




# Contents



<b>1 Introduction</b>	<b>3</b>
1.1 Australia's strategic approach to aid in Afghanistan	3
<b>2 Critical issues in Afghanistan</b>	<b>4</b>
2.1 Critical development challenges in Afghanistan	4
2.2 Afghanistan's development priorities	7
2.3 Donor engagement	9
<b>3 Strategic priorities for the Australian aid program in Afghanistan</b>	<b>10</b>
3.1 The strategic focus of Australia's aid program	10
3.2 Approaches and ways of working	144
3.3 Transparency, accountability and risk mitigation	177

# 1 Introduction

This document lays out Australia's strategic approach to the delivery of aid to Afghanistan from 2010 to 2012.

Australia's efforts in Afghanistan include interlinked diplomatic, development and military elements. Australia's overall development objective in Afghanistan is to *build the Afghan Government's capacity to deliver basic services and provide economic opportunities to its people.*

## 1.1 Australia's strategic approach to aid in Afghanistan

The Australian Agency for International Development (AusAID) has lead responsibility for the delivery of the Australian aid program to Afghanistan. AusAID bases its support to Afghanistan on four pillars:

- enhancing basic service delivery in health and education
- supporting rural development and livelihoods
- improving governance and the effectiveness of the Afghan Government
- supporting vulnerable populations.

In delivering assistance, Australia seeks to work through Afghan systems, consistent with the international community's commitments at the 2010 London and Kabul Conferences.<sup>1</sup> Australian aid is aligned with Afghan Government priorities as articulated in the Afghan National Development Strategy 2008–2013 (ANDS).

Australian aid to Afghanistan includes a special focus on Uruzgan Province, where Australian Defence Force personnel and Australian civilian officials work within a multi-national Provincial Reconstruction Team (PRT). Here planning approaches are informed by the process of 'transition' articulated at the 2010 Lisbon Conference. This is a conditions-based process whereby security responsibility is progressively transferred to Afghan National Security Forces. It is underpinned by improved civilian governance and development, which the Australian aid program works to support.

## 2 Critical issues in Afghanistan

### 2.1 Critical development challenges in Afghanistan

Afghanistan faces immense development challenges. According to the United Nations (UN) Human Development Index<sup>2</sup>, Afghanistan is amongst the worst countries in the world in which to be born.<sup>3</sup> Forty-two per cent of the population live on less than one dollar per day.<sup>4</sup> Life expectancy is 44.<sup>5</sup> Around one in five children die before their fifth birthday.<sup>6</sup> Only one in four Afghans are able to read and write<sup>7</sup> and only 27% of the population has access to safe drinking water.<sup>8</sup>

These statistics reflect the impact of three decades of war. Conflict has crippled Afghan Government institutions and their ability to deliver basic services, justice and security. It has also severely constrained the development of private enterprise, investment and economic growth. Emerging from the rule of the Taliban in 2001, Afghanistan was a shattered country. Half of the country's population—Afghanistan's women—had been systematically excluded from public life, and prevented from receiving an education or accessing even basic forms of health care. Social services were virtually non-existent. Economic activity had basically ceased in all sectors except poppy production.

#### Progress

From this very low base, there have been major gains in the past 10 years. Less than one million children were enrolled in school under the Taliban—none of whom were girls. Today more than six million are enrolled, one third (or two million) of them girls.<sup>9</sup> Around 85% of the population now has access to basic health care, compared to less than 10% in 2002.<sup>10</sup> More than 10 000 kilometres of road have been built and rehabilitated, providing access to markets and services for remote communities. More than 22 000 villages have identified and managed their own community infrastructure projects, through the National Solidarity Program.<sup>11</sup> Economic growth has been strong, averaging 11% since 2002, and 22.5% in 2009.<sup>12</sup>

#### Challenges

The challenges faced by Afghanistan remain daunting. Ongoing conflict and insecurity is a fundamental impediment to development progress. Insecurity inhibits the delivery of basic health and education services, prevents the construction of necessary infrastructure and curtails job-creating, private sector activity. Insecurity is also at the heart of uneven development progress across Afghanistan. Development gains have been concentrated in the comparatively stable north and west of the country, with the conflict-affected south and east lagging behind. Uruzgan Province, where Australian Defence Force personnel and civilian officials (including AusAID staff) work within the multi-national PRT, is a prime example of this phenomenon. Uruzgan has some of the lowest development indicators in the country.<sup>13</sup> The literacy rate is

0% for women and 10% for men. It is the second worst province for under five mortality rates. Only 30% of public service positions are filled, severely inhibiting service delivery.

