol style="list-style-type: none"> <li>1. Full development of program for implementation.</li> <li>2. Initial distribution and implementation areas identified.</li> </ol>	<ol style="list-style-type: none"> <li>1. .... direct and indirect jobs created.</li> <li>2. Sustained growth in legal rural incomes and employment by 28%.</li> <li>3. Improved access to services and resources by 20%.</li> <li>4. System for supply and quality inputs established and made operational country wide.</li> <li>5. Research and extension network established and operational country wide</li> <li>6. Afghanistan strategic grain reserve capacity established.</li> </ol>

Budget (USD million)	Intended Results		
	Immediate (6 months)	Immediate ( 6-12 months)	Short Term (1- 3 years)
<b>3. National Rural Access Program: <i>To enhance human security and promote equitable economic growth in rural Afghanistan by ensuring year-round access to basic services and facilities.</i></b>			
250	1. Existing progress measured 2. Implementation methodology refined	1. Roads for implementation selected. 2. Resources mobilized and initial implementation started	1. 13.1 million labor days and 12829 jobs created. 2. Increase access to District Centre services by 10% in target areas. 3. Effective maintenance of .....km of roads 4. ....km of secondary and tertiary roads built or rehabilitated 5. Decrease travel times by 10%. 6. local market prices within 15% of the price in the nearest town
<b>4. National Strengthening of Local Institutions: <i>The overall purpose of this program is to provide the means to help the Afghan government respond to popular aspirations for development.</i></b>			
537			1. 3.9 million Direct and 21 million indirect beneficiaries of access to basic and infrastructure services projects created.
<b>Total Budget \$2,058 M</b>			

## **FACILITATING HUMAN RESOURCE DEVELOPMENT**

*The Human Resource Development (HRD) Cluster Members:* Minister of Education (MoE), Ministry of Higher Education (MoHE), Ministry of Women's Affairs (MoWA), Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD) and Ministry of Public Health (MoPH).

### *Introduction*

Human resources are the backbone of a nation's economy, reflecting national capacity to supply needed skills for economic growth and productivity. Without a strong, equitable, and appropriate approach to human resource development, sustainable economic growth remains elusive. Education and skills development are the vehicles by which human resource development occurs.

Despite significant improvements over the past nine years, human resource development in Afghanistan continues to face a number of challenges. One of the most significant is the skills gap between labor supply and market demands. Despite a wide range of educational initiatives, including formal and informal education, literacy programs, technical and vocational skills-building programs, neither recent graduates nor the labor force as a whole are meeting the skill demands of the market. According to recent estimates, 35% of Afghans are not employed (2008 est.) This has perpetuated a continued reliance on foreign aid and dependency on foreign labor.

Further challenges to human resource development pertain to equity, quality and access to educational initiatives, issues that are particularly acute for girls and women. Gender disparities exist across all sectors, but are most evident in education and health where few service providers and service beneficiaries are female. Of the estimated 42% of Afghanistan's school-aged population which do not have access to basic education, the majority (approximately 70%) are girls. Educational gender disparities are even greater in the poorest, less secure, and remote areas.

The issues of access, relevance, and quality also extend to higher education where opportunities for enrolment are severely constrained and formal educational offerings are few. Not surprisingly, universities are unable to provide the quality or quantity of professionals needed for the labor market, particularly in the management and technical fields where demands are critical. Finally, the energy, ideas, initiatives and market savvy of the private sector remain largely untapped in the development of labor-driven human resources, which in part, contributes to the wide skills gap and the high unemployment rate.

### *Needed Response*

The Human Resource Development (HRD) Cluster was established with the objective of producing quality human resources and of promoting and sustaining economic development which will, in turn, foster stability and security for its citizens. The HRD Cluster provides an inter-ministerial forum for instituting systematic improvements and is working at the policy level to find effective and creative ways to enable Afghans – both men and women – to more fully contribute to society, both socially and economically. The Cluster is organized around the shared belief that the government, private sector, and civil society should work together to form a coherent approach to the development of human resource capacity to maximize benefits for all Afghan citizens. *In response to the identified challenges and needs, five main areas of focus for national priority programs in the HRD Cluster were identified as follows:*

1. Facilitation of Sustainable Decent Work Through Skills-Development and Market-Friendly Labor Regulation aims to diminish the skills gap by providing Afghan youth and young adults technical and vocational education which is high quality, market-relevant, demand-driven and certified. For those who have been left behind from the formal educational system, this program provides literacy training in combination with the development of marketable skills, thus enhancing employability of a broad spectrum of the population.

2. Education for All aims to improve equitable access, quality and enrollment in basic education, with a particular focus on girls. Educational service delivery in the remote, less secure, and disadvantaged areas of the country will be facilitated by providing incentives for teacher relocation and

strengthening community ownership. The initiative will also strengthen the academic foundations of Islamic education through curriculum reform, teacher training and other measures to increase opportunities for Islamic schools graduates to find gainful employment.

3. Expanding Opportunities for Higher Education aims to increase access and the quality of higher education, especially in fields that directly contribute to economic growth, in partnership with the private sector.

4. Capacity Development to Accelerate NAPWA Implementation aims to enable the Government to more effectively implement the gender commitments espoused in the National Action Plan for Women of Afghanistan (NAPWA). This will be achieved by developing the capacities of all relevant government entities to mainstream the commitments and goals of NAPWA into their policy, planning, programming, budgeting, implementation, monitoring and evaluation processes. The program will also build the capacity of MoWA as policy body and responsible entity for NAPWA oversight and compliance reporting.

5. Human Resources for Health aims to support the Afghan health system to deliver its management and stewardship responsibilities at all levels by strengthening institutional development, meeting the human resource needs of the health sector, and providing employment opportunities.

