



KABUL

INTERNATIONAL CONFERENCE ON AFGHANISTAN

20 JULY 2010

AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY

**PRIORITIZATION
AND IMPLEMENTATION
PLAN**

MID 2010 – MID 2013

Volume I



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah, the Most Compassionate, the Most Merciful

إِنَّ اللَّهَ لَا يُغَيِّرُ مَا بِقَوْمٍ حَتَّىٰ يُغَيِّرُوا مَا بِأَنْفُسِهِمْ

Verily, never will Allah change the condition of people unless they change it themselves (013,011)

VISION FOR AFGHANISTAN

By the solar year 1400 (2020), Afghanistan will be:

- *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 aspirations 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.*

OUR GOALS

The Afghanistan National Development Strategy (ANDS) serves as Afghanistan's Poverty Reduction Strategy Paper (PRSP) and uses the pillars, principles and benchmarks of the Afghanistan Compact as a foundation. The pillars and goals of the ANDS are:

1. *Security: Achieve nationwide stabilization, strengthen law enforcement, and improve personal security for every Afghan.*
2. *Governance, Rule of Law and Human Rights: Strengthen democratic processes and institutions, human rights, the rule of law, delivery of public services and government accountability.*
3. *Economic and Social Development: Reduce poverty, ensure sustainable development through a private-sector-led market economy, improve human development indicators, and make significant progress towards the Millennium Development Goals (MDGs).*

A further vital and cross-cutting area of work is eliminating the narcotics industry, which remains a formidable threat to the people and state of Afghanistan, the region and beyond.



In the name of Allah, the most merciful, the most compassionate

The Kabul International Conference on Afghanistan represents a turning point in my country's transition to an era of Afghan-led peace, justice, and more equitable development. Expanding the day-to-day choices and capabilities of the Afghan people, and ensuring their fundamental rights, remain the cornerstones of my Government's approach to peacebuilding and comprehensive recovery. In spite of remarkable progress over the course of nearly a decade – particularly in the areas of health coverage, improved access to education, better infrastructure, as well as institutional governance and human capacity development – Afghanistan continues to face obstacles towards continued progress, including the need to improve regional and trade relations and introduce timely governance reforms.

To overcome these challenges, I am pleased to present the *Afghanistan National Development Strategy Prioritization and Implementation Plan*. With the introduction of National Priority Programs, this ambitious action plan symbolizes my Government's renewed commitment to a secure, prosperous, and democratic future. It also marks an important step in the *Kabul Process*; a final transition through increased international alignment behind national priorities towards our common goal of full Afghan ownership, responsibility, and sovereignty.

I am heartened by my new leadership team, organized around clusters of associated ministries, which has demonstrated convincingly that teamwork can effectively engage our partners in Parliament, civil society, and the private sector; facilitate tough policy choices and rigorous program development; and emphasize results to benefit ordinary Afghan citizens. We will continue to value the tremendous sacrifices of our international friends. Finally, I thank all of our Afghan and international partners – across and beyond Government – for their valued contributions in the preparation of this shared action plan.

Hamid Karzai
President of the Islamic Republic of Afghanistan

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ACRONYMS AND ABBREVIATIONS

ALPT	Accelerated Learning Program for Teachers
AEIC	Afghan Energy Information Center
AGS	Afghan Geological Survey
ASMEDA	Afghan Small to Medium Enterprise Development Agency/Authority
ACCI	Afghanistan Chamber of Commerce and Industry
AGCHO	Afghanistan Geodesy and Cartography Head Office
ALA	Afghanistan Land Authority
AMDGs	Afghanistan Millennium Development Goals
ANQA	Afghanistan National Qualifications Authority
A-NIC	Afghanistan Network Information Center
AREDP	Afghanistan Rural Enterprise Development Program
ASDP	Afghanistan Skills Development Project
ADF	Agricultural Development Fund
GIAAC	Anti-Corruption Commission
BDS	Business Development Services
CSC	Civil Service Commission
CBNRM	Community-Based Management of Natural Resources
CBHC	Community-Based Health Care
CARDF	Comprehensive Agriculture and Rural Development Facility
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
DABS	Da Afghanistan Breshna Sherkat
DDA	District Development Assembly
DOWA	Department of Women's Affairs
DMTVET	Deputy Ministry of Technical and Vocational Education and Training
DCN	District Communications Network
DEO	District Education Office
EDP	Economic Development Package
EMIS	Education Management Information System
EQUIP	Education Quality Improvement Program
ESC	Employment Service Center
ERDA	Energy for Rural Development in Afghanistan
EG	Enterprise Group
ESMF	Environmental and Social Management Framework
EMS	Express Mail Services
FP	Facilitating Partners
GMU	Grant Management Unit
HEMIS	Higher Education Management Information System
IDLG	Independent Directorate of Local Government
IMCI	Integrated Management of Childhood Illness
ITSSF	Integrated Trade and SME Support Facility
IMU	Interim Management Unit
ICE	Inter-ministerial Commission for Energy
IFI	International Finance Institution
LMIAU	Labor Market Information and Analysis Unit

LBAT	Labor Based Appropriate Technology
LEFMA	Long-term Extractive industries Fiscal Model for Afghanistan
MIS	Management Information System
MMC	Metallurgical Construction Company
MEW	Ministry of Energy and Water
MPW	Ministry of Public Works
MRRD	Ministry of Rural Rehabilitation and Development
NRRCI	National Regional Resource Corridor Initiative
NREN	National Research and Education Network
NADF	National Agricultural Development Framework
NESP	National Education Strategic Plan
NEPDG	National Energy Policy Development Group
NESP	National Energy Supply Program
NEIEP	National Extractives Industry Excellence Program
NICTCA	National Information and Communications Technology Council of Afghanistan
NPP	National Priority Program
NPITT	National Program of In-service Teacher Training
NQA	National Qualifications Authority
NQF	National Qualifications Framework
NRAP	National Rural Access Program
NSDP	National Skills Development Program
NADF	National Agricultural Development Framework
OFC	Optical Fiber Cable
PACEA	Partnership for Advancing Community-based Education in Afghanistan
PRR	Priority Reconstructing and Reform
PA	Producer Association
PMO	Project Management Office
PSB	Project Steering Board
PSDD	Private Sector Development Directorate
REED	Rural Enterprise and Energy Department
RITS	Rural Infrastructure Technical Services
SG	Savings Group
SIP	School Improvement Plan
SMC	School Management Committee
SMT	School Management Training
SDNRP	Sustainable Development of Natural Resources Project
TTC	Teacher Training College
TVETB	Technical and Vocational Education and Training Board
TOT	Training Of Trainers
TVET	Technical Vocational Education and Training
UPTAF	Urban Planning Technical Assistance Facility
VSLA	Village Savings and Loan Association
WUA	Water User Association

AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY

PRIORITIZATION AND IMPLEMENTATION PLAN

MID 2010 – MID 2013

EXECUTIVE SUMMARY

On July 20, 2010, the Government of the Islamic Republic of Afghanistan and the international community met in Kabul to deliberate on and endorse an Afghan-led action plan to improve governance, social and economic 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 government and non-governmental institutions to contribute to improved service delivery, job creation, equitable economic growth, the protection of all Afghan citizens' rights, and a durable and inclusive peace. In essence, these programs define the *Kabul Process*.

The start of the *Kabul Process* represents a turning point for the People of Afghanistan and their international partners. Unlike the past, when programs were largely prepared and implemented by international cooperation partners, now the Afghan Government and its many development partners across civil society and the private sector have the leadership and institutional capabilities to realize the full benefits of a National Priority Program approach. With the prevalence of violent extremism, pervasive poverty, and perceived high-levels of corruption across many State institutions, adopting a prioritized programmatic approach is a practical and moral imperative for three main reasons:

i. First, the Afghan Government must improve the lives of all Afghan citizens. Only through providing poverty reducing social services, establishing law and order, and fostering economic activity nationwide can the Afghan Government garner confidence and legitimacy

in the eyes of its constituents. Further, Afghan-led programs with a national reach, that provide for the unique circumstances of different provinces and districts, can build loyalty for the central government, unifying the country and ensuring greater national, as well as provincial, stability. Ongoing peace and reconciliation efforts are based on this commitment to inclusivity and equity for all Afghan citizens.

- ii. Second, the Afghan Government recognizes its current limited capacity to design and undertake overly-ambitious programs, and the often-unrelated proliferation of poorly integrated projects. By concentrating on the delivery of a smaller number of large-scale National Priority Programs focused on delivery over the course of the next three years, returns to growth, revenues, and employment will be increased, as will national capacities in self-governance and service delivery.
- iii. Third, it is only through the provision of a clear, prioritized agenda that international partners can align behind Afghan leadership. This transfer of responsibility is critical to increase aid effectiveness. And it enables international partners to fulfill their pledge to increase the percentage of their aid aligned behind Afghan priorities through Afghan systems.

The main storyline of the Kabul International Conference on Afghanistan is a story of hope, determination, pragmatism, and peace.¹ Since late

¹ The "*Faces of Hope*" Photographic Essay in support of the Kabul Conference, financed by the Government of Afghanistan, can be viewed at <http://www.afghanistanfacesofhope.com>.