The capacity of the Afghan Government, at national, provincial and district levels, is low. Major challenges include poor levels of education and qualified personnel, underdeveloped budget planning and implementation capacity, and weak transparency and accountability mechanisms. These weaknesses directly affect the Government's ability to deliver services to the population. While growing in its reach, the Central Government still has a light footprint outside Kabul and major provincial capitals. For many years, Afghans living in rural areas have had little contact with their Government. This has kept the levels of general knowledge about the role and responsibilities of government low. Powerbrokers at provincial and district levels have a strong influence over the development prospects of local Afghans.

Afghanistan is a highly agrarian society with around 80% of the population living in rural areas. Agriculture and livestock account for about half of total legal gross domestic product (GDP) and 60% of employment.<sup>14</sup> Despite growing production and exports, for many Afghans, farming is still largely subsistence. This makes them vulnerable to natural disasters such as droughts and floods, and other vulnerabilities such as increased food prices.

Corruption is a major constraint to development. Afghanistan is ranked 176 out of 178 on Transparency International's Corruption Perception Index.<sup>15</sup> A 2010 report by the United Nations Office on Drugs and Crime found that corruption was a bigger concern for the population (59%) than insecurity (54%) or unemployment (52%). Half of the survey respondents had experienced public corruption in the past 12 months. The United Nations Office on Drugs and Crime estimated that Afghans paid out US\$2.5 billion in bribes in the preceding 12 months—equivalent to almost one-quarter of Afghanistan's licit GDP.<sup>16</sup>

The status of women, while having improved since Taliban times, remains poor. Afghanistan ranks in the bottom third of the United Nations Development Programme's Gender Inequality Index.<sup>17</sup> Maternal mortality rates are unacceptably high at 1600 per 100 000<sup>18</sup>. Girls' school enrolment, while up since Taliban times, remains relatively low.

### Development prospects

In the longer term, Afghanistan faces major demographic challenges. Of a population of around 28 million, 44% are under the age of 15.<sup>19</sup> Without adequate employment opportunities, this has the potential to further destabilise the country. The unemployment rate today is estimated at around 35%.<sup>20</sup> Strong and sustainable economic growth will be required to reduce this rate over the medium to long-term.

Afghanistan had historically high GDP growth (22.5%) in 2009–10<sup>21</sup>, but these GDP figures are distorted by the influx of donor funds and military spending. External resources represent 90% of total (core and development) national expenditures.<sup>22</sup> The International Monetary Fund estimates that, over time, domestic revenues will be able to finance government spending.<sup>23</sup> However, to achieve this, Afghanistan must harness opportunities in agriculture, mineral extraction and transport corridors. A June 2010 Pentagon report found that Afghanistan's mineral wealth could top US\$1 trillion, creating the potential for a sustainable government budget and mass employment opportunities.<sup>24</sup> But the extraction of these resources will require a more stable security environment and the ability to translate resource revenue into services, local employment and infrastructure that will benefit the population. Basic service delivery is also

critical to growth, so that the Afghan people have the necessary levels of education and health to be productive. In agriculture, access to markets, financial services, and improved crops and water management, are fundamental challenges for the rural population.

## 2.2 Afghanistan's development priorities

### Afghan National Development Strategy

Afghanistan's development priorities have been articulated over the past five years through a series of high-level conferences involving the Afghan Government and the international community. The Afghanistan Compact, agreed to at the international 2005 London Conference, set ambitious goals for state building, including benchmarks in security, governance, development as well as the cross-cutting goals of counter-narcotics and regional cooperation. This conference set the scene for the creation of a comprehensive development strategy for Afghanistan. Accordingly, at the June 2008 Paris Conference, the Afghan Government launched its ANDS 2008–2013.

The ANDS guides the Afghan Government's development priorities based around these three pillars:

1. *Security*: Achieve nationwide stabilisation, 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.

In July 2010, at the Kabul Conference, the first major international conference held in Afghanistan, the Afghan Government released a Prioritisation and Implementation Plan for the ANDS.<sup>25</sup> This plan refined the objectives of the ANDS into a series of national priority programs focused on agricultural and rural development, human resource development, economic infrastructure and investment, as well as governance and the rule of law. It represents a strong step forward towards a completely Afghan-led development agenda. It was developed through a major exercise, led by the Afghan Government's Ministry of Finance and involving more than 15 ministries. It was based around a series of working groups or 'clusters' that identified and selected the national programs to be included in the plan.

The Kabul Conference also secured a commitment from international partners to work towards channelling 50% of development assistance through Afghan systems. This commitment addressed the challenge of aid fragmentation in Afghanistan. Since 2001, around 80% of the international aid delivered in the country has been bilateral and 'off-budget'.<sup>26</sup> This has reduced the Afghan Government's ability to plan its own budget and coordinate the reconstruction efforts in the country. Australia is performing well against the goal of delivering assistance through Afghan Government systems, providing 46% of the AusAID country program in 2009–10 through the Afghanistan Reconstruction Trust Fund, which is managed by the World Bank and delivered by the Afghan-Government.