The National Priority Programs outlined above represent collective efforts of all five ministries in the HRD Cluster. A number of programs involve close inter-Ministerial collaboration, including: cooperative efforts on curriculum reform by MoE, MoHE and MoLSAMD, encompassing both teacher education and technical and vocational education; joint efforts by all five ministries to improve the quality and effectiveness of monitoring and evaluation; cooperation on quality assurance between MoE and MoHE in developing the National Qualifications Framework.

#### *Challenges to Implementation*

A major challenge to HRD Cluster program implementation is executive capacity at both the central and provincial levels of governance. In terms of the latter, there is an acute need to ensure effective programmatic performance in insecure and remote areas. Stronger public financial management is needed to promote healthy budget execution and to curb corruption. Monitoring and evaluation needs to be strengthened across all ministries and policy revision is required to facilitate gender mainstreaming and to promote environmental protection.

Apart from these overarching constraints, policy modifications and additional provisions are required to facilitate a productive partnership with the private sector. Further policy revisions will also be necessary to set standards for – and to receive inter-institutional recognition of – the various learning modules and skills development programs undertaken, as well as for measuring the competencies of both students and teachers. Finally, more effective linkages need to be established between training programs and job opportunities, and between ministries to establish the required number of inter-ministerial training programs and to achieve curricula reforms.

### ILLUSTRATIVE MATRIX FOR HRD CLUSTER

Budget by Program	Intended Results		
	Immediate Term (6- months)	Immediate Term (12 months)	Short Term (1-3 years)
<b>Program 1: Facilitation of Decent Work through Skills Development and Labor-friendly Market Regulation</b>			
<b>Program Budget:</b> <b>\$ 458.3 M</b>	1) Strategy formulated for mapping exercise of TVET implementers & identification of NGO partners to conduct exercise; 2) Scopes of work designed & locations determined for the 34 vocational training centers	1) Results of the TVET mapping analyzed & skills in demand (occupations) identified 2) Curricula developed for new occupational skills reflecting identified market needs 3) Service delivery for TVET skills training expanded into non-urban areas (beneficiary set expanded to districts)	<b>17472 direct jobs created.</b> 1) 100,000 persons trained yearly on new, relevant marketable skills 2) Decreased unemployment rates in areas where TVET skills training occurring
	1) Analysis undertaken of the results of the labor market survey 2) Establishment of scopes of work for construction and establishment of 200 regional TVET schools 3) Needs assessment conducted for DM-TVET; capacity-building strategy & activities designed for strengthening institutional capacity of DM; TA assistance identified	1) Development of new skills training courses for inclusion into the TVET curricula per the results of the labor survey 2) Construction contracts awarded and construction initiated on a percentage (depending on funding) of the 200 TVET schools 3) Institution capacity building measures being implemented through coaching/ mentoring, TA assistance, training, introduction of efficiency models, increased use of technology, etc.	1) Students provided with trainings which are more relevant & reflective of labor-market demand 2) Increased access to TVET: persons receiving training on new, relevant skills in all provinces & most districts 3) DM TVET effectively able to provide training for 100,000 students/yr.
<b>Program 2. Education for all</b>			
<b>Program Budget:</b> <b>\$1,431.2 M</b>	1) Over-arching plan for national school mapping developed, including operational modalities & selection criteria for NGO partners. 2) Identification of areas where schools are most needed, particularly those districts which do not have any girls' secondary schools; 3) Identification of new NGO partners (particularly local NGOs which are currently operating in insecure, remote & under-served areas) which have the capacity & desire to implement CBE schools in these areas	1) Terms of agreement with new NGOs which will implement CBEs agreed upon, training & resources to implementers provided, CBEs inaugurated 2) New formal schools established in areas which are insecure, remote, hard to reach; More girls are provided with access to education 3) NGO recruitment campaign designed and launched to recruit female teachers (and spouses) to under-served areas. 4) An increasing number of NGOs are identified and trained to partner with MoE to provide Accelerated Learning Classes; scope and access to ALCs increases nationally	<b>92,840 direct jobs and 8.93 million labor days generated</b> 1) Enrolment in basic education increased to 7.8 million students (40 % girls) 2) Enrolment in upper secondary education increased to 0.9 million students (37% girls). 3) Nearly 90,000 children previously deprived of education provided with accelerated learning and integrated into normal classes (70% girls). 4) 45,000 new female teachers trained
<b>Program 3. Capacity Development to Accelerate NAPWA Implementation</b>			