2001, Afghanistan has witnessed significant advances in school enrollment, improved access to essential health services, huge investments in roads and telecommunications coverage from an extremely low base, increased 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. The National Priority Programs, outlined herein, have been designed to expand social and economic horizons and opportunities for all Afghans (including those living in often remote and isolated rural communities), while also ensuring that Afghanistan emerges as a country with a skilled labor force, capable of driving the economic transition to prosperity. As H.E. President Hamid Karzai expresses in his Foreword to this plan, *“With the introduction of the National Priority Programs, this ambitious action plan symbolizes my Government’s renewed commitment to a secure, prosperous, and democratic future.”*

As a cohesive and integrated set of priority national investment programs, these proposed investments represent the backbone of the Government of Afghanistan’s transition strategy, meeting urgent and essential requirements that the Afghan State must both fulfill and be seen fulfilling. They outline specific steps to overcome the myriad complex governance and security related challenges that continue to impede socio-economic recovery, and they acknowledge that transition requires a comprehensive approach – not a military solution only. They also seek to create an enabling economic environment to attract investment and create high-value industries that will form a strong revenue base, ensuring the continuation of government programs as foreign development assistance declines. The overall strategy is, therefore, one of increased regional and global integration, alongside targeted investment to maximize returns to growth, revenues, and sustained employment creation. For the next three years, it is estimated that these National Priority Programs will generate some 600,000 direct job opportunities and 1.84 million indirect job opportunities, plus 58.8 million additional labor days.

Each of the programs presented here have emerged as a result of a series of consultation exercises – to

deepen public policy dialogue – with leading members of Parliament, Afghan civil society, the private sector, and academia, including their collective participation in Standing Committees on Governance, Economic and Social Development, and Security held in June with Afghan Government and international community participation. International cooperation partners have also been extensively engaged in the formulation process, providing guidance and feedback on issues related to fiscal forecasting, resource flows, and policy and institutional enabling reforms.

The growth storyline that underpins the entire set of proposed priority programs is also an important element. Clearly, with Government still unable to finance large parts of its operating costs, a focus on sustained and high level formal growth as a result of investments in resource corridors, extractive industries, transport, energy, and small-to-medium –sized enterprises is vital not just to secure the key functions of government, but also to allow government to finance programs through broad-based growth. At the heart of the entire Kabul Conference storyline is a shift towards growth, revenues, and employment driven investments to secure transition to a virtuous macro-economic and fiscal future. Once financed, the investments outlined here secure the transition to fiscal sovereignty, as a foundation for concluding the political, security, and socio-economic transition. The new approach, therefore, also includes a focus on improved economic governance, as well as initiatives that address social exclusion, transparency, and accountability. Finally, the programs presented here will benefit from improved absorption capacities and ever-improving fiduciary standards in public finance.

The National Priority Programs and related Government initiatives are presented in two volumes. This volume (Volume I) contains a synthesis of the consultation process, alongside analytical and diagnostic findings that provide direction for public investment aimed at achieving visible results over the next six month, twelve month, and three year periods in the areas of governance, socio-economic development and security. Volume II, found in an accompanying CD-ROM and at <http://www.fa.gov.af/kabul->

conference.asp and <http://www.and.s.gov.af/>, contains the detailed National Priority Program summaries in the various clusters (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*". Delivering success will also require a focus on the following core elements:

- Understanding and tackling the challenges of implementation;
- Building Good Democratic Governance and the Rule of Law;
- Unleashing Investments in Economic and Infrastructure Development;
- Accelerating Agricultural and Rural Development;
- Facilitating Human Resource Development;
- Transitioning to Afghan-Led Security;
- Reconciliation and Reintegration through a new Peace Initiative;
- Curbing the Trade and Harmful Effects of Narcotics;
- Expanding Regional Cooperation;
- Meeting Resource Requirements and Measuring for Results; and,
- Strengthening Leadership and Accountability.

Understanding and Tackling the Challenges to Implementation

Difficult conditions for national program implementation are caused by continued violence across Afghanistan, particularly in the South and Southeastern regions. Additional organizational, regulatory, and capacity supply-related constraints challenge Afghan Government ministries and 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. The Government of Afghanistan recognizes these constraints and the fact that its capacity to absorb foreign assistance, while improving rapidly, remains limited. Overly

optimistic planning by Government, ministries and agencies is exacerbated by a limited capacity to implement programs by both government and donors, which contributes to low budget execution. The government also appreciates that, while fund management is relatively strong, there are still risks to implementation that the Government plans to tackle within new clusters designed programs.

A concerted effort to build public financial management capacity in line ministries will be undertaken. The Government will focus on: (i) Improving procurement and project management systems; (ii) Streamlining and simplifying government and donor delivery systems; (iii) Increasing the creation and use of effective management information for all programs; and (iv) Unleashing the capacity of the private sector and civil society service-provider organizations to implement programs. This will build the confidence necessary for donors to follow through with pledges made at the London Conference to increase aid alignment with government priorities and increase aid delivered through the Afghan national budget.

This is a challenging agenda and will take time. However, the early 2010 establishment of Five Cluster Groupings of ministries (covering Governance, Economic and Infrastructure Development, Agriculture and Rural Development, Human Resource Development, and Security) to improve coordination, program delivery, and prioritization in support of ANDS implementation is a positive step forward. 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 towards setting program priorities is a major achievement in its own right, as is the identification of strong linkages between governance and socio-economic development programming. But it does not end here. These National Priority Programs begin an iterative and consultative process for setting out a short-, medium-, and long-term plan for ANDS implementation, and they lay 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 Government institutions and officials. The Afghanistan Program for Efficient and Effective Government aims to improve civil service management by: (i) Introducing and implementing broad-based policy, legal, and structural reforms in public administration; (ii) Improving public service delivery through a simplification of procedures; and (iii) 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 institutional development and democratic representation at the sub-national level. The National Program for Law and 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, 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 Investments in 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 develop 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 substantial 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 (providing resources for the regional resource corridors) for all major mineral groups, leading to a surge in domestic revenues that will secure resources for broad-based growth in other areas. 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, while also creating new systems of data and information

management within a new model of public management. To this end, newly established authorities will benefit from improved automated management information systems to promote efficiency, effectiveness, and improved fiduciary management. Authorities and agencies, following deliberation, will be established under the Advanced Reform and Restructuring (ARR) Program.

Accelerating Agricultural and Rural Development

Guided through the implementation of four National Priority Programs in the Agricultural and Rural Development Cluster, the Government's goal 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 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 Program 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. The 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 Program 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, along with international partners, has introduced a Joint Framework for *Inteqal* (transition) to: *“facilitate a phased transfer, province-by-province,*

to an Afghan security lead.” It involves two main stages: (i) 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 (ii) 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 opportunities. In addition, the Government will reinforce this initiative by properly training, equipping, and increasing the size of the Afghanistan National Army to 171,000 and the Afghanistan National Police to 134,000 personnel; it will also 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 accept a political reconciliation process 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 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 in a sustainable manner. 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: (i) Greater inter-security agency coordination and intelligence sharing, including identifying and eliminating terrorist sanctuaries and support bases; (ii) Combating narcotics in the framework of the 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; (iii) Implementing the tri-partite agreement on the return and reintegration of Afghan refugees and internally displaced persons between the Islamic Republics of Iran and Pakistan; (iv) Investing in strategic regional infrastructure, including “regional resource corridors” and improving institutional capacity for identification, preparation and execution of priority integration projects; and (v) Cooperation with neighbouring and regional countries, especially in the Gulf region, on Afghan labour migration which contributes to an important source of revenue through remittances.

Meeting 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 26% of the total (US\$2 billion), the Human Resource Development Cluster around 25% (US\$1.9 billion), and Economic and Infrastructure Development Cluster around 49% (US\$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. Draft budgets for the Economics and Social Development and Governance Clusters National Priority Programs are outlined in the Intended Results and Budget Matrices in this volume, as well as further elaborated in Volume II. In addition, the projected budget for the Afghanistan Peace and Reconciliation Program is nearly US\$800 million.

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 are 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, with 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 forums.

Strengthening Leadership and Accountability

In support of the Cabinet and National Assembly, the Five Cluster Groupings of ministries mentioned above have contributed 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 and Budget Matrices for the National Priority Programs and related Government priority initiatives, giving emphasis to urgent government reforms critical to the delivery of the socio-economic development related National Priority Programs. Measures were also recently introduced to strengthen the periodic ANDS review meetings of the Joint Coordination and Monitoring Board and associated Standing Committees and cluster-specific 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).

As a key milestone towards more effective Afghan-led ANDS implementation, the Government of Afghanistan is pleased that its international partners agreed in January at the London Conference, to work together to increase assistance through the Government's central budget to 50% over the next two years.

However, the Government recognizes that off-budget programs will remain a key part of the development portfolio for the foreseeable future. To ensure accountability for all development assistance, the Afghan Government 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 and 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:

- i. 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.
- ii. 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.

- iii. 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 and responsibility, the Government plans to strengthen its bi-annual Donor Financial Review, Medium-Term Financial Framework (MTFF), and introduce other mechanisms to: (i) Consider long-term financing needs and gaps; (ii) Explore how the Government budget can become the main policy instrument used by donors and the Government to manage transition; (iii) Facilitate "hand-over strategies" from internationally-led programs; (iv) Monitor the progress of national programs in achieving agreed upon short and medium-term outcomes; and (v) 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. Drawing directly on near-term targets presented in the National Priority Programs introduced at the Kabul Conference, the Communiqué emphasizes major short-term 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.

AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY

PRIORITIZATION AND IMPLEMENTATION PLAN

MID 2010 – MID 2013

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

On 20 July 2010, world leaders convened 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, revenues, 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 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 Bamyán 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 by Standing Committees on Development (12 June), Security (27 June), and Governance (30 June). Discussed 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 as well as 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.

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UNDERSTANDING AND TACKLING THE CHALLENGES TO IMPLEMENTATION

With a view to ensuring that 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 low budget execution performance, including limited capacity for planning and project management, fragmented budgeting between Government and donors (and even amongst donors), and weaknesses in medium-term fiscal forecasting (such as grant forecasting from donors). 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, will contribute to improved budget execution rates.

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 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 affect 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 “projectizing” 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

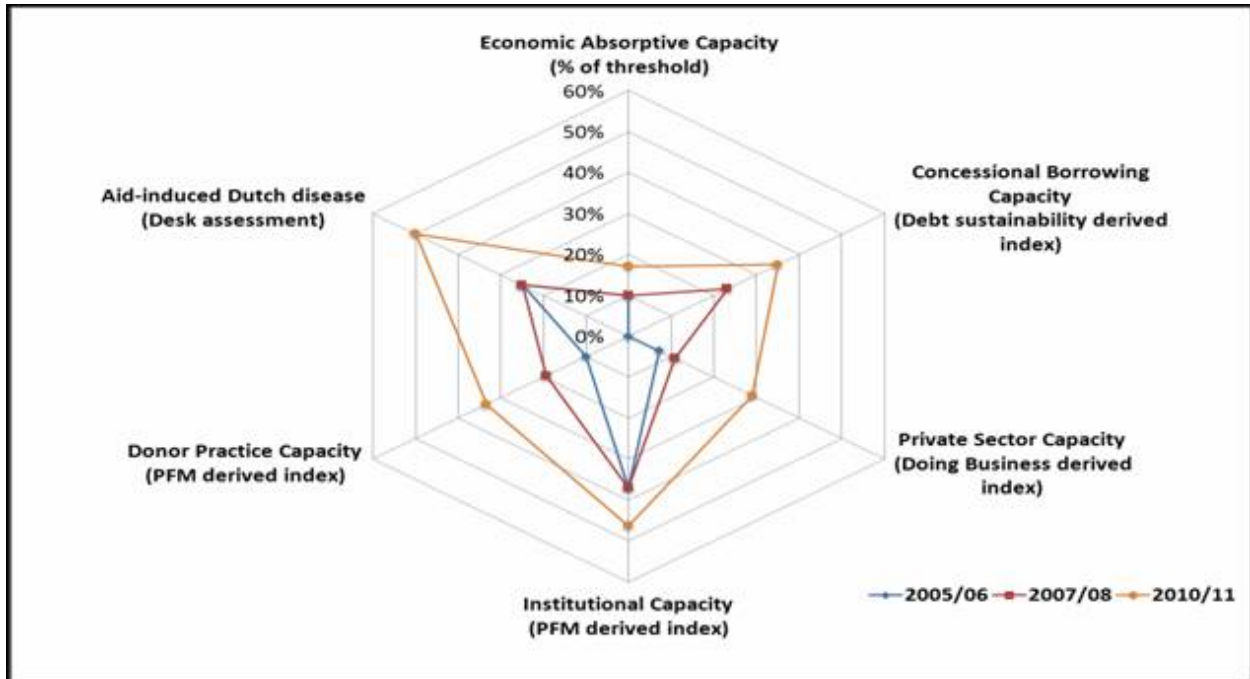
Afghanistan’s absorptive capacity - its ability to do more - is expanding (see figure one below), and inherent fiduciary and development risks are falling rapidly. But there remain significant challenges in these areas, with limited capacity in some line ministries to plan the continued perception of financial misuse amongst the public and international community. Governance Cluster programs will contribute to increased Government capacity and transparency and accountability, which will further reduce absorptive capacity, fiduciary, and development risks in the future. However, these areas require sustained and consistent support if they are to achieve positive results.

Analysis reveals that 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 reallocation of current resources to priorities that are “owned” by the Government to emphasize development effectiveness.

Weaknesses in the current coordination of on- and off-budget spending limit the overall credibility of the budget. 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 low rates of execution for donor funding lie some

Figure 1. Absorptive Capacity Space Expanding (2005-10)



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. 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, Ministry of Justice, Office of the Attorney General, Independent Administrative Reform and Civil Service Commission, Independent Directorate of Local Governance, High Office of Oversight for Implementation of Anti-Corruption Strategy, Office of Administrative Affairs, 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.

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 Law and 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, underdevelopment, 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

First, leadership needs to remain committed over multiple years to an agenda for positive and systemic governance change. Second, 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.

**SUMMARY MATRIX PROGRAM 1:
NATIONAL PRIORITY PROGRAM FOR FINANCIAL & ECONOMIC REFORMS**

<i>Intended Outcome: A more fiscally sustainable Afghan economy, where public (including donor) funds are used in a responsible and efficient manner – US\$5.6 million</i>		
Intended Results 6-months	Intended Results 12-months	Intended Results 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"> ▪ Domestic revenues will increase to 9.4% of GDP at the end of 1389 (75.3bn AFS). ▪ The Medium-Term Fiscal Framework (MTFF) more accurate and practical tool as a basis for policy analysis and planning, and includes 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). 	<ul style="list-style-type: none"> ▪ Government will confirm its commitment to gradually take over security financing, for example by allocating additional revenue annually to security spending. ▪ 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, as per IMF targets. 	<ul style="list-style-type: none"> ▪ Domestic revenues will increase by around 0.7 percent of GDP annually for the next two years. ▪ 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.
<i>Government will improve the transparency and efficiency of its public spending that meets effective development outcomes</i>		
<ul style="list-style-type: none"> ▪ 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. ▪ Gaps in Line-Ministry PFM capacity will be addressed in seven critical Ministries in 1389 through standardized assessments and designing targeted capacity building programs. ▪ 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. ▪ The effectiveness of off-budget development assistance improves, as off-budget programs that meet the effectiveness criteria are included in the comprehensive budget. 	<ul style="list-style-type: none"> ▪ 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. ▪ 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. 	<ul style="list-style-type: none"> ▪ Budget execution increases by 10-20% annually over the -medium-term (compared to the amount of executed budget for previous year). ▪ Afghanistan's score in the Open Budget Index increases to 30% for 1390. ▪ 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 a significant portion of the Auditor General's reports. ▪ 50% of development assistance will be channeled through the Government budget, increasing Government ownership and capacity.

**SUMMARY MATRIX PROGRAM 2:
NATIOANAL TRANSPARENCY AND ACCOUNTABILITY PROGRAM**

Intended Outcome: Public trust in and legitimacy of, the Government and an enabling environment for social and economic development – US\$36 million		
Intended Results 6-months	Intended Results 12-months	Intended Results 1-3 years
Component 1: Further legal and institutional development		
<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 panel provisions with UNCAC e.g. illicit enrichment, false assets declaration are harmonized. Anti-Corruption Tribunal (ACT) legislation is enacted.	Amendment to the Penal Code & UNCAC related laws are ratified.
Component 2: Strengthening accountability mechanisms		
<i>Joint Monitoring and Evaluation Committee:</i> The MEC & its secretariat are established & the first visit takes place.	Reports are published & recommendations for setting up new benchmarks for effective anti-corruption efforts are made.	The MEC continues its M&E activities.
<i>Complaints mechanisms and regional expansion:</i> Hotline established mechanism for protecting whistleblower/informant developed & 4 HOO regional offices established.	Triangular complaints initiatives (civil society, IPO, complaints) established; significant complaints acted upon & 3 remaining regional offices of HOO 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 are reviewed and reported upon; priorities revised, implementation & oversight continued.	Results reviewed & new priorities identified.
<i>Internal audit mechanism strengthened in ministries;</i> 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.
Component 3: Introducing transparency initiatives		
<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 monitoring the trial processes of corruption cases:</i> mechanism established.	Effectiveness and efficiency of the mechanism is monitored and evaluated. Necessary changes made/ the mechanism is improved and Implementation continued.	Implementation continued.
<i>Oversight Mechanism for Elections – mechanism within election institutions ensured.</i>	Monitoring of the campaign process was conducted in accordance to the set mechanism.	Transparency in the elections campaign process is ensured.