Recognising that the implementation of the outcomes of the Kabul Conference—including the prioritisation and implementation of national programs, improvements in governance and efforts on security—will take time, the Afghan Government regards the Conference as the beginning of a process (the 'Kabul Process') rather than an end point. The Kabul Process will require ongoing review throughout

implementation. The North Atlantic Treaty Organisation (NATO) Conference in Lisbon, in November 2010, provided the first major step forward in the Kabul Process, defining a clear roadmap for transition to Afghan authority by 2014.

### Transition

At the Kabul Conference, the Afghan Government also announced a timeframe for the transition of security responsibility to Afghan National Security Forces by 2014. This was reiterated at the NATO Lisbon Conference. The transition plan, articulated in the 'Joint Framework for Inteqal', includes initial governance and development benchmarks that, following further refinement, will play a role in determining the timeline for transition in individual provinces and districts. As they stand, these indicators relate to service delivery, the ability of the government to lead development planning efforts, and improvements in the rule of law and public perceptions of government. Defining, delivering and tracking progress in governance and development will be a key priority for the Afghan Government and the international community in the lead-up to transition.

### Reintegration

At the January 2010 London Conference on Afghanistan, the reintegration of combatants willing to lay down their arms, renounce terrorist associations and abide by national law was identified by the Afghan Government as a key national priority. At the Conference, the Afghan Government announced the establishment of the Afghanistan Peace and Reintegration Program (APRP), designed to support the reintegration of former combatants.



## 2.3 Donor engagement

A large number of donors operate in Afghanistan, delivering a substantial amount of development and security-related assistance. Providers of development assistance range from the largest bilateral donors (the United States, the United Kingdom and Japan), to multilateral organisations (such as the World Bank, humanitarian agencies such as the United Nations Children's Fund, the World Food Programme and the International Committee of the Red Cross), to a large number of local and international non-government organisations (NGOs). Donors such as South Korea, Turkey, United Arab Emirates and Iran are also active in Afghanistan.

The United Nations Assistance Mission in Afghanistan has lead responsibility for donor coordination in Afghanistan. The Joint Coordination and Monitoring Board, led by the Afghan Government and co-chaired with the UN Special Representative of the Secretary General in Afghanistan, is the principal forum for discussion of development, political and security issues.

Donor coordination in Afghanistan has been a major challenge. Some donors have taken responsibility for promoting development within provinces where their troops are based. This approach has, at least in part, contributed to aid fragmentation and made it difficult for the Afghan Government to coordinate development assistance. The commitments made at the Kabul Conference (where donors committed to delivering 50% of their assistance through Afghan Government systems) are an important step forward in ensuring harmonisation of donor assistance and Afghan leadership of development priorities.

The increasing use of Afghan systems by donors must be matched by increased efforts to improve the effectiveness, transparency and accountability of government systems.

The main mechanism for supporting the Afghan Government's development priorities is the World Bank-managed Afghanistan Reconstruction Trust Fund (ARTF). Since it began in 2002, the ARTF has received US\$4 billion in contributions from 27 donors, 40% of this in the last three years.<sup>27</sup> The ARTF provides a means of pooling donor resources to support the recurrent costs of the Afghan Government (particularly salaries) as well as a range of important national government programs.<sup>28</sup> These programs have been largely responsible for the country-wide gains that have been achieved in health, education and rural infrastructure in Afghanistan over the past 10 years. The ARTF is the primary vehicle for the delivery of Australian development assistance to Afghanistan.

## 3 Strategic priorities for the Australian aid program in Afghanistan

### 3.1 The strategic focus of Australia's aid program

Australia is part of the UN-mandated international effort in Afghanistan involving more than 48 nations. Australia's current Prime Minister has described Australia's role in Afghanistan as two fold:

1. to make sure that Afghanistan never again becomes a safe haven for terrorists
2. to support Australia's Alliance commitment to the United States.

The achievement of the first goal will require a functioning government that is seen as legitimate in the eyes of the Afghan people and able to extend and maintain its reach across the country. Public confidence will be dependent on the government's ability to deliver security, basic services and economic opportunities. As a result, development—or more precisely building the capacity of the Afghan Government to fulfil these responsibilities—is a fundamental component of the coalition strategy in Afghanistan.