Budget by Program	Intended Results		
	Immediate Term (6- months)	Immediate Term (12 months)	Short Term (1-3 years)
<b>Program Budget:</b> <b>\$27.4 M</b>	1) Capacity assessment of MOWA conducted & institutional capacity-building program formulated 2) Formulation of NAPWA Awareness & Compliance Strategy to effectively to enhance ministries' knowledge of & compliance with NAPWA goals. 3) Development of measures to implement the strategy (creation of training modules, workshop content, etc.) 4) Development of templates for ministries to report/ monitor on NAPWA compliance	1) Institutional reform initiated within MOWA, including Change Management reform, organizational restructuring, strengthening of policy & planning and M & E departments. 2) Establishment of inter-ministerial oversight mechanisms for ensuring compliance w/ NAPWA (ex: inter-agency policy body, NAPWA Compliance Steering Committee, etc.); 3) Ministries & relevant gov't entities provided with instruments and training to regularly report on NAPWA compliance 4) Ministries measuring & reporting on NAPWA compliance	1) MOWA formulating regular assessments of inter-governmental compliance with NAPWA goals 2) Planning Depts of Ministries & relevant gov't entities reporting on NAPWA compliance 3) NAPWA compliance increasing, (in terms of quantitative analysis of % of gender goals complied with)
<b>Program 4. Human Resources for Health</b>			
<b>Program Budget:</b> <b>\$280.3 M</b>	1) Identify and train the trainers on the curriculum for the Community Nursing Program 2) Identify and train the trainers on the curriculum for the Community Midwifery Program 3) Identify target areas, beneficiaries, trainers, and training space for Community Health Worker training	1) Community Nursing program effectively expanded to cover 25 provinces 2) Community Midwifery program effectively expanded in remote areas 3) Conduct training on curriculum of Basic Package of Health Service (BPHS) to Community Health Worker trainees	<b>4010 new jobs created; 3080 new people trained and entering professions</b> 1) Increased access to nursing care for the population and beneficiary communities more knowledgeable about basic health issues 2) All public health facilities will have access to midwifery services and child and maternal mortality will be diminished in the beneficiary communities 3) 20,000 new Community Health Workers trained (50% female)
<b>Program 5. Increase Access and Improve the Quality of Higher Education</b>			
<b>Program Budget:</b> <b>\$209.1 M</b>	1) Competitive bidding process for construction of dormitories underway 2) Needs assessment for determining curricula revision completed.	1) Dormitory construction in process with some completed. 2) Curriculum revision in process with focus on subjects in high demand by market.	<b>2600 additional jobs created</b> 1) Construction of 10 new female dormitories to reach target of 35% female enrollment completed 2) 50% of curriculum update with focus on subjects in high demand by the market. 3) 32,000 additional seats created for higher education in twenty three different universities/institutions leading to a 51% increase in student numbers
<b>Total Cluster Budget:\$2,406 M</b>			

## TRANSITIONING TO AFGHAN-LED SECURITY

### *Joint Framework for Inteqal*

#### The Underlying Principles:

- *Inteqal* (transition) must underpin Afghanistan's independence, national sovereignty, territorial integrity, and effective defense of the rights and liberties of the people of Afghanistan; and consolidate the position of Afghanistan in the region and in the world as a free, proud and peaceful nation.
- *Inteqal* must provide and garner the functional capabilities, resources, and regional conditions so that the Afghan National Security Forces (ANSF) are enabled to ensure and maintain peace and stability in the country, and definitively prevent Afghanistan from once again being occupied by international terrorist forces.
- *Inteqal* must maintain and strengthen the achievements of the last nine years in Afghanistan, including democracy and human freedoms.
- Prior to the beginning of the transition process, conditions will be put in place for the reconstruction and maintenance of the country's democratic system.

#### Phases of *Inteqal*: *Inteqal* is a process consisting of two phases:

- *Assessment* of conditions in a province or set of provinces allowing for *Inteqal* to begin.
- *Implementation* of *Inteqal*, requiring achievement of certain milestones in the province subject to *Inteqal* in the areas of:
  - *Security* (establishment of capable Afghanistan National Security Forces (ANSF) to defend the independence, sovereignty, and territorial integrity of Afghanistan against internal and external threats and to ensure internal security, public order, and law enforcement);
  - *Governance* (ensuring government efficiency through administrative reform; transparent, fair and merit-based recruitment and appraisal systems within the Afghan civil service and creation of an efficient Afghan judicial system); and
  - *Development* (following a nation-wide approach to development, based on the principle of equitable development, aimed at decreasing inequalities throughout the country and at providing a sense of fairness and inclusion).

#### Assessment/Initiation and Implementation Phases of *Inteqal*:

##### Phase 1: Assessment/Initiation:

- *Assessment of Security*: Will include: the state of the local insurgency, violence trends, freedom of movement and security of the populace; ANSF operational effectiveness and institutional capacity; availability of adequate enablers and capabilities; provincial/national command and control relationships; ISAF/ANSF command and control relationships; and provincial Afghan civil/military coordination.
- *Assessment of Governance*: Will include: public confidence in government performance at the sub-national level, including government capacity to provide

minimum services; basic rule of law; security enablers established and functioning with a dedicated dispute resolution mechanism; basic public administration structures established and functioning; implementation of the new pay and grading systems; fulfillment of the government structure (*Tashkeel*); operational and leadership capacity in the provinces and districts; and an inclusive representational balance across provincial structures and institutions.

- *Assessment of Development:* Will include: Existence of foundations for attracting private sector investment; local engagement in development initiatives; development of economic infrastructure; development programs are aligned with national priorities and provide reasonable attention to all development sectors; level of integration of Provincial Reconstruction Team (PRT) assistance with government planning and priorities; and improved program development in key ministries to deliver basic services.

## Phase 2: Implementation:

Implementation of the *Inteqal* process will take place in four stages:

### Stage One:

*Milestones:*

Civilian Lead for PRT; PRT fully coordinates with Provincial Development Committees; ANSF partnering ratios are reduced.

*Achievements in the Area of Security:*

ANSF maintain the lead for operations with ISAF moving from a supported to a supporting role, and remaining a partner providing robust support and enablers.

*Achievements in the Area of Governance*

*and development:*

The PRT leadership will change from military to civilian.

### Stage Two:

*Milestones:*

A province is able to provide adequate justice and public services; PRTs become Provincial and District Support Teams; ISAF focuses on mentoring and liaising with Afghanistan National Security Forces.

*Achievements in the Area of Security:*

While continuing to further develop the capabilities and capacities of the ANSF, ISAF transitions from partnering to mentoring and liaison.

*Achievements in the Area of Governance and Development:*

The selected province shows that it is capable of providing justice and public services to the population.

### Stage Three:

*Milestones:*

Local institutions enhance service delivery capacity; International community funding channeled primarily through the central budget; Progressive SAF (P) OMLTs reduction.