**SUMMARY MATRIX PROGRAM 3:
AFGHANISTAN EFFICIENT & EFFECTIVE GOVERNMENT**

Intended Outcome: Increased ability by the government to protect and to serve the population, and to improve the delivery of services – US\$368 million		
Intended Results 6-months	Intended Results 12-months	Intended Results 1-3 years
Component 1: Broad-based Policy, Legal, and Structural Reform in Public Administration		
<ul style="list-style-type: none"> ▪ Cabinet has direct oversight of PAR ▪ Policy development by SPDU for more comprehensive PAR initiated ▪ Drafting of new law “Code” to replace civil service law and civil servants law initiated ▪ Scaling up of CSRP in line with strategy of new PAR ▪ 20% of senior appointments with civil society/university scrutiny ▪ Scaling up of CSRP initiated with inclusion of the strategic objectives of more comprehensive PAR ▪ To promote transparency, civil society & university representation in appointment of 20% of senior civil servants ▪ Cabinet has direct oversight of PAR ▪ SPDU established within IARCSC ▪ Policy development for more comprehensive PAR ▪ Drafting of new law “Code” initiated to replace Civil service law and civil servants law ▪ Scaling up of CSRP initiate ▪ Scaling up of CSRP initiated 	<ul style="list-style-type: none"> ▪ Code drafted: ambiguities/contradictions; international standards met ▪ Civil service appointment & grievance processes reformed, with strict de-politicization, transparency & integrity standards ▪ Work of 10 service line ministries reviewed for misalignment of mandates ▪ Begin deconcentration of recruitment: benefits subnational levels/DDP ▪ 50% of senior appointments under civil society/university scrutiny 	<ul style="list-style-type: none"> ▪ Boards of appointment & appeals separated from CSMD ▪ with work subject to further scrutiny ▪ By 2013 P&G introduced to all under new rubrics ▪ work of 10 service line ministries realigned/rationalized ▪ Continue deconcentration of recruitment process ▪ Achieved 100% of senior appointments under new rules
Component 2: Improved Public Service Delivery by Government		
<ul style="list-style-type: none"> ▪ MoF (revenue generating areas) and IARCSC (business practices of ministries) establish corruption free, low cost, less time consuming mechanisms for transaction of public services. 	<ul style="list-style-type: none"> ▪ MoF: Approximately 5 candidates for reforms identified and agreed with Line ministries/agencies ▪ IARCSC: Dedicated BPS Unit in place, reform of 3 ministries 	<ul style="list-style-type: none"> ▪ Minimum of 5 critical service areas reformed per year. ▪ Public confidence in Government improves ▪ IARCSC: BPS introduced to 5 ministries/agencies
Component 3: Comprehensive Training and Capacity Development and Improvement of Working Conditions		
<ul style="list-style-type: none"> ▪ CSI: Needs of educationally disadvantaged/specialized subjects met, mentoring added, performance-based management & leadership development integrated, and begin new training locations and training, including in security challenged & distant provinces/districts ▪ Internship program instituted to address recruitment needs of aging cohort ▪ Re-structuring of MCP initiated 	<ul style="list-style-type: none"> ▪ CSI completes five common functions for 16,000 civil servants ▪ Continue establishing new civil service training centers ▪ Begin capacity strengthening of IARCSC ▪ With special focus on subnational level, injection of staff and staff capacity through MCP and ACSS ▪ Begin capacity building of boards of appointment and appeals and their regional components; ▪ Establishment of 6 RIMUs to 6 in key ministries/agencies 	<ul style="list-style-type: none"> ▪ Capacity building completed of: IARCSC, Boards ▪ Continue injection of staff and staff capacity ▪ Linkages with colleges and graduate level educational institutions to promote masters level degrees in public administration/ management and E-Learning
Component 4: Improvement in the Operational Framework		
<ul style="list-style-type: none"> ▪ 40 line management positions established, subject to MCP ▪ Increase of women recruitment; gender units in 13 ministries ▪ Introduction of HRMIS in select ministries. 	<ul style="list-style-type: none"> ▪ 80 line management positions established, subject to MCP ▪ Gender Units established in 20 ministries ▪ RMIS expanded to 5 ministries. agencies ▪ M&E, performance appraisal of individuals/institutions 	<ul style="list-style-type: none"> ▪ 300 line management positions established, subject to MCP ▪ Gender units established in all ministries and significant advances made in gender parity in government
Component 5: Advanced Restructuring and Reform		
<ul style="list-style-type: none"> ▪ IARCSC, MoF with EID Cluster: initiate design of road map, advanced restructuring and functional review 	<ul style="list-style-type: none"> ▪ Complete road map; cabinet approval for ARR program ▪ MoF: draft enabling legislation/subsidiary legislation ▪ Initiate functional reviews of: MoTCA, MoM, MoPW, MoUD 	<ul style="list-style-type: none"> ▪ Complete functional reviews ▪ Reforms achieved: authorities for civil aviation, mines, roads, railways, industrial parks

**SUMMARY MATRIX PROGRAM 4:
NATIONAL PRIORITY PROGRAM FOR LOCAL GOVERNANCE**

Intended Outcome: Increased confidence of the population in government's ability to protect and to serve the population; improved delivery of services – US\$285 million		
Intended Results 6-months	Intended Results 12-month	Intended Results 1-3 years
Component 1: Sub-National Governance Policy		
<ul style="list-style-type: none"> ▪ SNG Legal framework and mechanisms established and draft legal strategy developed. ▪ High priority municipal, district and village legal frameworks and other priority SNG laws drafted and sent to CoM and onto Parliament. ▪ Cabinet Committee established, SNG finance strategy agreed, and Provincial budgeting and strategic planning pilots underway. 	<ul style="list-style-type: none"> ▪ All priority 6 laws more laws drafted on SNG, Affirmative Action for Women and CSOs. ▪ New Municipal laws drafted incl. priority regulatory frameworks. ▪ SNG financial framework and medium-term strategy (3 years) in place. Guidance drafted on Provincial Planning (PDPs and Provincial Strategic Plans PSPs), the roles of govt departments and incorporation and management of NGO projects and local needs. ▪ Financial frameworks, budgets operationalized through pilots. Monitoring/checks and balances system in place 	<ul style="list-style-type: none"> ▪ Completion of SN Governance Legal Framework – 6 new priority laws, 11 existing laws and 22 regulations amended and approved. ▪ Evaluation of SNG framework. ▪ Municipal Laws and Provincial levels plans fully established and execution under way. ▪ Provincial strategic plans in place. ▪ Provincial budgeting and execution in place.
<ul style="list-style-type: none"> ▪ Administrative Boundary mapping and cadastral exercise commenced 	<ul style="list-style-type: none"> ▪ Methodology agreed. Basic administrative boundary data and boundary dispute mechanism developed and agreed upon. 	<ul style="list-style-type: none"> ▪ Full framework under execution; resources mobilized. Spatial data infrastructure in place.
<ul style="list-style-type: none"> ▪ Local government opinion survey pilots launched 	<ul style="list-style-type: none"> ▪ Local government opinion surveys assessed and plans for rollout made. 	<ul style="list-style-type: none"> ▪ Local government opinion surveys rolled out, survey results utilized.
Component 2: Institutional Development and Service Delivery		
<ul style="list-style-type: none"> ▪ MoU agreed with IARCSC and capacity building priorities and target setting for PAR in local government completed. ▪ Priority appointments of Deputy Provincial Governors (DPGs) and District Governors (DGs) approved. ▪ Approval of IDLG interim structures. IDLG program portfolio management aligned with SNG Policy Implementation. IDLG commences drafting of Local Govt Guidance. ▪ Strategy developed and agreed to introduce performance and accountability measures in the PGOs, combined/incorporated with development of civ-mil approach/strategy and PAR. ▪ SNG Physical infrastructure assessments undertaken, some building works underway. ▪ 15 Districts targeted by DDP; Municipal Structure and new models assessed. Priority projects commenced. 	<ul style="list-style-type: none"> ▪ 2nd round of DPGs and DGs Appointments in place. ▪ Capacity building in IDLG, PGOs, DGOs and Provincial Councils underway ▪ SN Appointments trained and practicing outreach, Transition of PRTs to PSTs, pilot projects underway and M&E tested. ▪ Procurement and construction underway for priority SNG buildings/offices. ▪ Municipalities assessed, training tailored to improve service delivery. Service delivery and cost recovery plans ready. ▪ DDP extended to further 20 Districts; <i>Tashkeel</i> filled, 1st phase basic service delivery projects completed. ▪ Provincial Relation and Coordination Unit (PR&CU) fully functional, clear strategies and guidelines developed with Governors and local councils for, <i>inter alia</i>, having an efficient role in support of Afghanistan Peace and Reconciliation Program (APRP). 	<ul style="list-style-type: none"> ▪ All Programs aligned with SN Governance Policy. ▪ Priority public admin reforms completed in all PGOs and DGOs. ▪ PRT to PST transition completed eligible/priority provinces. ▪ Building in all priority PGOs and DGOs constructed and fully equipped. ▪ Municipalities' capacity improved and Councils fully established and functional and mayor elections conducted. ▪ 80 Districts covered by DDP.
Component 3: Democratic Representation & Civic Education		
<ul style="list-style-type: none"> ▪ Plan for Civil Register agreed. ▪ Inter-ministerial working group established to start evaluating the status of CDCs, DDAs and ASOP Shuras to be transformed into DCs and VCs. 	<ul style="list-style-type: none"> ▪ Plans developed for transition of CDCs, DDAs and ASOP Shuras into District Councils (DCs) and Village Councils (VCs) with legal status. 	<ul style="list-style-type: none"> ▪ DCs and VCs established. Full democratic participation targets set and transition done.