Australia has been a long-term development partner of Afghanistan. Australia delivered a program of humanitarian assistance to Afghanistan throughout the 1990s, before the rise and fall of the Taliban. Australia has committed more than \$740 million in official development assistance (ODA) to Afghanistan since 2001, including an estimated \$123.1 million in 2010–11. During the recent Parliamentary debate on Afghanistan, Australia's Prime Minister made it clear that Australia will remain engaged in Afghanistan for this decade and beyond, including through a civilian-led aid and development effort aimed at facilitating improvements in governance and socio-economic development, strengthening institutions and delivering basic services. The Australian aid program will be an important part of this engagement.

AusAID delivers the bulk of Australia's ODA to Afghanistan. The AusAID country program increased by 50% in 2010–11, to \$106 million out of a total ODA commitment of \$123.1 million. Other Australian Government departments delivering ODA in Afghanistan include the Australian Defence Force, the Australian Federal Police and the Department of Immigration and Citizenship.

AusAID's overall objective in Afghanistan is to support broader Australian Government efforts by:

building the Afghan Government's capacity to deliver basic services and provide economic opportunities to its people.

A particular focus is on Uruzgan Province, where Australian Defence Force personnel and Australian civilian officials work within the multinational PRT. However, the majority of assistance (80% of AusAID's program in 2010–11) is focused on national-level development programs. This funding aims to support the Afghan national government deliver improvements in service delivery and livelihoods at the local level across the country, including in Uruzgan. By supporting development across the country, Australian aid helps to promote stability nationwide and build the long-term effectiveness and legitimacy of the Afghan Government.

AusAID bases its support to Afghanistan, both nationally and in Uruzgan, on four pillars:

1. enhancing basic service delivery in health and education
2. supporting rural development and livelihoods
3. improving governance and the effectiveness of the Afghan Government
4. supporting vulnerable populations.

### Enhancing basic service delivery in health and education

Work in health and education is critical to address Afghanistan's poor development indicators and improve performance against the Millennium Development Goals. A healthy and educated population will increase Afghanistan's future growth and economic prospects and help address capacity constraints in government, such as the lack of qualified personnel. Work in health and education also supports improvements in the status of women. There have been important advances since 2001 in access to health and education in Afghanistan. However, the challenges remain great and gains are not evenly spread across the country.

Through the ARTF, AusAID supports programs in health and education<sup>29</sup> that are building schools and clinics, providing training and funding for teachers and medical staff, and strengthening the capacity of the Afghan Government to administer these two vital sectors. The key ARTF programs in this area are the Basic Package of Health Services and the Education Quality Improvement Program. Australia supports these programs nationally and works to ensure they are increasingly implemented in Uruzgan Province.

Australia also delivers a small number of bilateral activities in health and education. Through the Malaysia Australia Education Program for Afghanistan, AusAID helps to train master teacher trainers who are improving the skills of teachers throughout the country. Sixty master teacher trainers were certified in Malaysia in 2009 and 2010. These master teacher trainers trained more than 240 teacher trainers in Afghanistan. AusAID is also providing scholarships to service delivery ministries to build internal expertise.

In Uruzgan, AusAID is building the capacity of the provincial government to deliver health and education services. AusAID, through NGO and multilateral partners, also undertakes selected activities in health and education such as nutrition and hygiene education programs for children, school feeding programs, and school construction and resourcing. For example, AusAID works closely with Save the Children to support the training of teachers and the building of schools in Uruzgan. AusAID also supports the World Health Organization's efforts to eradicate polio in the province and equips community health centres to deliver national health programs in Uruzgan.

### Supporting rural development and livelihoods

Rural development is a high priority in Afghanistan. A lack of infrastructure is a major impediment to growth and access to services. Increased access to markets is fundamental to improving agriculture productivity, which is Afghanistan's biggest employer.<sup>30</sup>

AusAID supports broad-based and successful national programs in rural development including the National Solidarity Program and National Rural Access Program, both of which are government programs run under the auspices of the ARTF. To date, the National Solidarity Program has produced some of the most wide-spread development impacts in Afghanistan, delivering small scale infrastructure to 22 000 villages across the country, including in Uruzgan. Both this program and the National Rural Access Program continue to be an important source of local employment.

AusAID also undertakes bilateral activities to support increased rural employment opportunities. Examples of such assistance include training farmers in agricultural practices, improving access to water for irrigation and promoting crop varieties with increased yields. At the national level, AusAID also provides technical assistance and scholarships to the Ministry of Agriculture, Irrigation and Livestock and the Ministry of Rural Rehabilitation and Development.

In Uruzgan, AusAID supports the delivery of national programs into the province and the capacity of the provincial administration to deliver services in the sector. For example, AusAID supports the provincial arm of the Ministry of Agriculture, Irrigation and Livestock to plan and prioritise their activities in the province. AusAID also directly supports the rehabilitation of rural roads and bridges, as well as local level irrigation schemes, which are vital to the local agricultural economy.

### Improving governance and the capacity of the Afghan Government

A functioning government is required for sustainable service delivery and increased transparency and accountability in Afghanistan. Years of war have eroded government systems, reduced the pool of personnel capable of delivering services, and allowed links with sub-national levels of government, where they existed, to weaken. Greater awareness of what government should deliver, and confidence that it can and will, is fundamental to the creation of a sustainable security environment in Uruzgan and nationally.

In Afghanistan, AusAID supports more effective government at several different levels. Nationally, Australian core contributions to the ARTF, for example, help fund public service reform and programs that build the capacity of government. Through the Development Assistance Facility for Afghanistan, AusAID provides technical assistance and scholarships in Australia to four core ministries (education; health; rural rehabilitation and development; agriculture, irrigation and livestock). Improving public financial management, including through work with the Ministry of Finance and service delivery ministries, is an

increasing priority. Better public financial management is an important defence against corruption and helps to build a culture of transparency and accountability. It also ensures that resources reach provincial and district levels, where services are delivered.

Afghanistan is scheduled to hold Presidential elections in 2014. In recent years, and despite the efforts of Afghanistan's electoral institutions, elections have been marred by allegations of vote-rigging and fraud. To strengthen the democratic process in Afghanistan, Australia will support a long-term program of electoral assistance in the lead-up to the 2014 elections. Assistance will include support to civic education and electoral monitoring programs, as well as support to Afghanistan's electoral institutions.

Governance challenges are particularly acute in Uruzgan, where just 30% of provincial government positions are filled, and with many public servants unable to read or write. In Uruzgan, AusAID is assisting to build the capacity of the provincial administration through providing training to staff in literacy, numeracy and basic administration. In partnership with the United Nations Development Program, AusAID provides training and internships for school leavers to increase the number of trained public servants in the province. AusAID Development Advisers within the Uruzgan PRT help to mentor line department officials to improve planning and service delivery and are helping officials develop a five-year Provincial Development Plan for Uruzgan.

### Supporting vulnerable populations

Afghanistan has a large number of Internally Displaced Persons (IDPs).<sup>31</sup> The United Nations High Commissioner for Refugees indicates there are around 300 000 IDPs in Afghanistan while in Pakistan there are around 1.7 million Afghan refugees<sup>32</sup>, one of the largest populations of its kind in the world.

Many areas in Afghanistan are vulnerable to natural disasters and large numbers of civilians continue to suffer from the consequences of living in a conflict environment, in particular injury from landmines and other remnants of war. Australia will continue to provide humanitarian assistance to vulnerable populations and respond to humanitarian emergencies, for example, through emergency relief, assistance for food security, refugees and IDPs. Opportunities to promote disaster risk reduction will also be explored. Given the impact of landmines, de-mining in Afghanistan is a priority for Australian assistance. Through a four-year, \$20 million commitment made at the London Conference on Afghanistan in January 2010, Australia supports community-based demining activities, delivered through the UN Mine Action Centre Afghanistan, that help to clear land for productive use and educate women and children about the dangers of mines. Australia also supports the Afghanistan Independent Human Rights Commission as an important mechanism to monitor basic human rights in the country, including by supporting the commission's work in Uruzgan.

### Reintegration

AusAID will deliver Australia's \$25 million commitment to the Afghanistan Peace and Reintegration Program, announced at the 2010 London Conference. Australia's contribution will focus on community-based development as a means of encouraging low-level fighters to reintegrate back into their villages. Australia will actively participate in the emerging governance structures of the fund, including the Financial Management Committee and the Peace and Reintegration Committee of the Joint Coordination and Monitoring Board.

## 3.2 Approaches and ways of working

Afghanistan poses unique challenges to the delivery of the aid program. Levels of risk are higher than in other countries, monitoring is more difficult and the methods of aid delivery must be tailored to a conflict environment. Whole of government interaction, in particular through joint operations with the Australian Defence Force, is more intensive in Afghanistan than in any other country or region. This section describes the core principles that guide the delivery of the Australian aid program in Afghanistan.

### Supporting Afghan priorities

The Australian aid program seeks to support the aims and objectives of the Afghan Government, as expressed in the ANDS and the national priority programs announced at the Kabul Conference in July 2010. Australia will meet the commitment made at the Kabul Conference to deliver 50% of donor assistance through Afghan Government systems within two years. Forty-six per cent of the AusAID country program was delivered through the ARTF in 2009–10. Australia will continue to support Afghan Government programs through this proven mechanism. Ongoing capacity building assistance to central government ministries (health, education, agriculture, rural development, finance), will be demand-driven and based on the priorities articulated by the Afghan Government. Increasingly, technical advice will be provided through the Afghan-managed Civilian Technical Assistance Program, rather than through the bilateral mobilisation of advisers.

In Uruzgan, AusAID works in partnership with the provincial administration to identify and support priorities for the province. AusAID staff, working within the PRT, play an important role in mentoring provincial government officials. Supporting the development of a Provincial Development Plan, in conjunction with other donors and the UN, is a priority for the PRT.

### Supporting nation-wide development

While Uruzgan will form a special focus, the majority of the Australian aid program will continue to be directed at supporting national-level development based on need. Support for national programs is fundamental to improving service delivery and living standards across Afghanistan, given Kabul's responsibility for planning, resourcing and staffing provincial administrations. The Afghan Government's effectiveness is central to its legitimacy and prospects for stability in the country.

Supporting and improving national programs' delivery in the provinces, including Uruzgan, will be a focus of Australia's efforts. Australia will work to promote links between central, provincial and district levels of government, to ensure that appropriate human and financial resources reach the local level, and that local needs are fed into national level planning and budgeting. Examples of this work include joint planning exercises between Uruzgan and Kabul-based ministry officials, the mentoring of provincial staff, and the strengthening of district government offices.

## Stabilisation

Laying the foundation for sustainable development, stabilisation assistance is a responsive means of addressing the immediate needs of conflict-affected communities, including through the planning and delivery of basic infrastructure projects and other activities at community level. Along with longer-term capacity building, stabilisation is a central element of AusAID's work within the Uruzgan PRT. AusAID Development Advisers work to ensure that stabilisation assistance is delivered as much as possible with and through the Afghan Government. This is laying the foundation amongst communities for increased engagement with the provincial administration and greater community confidence in government.

## Partnerships, donor cooperation and mutual accountability

Close engagement with international partners, at the national level and in Uruzgan, is essential to harmonise development efforts. Australia is a participant in the Joint Coordination and Monitoring Board and other donor planning exercises at the national level. Australia is the lead development actor within the multi-national PRT in Uruzgan, and is coordinating inputs with other donors to the province, including the United States and the Netherlands. Australia will collaborate closely with other donors to identify and apply realistic benchmarks for transition.

Australia will also develop a formal development partnership agreement with the Government of Afghanistan to set out jointly agreed priorities, key commitments and deliverables for both countries. Proposed annual, high-level consultations will add to transparency and mutual exchange between the governments.

Australia works closely with NGO partners in Afghanistan, including as implementing partners of central ARTF programs. NGOs are also important implementing partners in Uruzgan. AusAID will continue to provide funding for Australian NGOs operating in Afghanistan through the Australian NGO Cooperation Program. We will also seek to engage with and build the capacity of Afghan NGOs.

## Working towards transition

Australian aid will support the process outlined at the NATO Lisbon Conference in November 2010, which laid out a conditions-based roadmap for eventual transition of security responsibility to Afghan authority. Australian assistance in Uruzgan will focus on building capacity within the provincial administration to deliver core services and improve governance. Support for Uruzgan will also focus on building effective linkages with the central government, so that resources reach the province from Kabul. As and when transition occurs, Australian assistance will increasingly concentrate on programs that deliver across the country, including in Uruzgan.

## Supporting women

Improving the situation of women in Afghanistan is complex and challenging. Outside major capitals, where the majority of the population lives, communities remain highly conservative. Social norms are dictated by tribal custom and family tradition. Overall, there is a resistance to the usual gender equality and women's rights programs that donors implement elsewhere. Activities exclusively focused on women can stand out as targets for insurgents.



While difficult, there are still mechanisms for supporting and promoting the rights of women in Afghanistan. National maternal and child health programs supported by Australia, while starting from an extremely low base, are making in-roads. National education programs, including school feeding, have dramatically increased girls school enrolments. Australia has also provided support for women's participation in electoral processes and the work of the Afghanistan Independent Human Rights Commission which promotes and protects women's rights.

### Working with other Australian government agencies

In Afghanistan, AusAID works closely with other Australian government departments, including the Australian Defence Force Australian Federal Police and Department of Foreign Affairs and Trade—nationally and in Uruzgan. The intertwined issues of development, security and politics in Uruzgan necessitate particularly close cooperation between these Australian departments within the multi-national PRT. The Department of Foreign Affairs and Trade's responsibility for key leader engagement with provincial officials plays an important supporting role in the creation of a more amenable environment for the delivery of assistance to the province, garnering increased support from elders, government and local leaders. AusAID and the Australian Defence Force work together to deliver assistance, including stabilisation activities and the Uruzgan Trade Training School. AusAID will also work with the Australian Centre for Agricultural Research on improving rural livelihoods.

### Management arrangements

AusAID operations in Afghanistan are supported by a strong team (in-country and Canberra-based) which grew dramatically in 2010 to support increased operations. In Afghanistan, AusAID representatives based in Kabul are responsible for engagement with the Afghan Government and other donors. AusAID's Minister Counsellor has overall responsibility for Australia's development assistance in Afghanistan. Development Advisers in Uruzgan form part of the Australian led, multi-national PRT, with the AusAID team leader playing the role of Deputy (Development) to the PRT Head.

In Canberra, two sections work to support the in-country team, engage with whole-of-government partners, and provide program and policy support. The National Programs and Policy Team supports Australia's involvement in national-level development planning and policy discussions, while the Uruzgan Implementation Team supports AusAID's involvement in the Uruzgan PRT.



### 3.3 Transparency, accountability and risk mitigation

#### Promoting transparency and accountability

Transparency and accountability are important concerns for donors in Afghanistan. At the London Conference in January 2010 the Afghan Government undertook to implement steps to deal with issues of accountability, including:

- empowering an independent High Office of Oversight to investigate and sanction corrupt officials
- establishing a statutory basis for related anti-corruption bodies, including the Major Crimes Task Force and the Anti-Corruption Tribunal
- adopting a comprehensive legislative agenda to make Afghan laws consistent with the United Nations Convention Against Corruption.

Australia supports these measures and welcomes the Afghan Government's public commitments to tackle corruption. In parallel, Australia supports a range of transparency and accountability initiatives through the aid program. Through core contributions to the ARTF, Australia helps with civil service reform and financial systems strengthening. Assistance for human rights and the rights of women, minorities and children in Afghanistan is provided through the Afghanistan Independent Human Rights Commission. Australia is a consistent supporter of electoral assistance, including through civic education programs, helping the media and supporting elections (for example, training female election observers). This assistance will continue.

#### Risk management

The risks of working in Afghanistan are high. Corruption, insecurity and low government capacity all pose serious challenges to the design, delivery and monitoring of aid activities. AusAID has a range of measures in place to protect funds, help ensure accountability and reduce the risks associated with delivering an aid program in Afghanistan's challenging environment. We reduce risk by working through trusted partners, such as the World Bank, UN and the International Committee of the Red Cross, which have been selected based on their strong in-country presence, long-term experience and demonstrated effectiveness in Afghanistan. Contracts with implementing partners clearly define requirements, and include anti-terrorism, anti-fraud and anti-corruption clauses as contractual safeguards against misuse of funds. Implementing partners are held accountable through regular reporting against deliverables, independent auditing and, where possible, direct in-country supervision.

The largest mechanism for the delivery of Australian aid funds in Afghanistan is the ARTF. The ARTF provides a mechanism to support Afghan Government programs and use Afghan systems while using the tested accountability and monitoring systems of the World Bank. Before receiving approval for funding, ARTF programs are subjected to comprehensive fiduciary risk assessments and reviews by World Bank technical experts. An independent monitoring agent (PriceWaterhouseCoopers) conducts regular site visits to check funds and ensure that expenditures comply with fiduciary standards. Independent evaluators are commissioned every three years to review the financial, policy and implementation progress of programs funded through the ARTF. These and other review mechanisms provide the assurances necessary to support government systems in the challenging governance environment of Afghanistan.

## Security

The safety of AusAID staff is the Agency's highest priority. AusAID applies strict security conditions on its staff in Kabul and Uruzgan and continually monitors the security environment. We coordinate closely with whole of government partners operating in Uruzgan and operate under the guidance of Combined Taskforce Uruzgan military commanders and the Australian Senior Civilian Representative.

A foreign presence at aid project sites can, in some circumstances, have consequences for the security of the local population and the NGOs and other partners we work with. AusAID applies a conflict sensitive, 'do-no-harm' approach to its work, to ensure the Agency does not exacerbate local grievances (which have traditionally been seen as key drivers of the insurgency). Cultural and tribal advisers play a key role in executing this approach.

## END NOTES

---

<sup>1</sup> In January 2010 the Afghan Government and international partners met in London to address key issues including security, governance and reintegration. At this meeting the Afghan Government articulated a target date of 2014 for the transition of security responsibility to Afghan Forces. They also announced a process of reconciliation and reintegration, including the holding of a Peace Jirga and the establishment of a reintegration Trust Fund. The July 2010 Kabul Conference further articulated the objectives of the London Conference outcomes. It produced an initial plan for security transition, set out the nature of the newly formed Afghanistan Peace and Reintegration Program and produced a series of new national programs. At this conference the Afghan Government also called for donors to align their assistance behind such Afghan programs and seek to increase on-budget assistance to 50% of donors funding.

<sup>2</sup> Afghanistan is ranked 155 of 169 countries by the 2010 United Nations Development Programme (UNDP) Human Development Index, < <http://hdr.undp.org/en/>>.