*Achievements in the Area of Security:*

ISAF (P) OMLTs continue supporting activities to increase the capabilities of the ANSF with teams progressively reduced in size and capability commensurate with the enabling capability that the Afghanistan National Security Forces have developed.

*Achievements in the Area of Governance and Development:*

Local institutions exhibit sufficient technical capacity to plan, design, implement, and monitor a more comprehensive range of service delivery, including rule of law, while ensuring adequate accountability and transparency.

Stage Four:

*Milestone:*

Complete Afghan ownership of security, governance, and development

*Achievements in the Area of Security:*

The ANSF is able to conduct operations independently, and its capabilities and capacity have developed to the point where ISAF provides minimal advisory and mentoring support. ISAF provides institutional training oversight to assist the ANSF in developing a self-sustaining capability. During transition, to maintain stability in Afghanistan and the region, a lasting strategic partnership between Afghanistan and her international partners will be deepened and further expanded.

*Achievements in the Areas of Governance and Development:*

At this stage, governance is effective and development resides under full Afghan ownership. The population is increasingly confident in government institutions and in their ability to provide services and equal access to justice and local resources. While the international community continues to commit to long-term support through the core budget and national programs, the Provincial and District Support Teams has exhausted its *raison d'être* and hands its functions over to the Government of Afghanistan.

## **RECONCILIATION AND REINTEGRATION THROUGH A NEW PEACE INITIATIVE**

The Afghanistan Peace and Reintegration Program (APRP) has been developed on the basis of the recommendations of the 1600 delegates to the June 2010 *Consultative Peace Jirga*. The program will be led by the High Peace Council, comprised of state and non-state actors. It will be implemented by the Joint Secretariat, under the direction of the Chief Executive Officer. Provincial and district governors will play a pivotal role in organizing the support of the line ministries in local peace and reintegration processes. This will be accomplished with the support and inclusion of political, tribal, and religious leaders, as well as informal local governance institutions. The APRP requires strong civilian-military cooperation and coordination to achieve success. Moreover, the efforts of the Afghan government will be supported by the international community to achieve a durable peace. The program is based on a broad strategic vision led by Afghan men and women for a peaceful, stable and prosperous Afghanistan. The United Nations and International Security Assistance Force will coordinate international community support behind the leadership of the Government of Afghanistan.

Afghan men and women will be seated on the High Peace Council, and Afghan women, victims, and civil society groups will play a vital role in monitoring the peace and reintegration process; providing advice to the Government on how to promote peace that benefits all Afghan citizens and ensuring that all opinions can be expressed and all voices heard. The APRP will also support the role of victims and civil society groups in promoting constructive debate, building conflict management and grievance resolution capacity, leading advocacy for rights of all, and ensuring inclusive processes.

The Government will promote a strategy with three pillars. The first is the strengthening of security and civilian institutions of governance to promote peace and reintegration. The second is the facilitation of political conditions and support to the Afghan people to establish an enduring and just peace. The third is the enhancement of national, regional and international support and consensus to foster peace and stability. Efforts are split between two broad categories that will operate simultaneously:

### 1. Peace and Reintegration at tactical and operational level:

There are various layers of ex-combatants that need to be reintegrated; they will each require different packages and approaches. At the tactical level, reintegration efforts focus on foot soldiers, groups, and local leaders who form the bulk of the insurgency.

### 2. Strategic Reconciliation:

Efforts at the strategic level focus on the leadership of the insurgency: this is a complex and highly sensitive issue and requires a broader approach. The package of support for this level may include: addressing the problems of sanctuaries, measures for outreach and removal from the UN sanction list, ensuring that insurgent leaders break their ties with *Al-Qaida*, and securing political accommodation or potential exile in a third country.

*APRP Objectives* – The over-arching goal of the Afghanistan Peace and Reconciliation Program is to promote peace through a political approach. It will encourage regional and international cooperation, create the political and judicial conditions for peace and reconciliation, and encourage combatant foot soldiers and commanders, previously siding with armed opposition and extremist groups, to renounce violence and terrorism, and to join a constructive process of reintegration and peace. It will have three basic “pillars”:

- Security Pillar – Security for villages and districts participating in the APRP will be provided mainly by the Afghanistan National Security Forces and supported by ISAF/Coalition Forces, and by strengthening the police and the Ministry of Interior’s Public Protection Force, which guards against the creation of militias and other illegally armed groups outside control of Government control will be an option, where necessary.
- Governance, Rule of Law and Human Rights Pillar – The APRP will be administered with a high degree of transparency and rigor. In order to ensure the protection of human rights, the APRP will be open, transparent, and compliant with the Afghan Constitution.

- Social and Economic Development Pillar – A National Community Recovery Program will be developed as a component of the National Solidarity Program III, with additional training, facilitation and operational guidelines for conflict affected areas. The National Rural Access Program will also benefit the communities where reintegration occurs, with employment and vocational training opportunities offered through infrastructure projects in priority districts. Both programs will be funded from the Afghan Reconstruction Trust Fund.

*Process, Activities, and Expected Results* – The APRP is a flexible and simple umbrella framework for funding reconciliation and national and local peace and reintegration activities from the Peace and Reintegration Trust Fund. The program delegates to the Afghan people, in Government and civil society, the leadership role in building peace in their country.

*Three-Stage Process* – The APRP proposes a three-stage peace and reintegration process presented below with program outputs for each stage.