**SUMMARY MATRIX PROGRAM 5:
LAW & JUSTICE FOR ALL**

Intended Outcome: Improved capacity of government to deliver justice; increased trust by population in government's ability to administer justice in fair and equitable manner – US\$381 million		
Intended Results 6-months	Intended Results 12-months	Intended Results 1-3 years
Component 1: Simplification of Operational Procedures; Commentaries for Civil and Penal Codes; Revision and Drafting of Laws; Optimization of Law-making Processes		
<ul style="list-style-type: none"> ▪ Identification of shortcomings in existing operational procedures. 	<ul style="list-style-type: none"> ▪ Design of new simplified procedures •Launch of Pilot Scheme. 	<ul style="list-style-type: none"> ▪ Implementation of new operational procedures.
<ul style="list-style-type: none"> ▪ Production of Commentaries of Civil and Penal Codes initiated ▪ Strategy for review, analysis and revision of existing laws is designed, legislative processes simplified and legislative requirements of GC cluster addressed ▪ Penal sanctions for land grabbing reviewed ▪ Laws and regulations governing sub-standard goods are designed. 	<ul style="list-style-type: none"> ▪ Commentaries of Civil and Penal Codes completed and launched. ▪ Translation Unit in MoJ is established and enhanced in SC. ▪ Strategy for review and revision of legislation is implemented and defective laws identified and amended. 	<ul style="list-style-type: none"> ▪ Civil, commercial and penal statutes are reviewed; ▪ Existing Afghan laws and legal resources are made accessible in coherent, rationalized, classified and digitized format.
Component 2: Institutional Development (Capacity Building, Physical Infrastructure, Transportation & Equipments)		
<ul style="list-style-type: none"> ▪ Training needs assessment of all JSI's personnel is conducted. ▪ JSIs Organizational Structures are reviewed (PRR and P&G). ▪ Anti Corruption Tribunals (ACT) and National Ministers Court (NMC) established. ▪ A National Ministers Court is established and functional. 	<ul style="list-style-type: none"> ▪ Dedicated training programs for JSI's are designed. ▪ -ACT fully functional in 8 regions. ▪ NMC fully functional. 	<ul style="list-style-type: none"> ▪ Training programs are rolled out and implemented. ▪ JSI's PRR and P&G completed. ▪ JSI's are linked with E-Governance program. ▪ SC PRR is completed and implemented. ▪ Continuation of RIMUs for P&G and PRR; ▪ Establishment of Legal Resource Centers.
<ul style="list-style-type: none"> ▪ National Justice Programs (NJP) Capital Investment Plan (CIP) is completed (infrastructure, transport and equipment needs assessment). 	<ul style="list-style-type: none"> ▪ NJP-CIP prioritized implementation started. 	<ul style="list-style-type: none"> ▪ NJP-CIP implementation completed and JSI's infrastructure, transport and equipment needs met.
Component 3: Security of JSIs personnel		
<ul style="list-style-type: none"> ▪ Needs assessment and plan for judicial police carried out. 	<ul style="list-style-type: none"> ▪ Judicial and justice sector police established. 	<ul style="list-style-type: none"> ▪ JSIs Staff's security ensured.
Component 4: Access to Justice		
<ul style="list-style-type: none"> ▪ National legal awareness strategy is designed and programs are harmonized with new strategy. 	<ul style="list-style-type: none"> ▪ Legal awareness materials are being produced. ▪ Legal awareness program is expanded to all provinces. 	<ul style="list-style-type: none"> ▪ Roll out of legal awareness strategy has commenced.
<ul style="list-style-type: none"> ▪ Formulation of national informal justice policy is completed. 	<ul style="list-style-type: none"> ▪ Informal justice strategy is designed and law on informal justice drafted and ready for adoption. 	<ul style="list-style-type: none"> ▪ Nationwide implementation of informal justice strategy commenced and law implemented.
<ul style="list-style-type: none"> ▪ Design of national legal aid strategy is completed; mechanism and systems for the provision of legal aid services are designed. 	<ul style="list-style-type: none"> ▪ Legal aid offices are expanded to all provinces. 	
<ul style="list-style-type: none"> ▪ Vocational training programs for prisons and juvenile detention centers are designed ▪ Program for non-custodial punishments, like community service, is designed 	<ul style="list-style-type: none"> ▪ Programs for vocational training, non-custodial punishments and de-radicalization are operational. 	<ul style="list-style-type: none"> ▪ Medical and mental health services in prisons are enhanced and expanded.

**SUMMARY MATRIX PROGRAM 6:
AFGHANISTAN PROGRAM FOR HUMAN RIGHTS & CIVIC RESPONSIBILITY**

<i>Intended Outcome: Increased awareness across the State and general population about human rights and civic responsibilities – US\$170 million</i>		
Intended Results 6-months	Intended Results 12-months	Intended Results 1-3 years
Component 1: Strengthen Afghan State institutions		
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.
Component 2: Raise awareness among the general Afghan population		
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.
Component 3: Strengthen the independence and sustainability of Afghanistan's national constitutional and other specialized institutions		
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.
Component 4: Support the contribution of Afghanistan's traditional and local institutions		
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.
Component 5: Ensure effective measures are in place to establish justice and end impunity		
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 INVESTMENTS IN 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 this unique set of opportunities is now in place, there are key conditions that need to be established to ensure that 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:

- 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 trillion US dollars.²
- 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.¹
- 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 (NRRCI); (ii) 1 million sustainable jobs from supporting the Small and Medium-sized 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

² More robust estimation of revenue impacts will require development of the LEFMA and a supporting macroeconomic model.

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, 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 for rural electrification. 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 to enabling successful improvements in the

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 Cluster, to secure progress: i) Strengthening the economic policy environment by formulating sound sector policies in year one; ii) Enhancing economic governance and the regulatory environment through the 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.

ILLUSTRATIVE MATRIX FOR ECONOMIC AND INFRASTRUCTURE DEVELOPMENT (EID) CLUSTER

Intended Results: Over 3 years, 158643 direct jobs and 1.09 million indirect jobs created; 33.4 million labor-days of work generated; Government Revenue of Afs1,933,937,500 from transport user fees and taxes; Revenue growth of up to US\$ \$500 million – US\$800 billion each year over the medium term achieved from extractive industries; US\$50-100 million USD revenue generated by new SMEs; Total energy supply increased to 1800 megawatt with 1200 megawatt of domestic production; 75 % population connected through phones and 25% population through internet; Capacity of urban development ministry built to service urban populations.

Budget US\$ Million 3 Yr	Expected Results		
	Immediate Term (6-months)	Immediate Term (12-months)	Short Term Intended Results (1-3 years)
1,150	Program 1: National Regional Resources Corridor Initiative (80,710 jobs and 18 million labor days created)		
	<ul style="list-style-type: none"> Cluster Program Implementation Management Team operational Design options for regional connecting network initiated Design options for extractive industry hubs substantially initiated Options paper initiated for establishment of independent authorities tasked with delivery 	<ul style="list-style-type: none"> 15% of planned connectivity to the region and the rest of the world achieved Government revenue of Afs1,333,750,000 generated from transport user fees and taxes Adoption and publication of sector policies in transport, mining, energy and railways, Enhanced management reporting institutionalized 	<ul style="list-style-type: none"> Regional resource corridor connecting network plan approved Plan for extractive industry hubs approved 25% of planned connectivity to the region and the rest of the world achieved Government Revenue of Afs1,933,937,500 from transport user fees and taxes Enhanced management follow-up institutionalized
300	Program 2: Extractive Industries Excellence Program (8,684 jobs and 1.9 million labor days created)		
	<ul style="list-style-type: none"> Cluster Program Implementation Management Team operational Tendered various mining sector projects on transparent manner New structure and business plan developed and approved Cluster programs integrated into the national budget process Options developed for establishment of independent authorities tasked with delivery Cluster programs integrated into the national budget process Drafting instructions for subordinate legislation initiated 	<ul style="list-style-type: none"> Subordinate implementing legislation for Mineral and Hydrocarbons Laws of drafted 10% of minerals and 25% hydrocarbons surveyed EITI validation progressing Extractive Industry Revenue forecasting model operational National Mining Policy under Preparation Economic criteria in program design institutionalized Enhanced management reporting institutionalized 	<ul style="list-style-type: none"> A strong and capable ministry built including supporting good sector policies Revenue growth of up to US\$ \$500 million – US\$800 billion each year over the medium term achieved from extractive industries EITI validation completed successfully 30% of minerals and 40% hydrocarbons surveyed Shiberghan Gas Project brought online Centre of excellence of Extractive Industry PPP policies operational Business Plan Implemented (continuous)