<sup>3</sup> UNDP Human Development Report, 2010 < <http://hdr.undp.org/en/>>.

<sup>4</sup> World Bank, Afghanistan at a glance, <[http://devdata.worldbank.org/AAG/afg\\_aag.pdf](http://devdata.worldbank.org/AAG/afg_aag.pdf)>.

<sup>5</sup> UNDP, Human Development Report 2009 Afghanistan country fact sheet, <[http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_AFG.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_AFG.html)>.

<sup>6</sup> UNICEF, <[http://www.unicef.org/infobycountry/afghanistan\\_statistics.html](http://www.unicef.org/infobycountry/afghanistan_statistics.html)>.

<sup>7</sup> Central Intelligence Agency, *CIA World Fact Book*, <<https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>>.

<sup>8</sup> Islamic Republic of Afghanistan Ministry of Economy, Poverty Status in Afghanistan July 2010.

<sup>9</sup> United Nations Assistance Mission in Afghanistan, *Afghan Update Summer 2010*, no. 23.

<sup>10</sup> WHO, *Bulletin of the WHO*, 'Towards sustainable delivery of health services in Afghanistan: options for the future', <<http://www.who.int/bulletin/volumes/85/9/06-036939/en/>>.

<sup>11</sup> National Solidarity Program, weekly report, posted 3 July 2010 <[www.nspafghanistan.org](http://www.nspafghanistan.org)>.

<sup>12</sup> World Bank, *Afghanistan Economic Update*, April 2010.

<sup>13</sup> UNICEF, Uruzgan Provincial Fact Sheet, <[http://www.unicef.org/infobycountry/files/Best\\_Estimates\\_Fact\\_Sheet\\_-\\_Uruzgan.PDF](http://www.unicef.org/infobycountry/files/Best_Estimates_Fact_Sheet_-_Uruzgan.PDF)>.

<sup>14</sup> World Bank, *Interim Country Strategy Note*, report no. 47939-AF, May 5 2009.

<sup>15</sup> Transparency International Corruption Perception Index 2010, <[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/in\\_detail#1](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/in_detail#1)>.

<sup>16</sup> UNODC, *Corruption in Afghanistan, Bribery as reported by the victims 2010*, <<http://www.unodc.org/documents/data-and-analysis/Afghanistan/Afghanistan-corruption-survey2010-Eng.pdf>>.

<sup>17</sup> UNDP Gender Inequality Index, <[http://hdr.undp.org/en/media/HDR\\_2010\\_EN\\_Table4\\_reprint.pdf](http://hdr.undp.org/en/media/HDR_2010_EN_Table4_reprint.pdf)>.

<sup>18</sup> World Health Organization, *Afghanistan Fact Sheet*, < [http://www.who.int/countryfocus/cooperation\\_strategy/ccsbrief\\_afg\\_en.pdf](http://www.who.int/countryfocus/cooperation_strategy/ccsbrief_afg_en.pdf)>.

<sup>19</sup> Population Reference Bureau, 2009 World Population Data Sheet, <<http://www.prb.org/Publications/Datasheets/2009/2009wpds.aspx>>.

<sup>20</sup> CIA World Fact Book, Afghanistan, <<https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>>.

<sup>21</sup> World Bank, *Afghanistan Economic Update*, April 2010.

<sup>22</sup> World Bank, *Afghanistan Economic Update*, April 2010.

<sup>23</sup> IMF, *Sixth Review Under the Arrangement Under the Poverty Reduction and Growth Facility*, January 2010.

<sup>24</sup> <<http://www.reuters.com/article/idUSTRE65D00H20100614>>.

<sup>25</sup> Government of the Islamic Republic of Afghanistan Prioritisation and Implementation Plan Mid 2010–Mid 2013, < <http://www.mfa.gov.af/kcs/ANDS%20PIP%20Vol%201%20-%20English.pdf>>.

<sup>26</sup> World Bank, *Afghanistan Economic Update*, April 2010.

<sup>27</sup> World Bank, Background paper for ARTF donors, 'Revising the ARTF administration fee', 21 October 2010.

---

<sup>28</sup> Examples include: the Basic Package of Health Services, the Education Quality Improvement Program and the National Solidarity Program.

<sup>29</sup> Basic Package of Health Services and the Education Quality Improvement Program are funded through Australia's contribution to the World Bank-managed, Afghanistan Reconstruction Trust Fund.

<sup>30</sup> ADB Country Strategy 2009–2013, < <http://www.adb.org/Documents/CPSs/AFG/2009/CPS-AFG-2009-2013.pdf>>.

<sup>31</sup> UNHCR has estimated that there are around 300 000 IDPs in Afghanistan.

<sup>32</sup> UNHCR, < <http://www.unhcr.org/pages/49e487016.html>>.