- Stage One – Social Outreach, Confidence-Building, and Negotiation: Provincial and district leaders will conduct outreach to individuals and their communities that demonstrate their intent to join the peace process and will facilitate confidence-building activities, negotiations, and grievance resolution among the Government, communities, victims, and ex-combatants as necessary. The means for achieving this may include: peacebuilding capacity development and disseminating information about the program.
- Stage Two – Demobilization: Those who join the peace process will be demobilized through a social and political process that begins with an initial assessment, vetting, and weapons management, and registration. Immediate humanitarian assistance may be provided, if necessary.
- Stage Three – Consolidation of Peace: Following the political and security processes of the first two stages, a standard needs assessment tailored to the requirements of the APRP will be used to assist communities, districts and provinces to select from a “menu of conflict recovery options.” Not all options will be available to every community, due to the challenges of access, capacity and security, and the diverse needs of different communities.

The “menu of options” includes but is not limited to: improving access to basic services, civic education, literacy, technical and vocational education/training, and employment. Other options include: the Community Recovery Program, an Agricultural Conservation Corps, a Public Works Corps, and also integration into the Afghanistan National Security Forces.

*APRP Scale and Scope* – Immediate priority provinces for introduction of the program are Helmand, Kandahar, Nangarhar, Khost, Baghlan, Badghis, Kunduz, and Herat. However, the program is flexible and will respond to emerging opportunities in any province, depending on the availability of resources and capacity.

*Institutional and Organizational Development* – The Joint Secretariat will be managed by a CEO, with the assistance of three Deputy CEOs for administration and logistics; program delivery; and local conflict resolution and reconciliation. The existing capacity of the *Peace through Strength* (PTS) and *Disarmament of Illegal Armed Groups* (DIAG) programs will be utilized to support APRP, and a consolidated organizational structure will soon emerge.

*Technical Assistance Requirements* – The Joint Secretariat will require immediate technical assistance to stand up the APRP. Two senior advisers to the deputy CEOs for peacebuilding and reintegration will be required for one year to advise on policy development, planning guidelines, quality control of Government plans, and budgets, and oversight of execution. One technical adviser for change management will be required to assist the process of assessing, planning, and merging DIAG and PTS structures into the national and sub-national peace and reintegration structure. A team of two advisers from the Ministry of Finance Capacity and Technical Assistance Program (CTAP) will be required to assist the Joint Secretariat to establish the national organization, determine the *Tashkeel* and program

staff, and to evaluate long-term national and sub-national technical assistance requirements in the line ministries and provincial and district government offices.

*Trust Fund and APRP Management Arrangements* – Funding will be released to line ministries, provincial, district, and community governance mechanisms, and to civil society groups. The CEO of the Joint Secretariat will scrutinize and approve implementation plans and budgets.

The Peace and Reintegration Trust Fund will consist of three windows: a Ministry of Finance special account, a Bare Trust, and a UNDP window. Donors will be able to specify the activities under the APRP that they are willing to fund. The Afghan Government will ensure the effective implementation of these specifications.

*Estimated Budget* -- The proposed budget reflects the structure of the APRP and amounts to nearly \$784 million for a five-year period. It is designed to reintegrate up to 36,000 ex-combatants and will reach 4,000 communities in 220 districts of 22 provinces in Afghanistan.

S/NO	Description	Total Cost
1	Program Cost	
1.2	Phase One: Activities for Social Outreach, Negotiation, and Confidence Building	\$ 32,310,000
1.3	Phase Two: Activities to Deliver Demobilization	\$ 149,267,100
1.4	Phase Three: Activities to consolidate Peace and to support Community Recovery	\$ 510,931,000
1.5	Presidential Discretionary Peace and Reconciliation Fund	\$ 50,000,000
2	Program Management and Operation Cost	\$ 41,443,611
	<b>Total Cost</b>	<b>\$ 783,951,711</b>

*Timetable* – The APRP’s aggressive timeline reflects the Government’s ambition to promote a political approach to peace and reintegration, and to assert transition to full sovereignty and management of national political and security affairs by the Afghan Government and people.

*Managing Information* – The Joint Secretariat will design a standardized assessment form for the demobilization process to gather basic demographic data, including details on education levels and employment skills and experience from individuals as they enter the process. This information will be gathered by the APRP provincial technical teams and entered into the Reintegration Tracking and Monitoring Database, managed by the APRP Joint Secretariat.

*Financial Management Action Plan* – The proposed Presidential Decree on expedited fund release will specify that the modifications apply only to the APRP. Procedures will be agreed and established for modified disbursement and commitment controls, and modified procurement procedures within budget ceilings of USD \$1million, USD \$500,000, and budgets and transactions less than USD \$250,000. The Joint Secretariat will issue a policy to executing ministries and governors on the use of budgets and special accounts, especially with regard to financial management standards, eligibility for participation in the program, and prohibitions on the use of cash to resolve local grievances.

*Appraisal* – The APRP integrates lessons and best practices from past Disarmament, Demobilization, and Reintegration and peacebuilding efforts in Afghanistan and around the world. Information management and confidence-building activities are key to meeting the challenges associated with reintegration.

*APRP Action Plan* – The action plan included in Volume II of the *ANDS Prioritization and Implementation Plan* outlines the Government’s comprehensive approach to delivering peace and reintegration based on the recommendations of the *Consultative Peace Jirga*.

## Curbing the Trade and Harmful Effects of Narcotics

Counter-narcotics (CN) is among the most pivotal issues in Afghanistan. Much has been written about the direct impact narcotics cultivation and trade has had on security, governance, corruption, the economy, social issues, and, not least, Afghanistan's standing in the international community and its relations with its neighbors. The Ministry of Counter Narcotics is as a member of the Government's Agriculture and Rural Development Cluster. However, it is imperative that CN, as a cross-cutting issue, is integrated into the four other clusters – the Governance, Economic and Infrastructure, Human Resource Development, and Security clusters. CN's integration into these clusters carries three main action points based on an Afghan perspective:

First, the Government, with support from its international and national partners, needs to review, integrate, and implement a more effective, coherent, and pragmatic National Drug Control Strategy (NDCS) to address narcotics issues comprehensively and sustainably.