Budget US\$ Million 3 Yr	Expected Results		
	Immediate Term (6-months)	Immediate Term (12-months)	Short Term Intended Results (1-3 years)
1,501	Program 3: National Energy Supply Program (NESP) - (42,822 jobs and 9.4 million labor days created)		
	<ul style="list-style-type: none"> Cluster Program Implementation Management Team operational Options developed for establishment of independent authorities tasked with delivery Cluster programs integrated into the national budget process 	<ul style="list-style-type: none"> National Energy Policy under preparation Economic criteria in program design institutionalized Enhanced management reporting institutionalized 	<ul style="list-style-type: none"> National Energy Policy prepared and operationalized 75% collection rate, 65% urban coverage, 25% rural and 90% non-residential coverage achieved 30 per cent reduction in technical losses.
250	Program 4: Integrated Trade and SME Support Facility - (2,857 direct and 1,000,000 indirect jobs and 0.6 million labor days created)		
	<ul style="list-style-type: none"> Cluster Program Implementation Management Team Options developed for establishment of independent authorities tasked with delivery Cluster programs integrated into the national budget process Subordinate SME related policy and legislative drafting instructions initiated Publication of Tax and Tariff Policy 	<ul style="list-style-type: none"> Subordinate SME related legislation drafted Afghanistan-Pakistan Trade and Transit Agreement operationalized Enhanced management reporting institutionalized 	<ul style="list-style-type: none"> new SMEs registered and assisted under the program and of them became operational % of regulatory framework in place and ASMEDA established US\$50-100 million USD revenue generated by new SMEs Enhanced management follow-up institutionalized
405	Program 5: National Urban Delivery Program: To improve urban livelihoods – (13570 jobs and 3 million labor days created)		
	<ul style="list-style-type: none"> Cluster Program Implementation Management Team operational Cluster programs integrated into the national budget process Commencement of drafting of an options paper for resource corridor urban plans Commencement of sustainable social housing options linked to wider social protection policy 	<ul style="list-style-type: none"> Resource corridor urban proposals submitted to Cabinet Sustainable social housing options linked to wider social protection policy submitted to Cabinet Review of urban Planning Guidelines and Building Codes initiated Enhanced management reporting institutionalized 	<ul style="list-style-type: none">% of urban people below poverty line% of urban population covered under safe drinking water, sanitation, electricity No. vulnerable families provided shelter through safety net Enhanced management follow-up institutionalized
194	Program 6: E-Afghanistan Program: To foster and open information society – (10000 direct and 90000 indirect jobs and 0.5 million labor days created)		
	<ul style="list-style-type: none"> Cluster Program Implementation Management Team operational Drafting commended of medium-term policy options on access to telecommunications including phone and internet in rural and urban areas 	<ul style="list-style-type: none"> Publication of Government medium-term policy on access to telecommunications including phone and internet in rural (x%) and urban (x%) areas with (currently 3.3m connections) Enhanced management reporting institutionalized Good progress of roll-out of fiber optic and copper cable network complete 	<ul style="list-style-type: none"> US\$100 million additional revenue generated 15 million Afghans hold Smart Card (National ID) 25,000 residents covered under one post office 75% of the population connected through phones 25% of the population connected through internet 4,000 km National Backbone Network completed E-Governance and national ID card project under preparation Fiber optic and copper cable network complete
Total Budget US\$3,800 million			

ACCELERATING AGRICULTURAL AND RURAL DEVELOPMENT

The Agriculture and Rural Development Cluster (ARD) Members: the Ministry of Agriculture, Irrigation and Livestock, 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 Agricultural and Rural Development Cluster.

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 Implementation

For years, ministry staff fulfilled both public and private sector roles. Today, the single greatest challenge facing ministries in the Agriculture and Rural Development Cluster is the identification of their true public role, inclusive of transitioning contract staff into civil servants positions. 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.

ILLUSTRATIVE MATRIX FOR AGRICULTURE AND RURAL DEVELOPMENT (ARD) CLUSTER

Intended Results: Over 3 years, 337,000 direct jobs created; 16.47 million man-days of work generated through programs; Improved access to irrigation for 100,000 hectares; Agricultural Production growth increased by 10%; Sustained growth in legal rural incomes and employment by 28%; Safe drinking water coverage improved by 5 percentage points; Agriculture inputs supply and extension networks established; Access to markets improved by building 3,398 km of secondary and tertiary roads; 3.9 million Direct and 21 million indirect beneficiaries of access to basic and infrastructure services projects; 28,400 Community Development Councils (CDCs) received block grants and 21,833 CDCs implementing at least one infrastructure development sub-project of their own.

Budget (US\$ million)	Immediate (6 months)	Immediate (6-12 months)	Short Term (1- 3 years)
PRIORITY PROGRAMS			
1. National Water and Natural Resource Development Program – (388,000 direct and indirect jobs created.)			
782	<ol style="list-style-type: none"> 1. Full prioritization and semi-detailed budgeting completed for water priority projects. 2. Recruitment of 4 design engineers and 4 implementation engineers. 3. National Implementation plan prepared for Community-Based Natural Resources Management (CBNRM) based on priority provinces and districts. 4. 50% of NRM MAIL staff trained in national CBNRM strategy. 5. 60% preparation for implementation of Afghanistan Land Management Authority (ALMA) completed and Land Management Department of MAIL merged with ALMA. 	<ol style="list-style-type: none"> 1. Identification and Establishment of database and matrix system for water sector. 2. Identification of 50% of targeted districts for potable water. 3. National Water and Irrigation Program developed for implementation. 4. CBNRM implemented in all current projects. 5. 75% of NRM MAIL staff trained in national CBNRM strategy. 6. Afghanistan Land Management Authority established and made operational. 7. Establishment of operating and maintenance procedures for Energy for Rural Development. 	<ol style="list-style-type: none"> 1. Improved access to irrigation for 100,000 ha and safe drinking water by 5%. 2. All new projects adopt CBNRM strategy and community management of natural resources increased to over 25,000 ha. 3. All NRM MAIL staff trained in national CBNRM strategy. 4. Legal access to government land for commercial purposes by 62,500 ha. 5. Increased rural access to reliable and affordable services reducing pressures on natural resources.
2. National Comprehensive Agriculture Production and Market Development – (515,000 direct and indirect jobs created.)			
489	<ol style="list-style-type: none"> 1. Gap assessment for input supply (including legislative and regulatory) and knowledge transfer determined and implementation plan to address future needs completed. 2. Agro-ecological zones identified and priorities established. 3. Recruitment of specialist staff for development of the Strategic Grain Reserve Policy. 4. Technical team and general processes for delivery of credit to farmers established. 5. Establishment of implementation team and baseline survey initiated. 6. Establishment of 2 additional provincial offices and 3 Economic Development Package's approved. 	<ol style="list-style-type: none"> 1. Using assessments full inputs supply program for implementation developed. 2. US\$50 million of credit delivered to private sector organizations and individual farmers. 3. Initial distribution and implementation areas identified. 4. Assessment document completed for Strategic Grain Reserves 3 years. 	<ol style="list-style-type: none"> 1. Sustained growth in legal rural incomes and employment by 28%. 2. US\$ 150 million credit delivered to private sector organizations and individual farmers. 3. Improved access to services and resources by 20%. 4. System for supply and quality inputs established and made operational country wide. 5. Research and extension network established and operational country wide. 6. Procurement and storage capacity for 200,000 mt of wheat for Afghanistan Strategic Grain Reserve established.

Budget (US\$ million)	Immediate (6 months)	Immediate (6-12 months)	Short Term (1- 3 years)
	7. All CARD-F manuals revised in line with lessons learnt for enabling rapid rollout.		
3. National Rural Access Program – (16.47 million labor days generated.)			
250	<ol style="list-style-type: none"> Up-scaling of 200 KM secondary road in targeted districts completed. 135 km of tertiary road improved. Routine maintenance checking for 300 KM road completed Implementation methodology and establishment of operational guidelines for working with community-based labor refined. Selection for road establishment, mobilizing resources and initial procurement process rolled out. 	<ol style="list-style-type: none"> Up-scaling of 290 KM secondary road in targeted district completed. 315 km of tertiary road improved. Routine maintenance checking for 840 KM road completed. Draft of operational guidelines for working with community has been prepared for review and approval. 	<ol style="list-style-type: none"> Increase access to District Centre services by 10% in target areas. Effective maintenance of 7,000 km of roads 3,398 km of secondary and tertiary roads built or rehabilitated. Rural Road Research Unit established. Decrease travel times by 10%. local market prices within 15% of the price in the nearest town
4. National Strengthening of Local Institutions			
537	<ol style="list-style-type: none"> Completion of identification and initial process of establishment of CDCs in 1,697 new communities. Follow up process of registration for 5,000 CDCs. Completion of at least 50% of Community Development Plans (CDP) from newly established CDCs. Recruitment of at least 15 civil service workers in the provinces. Rolling out procurement process for technical advisor in management department, and Monitoring and Evaluation. 	<ol style="list-style-type: none"> Completion of at least 5,000 new community development councils establishment Completion of block grants disbursement to at least 1,800 CDCs. 1,056 CDCs have utilized at least 70% of disbursed block grants. Around 7,000 community sub projects have been reviewed, designed and approved. Development of process for independent evaluation and monitoring, with support from technical advisor(s). 	<ol style="list-style-type: none"> 3.9 million Direct and 21 million indirect beneficiaries of access to basic and infrastructure services projects created. Completion of block grants disbursement to 11,000 new and 17,400 existing CDCs. 9,000 kms of new or repaired farm-to-market roads. 8,100 new sources of safe drinking water. 6,000 new or repaired community irrigation systems. 4,500 renewable village energy projects (i.e. micro-hydro); and 3,900 new or fully rehabilitated village schools.
Total Budget US\$2,058 million			

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 education 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 enrollment 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:

1. Facilitation of Sustainable Decent Work Through Skills-Development and Market-Friendly Labor Regulation Program 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 Program 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 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.

4. Capacity Development to Accelerate NAPWA Implementation Program 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, and 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 Program 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 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 HUMAN RESOURCE DEVELOPMENT (HRD) CLUSTER

INTENDED RESULTS : Over three years, 116478 jobs created; 240000 students made employable through demand-driven training; Capacity created in the country to train more than 200000 students per year in skills, technical and vocational education; Access to Formal Education increased by 1.8 million to 9 million; 32000 additional seats created for higher education; 2 million people acquired functional literacy; 100000 teachers improve their qualifications to improve overall quality of education; Increase in enrolment in Islamic education by 170000; Gender awareness and mainstreaming achieved in all ministries and local governments; Critical human resources gaps of health sector filled.

Budget by Program USD Millions	Expected Results		
	Immediate Term (6- months)	Immediate Term (12 months)	Short Term (3 years)
Program 1: Facilitation of Decent Work through Skills Development and Labor-friendly Market Regulation – (15732 direct jobs create)			
Program Budget: 445.3	<ol style="list-style-type: none"> 1. Mapping, Assessment and Registration of TVET Providers completed across the Country. 2. 10% of the process of Establishment and Execution of Training Of Trainers (TOT) Centers plus Toolkits completed. 3. 5% of the process of Establishment of 34 new Technical, Vocational, Education Training (TVET) Facilities completed. 4. 10% of the process of Development of Competency based Occupational Standards and Capacity Development of Training Providers completed. 5. Planning completed for the conduct of the labor force survey 6. Establishment of scopes of work for construction and establishment of 200 district TVET schools 7. Needs assessment conducted for DM-TVET; capacity-building strategy & activities designed for strengthening institutional capacity of DM; TA assistance identified 	<ol style="list-style-type: none"> 1. Capacity for skills development increased from 26000 to 60000 per year and that many students made employable through demand-driven skills development. 2. Results of the TVET mapping analyzed & skills in demand (occupations) identified 3. 50 % of the process of Establishment and Execution of Training Of Trainers (TOT) Centers plus Toolkits completed. 4. 20% of the process of Establishment of 34 new TVET Facilities completed. 5. 28% of the process of Development of Competency based Occupational Standards and Capacity Development of Training Providers completed. 6. Employment Strategy developed. 7. 22,000 literacy courses established and 500000 people acquired functional literacy. 8. Labor Force Survey initiated. 9. Construction contracts awarded and construction initiated on a percentage (depending on funding) of the 200 TVET schools. 	<ol style="list-style-type: none"> 1. Capacity for skills development increased from 60,000 to 80,000 in year 1 and to 100,000 in year 2 2. 240,000 students made employable through demand-driven skills development. 3. Establishment and Execution of Training Of Trainers (TOT) Centers plus Toolkits completed. 4. Establishment of 34 new Technical, Vocational, Education Training (TVET) Facilities completed. 5. Development of Competency based Occupational Standards and Capacity Development of Training Providers completed. 6. 81,600 literacy courses established, 23 community learning centers constructed and 2 million people acquired functional literacy. 7. DM TVET effectively able to provide training for 100,000 students/year. 8. 34 provincial TVETs and 200 regional schools established. 9. Labor Force Survey completed. 10. National Qualification Authority and Framework established.

Budget by Program USD Millions	Expected Results		
	Immediate Term (6- months)	Immediate Term (12 months)	Short Term (3 years)
Program 2. Education for all – (94,840 direct jobs and 8.93 million labor days generated)			
Program Budget: 1,005	<ol style="list-style-type: none"> Over-arching plan for national school mapping developed, including operational modalities & selection criteria for NGO partners. Identification of areas where schools are most needed, particularly those districts which do not have any girls' secondary schools; 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 	<ol style="list-style-type: none"> No of general schools increased to 12,800 Enrolment in basic education increased to 7.6 million students Enrolment in upper secondary education increased to 0.7 million students . 96000 over-aged children provided accelerated learning Qualifications of 43000 existing teachers improved. Terms of agreement with new NGOs which will implement CBEs agreed upon, training & resources to implementers provided, CBEs inaugurated New formal and CBE schools established in areas which are insecure, remote, hard to reach; 	<ol style="list-style-type: none"> No of general schools increased to 14800 Enrolment in basic education increased to 8.1 million students (40 % girls) Enrolment in upper secondary education increased to 0.9 million students (37% girls). Nearly 90,000 children previously deprived of education provided with accelerated learning and integrated into normal classes (70% girls). 45,000 new female teachers trained. Qualifications of 100000 existing teachers improved. Increase in enrolment in Islamic education by 170000 (42500 girls)
Program 3. Increase Access and Improve the Quality of Higher Education – (2600 additional jobs create)			
Program Budget: 209.1	<ol style="list-style-type: none"> Competitive bidding process for construction of dormitories underway Needs assessment for determining curricula revision completed. Comprehensive assessment initiated to identify needs for repairs, upgrades and new constructions in infrastructure. 	<ol style="list-style-type: none"> Increase in faculty by 10% Establish and implement merit-based guidelines on appointment, promotion and retirement of faculty members. 225 existing faculty sent for PhD. And Masters abroad. Comprehensive assessment conducted to identify needs for repairs, upgrades and new constructions in infrastructure. Dormitory construction in process with some completed. Curriculum revision in process with focus on subjects in high demand by market. 	<ol style="list-style-type: none"> 32,000 additional seats created for higher education in 23 different universities/institutions leading to a 51% increase in student numbers Increase in Faculty by 30% and no of faculty members with masters doubled.. 675 members of existing faculty sent for PhD. And Masters abroad. 35% female enrollment completed 50% of curriculum update with focus on subjects in high demand by the market. Accommodation in dormitories for 20000 females Restructuring of MOHE and universities, development and implementation of financial and M&E systems, and quality assurance systems completed.
Program 4. Capacity Development to Accelerate NAPWA Implementation – (Gender mainstreamed in decision making in ministries and capacity of MOWA built.)			
Program Budget:	<ol style="list-style-type: none"> Program Management Unit and Working Groups for the implementation of the 6 activities established and operational 	<ol style="list-style-type: none"> 60 % of Framework / plan for MOWA's organizational reform finalized and implemented. 20% trainings for targeted government staff completed. 	<ol style="list-style-type: none"> Framework/plan for MOWA's organizational reform finalized and implemented (100%) Trainings for targeted government staff completed (100%)

Budget by Program USD Millions	Expected Results		
	Immediate Term (6- months)	Immediate Term (12 months)	Short Term (3 years)
30	<ul style="list-style-type: none"> (100%) 2. Mechanisms, strategy and accountabilities for training of 2,000 ministry and local government staff finalized (100%) 3. Mechanisms/arrangement to oversee gender policy research grants established (100%) 4. Public education and awareness raising strategy developed (70%) 5. 5. Macro gender indicators finalized (100%) 	<ul style="list-style-type: none"> 3. Pilot projects funded and implemented (5%). 4. List of research priorities adopted. 5. Public education and awareness raising strategy developed. 6. Policy on incorporation of gender in the mandate and work systems of the Cabinet Committee on Social and Cultural Affairs adopted and implemented. 7. Oversight Committee for Gender Equality established and functional. 8. Annual government report on gender completed. 	<ul style="list-style-type: none"> 3. Pilot projects funded and implemented (25) 4. Priority gender policy researches conducted (30) 5. Provinces covered by public educational and advocacy (34) 6. High level oversight mechanisms for compliance and monitoring processes functional (100%)
Program 5. Human Resources for Health. – (3306 new people trained and entering professions; 4680 health workers receive in-service training to required standard; 10,000 new volunteer community health workers trained and 3.7M school students as Family Health Workers. Key institutional development is undertaken to build capacity to continue on with the activities.)			
Program Budget: 194	<ul style="list-style-type: none"> 1) Contracts for NGOs and Institutions to develop curricula and undertake training, and to manage projects like Medical Council and Health Complaints Offices awarded. 2) Expertise into MoPH to undertake institutional development projects, such as HR Database upgrade, Professional councils, IHSS, Hospitals and Transparency Working Group contracted. 3) Develop ground rules jointly with MoE for the operation of the FHW Program. 4) Advertise for training courses through IHSS. 	<ul style="list-style-type: none"> 1) Institutions develop curricula for degrees in Bio-medical engineering, medical technology, environmental health, and students solicited. 2) 13 Curriculum development workshops held for some of the medical specialties. 3) Training programs begin in provinces for IHSS courses: community nurses, midwives, psycho-social counselors, and physical therapists. 4) Training begins of Community Health Workers and Teachers who will train student Family Health Workers. 	<ul style="list-style-type: none"> 1) All IHSS courses are completed and planned numbers of health workers trained (3000). 2) Medical Council and Health Complaints Offices established and functioning. 3) Administrative staff (HR and Finance/Procurement) in PHOs and hospitals and Central Office, manage activities according to criteria established in training programs (4680). 4) 2nd year of Degree courses completed (306 students). 5) FHW Pilot program in 800 schools complete and program rolled out to all teacher training. 6) 10,000 Community Health Workers trained.
Total Cluster Budget: US\$1,882 billion			

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.

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);

- *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 Integral 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 formatting of this section?

- *Area of Security:* ANSF maintain the lead for operations with ISAF moving from a supporting role, and remaining a partner providing robust support and enablers.
- *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 its 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 levels:

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 that 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 supported by ISAF/Coalition Forces, and by strengthening the police. 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 professionalism. 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 central 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 who 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, 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 (see table one below). 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.