Second, the Ministry of Counter Narcotics is mandated to coordinate NDCS implementation efforts through clearly-defined partnership roles and responsibilities, along with line ministries, sub-national administration, and the international community, through a series of consultations during and following the Kabul Conference.

Third, while counter narcotics efforts have, in the past, been hindered by various external and internal factors (many of which have not been collectively addressed by CN implementers), the Kabul Conference provides an opportunity to introduce an Afghan CN perspective viewed as a “*new beginning*” in Afghanistan's transition away from narcotics production and trade towards alternative and sustainable livelihoods.

How does the CN *new beginning* initiative reflect the Afghan perspective? There are five points that deserve serious consideration and understanding by both the Government and international community.

1. The CN *new beginning* initiative is an Afghan-led, nationwide effort that is Afghan-owned and Afghan implemented. With full respect for Afghanistan's integrity as a sovereign country, the *new beginning* perspective recognizes that Afghanistan is willing and capable of dismantling the illegal economy that has spread its tentacles into almost every sector of Afghan society, and which has profound negative effects on neighboring countries and beyond.
2. CN, as a cross-cutting issue, is a development agenda priority in Afghanistan. Without serious integration and concerted actions – implemented within the national priority program formulation, implementation, monitoring and evaluation modalities for all Government clusters – overall Afghanistan development efforts will remain locked in limbo. While the National Drug Control Strategy and CN law prioritize CN in the development agenda, CN can no longer remain simply a policy on paper. CN policy must translate into positive actions, implemented by line ministries and sub-national administration with support from the international community.
3. CN will initiate a positive *new beginning* with the national review of the NDCS before the end of 2010, in accordance with Afghan law. Line ministries, sub-national administration, civil society, and the private sector must collectively join this review with a high level of commitment and dedication, as the NDCS is integral to Afghanistan's broader stabilization efforts.
4. CN must be mainstreamed into national priority programs implemented at all levels of Afghan governance. These programs should be aligned with the following CN strategic priorities of the Government of Afghanistan: (i) stepping up the effective disruption of the drugs trade by targeting traffickers and their supporters; (ii) facilitate the strengthening and diversification of legal rural livelihoods, with a particular focus on the needs of communities that abandon illicit cultivation; (iii)

ensure the reduction of demand for illicit drugs and the treatment of drug users; and (iv) in support of these three priorities, ensure the required strengthening of institutions both at the central Government level and in the provinces.

5. To ensure that NDCS policies and CN cross-cutting initiatives are integrated into priority programs for all Government Clusters, the Ministry of Counter Narcotics proposes that a CN budget allocation be provided to national priority programs. This allocation would enable CN activities to be made available in the respective national priority programs, subject to Ministry of Finance implementation and monitoring guidelines. This allocation will also facilitate CN mainstreaming as a cross-cutting strategy, while remaining an Afghan-owned effort with Afghan officials taking the lead for program responsibility and accountability.

Some expected CN results from the strategy adopted by the CN *new beginning* initiative:

- tangible and sustainable steps towards dismantling the poppy economy that affects larger stabilization efforts and broad-based development in Afghanistan.
- the sustained willingness of rural farmers and communities not to revert or engage in illicit poppy activities through the provision of: (i) alternative livelihood options from farm to markets, (ii) appropriate human and physical infrastructure, (iii) access to credit and land.
- improvements in Afghanistan's security and the rule of law through the establishment of transparent, clean, effective and accountable CN-related governance mechanisms with achievable targets.

Finally, the imperative for a long-term CN commitment, rather than short-term CN expediency, should be discussed and agreed upon. There is an asymmetry between the expectations of Afghanistan and those of the international community for rapid results to address the illegal opium economy. But the reality a timeline that may take one to two decades before the opium economy diminishes dramatically. Effective CN efforts require inevitably a combination of the Government's Five Clusters in action – with the proper sequencing and coordination of their new generation of national priority programs. This will take considerable time, as well as sustained financial commitment and political will. Collectively, let us start the counter-narcotics *new beginning* today.

## **EXPANDING REGIONAL COOPERATION**

Regional cooperation can serve as a practical approach to address regional development challenges and as an effective tool to ensure regional prosperity, peace, and stability. Furthermore, there is an urgent need to link renewed commitments by countries in Afghanistan's region with a new spirit of rapprochement and dialogue supported and sustained by regional policy-makers.

### *Achievements and Challenges for Regional Cooperation*

Achievements: Through joint efforts with partners across the region, important advances were made in combating international terrorism, promoting and defending democracy, strengthening the Afghan economy, building Afghanistan's infrastructure and state-institutions, and ensuring greater access to health-care and primary education for Afghan citizens.

Challenges: Afghanistan still faces a multitude of challenges, such as terrorist extremism, narcotics trafficking, organized crime, and wide pockets of poverty, which together impede a durable peace in the region and the building of a prosperous Afghanistan.

### *Afghanistan and regional cooperation*

At the London Conference, participants re-emphasized regional cooperation as one of five principal components of a successful Afghan strategy. Addressing regional problems requires regional solutions, included coordinated and coherent regional actions. Across Central and South Asia, there are immense possibilities for regional economic cooperation, particularly areas of trade and transit,

labor migration, and energy. Other critical issues include security, counter-narcotics, and the flow of refugees and internally displaced persons.

### Security

Afghanistan strives to build-up its national security forces, and it has recently introduced a National Security Policy. This policy outlines the roles and responsibilities of our National Army, Police, and Directorate for Security. However, security remains a major challenges facing Afghanistan. Despite progress, terrorist groups are still active and intent on destabilizing Afghanistan. Due to sanctuaries and support centers outside Afghanistan, defeating terrorism cannot be achieved within the geographical context of Afghanistan alone. Further progress requires increased regional efforts in the following key areas:

- greater inter-security agency coordination and intelligence sharing, including to identify and eliminate terrorist sanctuaries and support bases.
- strengthening anti-terrorism agencies and border cooperation and control to prevent the movement of terrorists and extremists.

In addition to military action, political outreach and reconciliation is necessary to address Afghanistan's and the wider region's security challenges. The recommendations of the *Consultative Peace Jirga* reaffirmed that all Afghans are eager to build a better future for their children. The *Jirga* also stressed the need to search for a political solution to the region's ongoing crisis. Support from regional will prove pivotal to the success of the reconciliation and reintegration program launched recently by the Government of Afghanistan.

### Counter-Narcotics

To effectively tackle the danger of narcotics production and trafficking, the Government of Afghanistan commits itself to the following steps in cooperation with neighboring countries:

- strengthening the capacity of relevant Afghan and regional agencies and ensuring greater border cooperation among these agencies.
- enhancing efforts to combat narcotics in the framework of the Paris Pact and Rainbow Strategy, emphasizing the principle of shared responsibility and encouraging both a greater role by transit countries to prevent the trafficking of chemical precursors to Afghanistan and for drug consuming countries to reduce their demand.
- assisting farmers through the provision of credit, improved seeds, fertilizer, alternative livelihoods, and access to regional and global markets.

### Refugees and IDPs

To address the return and reintegration of Afghan Refugees and Internally Displaced Persons (IDPs), the Government of Afghanistan commits itself, with the cooperation of regional partners, to:

- strengthening the capacity of relevant Afghan ministries dealing with the repatriation and resettlement of refugees and IDPs, and to assist both vulnerable groups through enhanced regional coordination.
- creating a conducive environment by ensuring job opportunities and basic needs such as land, water, electricity, shelter, health-care, and general education;
- implementing the tri-partite agreements on Afghan refugees and IDPs between the Islamic Republics of Iran and Pakistan.

### Regional Economic Cooperation

The Islamic Republic of Afghanistan attaches enormous importance to regional economic cooperation, as it contributes to regional and wider global prosperity. Regional economic cooperation is a major development priority of the Government, an important pillar of Afghan foreign policy, and an integral part of the Afghanistan National Development Strategy, which states:

*“Our vision of regional cooperation is to contribute to regional stability and prosperity, and to enhance the conditions for Afghanistan to resume its central role as a land bridge between Central Asia and South Asia, the Middle East and the Far East, as the best way of benefiting from increased trade and export opportunities.”*

To realize this vision, Afghanistan has introduced the Regional Economic Cooperation Conference on Afghanistan (RECCA). To date, three meetings have been held in Kabul (2005), New Delhi (2006) and Islamabad (2009), respectively. Afghanistan also established the Center for Regional Cooperation to support the implementation of RECCA decisions and help the Afghan Government interface more effectively with regional organizations.

Afghanistan also participants in two sub-regional initiatives: the “Dubai Process”, supported by France as the new G8 Chair, and the G8 Cross-Border Initiative. In connection with RECCA, these important regional initiatives could contribute to improvements in regional job opportunities, fostering prosperity and stability across the region. They can also complement the following significant regional projects under consideration: i) Central Asia, South Asia (CASA) 1000 electricity project; ii) Turkmenistan, Afghanistan, Pakistan and India (TAPI) natural gas project; and iii) the construction of railway from Shirkhan Bander to Herat; from Kandahar to Spin Boldak; and from Jalalabad to Torkham.

The above initiatives and projects are vital for Afghan development and prosperity and can benefit neighbouring countries across the region. To review progress in regional economic cooperation, identify shortcomings, and propose corrective actions, the 5<sup>th</sup> RECCA will be held later this year. At the 4<sup>th</sup> RECCA, generously hosted by Turkey from 17-18 June in Ankara, the following issues were proposed for the 5<sup>th</sup> RECCA:

- infrastructure (transport, energy, etc.)
- economic and social development
- trade and transit and border cooperation
- human resource development

To provide a forum for regional bodies to deliberate on developing a coordinated regional engagement plan for Afghanistan, the Government of Afghanistan gathered major regional organizations and international financial institutions to meet in Kabul on 19 July 2010.

### Labor Migration and other areas of Regional Cooperation

A further area that can benefit from regional cooperation deals with the enormous employment opportunities available in Afghanistan’s neighboring countries and wider region, particularly among the Gulf Cooperation Council (GCC) member countries. Many Afghans work in these neighboring countries. Remittances from abroad remain an important source of revenue for the country. Afghanistan seeks the further cooperation of neighboring and, in particular, GCC countries on labor migration and to better regulate and provide support to the flow of labor across the region.

Another dimension of regional cooperation is social and cultural cooperation. In assessing regional and international cooperation, the tendency has been to focus on economic and security relations issues. Unfortunately, little attention has been paid to social and cultural cooperation. Social and cultural cooperation through educational and cultural exchange, information exchange, and media coverage can play a vital role in community-building and bringing people and nations of the region

closer to each other. This is especially important in our region due to its sheer diversity. Social and cultural cooperation are not only essential in community-building, but they have proven critical in breaking down barriers associated with the complex economic, political, and security profiles of our region.

Regional cooperation depends not only on the actions of a single country, but on political and economic developments across the region. Therefore, neighbouring countries are requested to be proactive and to work jointly together to realize the full potential of regional initiatives. Furthermore, countries in the region must work to reduce political tension, expand regional cooperation in areas of security, social and cultural-exchange, trade and investment. Moreover, bilateral arrangements should be “fast-tracked” in order to facilitate and compliment regional integration and enhanced cooperation, rather than to become a substitute for them.