Table 1. Afghanistan Peace and Reconciliation Program Budget

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
	Total Cost	\$ 783,951,711

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 US\$1million, US\$500,000, and budgets and transactions less than US\$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 Development, 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 in a sustainable manner.

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) Facilitating the strengthening and diversification of legal rural livelihoods, with a particular focus on the needs of communities that abandon illicit cultivation; (iii) Ensuring the reduction of demand for illicit drugs and the treatment of drug users; and (iv) In support of these three priorities, ensuring 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 MoF 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.

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 to or engage in illicit poppy activities through the provision of: (i) alternative livelihood options from farm to markets, (ii) appropriate human and physical infrastructure, and (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 is 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

In the past several years, through the joint efforts of Afghanistan and its regional and wider international partners, important advances have been made to combat international terrorism, increase stability, combat the drugs trade, enhance regional economic cooperation, and address Afghan refugee issues. However, much work remains to secure a stable and prosperous Afghanistan.

The Kabul International Conference on Afghanistan will encourage our neighbors and wider regional partners to seek a coordinated and united approach to regional cooperation on the following four themes: Security, Counter-Narcotics, Refugees/Internally Displaced Persons, and Economic Cooperation.

Security

Success in defeating international terrorism requires increased regional efforts and continued international support. The Kabul Conference seeks the support of regional partners to:

- Firmly commit to forbid the use of their territories against their neighbors; Ensure greater inter-security agency coordination and intelligence sharing; Identify and eliminate terrorist sanctuaries and support bases; and Disrupt terrorist financial networks.
- Enhance cross-border cooperation, with a view to strengthening border controls to prevent the movement of terrorists and extremists; and Establish regionally integrated border management mechanisms to allow for inter-agency cooperation (e.g., border police, counter narcotics police, customs) along Afghanistan's borders.
- Support the reintegration and reconciliation program agreed at the January 2010 London Conference, which recognizes the need for a political solution to the crisis facing the region and as presented at the June 2010 *Consultative Peace Jirga*.

Illicit Drugs

Important progress has been made in curbing the trade in illicit narcotics, particularly in controlling the borders between the Governments of Afghanistan, the Islamic Republic of Iran, and Pakistan. Improved precursor controls have also been instituted in the wider region. Building on this progress, regional and international partners at the Kabul Conference are requested to lend their support in the following pivotal areas:

- Further strengthen and expand regional cooperation between relevant national law-enforcement agencies to prevent drug trafficking through enhanced border management, the control of precursor chemicals, and the sharing of intelligence.
- In accordance with the principle of shared responsibility, increase and expand regional cooperation in other areas covered by the Rainbow Strategy, such as the prevention and treatment of drug use and the promotion of alternative livelihoods.
- Encourage a greater role by transit countries to prevent trafficking of chemical precursors entering Afghanistan and for drug consuming countries to reduce their demand.
- Facilitate the identification of other issues related to drug trafficking and control to be addressed through regional cooperation.

Return and Reintegration of Afghan Refugees and Internally Displaced People (IDPs)

The Government of Afghanistan remains determined to ensure the completion of a successful repatriation process for Afghan refugees. It continues to work towards the full implementation of the Seventh Pillar of the *Afghan National Development Strategy* concerning refugees, returnees and IDPs. Afghanistan recognizes the effects of population movements and seeks the sustained support of the international

community and regional neighbors in the following areas:

- Strengthen the capacity of relevant Afghan ministries dealing with repatriation and to assist them to establish better coordination with their counterparts in the region.
- Support a conducive Afghan environment that retains returning Afghan refugees by fostering job opportunities and the provision of basic needs, such as land, water, electricity, shelter, health-care, and general education.
- Facilitate progress towards the goal of sustainable refugee reintegration, as envisaged by the tripartite arrangements for voluntary repatriation with the Islamic Republics of Iran and Pakistan.

Regional Economic Cooperation

The Government of Afghanistan attaches specific importance to regional economic cooperation, as the key Afghan enabler for increasing prosperity, improving the welfare of the people, enhancing confidence and understanding between governments, and building peace and stability in the region. The Kabul Conference will, therefore, seek further regional and international support to:

- The implementation of the following regional projects: (i) Central Asia - South Asia Energy Market (CASAREM) initiative; (ii) Turkmenistan, Afghanistan, Pakistan and India (TAPI) natural gas pipeline project; and (iii) Construction of the Shirkhan Bander to Herat; Kandahar to Spin Boldak; and Jalalabad to Torkham railway lines.
- Strengthen border management cooperation to ensure a united approach to address cross-cutting issues, such as strengthening trade facilitation; customs clearance harmonisation; environmental protection; and encouraging regular and deeper dialogue on border security and management with regional neighbors.
- Agreement on a coordination mechanism between nine key regional bodies (ECO, SAARC, SCO, OIC, CAREC, OSCE, UNESCAP, GCC, CICA) to ensure a coherent approach and plan for harmonizing regional initiatives with a strong Afghan component.

- Encourage regional bodies and neighboring countries to coordinate their regional initiatives through the recently established Center for Regional Cooperation (CRC) at the Afghanistan Ministry of Foreign Affairs.
- Expedite the conclusion of the Afghanistan - Pakistan Trade and Transit Agreement (APTTA) for the benefit of the wider region, with the aim of signing an agreement in the near future.
- Expedite the agreed deliverables from the third Regional Economic Cooperation Conference (RECCA III), held in May 2009 in Islamabad. Encourage and support the Government of Afghanistan to present concrete programs at RECCA IV in the following areas: sustainable natural resources development and management; national and regional employment support; transfer and access to energy; creation of modern transport infrastructure; facilitate the growth of regional trade and transit; and intra-regional investment in the extraction industries.
- Facilitate dialogue on labor migration between countries in the region (especially Gulf Cooperation Council countries) and the Government of Afghanistan to better regulate labor flows and to increase receptiveness to an Afghan work force.

Conclusion

The Kabul International Conference on Afghanistan provides an ideal opportunity for regional neighbors, regional organizations, and other international partners to:

- Re-confirm their commitment to regional cooperation at the London Conference and to help deliver concrete outcomes in the four thematic areas identified above.
- Coordinate activities to reduce overlap or duplication of efforts.
- Support the implementation of regional-oriented programs and initiatives for the benefit of citizens in the wider region.
- Further facilitate Afghan migrant workers who contribute to the economies of countries in the region.

MEETING 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 26% of the total (US\$2.8 billion), the Human Resource Development Cluster around 25% (US\$1.9 billion), and Economic and Infrastructure Development Cluster around 49% (US\$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. Draft budgets for the Economics and Social Development and Governance Clusters National Priority Programs are outlined in the Intended Results and Budget Matrices in this volume, as well as further elaborated in Volume II. In addition, the projected budget for the Afghanistan Peace and Reconciliation Program is nearly US\$800 million.

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 ANDS monitoring and evaluation efforts has been delays in defining a mechanism for monitoring and evaluation of the outcomes in sectors and ministry levels. 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, initiated one year ago (as introduced in the *First Annual ANDS Report 2008/09*) 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 Office 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, standard reporting tools targeting various respondents, and an administrative statistical system. The Government will utilize the data to inform discussions and decision-making in the Cluster Coordination Committee, Cabinet, and Joint Coordination and Monitoring Board and its various Standing Committees and working groups.

The data will be further used 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, Parliament, civil society, and private sector 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.

CONCLUSION: AFGHAN PRIORITIES FOR THE AFGHAN PEOPLE

The Kabul International Conference on Afghanistan represents a turning point in Afghanistan's journey from conflict and aid dependence to peace, justice, and equitable development led by Afghan citizens. The Government and the People of Afghanistan understand the urgency and enormity of the tasks that lie ahead to bring security and stability through capable and accountable security forces; to create the conditions for peace, reconciliation, and justice for all; to build relations with their neighbors; to extract the country's natural resources in an ecologically-sensitive manner for the benefit of all citizens; to improve public sector capacity to deliver services to Afghans; and to manage public finances responsibly and effectively. We recognize that peace and security are not possible without progress in justice, governance, and development across the entire country.

The *Afghanistan National Development Strategy Prioritization and Implementation Plan* offers an ambitious yet pragmatic approach to tackle the country's seemingly intractable issues. It places the people at the center of Government policies and programs. Its preparation brought together the Government, civil society, and their international partners in a collaborative way to forge a united response to Afghan challenges. With the introduction of the National Priority Programs presented in this action plan, the Government renews its commitment to the People of Afghanistan in their quest to achieve a prosperous future. With deep appreciation for the enormous sacrifices made to support their country's difficult transition to stability and inclusive governance, all Afghans embrace a common destiny with those who have shared the burden of helping Afghanistan return to its position in the community of nations.

KABUL CONFERENCE PREPARATIONS



Herat Governance Cluster Ministerial Retreat (24-26 June 2010)



**Bamyan Economic and Social Development Cluster Ministerial Retreat
(22-24 May 2010)**



AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY
ISLAMIC REPUBLIC OF AFGHANISTAN
MINISTRY OF FINANCE, DEPARTMENT OF POLICY
KABUL, AFGHANISTAN