## **RESOURCE REQUIREMENTS AND MEASURING FOR RESULTS**

Budgets for each of the national priority programs are included in the Intended Results and Budget Matrices in this volume, as well as further elaborated in Volume II. Based on consultation with donors, the Government of Afghanistan estimates that approximately \$10 billion will be available to support core socio-economic development initiatives over the coming three years, with additional resources available to support current governance and security sector strengthening priorities. The Government has stated its desire that the international community direct 80% of its total socio-economic development assistance in support of its fifteen socio-economic development national priority programs. In this regard, an overall budget ceiling of \$8 billion was assigned, with the Agriculture and Rural Development Cluster accounting for around 33% of the total (\$2.8 billion), Human Resource Development around 23% (\$2 billion), and Economic and Infrastructure Development Cluster around 44% (\$3.8 billion). These funds were judged to be incremental and could be added to existing high-performing programs with committed funds and additional absorptive capacity.

On the subject of monitoring and evaluation, even the best of plans are ineffectual if their implementation cannot be tracked with technical rigor. A major weakness of past ANDS monitoring and evaluation efforts has been delays in defining outcomes long after the over-arching document and sector strategies were designed. Additionally, a lack of robust data systems has hampered effective monitoring.

Through the introduction of cluster groupings of ministries and development of this *ANDS Prioritization and Implementation Plan*, monitoring and evaluation is given renewed emphasis. Intended results – in the form of both outcomes and outputs – have been defined for all national priority programs individually, and in some cases for clusters as a whole. The total number of intended results has been kept manageable, and each are elaborated in *easy-to-review* matrices, allowing for the monitoring of different program components that contribute to the achievement of specific program and cluster outcomes and outputs. Moreover, full program results frameworks will be prepared following detailed assessments, design, and costing of the new national priority programs, and these will be connected to the national budget process and the ANDS results based management system to inform decision-making.

The Ministry of Economy is chiefly responsible for coordinating monitoring and evaluation, with the Central Statistics Organization responsible for data collection. While the Central Statistics Organization will supply data, the Ministry of Economy will serve as the chief data-analyzer for generating monitoring reports and proposing corrective actions, with support from the Ministry of Finance.

Data generation for monitoring will occur on two levels. The initial basic level involves the collection of data from responsible implementing ministries and agencies through their normal operations in support of program monitoring indicators. It draws on monthly progress reporting by all ministries and agencies employing standardized reporting formats. At the second level, the Central Statistics

Organization will collect data directly through various channels, including multi-purpose household surveys (e.g., the National Risk and Vulnerability Assessment), other surveys, and standard reporting tools targeting various respondents, and an administrative statistical system. The Ministry of Economy will utilize the data collected and prepare documents and reports to inform discussions and decision-making in the Cluster Coordination Committee, Cabinet, and Joint Coordination and Monitoring Board and its various Standing Committees and sectoral working groups. The data will be further utilized to guide ministries and agencies about various aspects of ANDS implementation and future planning.

The Government of Afghanistan is committed to achieving greater transparency and accountability for its performance; it will systematically review the matrices of intended results contained in this *ANDS Prioritization and Implementation Plan* at six month intervals through semi-annual and annual conferences. These rigorous technical reviews will be undertaken with an aim to identify gaps in implementation and to propose necessary corrective actions in consultation with key Government, civil society, and private sector governance, development, and security partners. Only through such a carefully planned and organized monitoring and coordination process can the understanding of what *makes a successful program* be realized, allowing for further national priority programs to be identified or existing programs to be scaled-up in subsequent years.

## **EFFECTIVE OFF-BUDGET DEVELOPMENT FINANCE**

As a key milestone towards more effective implementation, the Government of Afghanistan and its development partners agreed at the London Conference, held in January, to work together to increase assistance through the Government's central budget to 50% over the next two years. This commitment represents a critical shift in financing for development, increasing the ability of Afghans to deliver Afghan-led, effective and cost-efficient national priority programs. Through its Financial and Economic Reform Program detailed in Volume II, the Government is fulfilling its respective commitments to its partners to strengthen the capacity of Government to effectively design and implement programming, while demonstrating the highest standards of transparency and accountability in the management of its finances. It is also setting out closely related economic reforms that demonstrate the Government's commitment to a stable, sustainable, and strong economy to provide an effective framework for improving development outcomes.

Off-budget programs will, nevertheless, remain a key part of the development portfolio for the foreseeable future. The Government recognizes that the capacity of Government channels to absorb assistance is limited – and some of its development partners also have legal impediments to on-budget assistance. It is, therefore, a priority for the Government that the effectiveness of off-budget development assistance also improves.

To ensure that all development activities undertaken directly contribute to shared development goals, the Government and its international partners have agreed to observe seven key principles, based on the *Paris Declaration of Aid Effectiveness*, for off-budget programs. Specific criteria to fulfill these principles are set out in the 2010 “Operational Guide: Criteria for Effective Off-Budget Development Finance” contained in Volume II. In particular, international partners must ensure that all off-budget programs are designed, reported on regularly, and evaluated with meaningful input by the Government, respond directly to Afghan priorities, and are in full accordance with Afghan laws.

For every off-budget program supported, international partners should seek to ensure sustainability and to build both private and public Afghan capacities. Externally funded, international partner-led programs that comply with these principles will be certified by the Ministry of Finance and presented in the Government of Afghanistan's comprehensive national budget. This budget will serve Afghan citizens and their international partners as a primary tool for development planning and advancing Afghan development policy priorities, giving a more comprehensive picture of development activities and their costs in Afghanistan.



**AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY**