

AusAID Submission

Senate Committee on Foreign Affairs, Defence & Trade

Inquiry into the administration, management and objectives of Australia's overseas development program in Afghanistan in the context of the 'Transition Decade'

Terms of reference:

The administration, management and objectives of Australia's overseas development programs in Afghanistan in the context of the 'Transition Decade' including:

- a) An evaluation of Australia's bilateral aid program to date in Afghanistan;
- b) An evaluation of the interaction and effectiveness of Australia's bilateral aid, multilateral aid, the ARTF and other Australian government departments delivering aid;
- c) The means to most effectively address the Millennium Development Goals in Afghanistan;
- d) How to guarantee the safety of all workers involved in the delivery of Australian aid programs in Afghanistan; and
- e) Any other related matters.

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Acronyms

ACFID	Australian Council for International Development
ACIAR	Australian Centre for International Agricultural Research
ADF	Australian Defence Force
AIA	Afghan Interim Authority
AIHRC	Afghanistan Independent Human Rights Commission
ALA	Australian Leadership Awards
ANDS	Afghanistan National Development Strategy
ANCP	AusAID-NGO Cooperation Program
ANAO	Australian National Audit Office
ANSF	Afghan National Security Forces
APPRs	Annual Program Performance Reports
ARTF	Afghanistan Reconstruction Trust Fund
BPHS	Basic Package of Health Services
CDD	Community Driven Development
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CTAP	Civilian Technical Assistance Program
CTU	Combined Team Uruzgan
DAC	Development Assistance Committee
DAFA	Development Assistance Facility for Afghanistan
DFID	Department for International Development (United Kingdom)
DPT3	Diphtheria, Pertussis, Tetanus 3 vaccine
EITI	Extractive Industries Transparency Initiative
ELECT	Enhancing Legal and Electoral Capacity for Tomorrow
EQUIP	Education Quality Improvement Project
ERW	Explosive Remnants of War
FFS	Farmer Field Schools

GDP	Gross Domestic Product
GIRoA	Government of the Islamic Republic of Afghanistan
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany)
GPE	Global Partnership for Education
IDA	International Development Association
IEC	Independent Electoral Commission
IM4DC	International Mining for Development Centre
IMF	International Monetary Fund
ISAF	International Security Assistance Force
MAEPA	Malaysia Australia Education Project for Afghanistan
MAIL	Ministry of Agriculture, Irrigation and Livestock
MDGs	Millennium Development Goals
MRRD	Ministry of Rural Rehabilitation and Development
NATO	North Atlantic Treaty Organization
NERAP	National Emergency Rural Access Program
NGO	Non Governmental Organisation
NPPs	National Priority Programs
NSP	National Solidarity Program
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PFM	Public Financial Management
PFMRP	Public Financial Management Reform Project
PNPM	National Program for Community Empowerment
PRT	Provincial Reconstruction Team
SHARP	Strengthening Health Activities for the Rural Poor
SES	Senior Executive Service
TA	Transitional Authority
TAF	The Asia Foundation

TEAR	Transformation Empowerment Advocacy Relief Australia
TMAF	Tokyo Mutual Accountability Framework
TVET	Technical and vocational education and training
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WFP	World Food Programme



Executive Summary

Afghanistan is the most challenging country in which Australia delivers a major aid program.

Eleven years after the international intervention that overthrew the Taliban there have been substantial and, in some cases, remarkable gains in the country's key development indicators, to which Australia has made a strong contribution. But Afghanistan remains amongst the poorest and least developed countries in the world. This reflects the legacy of decades of conflict that has compounded the extremely poor levels of development of Afghanistan's institutions and its human and physical infrastructure. It also reflects the serious challenges of attempting to promote development in the midst of conflict. It is widely acknowledged that progress in Afghanistan will be incremental and, even with a supporting security environment, development to bring Afghanistan to the level of many other Least Developed Countries will take a generation or longer .

The aid program is one key element of an integrated Australian whole-of-government effort in Afghanistan.

This effort is in turn part of a United Nations-mandated International Security Assistance Force mission that includes 50 countries and involves inter-linked security, diplomatic and development objectives. Australia's goal in Afghanistan has been clearly stated by the Prime Minister – to make sure that Afghanistan does not again become a safe haven for terrorists. The Prime Minister has also made clear that our commitment to Afghanistan's human and economic development is vital too and that strengthening the capacity of the Afghan government, economy and institutions is essential to ensuring that gains made to date are not reversed. The aid program contributes to international stabilisation efforts by building the capacity of the Afghan Government to deliver basic services and provide economic opportunities to its people.

Australia's aid to Afghanistan has grown rapidly in recent years, in particular those elements of the program delivered by AusAID.

This growth reflects a heightened international recognition of the importance of improved governance and development to the international mission in Afghanistan. AusAID's first full time staff member was deployed to Afghanistan in 2008. The AusAID program has more than doubled since 2009-10 and, in 2012-13 AusAID will deliver \$158 million (or approximately 80 percent) of a total Australian Official Development Assistance (ODA) commitment estimated at \$201.7 million, making Afghanistan the fourth largest recipient of Australian aid. The AusAID program is overseen by 14 staff on rotation in country, a four-fold increase in the last two years.

Australia's increased aid engagement in Afghanistan is based on an assessment of the country's levels of poverty, the effectiveness of Australian aid and its capacity to make a difference, and Australia's national interest.

Afghanistan is one of the poorest countries in the world, ranking 172nd out of 187 countries on the United Nations Human Development Index. Life expectancy is 48 for men and 44 years for women. Around one in ten children die before their fifth birthday. The majority of the population live without sustainable access to clean water and sanitation. Gender inequality is profoundly entrenched. Girls attend school for less than half the number of years of Afghan boys and, despite improvements in recent years, the maternal mortality rate is amongst the highest in the world. Violence against women is widespread.

Uruzgan Province, where Australian troops are based and which is an important focus for the aid program, is one of the least developed provinces in the country. Female literacy is less than one percent. As recently as late 2010, when Australia took over leadership of the Provincial Reconstruction team from the Dutch, only 30 percent of positions within the Uruzgan Provincial Administration were even filled, with illiteracy common amongst those appointed to Government positions.

The majority of AusAID assistance (around 80 percent) is delivered at the national level, and focuses on improving the delivery of basic services such as health and education and promoting economic opportunities for ordinary Afghans.

In challenging circumstances, Australian aid is making a real difference to the lives of the Afghan people. Working with other donors, Australian aid has contributed to dramatic increases in school enrolments and in levels of access to basic health services across the country, as well as major improvements to rural roads and community infrastructure. In Uruzgan Province, Australian aid has contributed to a six-fold increase in the numbers of operating schools and a threefold increase in the number of active health facilities, as well as strengthening of the provincial administration. These successes have been confirmed through independent assessment of the program. The Independent Review of Aid Effectiveness was “impressed by some of the Australian aid program’s achievements in Afghanistan, which deserve wider recognition”.

AusAID’s approach is based on working in partnership with the Afghan Government to build its capacity and effectiveness, in accordance with lessons learned in other fragile and conflict-affected countries. The focus of Australia’s aid program is agreed with the Afghan Government under a bilateral Memorandum of Understanding signed at the July 2012 Tokyo Conference on Afghanistan, and aligns with commitments made by international donors at a series of conferences on Afghanistan since 2001. Australia’s aid program is aligned with Afghan priorities, as articulated in the Afghan Government’s national development plans. A key component of Australian assistance involves providing support, pooled with other donors, through the World Bank-managed Afghanistan Reconstruction Trust Fund (ARTF) for major Afghan Government development programs that are delivering results across the country. This approach has been shown to reduce transaction costs and improve the efficiency and effectiveness of international assistance. Australia provides technical and capacity building assistance to improve the performance of the Afghan Government. Australia also supports Afghan civil society organisations and institutions which support human rights and democratic process, such as the Afghan Independent Human Rights Commission and the Independent Electoral Commission.

Delivering aid in Afghanistan is uniquely challenging and there are no low risk programming options. Afghan Government capacity is chronically weak, with low levels of education and widespread illiteracy. Conflict and instability severely impede development progress. The security environment affects the safety of all those involved in providing services and those seeking to access them. It severely restricts movement of development workers and impacts on AusAID’s ability to monitor programs directly. Credible and capable delivery partners are limited in number, particularly in Provinces such as Uruzgan. Partners that advocate for women’s empowerment and

are able to provide services direct to women and girls are even more limited. Corruption, too, is a major challenge, with Afghanistan ranked 180th of 183 countries, included in Transparency International 2011 Corruption Perceptions Index. Corruption compounds the capacity constraints that already exist.

AusAID has in place robust quality, performance and risk management processes that allow it to manage as effectively as possible in this environment. AusAID works with credible partners with long-term experience and effectiveness in Afghanistan. Programs are subject to rigorous quality assessments, at commencement and during implementation, with reporting made public through Annual Program Performance Reports. AusAID staff monitor the performance of delivery partners, and apply firm contractual standards, although the frequency of direct monitoring is constrained by the security environment. AusAID takes a zero-tolerance approach to fraud. Where there is suspected misuse of funds, AusAID investigates and, where fraud is confirmed, appropriate redress is sought, including prosecution of offenders and recovery of funds.

Security for Australian personnel is the Government's highest priority. In Uruzgan, within the Provincial Reconstruction Taskforce (PRT), AusAID personnel rely on military force protection and life support provided by Australian and international coalition partners. In Uruzgan, as in other provinces, the PRT is an integral part of the International Security Assistance Force civilian-military command structure, working within the overall international strategy, together with international partners and under appropriate security guidelines. In Kabul, AusAID and other Embassy personnel are supported by professional private security contractors. AusAID works closely with whole-of-government partners in assessing and ensuring the ongoing suitability of security arrangements for AusAID staff, and will continue to respond appropriately to security assessments through transition in 2014 and beyond. In assessing delivery partners and specific programs, AusAID considers the security precautions and arrangements for risk management that delivery partners put in place for their staff and programs.

The 'transformation decade' (from transition in 2014 to 2024) will bring with it new challenges and changes to the way the aid program operates. Transition to Afghan security authority is expected to be complete by the end of 2014. AusAID will move to a Kabul-based presence, managing a nationally-focused aid program with residual programming in Uruzgan. Afghanistan will face a substantial economic downturn as transition occurs and international military forces draw down. With slowing economic growth and rising unemployment, substantial international support will be required to support the Afghan Government's budget and to bridge a projected fiscal deficit pending the growth of domestic revenues. Security transition will coincide with a political transition, as Afghanistan will hold Presidential elections in 2014. The credibility, inclusiveness and transparency of these elections will be a crucial test of the success of transition.

The Australian aid program is well positioned to adapt to these changes and continue to improve the lives of the Afghan people. The Prime Minister announced earlier this year that Australia's aid to Afghanistan would rise to \$250 million by 2015-16. Plans for transition to a strengthened, Kabul-based presence for AusAID are well advanced. Australian aid during the transformation decade will continue to support the Afghan Government's efforts to improve the delivery of basic services, particularly health and education, and provide economic opportunities

including through rural development. Australia will also provide support to the electoral process and to civil society organisations and accountability institutions in monitoring government performance and promoting human rights.

Strengthening the capacity of chronically weak Afghan systems and institutions will be a key challenge for transition. AusAID will continue to provide targeted technical and capacity building support, including short and long term study opportunities, in areas where Australian expertise is directly relevant to the economic and governance challenges facing Afghanistan, in particular public financial management, mineral resource governance and agriculture.

Ongoing development progress in Afghanistan will be dependent on sustained mutual commitment from the Afghan Government and international community. World Bank analysis indicates even the fastest performing countries take, on average, between 15 and 30 years – a generation – to move from situations of fragility to the development of a more resilient, institutions-based state. Sustained international support to Afghanistan is relatively recent and development and governance efforts have taken place in the midst of a violent insurgency. Afghanistan will continue to require sustained international support, but also require effective and focused national leadership in order to sustain and build on the gains made over the past ten years.

As the aid program grows, Australia will play an increasingly prominent role in engaging the Afghan Government on its development priorities and reform commitments. International attention is now focused on the joint commitments made by the Afghan Government and international community through the Tokyo Mutual Accountability Framework announced at the recent Tokyo Conference on Afghanistan. Australia and Afghanistan also agreed important mutual commitments set out in both the bilateral Comprehensive Partnership and the Memorandum for Understanding on Development Cooperation signed this year.

Introduction: Afghanistan – Progress and Challenges

Afghanistan faces immense development challenges. It ranks 172nd out of 187 countries on the United Nations (UN) 2011 Human Development Index.¹ Life expectancy is 48 years for men and 44 years for women.² Around one in ten children die before their fifth birthday.³ The majority of the population live without sustainable access to clean water and sanitation. Gender inequality is profoundly entrenched. Afghanistan ranks near the bottom of the United Nations Gender Equality Index. Gender-based violence is widespread. Girls attend school for less than half the number of years of Afghan boys and, despite improvements in recent years, the maternal mortality rate is amongst the highest in the world.

These statistics reflect the impact of decades of war. The World Bank's 2011 World Development Report found that internal conflicts, on average, strip 30 years from a country's previous level of development. Always a poor country, Afghanistan's conflict has itself lasted over 30 years. Conflict has severely impeded the development of credible national institutions, human capital and physical infrastructure. It has also seriously constrained the development of private enterprise, investment and economic growth.

“An estimated 36 per cent of Afghans live below the poverty line, and the population continues to experience high rates of malnutrition and food insecurity. Around 9 million Afghans are illiterate. Thirty per cent of school aged children do not attend school and many Afghan youths do not have the right skills to participate in a growing economy.”

Towards Self Reliance,
Strategic Vision for the
Transformation Decade,
Government of Afghanistan

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.

In this context, the development gains made in Afghanistan over the past ten years have been remarkable. GDP growth has averaged over 10 percent. School enrolments have increased from less than one million in 2001 to almost eight million today, including over 2.7 million girls. Basic health services are now available to 85 percent of the population, up from 10 percent under the Taliban. Over 10,000 kilometres of rural roads have been rehabilitated, providing employment, transport links and access to markets for ordinary Afghans.

These achievements are real. They have made a real difference to the lives of millions of Afghans. But they must be measured against the critically low base from which Afghanistan began in 2001.

¹ Human Development Index, <http://hdr.undp.org/en/>

² UNDP, Human Development Report 2009 Afghanistan country fact sheet, http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_AFG.html

³ UNICEF, http://www.unicef.org/infobycountry/afghanistan_statistics.html

Afghanistan's recent achievements must also be measured against the substantial challenges that the country faces as it enters the 'Transformation Decade' (2014-2024) following the transition to Afghan security authority by the end of 2014. These include, but are not limited to, ongoing conflict, slowing economic growth, a major fiscal deficit, covered to an extent by donor pledges but likely to re-emerge without donor support, and rising unemployment. Analysis conducted by the World Bank for the 2011 World Development Report indicates that, over the course of the 20th century, even the fastest performing countries took, on average, between 15 and 30 years to move from situations of fragility (such as the current situation in Haiti) to the development of an institutions-based state (such as Ghana). International aid to Afghanistan is relatively recent and development and governance efforts have taken place in the midst of a continuing conflict. The expected economic challenges are made particularly urgent by Afghanistan's demography. In 2011 Afghanistan was estimated to have the fifth youngest population in the world, with a median national age of 16.7 years.⁴ 42 per cent of the population are under 14⁵ and between 700,000 and 1 million youths enter the job market each year. Unemployment levels could be further compounded by return of refugees from Pakistan and Iran. Afghanistan will require sustained international assistance over the coming decade and beyond in order to maintain recent development gains and to manage a transition to the point where Afghanistan can generate sufficient domestic revenue to meet its major financing needs. Effective national leadership will be essential to sustain development progress.

Working alongside whole-of-government and international partners, Australia aid has contributed to the development gains of the past ten years. At both the national level and in Uruzgan Province, where Australia leads the Provincial Reconstruction Team, Australian aid to Afghanistan has delivered results in extremely challenging circumstances. This submission outlines the history of Australia's aid engagement in Afghanistan, the aid program's current scope and focus, its achievements and how the serious risks and challenges of working in Afghanistan are being managed.

⁴ UN Department of Economic and Social Affairs (DESA), *Population Division World Population Prospects: The 2010 Revision*, 2011.

⁵ See Central Intelligence Agency, *CIA World Fact Book*, <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

Australian Aid and the International Mission in Afghanistan

Evolution of Australia's aid since 2001

The aid program is a key element of an integrated Australian whole-of-government effort in Afghanistan. This effort is in turn part of a UN-mandated International Security Assistance Force mission that includes 50 countries and involves inter-linked security, diplomatic and development objectives.

The scale and scope of the aid program has changed substantially since 2001, as Australia's whole-of-government engagement in Afghanistan has evolved. Between 2001-02 and 2005-06, Australia's aid remained at relatively modest levels (less than \$30 million per annum). This coincided with the Australian Defence Force's (ADF) initial involvement in Afghanistan in 2001. The aid program during this time was largely focused on meeting Afghanistan's substantial humanitarian needs, but from 2003 also included initial contributions to the Afghanistan Reconstruction Trust Fund (ARTF), which was established to pool international funding in support of Afghan Government development programs. (Further information on the ARTF is provided in the next section, AusAID's Program in Afghanistan).

Australia's substantial military involvement in Afghanistan resumed in September 2005 with the deployment of a Special Operations Task Force involved in international efforts to target key insurgents. The following twelve months saw an increase in violence and a growing realisation that governance and development deficits, particularly in rural areas, were contributing to insecurity across Afghanistan.

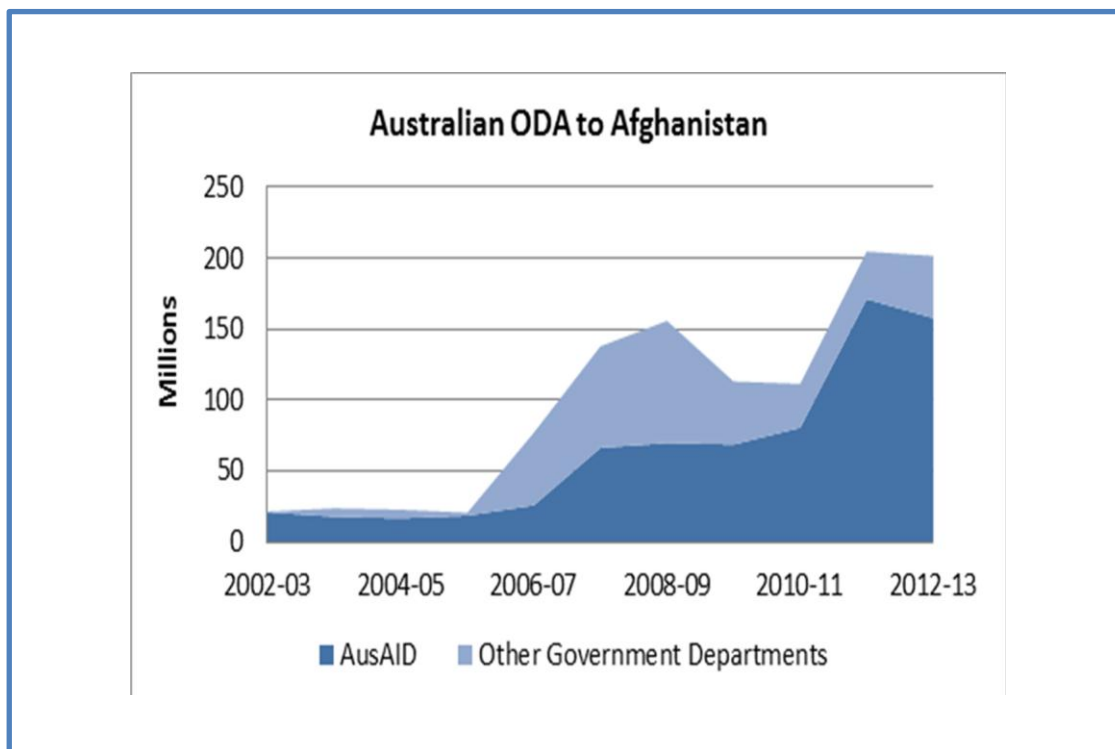
Australian aid contributions subsequently increased in 2006-07, when an ADF Reconstruction Taskforce was deployed to Uruzgan Province in southern Afghanistan. This Taskforce formed part of a Dutch-led Provincial Reconstruction Team (PRT) that supported governance and development activities across the Province. As a result of the reconstruction activities undertaken by ADF personnel, levels of Official Development Assistance (ODA) delivered by the Department of Defence increased markedly, and Defence was the largest deliverer of Australian ODA to Afghanistan between 2006-07 and 2008-09. AusAID contributions also increased over this period, rising to over \$60 million by 2007-08. Within AusAID's programs, the focus was balanced between humanitarian activities and longer term development programming, including through the ARTF.

Australia's military contribution to Afghanistan increased further from October 2008 through a growing role in training and mentoring in Uruzgan. AusAID's first full time staff member in Afghanistan, a Development Adviser located within the Dutch led PRT in Uruzgan, was deployed in late 2008 to work with Dutch and Australian forces to coordinate development activities in the Province.

In December 2009 US President Obama announced a revised counterinsurgency strategy for Afghanistan, which included a surge of 30,000 US troops and, several months later, an accompanying 'civilian surge'. Australia also increased its troop commitment and, in April 2010, then Prime Minister Rudd announced that Australia would double its civilian contribution to

Afghanistan. Shortly after this, in May 2010, it was announced that Australia would take over leadership of the Uruzgan PRT from the Dutch.

The 2010 announcements precipitated a major escalation in AusAID engagement in Afghanistan. A new Afghanistan and Pakistan Branch was created in AusAID incorporating two Afghanistan sections. A Minister Counsellor was deployed to Kabul to lead AusAID's in-country operations. AusAID deployed a senior officer to the Uruzgan PRT to fill the position of Deputy Director and lead its development operations. An additional four Development Advisers were also provided to plan and facilitate PRT development activities.



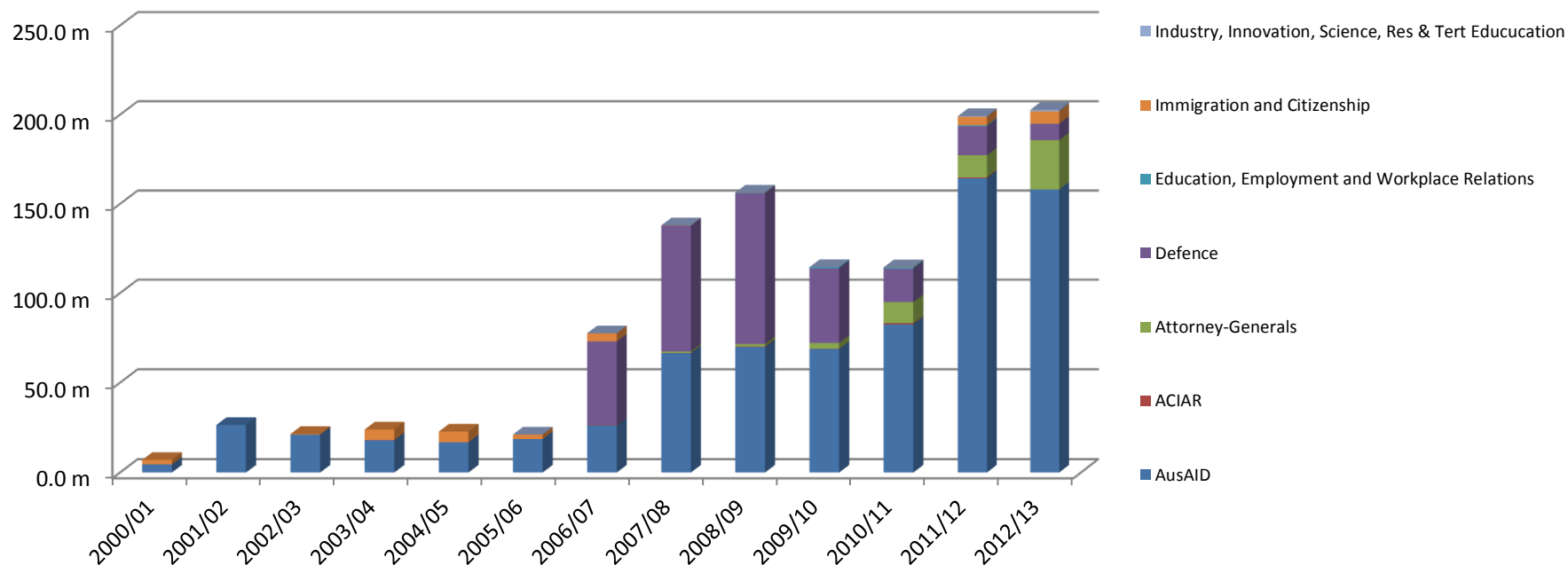
AusAID returned to being the largest provider of Australian ODA to Afghanistan, with AusAID funding increasing to \$68.8 million in 2009-10, out of a total ODA spend of \$113.3 million.

In December 2010, AusAID released *Australia's Strategic Approach to Aid in Afghanistan* (Annex 2), providing a policy framework for the program from 2010-2012.

Growth in AusAID-managed assistance to Afghanistan has continued over the past two years. The AusAID program has more than doubled since 2009-10, and in 2012-13 AusAID will deliver \$158 million (or approximately 80 per cent) of an ODA commitment estimated at \$201.7 million, making Afghanistan the fourth largest recipient of Australian aid.

Australia's program is now overseen by 14 AusAID staff on rotation in country, located in Kabul and Tarin Kowt. In May 2012, Prime Minister Gillard announced that the aid program to Afghanistan would grow to \$250 million per year by 2015-16. On current projections, this will make Afghanistan the third largest recipient of Australian aid.

Australian ODA to Afghanistan by Australian Government Agency (\$m)



	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Estimate
Government Agency													
AusAID	4.5 m	26.5 m	21.1 m	17.8 m	16.7 m	18.6 m	26.3 m	66.4 m	69.8 m	68.8 m	82.4 m	164.4 m	158.0 m
ACIAR								0.2 m	0.1 m	0.3 m	0.1 m	0.5 m	0.5 m
Attorney-Generals								0.9 m	1.4 m	3.2 m	12.0 m	12.4 m	27.7 m
Defence				0.2 m	0.1 m		46.5 m	70.4 m	84.5 m	41.7 m	18.6 m	16.3 m	9.2 m
Education, Employment and Workplace Relations									0.2 m	0.7 m	0.7 m	0.6 m	
Immigration and Citizenship	2.5 m		0.3 m	5.9 m	5.9 m	2.5 m	4.6 m	0.1 m	0.2 m		0.2 m	4.7 m	7.0 m
Industry, Innovation, Science, Res & Tert Education												0.4 m	0.8 m
TOTAL	\$7.0 m	\$26.5 m	\$21.5 m	\$24.0 m	\$22.8 m	\$21.2 m	\$77.5 m	\$137.9 m	\$156.4 m	\$114.6 m	\$114.5 m	\$199.2 m	\$202.7 m

Aid and the International Mission in Afghanistan

The increased significance of the aid program to Australia's whole-of-government engagement in Afghanistan in recent years reflects a growing realisation internationally of the importance of improved governance and development to the international mission in Afghanistan. This ran in parallel to the development of the 'Kabul Process' – a compact between the international community and the Afghan Government, developed through a series of major international conferences, that attempts to set out a path to a stable and economically sustainable Afghanistan, led by the Afghan Government and supported by the international community (see text box below).

The Kabul Process is based on a series of mutual commitments by the Afghan Government and the international community. This has involved commitments from the Afghan Government to protect human rights, take action against corruption, and develop realistic and affordable national development plans. On the international community's part, it has involved commitments to predictable development financing and capacity building assistance that supports Afghan priorities and is delivered, as far as possible, through Afghan systems.

The Kabul Process reflects lessons learned by international donors over more than a decade about how to engage effectively in fragile and conflict affected countries. Australia is a leader in this area, delivering over 50 percent of its current aid program in fragile states. The lessons learned from this experience include:

- the need for sustained engagement, given the serious impact that conflict has on development progress. Development takes time in the best of circumstances. Conflict radically impedes its progress
- the importance to security and stabilization of community-based development and efforts to generate local employment
- the importance of local ownership, women's participation, and well-coordinated, predictable international assistance
- that international assistance, on its own, is not enough. To be sustainable, development efforts must be led by partner governments and citizens themselves. This requires patience, but is the only way in which countries can take responsibility for their own development progress.

Prime Minister Gillard's May 2012 announcement of increased Australian aid to Afghanistan by 2015-16 reflects these lessons. It came in the context of substantial international commitments towards supporting Afghanistan through the challenges of the 'Transformation Decade' following transition to Afghan security lead in 2014.

The Bonn Conference in 2011 highlighted the fiscal challenges that Afghanistan would face with transition. World Bank analysis funded by AusAID showed that, without international support, Afghanistan faced a fiscal deficit of 39 percent of GDP in 2015, stabilising at an average of 21 percent of GDP by 2025. It needed support through transition and into the transformation decade

to cover security and development costs and to sustain gains made in recent years. (See World Bank ‘Afghanistan in Transition: Looking Beyond 2014’ report at Annex 4).

The subsequent ISAF NATO Leaders meeting in Chicago in May and the Tokyo Coordination in Afghanistan in July 2012 were designed to respond to the fiscal challenges highlighted in the World Bank report. At these meetings, the international community sought to reassure Afghanistan that it would not be abandoned following transition, with commitments of ongoing political, financial and military support.

The Chicago Leaders’ Meeting drew international pledges of USD4.1 billion over three years from 2015 to fund the costs of a sufficiently sized Afghan National Security Force (ANSF), i.e. an ANSF capable of managing security and one that was affordable for Afghanistan and the international community. Australia pledged \$100 million over three years for ANSF sustainment. Australia signed a Comprehensive Partnership with Afghanistan at the Conference, which followed the United States signing a Strategic Partnership and making Afghanistan a major non-NATO ally. Australia also announced an increased aid program, with ODA rising to \$250 million per year by 2015-16.

The July 2012 Tokyo Conference drew international pledges to provide over USD16 billion through 2015 and to sustain support, through 2017, to Afghanistan’s development costs. In return for continued high levels of donor assistance and a willingness to channel 50 percent of this assistance through government systems, Australia and international partners sought reassurances from the Government of Afghanistan about continued progress of critical reforms. A ‘Mutual Accountability Framework’ was agreed at Tokyo, under which the Afghan Government made substantial commitments to tackle corruption, protect the rights of women and girls, conduct credible, inclusive and transparent elections and undertake important economic reforms.

The Kabul Process and the Road to Tokyo

The international community’s engagement in Afghanistan since 2001 has been defined through a number of international conferences at which international donors and the Afghan Government have set out a series of mutual commitments designed to support Afghanistan’s stability and prosperity. This has led to the development of the ‘Kabul Process’, which culminated in the Tokyo Conference on Afghanistan in July 2012.

Bonn Conference, December 2001:

- Shortly after the toppling of the Taliban, prominent Afghans met under UN auspices in Bonn, Germany, to decide on a plan for governing the country, resulting in the Afghan Interim Authority (AIA), inaugurated on 22 December 2001 with a six-month mandate, followed by a two-year Transitional Authority (TA), after which elections were held.
- One of the sections of the Bonn Agreement envisaged the establishment of the NATO-led International Security Assistance Force (ISAF). Resolution 1386 of the United Nations Security Council subsequently established ISAF.

The Kabul Process:

- In 2009, Afghanistan’s President Karzai, in his inauguration speech for his second term in office, outlined his desire for the Afghan Government to take responsibility and leadership for the future of Afghanistan. This speech is considered as laying the foundation for the ‘Kabul Process’.
- The Kabul Process represents a path to an economically sustainable, socially vibrant and stable Afghanistan, led by Afghanistan for Afghans, supported by the international community.

London Conference, January 2010:

- The London Conference set the tone for the development of the mutual commitments underpinning the Kabul Process. The conference recognised the need to effect bold and meaningful steps to recover Afghan self-determination. The Afghan Government committed to a set of social and economic priorities to deliver a ‘sense of belonging’ to the Afghan people, reduce corruption, increase respect for the rule of law and human rights, improve the regulatory environment, energise the private sector and create jobs.
- London essentially set the stage for the Kabul Conference to deliver concrete plans to support Afghanistan’s future.

Kabul Conference, July 2010:

- The Kabul Conference was the first major conference held in Afghanistan since the fall of the Taliban. It was also the first conference to focus properly on a long-term, Afghan-led development agenda for the country.
- The Afghan Government presented an Afghan-led plan for improving development, governance and security, putting forward an agenda underpinned by a set of ‘National Priority Programs’ and reform initiatives.
- The international community committed to deliver 50 per cent of assistance to Afghanistan through government systems, and to align 80 per cent of assistance with Afghan government priorities. In return the Afghan Government made a series of ongoing reform and anti-corruption commitments. These included a commitment to prioritise and strengthen the National Priority Programs (NPPs) and finalise their framework for delivery.

Bonn Conference, December 2011:

- Themed “from transition to transformation”, and notionally marking the tenth anniversary of the first conference, the Bonn Conference was the first gathering to consider ongoing efforts to support Afghanistan following the transition to Afghan security authority by the end of 2014.
- On the basis of World Bank analysis (funded by AusAID), the conference identified a substantial and looming fiscal gap and brought international focus to the challenges the Afghan Government would face in funding its security and development costs post transition.
- Following Bonn, it was agreed that the Chicago and Tokyo conferences would provide the forum at which to agree international support to fund Afghanistan’s security (Chicago) and development (Tokyo) costs through the transformation decade.

Chicago Summit, May 2012:

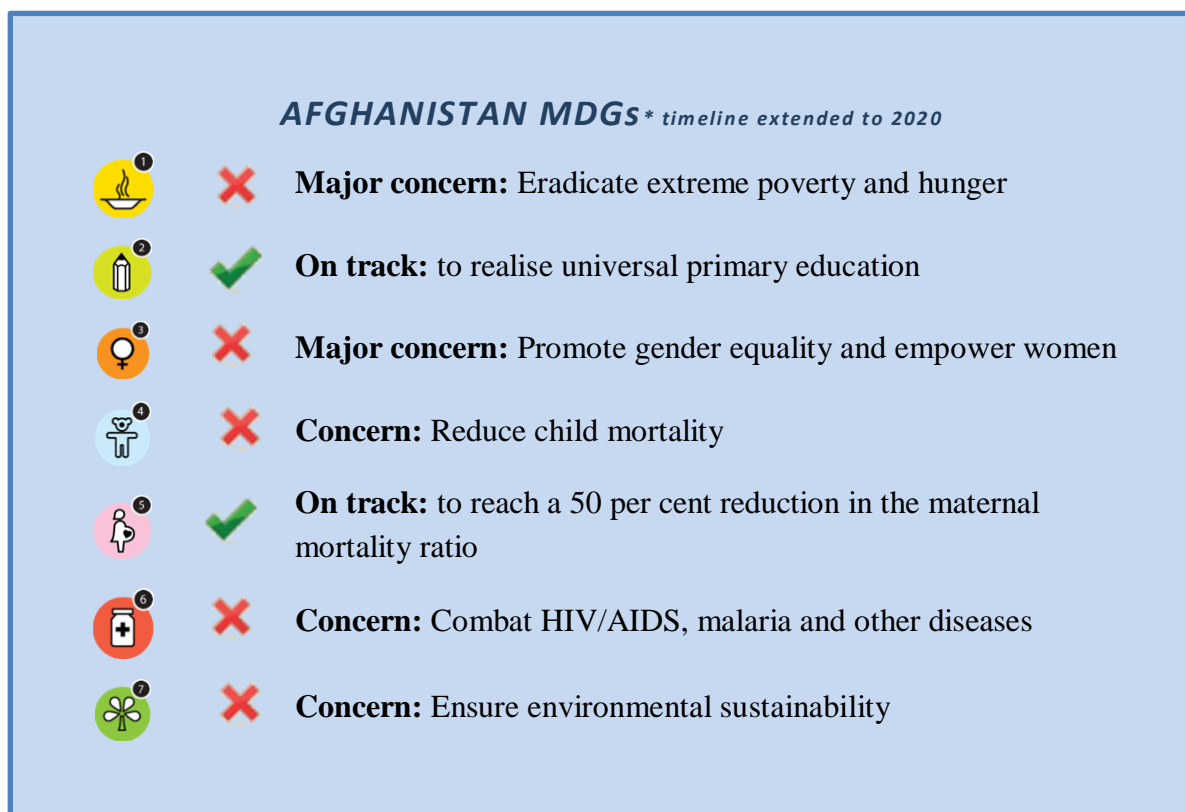
- Chicago had three main objectives: securing commitment to a credible plan for ANSF sustainment; agreeing that mid-2013 was an important milestone for transition, with ISAF moving from a combat to support role; and securing long-term commitments from the international community to Afghanistan’s security and development.
- The key focus was developing, sustaining and funding an Afghan National Security Force (ANSF) capable of replacing ISAF by the end of 2014.
- Given the fiscal gap there was an assessment of what a sufficient and sustainable ANSF would look like; a force of 228,500 ANSF personnel was identified at a cost of US\$4.1 billion a year. International donors and the Government of Afghanistan stepped up to commit \$4.1 billion over three years from transition. Australia committed \$100 million over three years (2014-16) to ANSF sustainment. Australia announced an increased aid program.

Tokyo Conference, July 2012:

- Its objective was to secure clear financial commitments from international partners to help address the fiscal gap and support Afghanistan’s development towards meeting MDGs and factoring in future demands of economic growth beyond 2014 and a vision statement towards self-reliance.
- The International Community confirmed its long-term commitment to Afghanistan, pledging to provide over USD16 billion through 2015 and sustaining support, through 2017, at or near levels of the past decade to respond to the fiscal gap as estimated by the World Bank and the Afghan Government. In return, the Afghan Government made substantial commitments to tackle corruption, protect the rights of women and girls, deliver elections and economic reform. A Mutual Accountability Framework was agreed on as a basis for tracking progress against commitments by donors and the Government of Afghanistan.

Progress towards the Millennium Development Goals

The UNDP assesses that Afghanistan is on track to meet two of the Millennium Development Goals (MDGs) by 2020: to realise universal primary education and to reach a 50 percent reduction in the maternal mortality ratio. Afghanistan extended the timeframe for achieving MDGs due to its particularly difficult circumstances. Afghanistan also added an additional MDG, Enhancing Security, recognising the critical role of peace and security in achieving the other MDGs. Despite situations of extreme poverty, ill health, and chronic hunger, the Government of Afghanistan considers lack of security as the country's greatest problem.



The MDGs are the basis of the Afghanistan National Development Strategy. A lack of reliable data makes it difficult to access the current status of the MDGs, however, the Government of Afghanistan accepts that despite some progress, there is still considerable work that needs to be undertaken to reach MDG goals. An estimated 36 percent of Afghans still live below the poverty line, 20 percent of rural households are chronically food insecure and another 18 percent face seasonal food shortages. The literacy rate of 15 to 24 year old Afghans is 34 percent, and only 18 percent for women.

Notwithstanding that under-five mortality rates have improved, up from 1 in 5 in 2006, to 1 in 10 now, the infant and under-five mortality rates in Afghanistan are among the highest in the world. Most deaths among children under-five years of age in Afghanistan result from infectious causes, with diarrhea, acute respiratory infections and vaccine-preventable illnesses accounting for nearly 60 percent of deaths. Similarly, although maternal mortality has decreased, it is from a low base - from 1,000 annual deaths per 100,000 live births in 2000 to 460 deaths per 100,000 live births in 2010. Qualified female health workers are missing in over one third of all health facilities countrywide, thereby constraining women's access to health care.

DEMOGRAPHIC AND DEVELOPMENT STATISTICS

Population	35 300 000 (2011)
Average annual population growth	2.8% (2010)
Projected population in 2050	82 million (Population Resource Centre)
Capital	Kabul
Human Development Index	172 out of 187 (2011)
HEALTH (Source: UN Human Development Indicators, except where noted)	
Life expectancy at birth	48 men; 44 women (2009)
Access to improved sanitation	37% (2008)
Access to improved water source	48% (2008)
Expenditure on public health (% of GDP)	7.4% (2009)
Under-5 mortality (per 1000 live births)	149 (2010) (Uruzgan is Afghanistan's second worst province for under-five mortality)
Maternal mortality per 100 000	460 (2010) (World Bank)
EDUCATION	
National adult literacy rate (both sexes, % aged 15 and above)	Female 12%, Male 39% (2008 est.)
Uruzgan adult literacy rate (both sexes, % aged 15 and above)	Female 0%, Male 10% (est.)
Net enrolment ratio in primary education	69% female to male ratio (2010)
ECONOMY	
GDP per capita	US\$966
GNI per capita, Atlas method	US\$410 (2010)
GDP growth (annual %, 2010)	8.2% (2010)
Population below \$1.25 per day poverty line	36% (2011)
GENDER	
Adolescent fertility rate (Women aged 15–19 years, births per 1000 women)	111 (2009)
Share in parliament, female-male ratio	69:180

AusAID's Program in Afghanistan

Strategic Approach

Australia's goal in Afghanistan has been clearly stated by the Prime Minister – to make sure that Afghanistan does not again become a safe haven for terrorists. The Prime Minister has also made clear that our commitment to Afghanistan's human and economic development is vital too and that strengthening the capacity of the Afghan government, economy and institutions is essential to ensuring that gains made to date are not reversed. The aid program contributes to international stabilisation efforts by building the capacity of the Afghan Government to deliver basic services and provide economic opportunities to its people.

AusAID delivers the bulk of Australia's ODA to Afghanistan. In 2012-13 AusAID will deliver \$158 million (or approximately 80 percent) of a total Australian ODA commitment estimated at \$201.7 million. This makes Afghanistan the fourth largest recipient of Australian aid.

AusAID's engagement in Afghanistan is based on an assessment of Afghanistan's levels of poverty, the effectiveness of Australian aid and its capacity to make a difference, and Australia's national interest: Afghanistan is one of the poorest countries in the world; Australia has an interest in Afghanistan's stability and capacity to govern itself effectively; and, in challenging circumstances, Australian aid is making a difference in Afghanistan, as found by the Independent Review of Aid Effectiveness.

AusAID's program to Afghanistan is based 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.

A particular focus of Australian aid to Afghanistan is on Uruzgan Province, where Australian troops are based and where AusAID works alongside Australian Defence Force personnel and other Australian civilian officials as part of a multi-national Provincial Reconstruction Team (PRT). AusAID's work in Uruzgan is unique across the aid program's operations globally, involving intensive international and whole-of-government coordination and substantial security and programmatic challenges. In Uruzgan, as in other provinces, the PRT is an integral part of the International Security Assistance Force civilian-military command structure, working within the overall international strategy, together with international partners and under appropriate security guidelines.

Uruzgan is amongst the poorest and least developed provinces in Afghanistan. Female literacy is less than one percent. Around two in five children die before their fifth birthday. As recently as late 2010, when Australia took on leadership of the Provincial Reconstruction Team (PRT), only 30 percent of positions within the Uruzgan Provincial Administration were even filled, with illiteracy

common amongst those appointed to Government positions. Around 20 percent of Australian assistance to Afghanistan is being directly delivered in Uruzgan Province, complemented by a strong Australian advocacy effort to ensure the extension of nationally funded government programs to Uruzgan.

The rationale for the current split in the aid program - 20 percent funding for Uruzgan Province directly and 80 percent funding for national level programs - is based on a number of factors. Australian leadership of the PRT in Uruzgan, where the bulk of Australian troops are based, provides an opportunity to make a strong contribution to local level stabilization and community development. But Uruzgan is one of Afghanistan's least populated provinces with a population of just over 300,000 people (less than 1 percent of the national population of approximately 35 million). Uruzgan also has a very limited capacity to use aid funding effectively – its government systems are weak and there are few effective community-based organisations or commercial contractors to work with. Australia's contribution to national programs is the most effective way in which Australia can make the greatest difference to the largest number of people across Afghanistan, including Uruzgan. National level contributions to the ARTF also help Australia to meet its commitment to channel 50 per cent of assistance through Afghan government systems, while also doing so responsibly and transparently through a credible and established mechanism. With transition, as national systems deliver more benefits to Uruzgan, Australia's direct assistance to the province will fall.

The bulk of Australian assistance to Afghanistan (around 80 percent) is delivered at the national level and is focused on supporting the Afghan Government to deliver improvements in basic services and livelihood opportunities across the country. A key component of this involves providing support, pooled with other donors, through the World Bank-managed ARTF for major Afghan Government development programs that are delivering results across the country, including in Uruzgan. This approach has been shown to reduce transaction costs and improve the efficiency and effectiveness of international assistance.

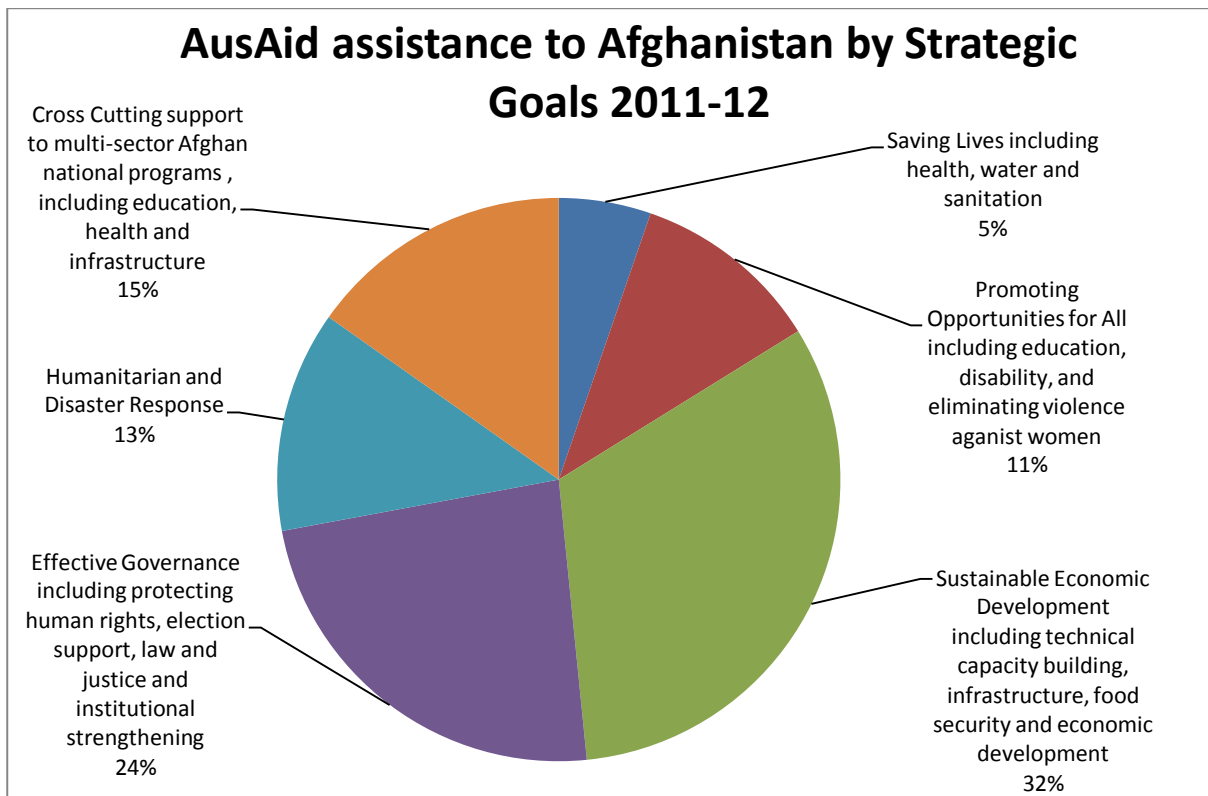
At both the national level and in Uruzgan, AusAID works in partnership with the Afghan Government to build its capacity and effectiveness. This accords with principles proven in other fragile and conflict-affected countries. As well as financial support, Australia provides technical and capacity building assistance to improve the performance and capacity of the Afghan Government. AusAID also supports the electoral process and civil society organisations and accountability institutions in monitoring government performance and promoting human rights.

The transition to Afghan security lead will be complete by the end of 2014. Australia's aid program will rise to \$250 million per year by 2015-16. A new strategy is being developed to guide the aid program through this period, building on the direction set in Australia's Strategic Approach to Aid in Afghanistan 2010-2012. The new strategy will be guided by the Government's aid policy, *An Effective Aid Program for Australia*, reflect support for the development priorities identified by the Government of Afghanistan and take into account the anticipated fiscal and development implications of transition.

The Government's aid policy establishes five strategic goals to guide Australia's aid program:

- Saving lives
- Promoting opportunities for all
- Sustainable economic development
- Effective governance
- Humanitarian and disaster response.

The current estimated allocation of AusAID's assistance to Afghanistan, according to these strategic goals, is set out below. Gender equality is a consideration across all activities. Promoting opportunities for all, including programs targeting the elimination of violence against women and equality of access to education, will be increasingly important aspects of a growing program.



Economic Governance

Government capacity is chronically weak, with low levels of education and illiteracy common. Public financial management is limited by weak systems and human capacity, and budget execution rates remain exceptionally low, at an estimated 35 percent in 2011. Corruption, too, is a major challenge, with Afghanistan ranked 180 of 183 countries in Transparency International 2011 Corruption Perceptions Index. Corruption compounds the capacity constraints that already exist, with weak government systems and human capacity issues such as very low levels of literacy.

Australia's aid program is making important contributions to addressing Afghanistan's fiscal and economic challenges. AusAID provides assistance to improve public financial management and to promote growth and employment in sectors such as agriculture, rural development, mining and infrastructure. A broader program of technical assistance and extractive industry development initiatives will also make significant contributions to addressing Afghanistan's economic development challenges.

Public Financial Management

The Afghan Government's ability to spend its development budget is a technical and capability problem which constrains its ability to deliver services. The ability to deliver key services is important for achieving long term stability.

In addition to AusAID's support to national efforts to improve public financial management through the ARTF, AusAID has also designed a bilateral Public Financial Management (PFM) program that aims to improve the weak budget execution capacity in Afghanistan.

Commencing in September 2012, bilateral PFM assistance will be implemented through delivery of generic and tailor-made training and on-the-job support in a number of areas critical for effective budget implementation and hence, service delivery.

AusAID's new PFM program will include three broadly related but distinct components:

- Component 1: targeted support to four key central Line Ministries (Ministries of Education, Public Health, Agriculture and Public Works) to improve budget planning, project design, procurement and financial administration
- Component 2: targeted support to Line Directorates in Uruzgan to facilitate improved budget and financial management processes
- Component 3: increased technical engagement with Phase II of the World Bank's Public Financial Management Reform Project via the ARTF to streamline procurement processes.

AusAID will continue to consult closely with the Afghan Government and donors during the implementation of the PFM program to ensure assistance complements existing and planned donor funded PFM programs/projects. Program implementation and oversight will be supported by a dedicated PFM Adviser, contracted through the Development Assistance Facility for Afghanistan (DAFA).

Technical Assistance

AusAID supports technical assistance to, and capacity building in, Afghan Government systems and research and analysis to improve donor effectiveness.

AusAID is currently the only donor to the World Bank Trust Fund to Support Strengthened Service Delivery at the Community Level (the Service Delivery Trust Fund). The objective of the Service Delivery Trust Fund is to adapt and improve the effectiveness of development assistance channelled through the ARTF and the International Development Association (IDA) by reviewing and assessing delivery of programs on the ground. By improving the World Bank's delivery mechanisms in Afghanistan, the Trust Fund aims to achieve better program outcomes in conflict-prone areas.

A review of the ARTF, currently being finalised, is expected to recommend further contributions to such a Fund, to respond to the challenges beyond transition. Such a fund could support research into innovative ways to monitor and evaluate programs in Afghanistan's challenging conflict-affected environment and consider ways to deliver effective funding for operations and maintenance beyond transition in 2014.

Australia has provided \$7.5 million over three years from 2010-11 for the Service Delivery Trust Fund. The Fund's achievements in 2011 include:

- preparation of analysis used by the Government of Afghanistan and the international community as a basis for transition planning
- financing of a study of operations and maintenance expenditure at national and provincial level
- inputs into a major piece of analytical work on Sustainability in Afghanistan
- facilitating three exchange missions to Indonesia for Afghan officials in charge of the National Solidarity Program (NSP) to learn about the implementation and success of the Indonesia Community Driven Development program (CDD) and National Program for Community Empowerment (PNPM).

In addition to the public financial management, mining, agriculture and Uruzgan specific capacity building programs mentioned elsewhere in this submission, Australia has also contributed \$2 million of funding over 2010-12 for the Government of Afghanistan's Civilian Technical Assistance Program (CTAP). This funding will provide for four technical advisers, who will each spend two years (2011 to 2013) in a respective line ministry (public health, education, agriculture and finance).

Mining Sector

In 2011, the Afghan Government requested Australian assistance to support mining sector reform in Afghanistan, to help unlock significant socioeconomic benefits, reduce poverty, improve fiscal sustainability and improve progress towards the Millennium Development Goals (MDGs). AusAID responded with a preliminary offer of assistance encompassing Australia Awards (scholarships),

workplace attachments and funding for an Afghan Mining Symposium in Australia. However, the need for Australian support to the Afghan mining sector has taken on increased urgency as appreciation has grown of the fiscal and economic challenges that Afghanistan will face after transition of security responsibility to Afghan authority.

AusAID is currently undertaking a process of analysis, needs assessments and in-country consultations to identify immediate priorities and potential long-term activities to assist the Afghan Government in developing its mining sector. This will determine firstly, a framework for supporting mining sector reform in Afghanistan; and secondly, articulate how future assistance should be delivered. Given the number of donors engaged in the extractive industries sector, it is important that Australia's engagement is closely coordinated to avoid duplication of effort and to ensure we focus on areas of Australia's comparative advantage.

On 25 October 2011, Prime Minister Gillard announced a new package of assistance for Mining for Development (\$127.3 million). The Mining for Development Initiative works with developing countries which have significant mining sectors, and presents opportunities to develop government to government linkages on issues such as regulatory reform. Afghanistan is a priority country for support through this package which includes:

- Building Skills and Knowledge: enhancing and expanding AusAID support for education and training through the International Mining for Development Centre and Australian Mining Awards
- Supporting Partnerships: utilising government and industry linkages to support the Afghan Government to reform legislation and regulation relevant to modernising the mining sector
- Promoting Transparency: supporting Afghanistan's candidature and engagement with the Extractive Industries Transparency Initiative (EITI) process
- Bringing International Best Practice to the Table: improving the capacity to the Afghan Ministry of Mines to negotiate contracts with industry
- Engaging with Communities: exploring the scope to improve community, environmental and social development in cooperation with civil society and UN agencies.

AusAID is discussing with the International Mining for Development Centre (IM4DC) in Western Australia the provision of short term courses on mining sector regulation for Australian Leadership Awards (ALA) Fellowship awardees, including work based learning in the Western Australian ministries responsible for mining and site visits with mining company operations. A trial is expected to commence in January 2013 for a period of 12-weeks. The first cohort will consist of up to six suitably qualified Afghan officials nominated by the Afghan Ministry of Mines.

In November 2011, the Afghan Ministry of Mines requested AusAID support for the development of a Mining Sector Skills Strategy. The proposal acknowledged the medium and long term economic development potential of the mining sector, and how the acute shortage of skilled workers is a major impediment to realising this potential. Recognising Australia's substantial experience in developing its extractive industries, the Ministry of Mines requested Australia's

support in formulating a skills strategy to provide the architecture for mining-related technical and vocational education and training (TVET). Australia will fund the development of this strategy through the World Bank's Support for Programmatic Resource Growth Corridor Development.

Governance and Institutional Strengthening

Effective governance remains an ongoing challenge for Afghanistan. Capacity to deliver basic services, provide inclusive and transparent systems of voting and representation, to provide access to justice and enforce human rights at all levels of government is weak. The reach of the central government beyond Kabul and provincial capitals remains heavily dependent on informal relationships and parallel governance structures rather than formal authority. In the absence of effective government nation-wide, equitable provision of services risks being disrupted by local allegiances along traditional ethnic, cultural and religious lines.

Elections

Australia recognises that the credibility and transparency of the forthcoming 2014 Presidential and 2015 Parliamentary elections will be crucial for successful transition in Afghanistan. Afghanistan has made commitments to electoral reform and to holding credible, inclusive and transparent elections, most recently at the Tokyo Conference, and is expected to provide a clear election timetable as part of this commitment. To be effective it is important that any election reform is set out and donor support is mobilised well ahead of the next election.

AusAID expects to make a major contribution to the Afghan electoral process, allocating \$30 million over 4 years, beginning in 2012 and continuing beyond the 2015 Parliamentary Elections.

Specific activities are likely to include support for the United Nations Development Program (UNDP) ELECT II (Enhancing Legal and Electoral Capacity for Tomorrow) program, the main multi-donor election program designed to strengthen the institutional capacity of Afghanistan's Independent Election Commission (IEC) and other electoral bodies. In addition, AusAID is considering support for two civil society public outreach programs.



One, run by the international media empowerment non-profit organization, Internews, will focus on building the capacity of independent Afghan media to report on governance and elections, and creating innovative media vehicles to reach remote communities and raise awareness on democratic rights and election processes.

A second program managed by the Asia Foundation (TAF), and will involve training of election volunteers to provide voters with information and encourage participation in elections. TAF will also conduct discussions on democracy and elections to inform civic and voter education policy and programs. AusAID also intends to provide future support for civil society-led international and domestic observation missions for the 2014 and 2015 elections.

Human Rights

Some important progress has been made on human rights protection in Afghanistan, including the establishment of human rights through the Constitution. However, there are still serious challenges, including weak legal frameworks and poor access to justice and law enforcement and the continuing disempowerment of women despite gains in access to health and education. Most people continue to rely upon traditional modes of justice, which can deliver outcomes contrary to international human rights norms including in relation to the rights of women.

Australia has been a strong advocate and provided practical and financial support for human rights protection in Afghanistan. Australia has advocated for meaningful commitments on human rights at key international conferences on Afghanistan since 2001 and in our regular interaction with the Afghan Government in forming and implementing its own policies. Most recently, Australia advocated for robust references to human rights protections, including for religious freedoms and for women and girls to be included in the Tokyo Declaration and Tokyo Mutual Accountability Framework (TMAF) signed in July 2012. Human rights commitments are also an important component of the Development Framework Agreement between Afghanistan and Australia signed at the Tokyo Conference.

Australia has made it clear that continued high levels of donor support beyond 2014 are linked to sustained efforts by the Government of Afghanistan to follow through on its commitments to protect and monitor human rights. Australia understands the challenges that the Government of Afghanistan faces in this regard and will work closely with it to help it deliver on its commitments.

In this regard, Australia has contributed \$4.5 million to the Afghanistan Independent Human Rights Commission (AIHRC) since 2006. The AIHRC helps to promote and protect human rights through advocacy, education and training, investigation of complaints and monitoring of violations. In addition to this support, all AusAID programs to Afghanistan involve careful consideration of the impact and support for human rights, including in particular the rights of women and girls, people with disabilities and risks to vulnerable populations.

Australia is also providing practical assistance in strengthening law and justice by deploying three Australian Civilian Corps justice advisers to the Justice Centre in Parwan. The justice advisers will train and mentor Afghan defence lawyers in support of a United States program to assist Afghan legal professionals to deliver a functioning, fair and transparent legal process. One adviser commenced in September 2012 with the other two to be deployed in October 2012.

Improving the Lives of Women and Girls in Afghanistan

Significant gains have been made in improving the situation for women and girls over the past ten years, particularly in the areas of constitutional rights, access to education and health care and political participation. Yet Afghanistan is still one of the worst countries in the world to be born female. Gender-based violence is endemic. In the absence of accurate statistics, the incidence of violence against Afghan women is estimated to be as high as 87.2 percent (Global Rights 2008). Attacks on women and girls by the Taliban are frequent, with particular targets including women holding office, school girls and teachers. Afghan girls attend school for less than half the number of years compared to Afghan boys. Only 5.8 percent of adult women have reached secondary school or higher level of education compared to 34 percent of men. Whilst women comprise almost 28 percent of the national parliament, which is 9 percent higher than the world's average of women in parliament, female parliamentarians still struggle to make their voices heard in a male-dominated environment. Public statements which declare women as secondary to men, such as the March 2012 statement by Afghanistan's Ulema Council (a high-level religious body), have been commented on by women's advocacy groups as exemplifying pervasive attitudes which are a significant obstacle to the realisation of women's political and social rights.

Though there is still a long road to travel, important changes have occurred to the lives of Afghan women since 2001. For example, Save the Children's recent State of the World's Mothers Report found that as a result of sustained funding from donors including Australia, there has been a marked improvement in maternal, newborn and child health: in 2010, one in seven children died before the age of five, compared to one in five in 2006 and skilled birth attendance has risen from 14 to 24 percent.

Supporting gender equality is a fundamental tenet of Australia's aid program to Afghanistan and AusAID is working across a range of sectors to improve the lives of women and girls. Australia has publically linked increased aid to protecting and promoting recent development gains for women and girls. At the Tokyo Conference on Afghanistan in July 2012, Australia announced a new commitment of \$17.7 million over four years to combat violence against women in Afghanistan and provide support to women affected by violence. In the lead up to Tokyo, Australia was actively engaged in lobbying for women's rights to be part of the Afghanistan Declaration and Tokyo Mutual Accountability Framework endorsed at the conference. In addition, we have incorporated commitments to the rights of women and girls in the bilateral Comprehensive long-term Partnership, signed at the NATO ISAF Leaders meeting in Chicago in May 2012, and the bilateral Development Framework Agreement, signed at the Donor Coordination Conference in Tokyo in July 2012.



Women Trainers undertaking Community Engagement, Internews

Through national programs funded through contributions to the Afghanistan Reconstruction Trust Fund (\$204 million: 2003-12), Australia's support has contributed to increasing girls' school enrolment from virtually zero under the Taliban to 2.7 million today (37 percent of all enrolments). There has also been a 300 percent increase in the proportion of functioning primary health care facilities with skilled female health workers, from 25 percent in 2003 to 72 percent in 2011. Despite some good results there are marked differences between results achieved in Kabul and those in the provinces. Maintaining a gender focus in insecure and high-risk areas continues to be a significant challenge.

Through Australian support to The Asia Foundation (\$3.1 million 2010-11), more than 13,000 home bound women in Uruzgan and Baghlan provinces received training on electoral processes and the legal rights of women; and 225 women in 15 provinces received election observation training.

Australian funding including through Save The Children's 'Children of Uruzgan' Program (\$35.7m 2012-15), has contributed to improved maternal health care with up to 80 percent of pregnant women now receiving at least one antenatal health care visit. In Uruzgan there are now 147 health professionals, of which 22 percent are female, and over 380 community health workers, of which one third are female. Training of 50 new midwives under the 'Children of Uruzgan' Program, will support continued improvements in maternal health services. To provide educational opportunities in Uruzgan, 38 girls schools in Uruzgan, including two girls-only madrassas in Tarin Kowt, have been established.

Service Delivery

Insecurity, corruption and a lack of capacity continue to hinder the delivery of essential services in many areas, particularly in rural districts where security and physical inaccessibility due to poor roads and/or seasonal conditions combine to make access difficult or inconsistent. The capacity of the Afghan Government at national, provincial and district levels remains low and there is a persistent shortage of trained candidates to fill positions. Uruzgan continues to face major development challenges in the health and education sectors.

Australian assistance focuses on making more services available, improving the quality of services, and helping the Government of Afghanistan build its capacity to provide health and education services, with some targeted programs in Uruzgan.

The delivery of education and health services at all levels in Afghanistan faces serious challenges. The on-going conflict and a legacy of low public investment and capacity have resulted in low levels of literacy, low school enrolment and retention and high drop-out rates—especially among girls. Demand for education is high but there is a persistent shortage of qualified teachers and low government capacity to run an education and health system. Access is difficult in remote and insecure areas, particularly for girls. Further work is required to improve the Ministry of Education's capacity to manage improvements in the administration and quality of basic education. Despite these challenges, major increases in primary school enrolments have been achieved since the overthrow of the Taliban regime in 2001.

Afghanistan's health indicators rank amongst the lowest in the world. On average, women's life expectancy is just 44 years and men's only 48 years. Maternal and child health is of serious concern: home delivery of newborns is still the norm, with less than 25 percent of births attended by skilled health personnel. Save the Children estimates that approximately 1 out of 11 women in Afghanistan dies of a pregnancy related cause.

Progress is being made from this low base. After two years of being ranked the worst place in the world to be a mother, Afghanistan has moved up one place in the State of the World's Mothers index. Skilled birth attendance has risen from 14 to 36 percent. Maternal mortality has decreased significantly from 1,000 annual deaths per 100,000 live births in 2000 to 460 deaths per 100,000 live births in 2010 (World Bank).

Australia's primary contribution to development in education and health is through the ARTF. AusAID supports ARTF programs in health and education, including construction of schools and clinics, training and funding teachers and medical staff, and strengthening the Government of Afghanistan's capacity to deliver services.

Australia also continues to deliver bilateral assistance to the education and health sectors through the DAFA. Australia supports a range of non-governmental organisations and UN agencies that are:

- delivering health and education services in remote and isolated areas
- improving government capacity by supporting technical advisers and activities to establish national medical standards
- decentralizing program delivery to provincial governments
- providing education services during natural disasters.

Australian aid is improving the lives of Afghan women and girls through support for health and education services. School-feeding programs, through the World Food Programme (WFP), that encourage girls to attend school by providing take-home rations, establishing community-based education and women's literacy groups, and training female teachers and community health workers, are among the initiatives funded by Australian development assistance. Health clinics, supported by Australia, provide safe motherhood programs including antenatal, postnatal and children's health support.

Enhancing access to education

Australia's support to the ARTF contributed to the increased number of children enrolled in basic education—increasing school enrolments from around one million in 2001 to over eight million today, including over 2.7 million girls. As of December 2011, the ARTF-funded Education Quality Improvement Project (EQUIP) supported the construction of 271 schools across Afghanistan and over 500 schools are currently under construction. There are over 500,000 students (over 191,000 female) estimated to be studying in EQUIP II (phase two of the project) supported schools.

Australia is directly helping to fill a critical gap in basic education services, particularly for girls, in remote and rural communities that are otherwise beyond the reach of the Afghan Government. In mid-2011, Australia commenced long-term support for CARE's Empowerment through Education Program to improve access to community-based education across three provinces (Parwan, Kapisa and Khost). In 2011, Australian aid supported 2686 primary school students (79 percent female), 212 lower secondary school students (100 percent female), 110 primary school teachers (20 percent female) and 30 lower secondary school teachers (37 percent female). All students were equipped with classroom kits and textbooks and have access to library materials through the establishment of 87 libraries.

The initiative succeeded in building accountability and ownership in education by establishing 127 Village Education Committees in Parwan, Kapisa and Khost Provinces. With AusAID support, CARE's community-based education program continues to provide basic education for girls who would otherwise miss out.

In 2011, Australian funding to the WFP provided High Energy Biscuits to over 42,000 children in schools to promote increased enrolment and attendance. Over 19,000 girls received a take-home ration of vegetable oil as an incentive to promote girls' education in Afghanistan and reduce the gender gap in schools.

In Uruzgan, Australia is working with Save the Children on a major project to improve the quality, access and demand for education, with a focus on women and girls. The 'Children of Uruzgan' Program was established in mid-2011 and will be delivered over 2012-2014. Australian funding will build schools, train women as teachers and community educators, establish literacy groups and educate women and children about health, nutrition and sanitation in Uruzgan.

Improving the quality of education services

As of December 2011, the EQUIP Project contributed to over 67,000 teachers graduating from Teacher Training College; trained over 150,000 teachers; and provided school management training to over 11,000 principals and school managers.

Australia is helping to address constraints in the Government of Afghanistan to deliver education. Activities managed through DAFA support capacity building in the Ministry of Education, based on priority areas identified by the Ministry. In 2011, Australian assistance supported the relocation of 7 qualified female teachers to Uruzgan province and 13 qualified female teachers, and 1 male master teacher trainer, to Paktia province.

Australia is supporting the Government of Afghanistan to improve the quality of school teachers through the second and third phases of the Malaysia Australia Education Project for Afghanistan (MAEPA). In 2011, MAEPA provided customised training for 60 Afghan Master Teacher Trainers (41 male and 19 female) in contemporary teaching methods in Malaysia. On return to Afghanistan, the Master Teacher Trainers immediately trained a further 152 Teacher Trainers, to pass on the knowledge they had learnt in Malaysia. Investing in the high quality skills of the MAEPA Master Teacher Trainers has a cascade effect. Following the MAEPA course, the Trainers return to

teaching colleges across Afghanistan to deliver pre-service and in-service training that improves the quality of Afghan teachers.

The Malaysia - Australia Education Project for Afghanistan (MAEPA) commenced in 2009-10 and is the first experience of aid co-financing between the Governments of Australia and Malaysia. By 2013, the governments of Australia and Malaysia will have trained over 1,200 Afghan teacher trainers and leaders in the education sector through specialised courses in Malaysia and Afghanistan.

Australia Awards Program

The AusAID Australia Awards program to Afghanistan was initiated as a pilot program in 2009 to help the Government of Afghanistan build the domestic capacity and leadership skills needed to contribute to development in Afghanistan. Australia has awarded 120 Australia Awards (scholarships), 99 to men and 21 to women since 2009.

The Awards program is managed through the AusAID DAFA mechanism. Australia is conducting a review of the Awards program to assess effectiveness and lessons learned after three years of implementation.

Improving access to and quality of basic health services

The Government of Afghanistan's national health program continues to be dependent on donor funds, either through the multilateral ARTF or bilateral assistance. This situation is unlikely to change in the near future.

Australia contributes to the ARTF Strengthening Health Activities for the Rural Poor (SHARP) program, which delivers the national Basic Package of Health Services (BPHS). Australia's support has increased access to health services across Afghanistan. Almost 85 percent of the population now live in districts with access to BPHS service providers, up from only 10 percent in 2006. By the end of 2011, over 130,000 women had received antenatal care and 36 percent of births were attended by skilled attendants.⁶

Australia has continued to support the International Committee of the Red Cross and Afghan Red Crescent Society to provide access to basic health care services to people in remote communities. This program services areas that the Government of Afghanistan national health services (BPHS) cannot reach. In 2011, the program provided over 190,000 immunizations and over 100,000

⁶ The World Bank, Implementation Status & Results: Afghanistan - Strengthening Health Activities for the Rural Poor (SHARP), Report No: ISR3323, <http://preview.warnerwitt.com/wb/ARTF/Resources/docs/P112446-SHARP-ISR.pdf>

maternal and child health consultations. The program provided health education to more than 280,000 people and HIV/AIDS and sexual reproductive health education to over 39,000 people.

In 2011, Australia helped to improve the capacity of the Ministry of Public Health to deliver basic health services by strengthening records management, information technology, human resources and policy development capabilities.



Polio remains endemic in the southern region of Afghanistan, including in Uruzgan. AusAID supports global efforts to eradicate polio, with \$50 million provided to the Global Polio Eradication Initiative over four years from 2011-15. AusAID's support to the ARTF SHARP program is contributing to national polio eradication efforts in Afghanistan, and this program is currently allocating USD12 million to purchase polio vaccines for the Ministry of Public Health.

AusAID supports targeted efforts in Uruzgan, and is funding the World Health Organisation to deliver polio eradication initiatives in Uruzgan through vaccination of all children under five. In 2011, AusAID contributed to immunizing the target population of approximately 196,000 children in Uruzgan. Polio coverage through National Immunisation Days in Uruzgan consistently reached around 89 percent of children under five during this period, despite the remoteness of the province.

Australia is working with Save the Children on two education and health projects in Uruzgan. The 'Children of Uruzgan' Program aims to enhance access, quality and use of basic health services, with a particular focus on women and girls including in remote communities. The program includes the provision of maternal and child health and hygiene services and training of community health workers, including midwives.

A separate program with Save the Children, known as the 'School Health Education' program, provides health and hygiene education to eight schools in Uruzgan and is due to be completed in the second half of 2012. The program is aimed at children, teachers, the local Ministry of Public Health, and parents and caregivers. It raises the awareness, knowledge and skills of hygiene and health practises and good nutrition. The program reduces preventable childhood illnesses and accidents, and improves the hygiene and health of the community.

Future Actions

AusAID continues to support scholarships and training opportunities for Afghanistan through the AusAID Australia Awards program. AusAID will commence an undergraduate scholarships pilot project in Malaysia for studies commencing in 2013. AusAID will make available a broader range

of short-term training and workplace attachment opportunities, including in priority sectors such as mining.

The scholarships program will offer two new initiatives designed to assist women, people with a disability and people living in remote and rural provinces:

- Ancillary Awards will provide applicants who are not yet eligible for an Australian Development Scholarship award with English language training in Afghanistan as a pathway to receiving a scholarship
- The Access and Equity Fund will support candidates and awardees with a disability or specific education or scholarship requirements with accessibility issues. The access and equity fund will also assist women scholars who otherwise would not be able to take up a scholarship (e.g. funding for a male family member to accompany the woman on her scholarship).

AusAID will prepare an Education Delivery Strategy following a review of all AusAID's support in this sector. A needs assessment undertaken in 2008 concluded that AusAID's focus at that time should be on improving access to basic education. It is timely to review the previous needs assessment and donor interest and to consider, for example, options for work with other third parties (building on the success of the Malaysia Australia teacher training program) and whether AusAID should be supporting programs in the Tertiary and Vocational Education area. These two areas, for example, are also where some Afghan stakeholders have expressed an interest in further cooperation.

Agriculture and Rural Development

Agriculture is the foundation of Afghanistan's economy, with 80 percent of the population living in rural areas, and engaging in subsistence or income-related agricultural activities. Yet productivity rates remain volatile, and below potential. The majority of Afghanistan's rural population does not receive an adequate diet, and it is estimated that 8.5 million people are borderline food insecure. Supporting Afghanistan's rural economy is critical to the country's long-term economic growth and to food and national security. It is also important in providing livelihood alternatives to poppy cultivation.

Challenges exist on three levels:

- at the community level poverty and a lack of economic opportunities limit people's ability to make the kinds of investments of time, energy and money required to increase agricultural productivity. Cultural norms regarding the role of women also limit families' income earning potential
- at the on-farm level a lack of technical inputs such as disease resistant seeds and improved farming techniques limit productivity
- at the institutional level, government and private-sector systems for supporting agriculture and rural development remain relatively weak following decades of conflict.

Australia is investing in programs on all three of those levels that support the Afghan Government's own priorities for developing agricultural productivity and rural livelihoods.

Specifically AusAID focuses on Subsistence Livelihood Security, Agricultural Livelihood Productivity and Agricultural Livelihood Services (refer to Annex 3 on current AusAID programs in Afghanistan). AusAID provides assistance through the ARTF to various national programs and Ministries. One impediment to further work in this area has been that the Government of Afghanistan has yet to finalise a specific Agriculture National Priority Program. Nevertheless, AusAID has supported the National Solidarity Program, National Rural Access Program and WFP's Protracted Relief and Recovery Program. AusAID has worked closely with Ministry of Rural Rehabilitation and Development (MRRD) and Ministry of Agriculture, Irrigation and Livestock (MAIL), including through technical capacity building, to improve policy design and implementation. AusAID also supports the Australian Centre for International Agricultural Research (ACIAR) to conduct programs to improve agricultural productivity. AusAID also provides direct support to NGOs such as the Aga Khan Foundation for activities in Parwan and Bamyan, and other partners such as the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Uruzgan, to support rural development.

Support for rural development is a relatively new component of AusAID's Afghanistan country program, and the timeframes for realising results in this sector are longer term, though achievements have been made:

- AusAID support to the Aga Khan Foundation resulted in 3,975 farmers being trained through the Farmer Field Schools (FFS) program in improved cropping techniques in Bamyan and Parwan Provinces. Through various initiatives such as farmer field schools and participatory development technology, 1,500 farmers (828 male and 672 female) were trained in improved agricultural production. Australian and other donor support trained 4165 farmers in improved livestock management.



AusAID Minister Counsellor Paul Lehmann (right) and AusAID Senior Program Manager Yaseen Ayobi (centre) with community member in Bamyan Province, learning about the benefits from greenhouse production as part of a Aga Khan Foundation Farmer Field School

- Better functioning markets have improved livelihoods. AusAID support to the ARTF has contributed to improved services and infrastructure in rural communities, and created new economic opportunities for farmers. For example, the ARTF-funded National Solidarity Program enabled 22,000 communities to identify and manage 39,000 of their own development projects such as canals for on-farm irrigation, while the National Rural Access Program has helped rehabilitate more than 10,000km of rural roads since 2002 to improve access to markets and created employment in rural areas.

- Through the DAFA, AusAID has worked directly to improve the capacity of the MAIL. Australia has supported development of training materials for the Dryland Farming Policy Unit that was created with AusAID funds in 2010, as well as provided project management training to 60 MAIL managers. AusAID developed leadership training programs for women working in MAIL, which commenced in September 2011. In Uruzgan, AusAID has worked with the provincial Department of Agriculture, Irrigation and Livestock and Department of Water Management to construct flood control structures, undertake irrigation canal rehabilitation and conduct demonstration projects in areas such as livestock management and pest management.

Australia and Afghanistan face similar climatic challenges in agriculture and a common interest in farming semi-arid areas with significant water limitations. Australia is a world leader in this field and has a comparative advantage in agricultural technologies relevant to Afghanistan. When Australia's former Foreign Minister visited Afghanistan in March 2011, a commitment was made to cooperate in these areas of Australia's advantage.

A significant activity in this regard is a new \$17.7 million partnership between AusAID and ACIAR which brings Australian expertise in the area of dry-land farming to bear upon managing three adaptive research projects. These projects — in wheat/maize cultivation; fodder crop cultivation; and watershed management—will improve access of poor men and women to improved agricultural technologies to increase income in target areas. Australian scientists from CSIRO and state agriculture agencies are contributing technical expertise to these projects.

Humanitarian Assistance

Afghanistan still faces enormous humanitarian challenges following decades of war, widespread poverty and frequent natural disasters and insecurity resulting in significant displacement of people. Over 448,000 people are internally displaced.

Afghanistan also remains one of the most heavily contaminated countries in the world in terms of landmines and other explosive remnants of war. These pose serious obstacles to sustainable development, as they have been placed in houses and irrigation systems, on agricultural and grazing land and roads.

Australia provides its humanitarian assistance to Afghanistan through trusted multilateral partners who have long-term experience and demonstrated effectiveness in the country. Ongoing conflict affects progress however by limiting the extent that international staff can perform on-the-ground monitoring to ensure quality implementation. To overcome this barrier and to build the capacity of local systems, Australia's humanitarian partners in Afghanistan seek where possible to work with local partners for monitoring and implementation.

Mine action

Australia supports mine clearance, victim assistance and mine risk reduction education in Afghanistan, consistent with the Mine Ban Convention and our commitment to disability-inclusive development articulated in AusAID's Development for All 2009–14 strategy.

In 2011, Australia disbursed \$10 million to the United Nations Mine Action Service as part of a \$20 million four-year commitment to mine action in Afghanistan. From April to December 2011, this contribution led to:

- 1,724,684 sqm of land cleared in Ghor and Kandahar Provinces
- support for the Afghanistan Department of Mine Clearance including staff training, participation in a mine action exchange with Tajikistan/Azerbaijan and field visits
- mine risk education delivered to 264,562 Afghans and mine casualty records collected in 29 of 34 provinces
- disability-inclusiveness victim assistance educational theatre shows for 79,788 Afghans and 20 physical skills workshops for children with disabilities
- technical support for the Physiotherapy Institute in Kabul, providing physical therapy classes for 58 enrolled students, skills upgrading for 50 physical therapists and physiotherapy services for 204 female and 302 male patients.



Sheep graze freely in Etmeenan Village of Tani district-Khost province after mines are cleared through AusAID supported Mine Action, UNMAS

Australia's support for mine action relies on partnering with local institutions and groups for delivery and monitoring. Working with local partners, such as the Physiotherapy Institute in Kabul, helps promote local ownership and increases the prospects for longer-term sustainability of such institutions. Performance monitoring of implementing partners is undertaken periodically. Results from 2011 monitoring showed that all partner centres were operating above threshold performance levels and had displayed a general improvement towards increased productivity and quality.

Australia's support for mine action also recognises the need to consider the perspectives of women and persons with a disability. A survey of Afghan women identified women's high priority locations for de-mining and progress reports now contain gender-disaggregated data. While reducing the number of active mines will help prevent new cases of disability, physical skills workshops for victims of mining and advocating for the inclusion of people with disabilities in communities has helped disabled Afghans lead better lives.

Support to food insecure populations

In response to worsening drought conditions in northern and central Afghanistan in late 2011, Australia contributed \$2 million to the WFP Emergency Operation assisting WFP to deliver emergency food assistance to millions of drought-affected Afghans. Australia has also contributed \$23.3 million since 2010 to the current WFP Protracted Relief and Recovery Operation. This operation focusses on tackling food security challenges in Afghanistan but can also rapidly deliver much-needed food assistance in response to natural disasters.

In 2011, AusAID's contribution supported over 240,000 beneficiaries including 59,000 mostly women participants in a Food-for-Training program in 17 provinces. Beneficiaries also included 100,000 Afghans assisted through a food-for-assets watershed management program aimed at improving agricultural productivity and resilience.

Australia is now the third largest contributor to WFP in Afghanistan and continued support to the WFP is in line with a commitment to make greater use of multilateral partners with proven records of effectiveness. In 2012, the Australian Multilateral Assessment ranked the WFP as one of the most effective recipients of Australian aid funds and working with WFP on food security challenges in Afghanistan helps to coordinate our support with that of other donors. Providing ongoing and flexible funding also reflects the guiding principles of AusAID's Humanitarian Action Policy 2011.

AusAID also supports humanitarian NGOs in Afghanistan who are often well-placed to react quickly to emerging crises and adapt response measures to local environments. Through Oxfam, AusAID provided \$600,000 for the emergency response and agricultural recovery in drought affected villages of Dai Kundi Province. Australia's contribution provided fertiliser and seeds for 400 farmers, agricultural training for 382 farmers, financial support to 150 vulnerable households (86 headed by women), livestock donations to 235 women from vulnerable households, a Cash-for-Work program for 540 Afghan men, and 160 women were trained in dairy production and animal health care.

In June 2012, AusAID provided \$330,000 in emergency response funding to Save the Children to assist with the Uruzgan Floods emergency. This emergency funding enabled Save the Children, a key AusAID partner in Uruzgan Province, to replenish their provincial stock of family kits and assist with repairs of damaged homes.



AusAID contributions to the WFP are helping address food insecurity in Afghanistan, Sven Thelin, WFP

Afghanistan Reconstruction Trust Fund

The Afghanistan Reconstruction Trust Fund (ARTF) is an established, proven and reliable mechanism through which to channel financial support to the Afghan Government's development and operating budget. Managed by the World Bank, it has strict quality and oversight provisions, including being subject to regular, independent review.

Since its establishment in 2002, the ARTF has been central to the development effort in Afghanistan. The ARTF is currently the main multi-donor mechanism for on-budget assistance and is an important vehicle for donors to meet the 2010 Kabul Conference commitments to channel 50 percent of assistance on-budget and to ensure 80 percent is aligned with national priorities. The ARTF finances some of the government's main national programs across agriculture, rural development, education, health, community development and microfinance. More broadly, the ARTF contributes to the development of an increasingly transparent and effective Afghan public finance management system.

Since 2003, AusAID has contributed \$210 million to the ARTF. In 2011-12 AusAID contributions to ARTF represented approximately 50 percent of AusAID's annual country program to Afghanistan. AusAID is currently developing a proposal for a further substantial contribution to the ARTF in line with the increase in the overall Australian aid program to Afghanistan and Australia's commitment at the Kabul Conference of 2010 to provide 50 percent of assistance on-budget.

Australia is heavily involved in donor coordination and oversight in the management and implementation of the ARTF. As a significant donor, Australian involvement in various committees and oversight mechanisms of the ARTF also provides us with influence in the design, management and delivery of nation-wide programs. For example, Australia is currently an active member of the ARTF Donor Committee, which is responsible for the development and progress of ARTF financial strategy and the Incentive Program Working Group, to advise the Donor Committee and support the Government's reform agenda, with a focus on fiscal sustainability and economic governance.

The ARTF has mandated audit and independent review provisions to assess its performance against its own criteria, and was last reviewed under its own mandated provisions in 2008. The 2008 review found that current stabilization interventions are appropriate in the medium term to address local development needs while building longer term sustainable delivery capacity. The review also identified the need for greater donor engagement in setting strategy direction. However, Australia actively pushed for a donor-led independent review of the ARTF which looked ahead to transition and beyond, specifically to ascertain the ARTF's 'fitness for purpose' to remain the main on-budget mechanism post-transition. The summary findings of this review were welcomed in the Tokyo Declaration and confirmed the ARTF's success and fitness to remain the main on-budget mechanism for donor funds to Afghanistan. The full review report is being finalised and will include recommendations to address some of the looming challenges of transition, for example some recommendations on boosting funding for operations and maintenance and exploring ways to expand local monitoring and evaluation post-transition. The full review and recommendations will be considered by the World Bank, Government of Afghanistan and donors. Following the

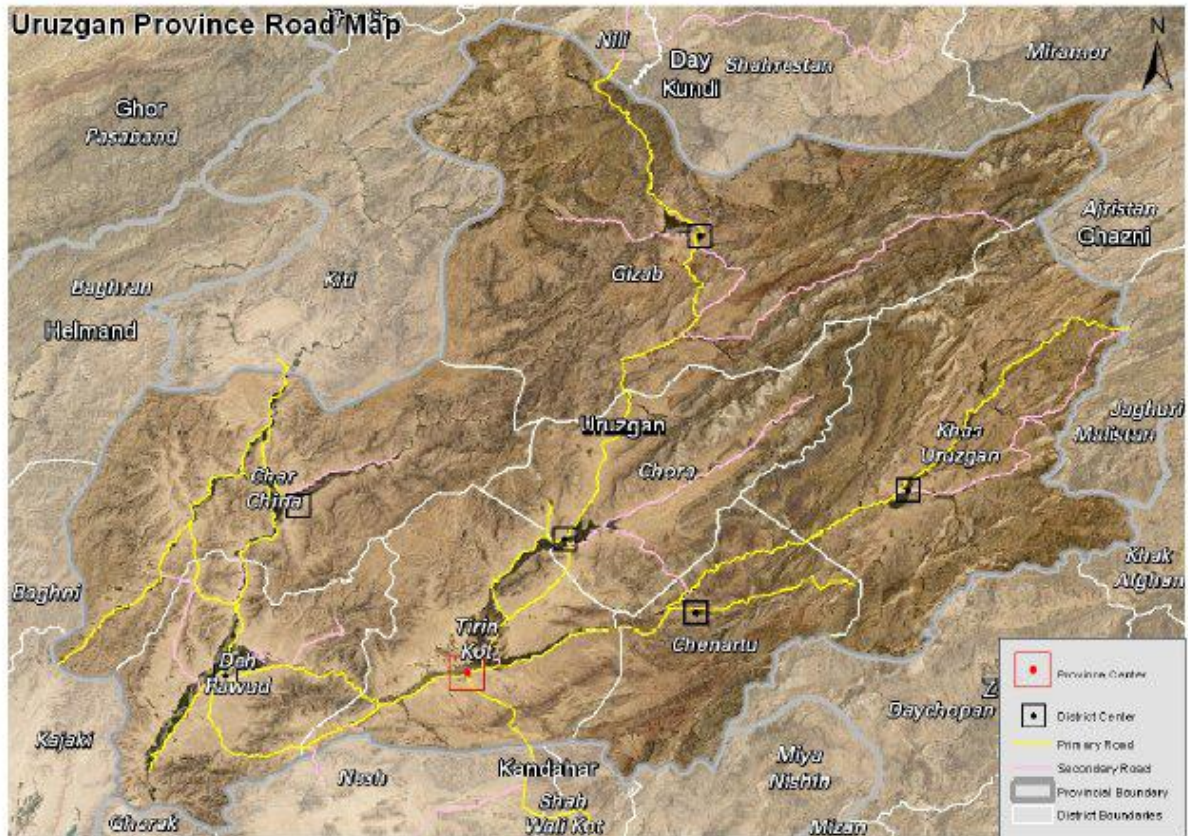
finalization of the review an agreed plan of action to implement the recommendations will be developed.

Preliminary findings of the independent review showed that ARTF development projects have achieved significant results since the establishment of the fund in 2002. These include the construction of over 5,000 classrooms, training in excess of 90,000 teachers and awarding of 3,351 scholarships to female recipients enrolled in teacher training colleges. The National Solidarity Program (NSP) has reached all 34 provinces and has supported the establishment of 27,360 Community Development Councils which have undertaken over 59,000 locally identified sub-projects. The ARTF has also contributed to the rehabilitation of approximately 10,000km of rural roads through the National Emergency Rural Access Program (NERAP).

The ARTF will remain a key development mechanism as Afghanistan moves towards transition, with expected results to 2014 to include:

- construction of around 3,000km of rural access roads and maintenance of a further 10,000km
- expansion of school enrolment from less than one million in 2001 to 10 million (from around 8 million today), including continued increases in girls' enrolment
- increases in a range of health services indicators, including an increase in ante-natal care to 50 percent, increased skilled birth attendance to 28 percent and an increase in DPT3 vaccination coverage to 60 percent
- increased effectiveness of public service delivery including budget execution through the deployment of around 750 senior management positions including at provincial level
- an increasingly transparent budget process that involves consultation workshops with community-based organisations and media.

Uruzgan and the Provincial Reconstruction Team (PRT)



Development leadership of the Provincial Reconstruction Team

AusAID's main role in Uruzgan is to lead the development arm of the Multi-national Provincial Reconstruction Taskforce (PRT). This is a unique operational model for AusAID and reflects the fact that AusAID is part of a whole-of-government contribution to the International Security Assistance Force (ISAF) mission and its combined civilian and military strategy. The PRT sits under the military command, Combined Team Uruzgan (CTU), currently led by the United States but about to transition to Australian leadership.

CTU and the PRT have been multi-national in character, including military and/or civilian personnel from Australia, the United States, the Netherlands, Singapore, and Slovakia. The PRT now comprises Australian and United States personnel and is the main coordinating body for international assistance to the province. It organises and directs assistance from a range of sources, including AusAID funding and programs but also including substantial programs of assistance from the United States, the Netherlands, the United Nations, the World Bank and the Government of Afghanistan.

As well as delivering its own program of infrastructure and reconstruction projects, the PRT plays a critical role in ensuring the alignment of these programs with the priorities of the Provincial Administration, and linking the Provincial Government to the various forms of assistance available.

Other bilateral donors in Uruzgan

The Government of the Netherlands has retained a strong interest in Uruzgan focused on basic service provision and capacity building in civil society, healthcare, education, social development, rural development, animal health and supports a number of infrastructure related projects including construction of the Civil Air Terminal, Technical and Vocational Education and Training Centre and the Tarin Kowt Central Prison.

USAID (including with AusAID support) is implementing the Regional Afghan Municipalities Program for Urban Populations which provides capacity building assistance and resources to provincial municipalities for more responsive service delivery and municipal planning, revenue generation and economic development. USAID and AusAID also support rule of law by providing access to training, research and mentoring through a range of national and regional programs.

AusAID provides the PRT's Deputy Director of Development who leads a multi-national team of development and stabilisation advisers in the province. AusAID has six development advisers deployed on rotation to Uruzgan. Development advisers work with the Provincial Government to assess development and governance needs, identify potential projects and capacity building needs, support the roll out of government services, liaise with implementing partners, and design, coordinate and monitor development activities. The work of the development advisers includes: mentoring provincial and district government officials; engaging with key leaders throughout the province; and facilitating community engagement.

In addition AusAID has three stabilisation advisers deployed on rotation to Uruzgan through the Australian Civilian Corps. The deployment of stabilisation advisers began in 2011, with the advisers working from Tarin Kowt and forward operating bases in Chora and Deh Rawud districts of Uruzgan. The stabilisation advisers assist with planning and facilitating district-level stabilisation activities by meeting with local communities to identify community development needs; and, by supporting and mentoring Afghan government officials, to help establish community development councils and other structures to facilitate the implementation of national and provincial programs and services in the districts and local communities in Uruzgan.

AusAID staff within the PRT have worked in the education, health, agriculture, infrastructure and law and justice sectors in Uruzgan. In the last two years, development and stabilization advisors have undertaken a range of activities. For example:

- mentoring of and advice to the Provincial Governor and Line Directors on development issues, including the development of donor coordination frameworks and processes
- delivering training to the provincial administration on the use of Afghan Government systems to execute the provincial development budget
- facilitating district and provincial consultations in order to develop the Uruzgan 1391 and 1392 Provincial Development Plans
- arranging targeted visits of Government officials to neighboring provinces and Kabul to gain knowledge and expertise of programs and systems and to advocate more effectively

with central ministries and the central government in support of Provincial needs and capacity

- accompanying government officials, community leaders and elders on site visits to ascertain community small project needs
- facilitating and participating in provincial line directorate visits to the districts, to discuss development needs and monitor project activities
- facilitating training with the police and provincial judiciary in order to strengthen their working relationship
- ensuring governance and development considerations are factored into broader coalition planning and operations in the province, e.g. by supporting the visit of the national Director of the Department of Women's Affairs to women's centers and community health clinics for women in the province to assess their needs and performance.

Regional support and advocacy

AusAID's officer in Kandahar has helped to coordinate Uruzgan PRT efforts with the US Regional Platform in Kandahar, contributing to regional development and governance plans and assessments. The AusAID position in Kandahar, now a rotational position between Kandahar and Uruzgan, helps ensure civilian development and efforts across Kandahar, Zabul and Uruzgan are coordinated. The position also assists Australia to gather information and lessons learned from the roll-out of policies and programs in other southern provinces.

National support and advocacy

In addition to direct Uruzgan funding, AusAID also funds key national programs that are delivered in Uruzgan. AusAID staff in Kabul and Tarin Kowt work closely with central ministries and implementing partners to ensure national programs reach Uruzgan province and are regularly monitored. Development advisers also work with the Provincial Government to strengthen the national-provincial linkages.

Nationwide programs funded through the Afghanistan Reconstruction Trust Fund, including the NSP and EQUIP, have delivered outcomes in Uruzgan, including the construction of 30 schools with a further 36 under construction; support for 28 health facilities and 271 health posts; and over 2,000 microfinance loans. Support from Australia and other donors through EQUIP has helped increase the number of schools operating in the province from 34 in 2006, to 205 in 2011.

Other AusAID Assistance

AusAID also supports development efforts in Afghanistan through core funding to multilateral and international partners, (such as funding to various UN agencies and the Asia Foundation), funding to regional programs and funding to Non-Governmental Organisations (NGOs).

Working with Australian NGOs

AusAID supports NGO projects in Afghanistan through the AusAID-NGO Cooperation Program (ANCP). ANCP provides funding support to AusAID-accredited Australian NGOs to implement their own international development programs.

Since 2008, World Vision Australia has operated projects in Afghanistan's Herat and Badghis Provinces, with the help of approximately \$2.35 million of ANCP funding. These projects build drought resilience; reduce the incidence and improve the treatment of Sexually transmitted infections (STIs) and HIV/AIDS; improve food security; and support street children. Between 2008 and 2011, the STI and HIV/AIDS projects provided nearly 900 people living with HIV/AIDS with counselling and treatment, trained 400 health staff, and distributed almost 90,000 harm reduction kits.



Female beekeepers in Malmanjee Village, Baghdis Province, improving food security. World Vision

Since 2009, TEAR Australia has operated health, rural livelihoods, and education projects in Afghanistan, with the help of approximately \$1.2 million of ANCP funding. Amongst other outcomes, these programs have helped 1,600 people graduate from adult literacy programs; helped 130 deaf and blind children to continue their education; and improved 11,450 people's access to safe drinking water and sanitation. These projects have been implemented in partnership with Afghan community organisations to ensure local ownership and their longer term sustainability.

Working with Regional and Global Partnerships

AusAID is providing \$270 million over four years (2011-15) to the Global Partnership for Education (GPE), the only global partnership between donors and low-income countries, multilateral organisations and civil society providing grants to ensure quality basic education for all children. GPE is providing Afghanistan \$54 million over three years (2011-13) to support their interim education plan. This plan supports the Afghanistan National Development Strategy (ANDS).

AusAID also supports Afghanistan's development through South Asia regional programs. Since 2010-11, AusAID has contributed \$6.5 million to the World Bank-led South Asia Water Initiative. This multi-donor trust fund (which includes Norway, the UK and Australia) has directed around \$100,000 to Afghanistan to support water resource management. This includes building the capacity of the Afghan Ministry of Energy and Water to undertake strategic basin planning, and improving understanding of climate change adaptation.

Since 2010-11, AusAID has provided \$15.8 million to the AusAID-World Bank South Asia Infrastructure for Growth Initiative, of which almost \$800,000 has gone to Afghanistan. The Initiative has been directed at building the capacity of the Afghan Government's Technical Support

Department and training provincial management units. This will improve the Department's technical supervision of infrastructure built under the multi-donor National Solidarity Program. AusAID is also providing support to the World Bank's Partnership for Policy Decentralisation and Service Delivery in South Asia. Since 2010-11, AusAID has provided \$2.85 million to the Partnership, of which \$300,000 has been directed to Afghanistan. This funding is directed towards local government reforms and supporting Community Development Councils to better deliver services.

AusAID contributes to the South Asia Food and Nutrition Security Initiative, a multi-donor trust fund administered by the World Bank. Since 2010-11, AusAID has provided \$4.77 million of core funding to the Initiative. In Afghanistan, the Initiative supports the High Level Task Force on Food and Nutrition Security. This aims to build the Afghan Government's capacity to plan and deliver an evidence-based response to food and nutrition insecurity, with a focus on gender, poverty and geographic location.

Achievements

Australia's aid program to Afghanistan has achieved some significant results in a very difficult operating environment. In 2001 Afghanistan emerged from the rule of the Taliban one of the poorest and least developed countries in the world. Social services were virtually non-existent. Legitimate economic activity had essentially ceased. Normal public life including the ability to access education and health care was dramatically compromised. Girls could not attend school and human rights abuse and lack of formal protections, particularly for women and girls, was endemic.

Australia and other donors have pledged to continue to provide high levels of development assistance to support the Afghan Government's efforts to sustain the gains that have been made in recent years and to improve its prospects of achieving its goal of self-reliance. Afghanistan has said that it will deliver on its commitments to tackle corruption, implement electoral and economic reform including improved public financial management, and to safeguard and promote human rights and development, particularly for women and girls.

Many of the specific sectoral achievements have been listed in the previous section (AusAID's Program in Afghanistan) and AusAID's internal evaluation is consolidated in the Annual Program Performance Report (Annex 1). The following summarises headline national level and Uruzgan specific achievements.

Across Afghanistan as a whole, Australia and other members of the international community have contributed to real improvements in the quality of life for Afghan people:

- Education: increasing school enrolments from around 1 million in 2001 to more than 8 million today, including over 2.7 million girls
- Health: increasing access to basic health care services with around 85 percent of the population living in districts with a provider of basic health services compared to around 10 percent of the population in 2006
- Sustainable economic development: rehabilitating over 10,000 kilometres of rural roads generating local employment of more than 15 million labour days
- Food Security: providing life-saving food assistance to 6,972,839 men, women and children in 2011 alone, and 22,554,796 beneficiaries since 2009
- Saving lives: supporting community-based demining teams to clear over 2.17 km square kilometres of contaminated land and training 1,300 teachers to provide mine risk education to over 348,500 people over 18 provinces.

Uruzgan is one of the most remote and undeveloped of Afghanistan's 34 provinces. Many Afghanistan-wide development challenges are magnified in Uruzgan. However, despite the challenging environment in Uruzgan Province, AusAID and the PRT have contributed to:

- Education: school construction and rehabilitation, with 205 education facilities open in Uruzgan at the end of 2011, including 38 girls and seven mixed schools
- Health: increasing the number of health facilities from 9 in 2006 to 28, along with a doubling of health posts to 271
- Sustainable economic development: upgrading over 200 kilometres of roads and bridges, generating thousands of days of local employment
- Effective governance: increasing the percentage of government positions filled from 30 percent in 2009 up to 60 percent, along with internship programs that promote opportunities for local Uruzganis to join the provincial administration.

AusAID is also active and influential in donor coordination, helping to shape the international community's contribution to Afghanistan. For example, AusAID, working closely with the World Bank and other donors, proposed and has funded the delivery of a 'fit for purpose' independent review of the ARTF.

As the only donor to the World Bank managed Afghanistan Technical Assistance to Strengthen Service Delivery at Community Level Trust Fund, AusAID also funded a series of studies *Sustainability and Transition in Afghanistan – January 2011 to December 2012*. This analysis was fundamental to focusing international attention on the looming fiscal gap - establishing the benchmarks for Afghan National Security Force sustainment costs and development costs through to 2025 – and helping to determine the quantum of international community support provided at both the Leaders NATO/ISAF Summit in Chicago in May 2012 and the Tokyo Conference in July.

The Independent Review of Aid Effectiveness, published in April 2011, highlighted the positive impact that parts of the aid program were having in Afghanistan, despite the difficult operating environment. The Review Panel noted that these achievements deserve wider recognition, including the public commendation of AusAID personnel working in Afghanistan. AusAID's role in the successful experience of whole-of-government coordination in Afghanistan was also highlighted by the Review Panel.

With regard to performance management, evaluation and aid effectiveness reporting, the Independent Review of Aid Effectiveness Review Panel positively assessed AusAID's country assessments, the Annual Program Performance Reports (APPRs). AusAID's APPR system has also been positively assessed by the Australian National Audit Office (ANAO) and Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC). AusAID's APPRs are published annually.

Challenges and Management Responses

Afghanistan is a high-risk operating environment, particularly in terms of security, the threat of corruption and the challenges of improving but still chronically weak governance systems. Nevertheless, AusAID is taking necessary steps to manage these challenges and ensure continuation of an effective aid program to Afghanistan.

Security and civilian personnel life support

Security for Australian personnel is the Government's highest priority. In Uruzgan, AusAID along with other civilian personnel attached to the PRT rely entirely on force protection and life support provided by Australian and United States military under the ISAF military command of Combined Team Uruzgan to live and conduct their work. When travelling 'outside the wire' from the military base in Tarin Kowt, AusAID staff are protected by a dedicated force protection team.

In Kabul, AusAID and other Embassy personnel are supported by private security contractors.

For our security assessments on Afghanistan, AusAID relies on the expertise and professionalism of the Australian Defence Force (ADF) and other relevant Government agencies, who work closely with the International Security Assistance Force (ISAF) and international security partners to inform the analysis. Australian civilian personnel operate in Afghanistan under approved security measures and protection which respond appropriately to those security assessments.

Through transition and beyond, AusAID will continue to ensure security measures respond appropriately to the security environment.

AusAID is alert to the risks for partners operating in Afghanistan. As part of its quality assessment processes, AusAID considers the security precautions of partners in determining their suitability for Australian aid funding. AusAID is alert to the risk that a deterioration of security could impact on the ability of partners to operate effectively, to effectively monitor programs or to operate at all. This is why AusAID choose credible and established partners with experience operating in Afghanistan. The limited number of credible partners willing to work in Uruzgan has been and continues to be a constraint on AusAID's ability to program in the Province. The programs that AusAID will continue to support in Uruzgan beyond transition have been designed with transition in mind.

Finding and retaining capable people at the Provincial Government level is a challenge across Afghanistan, but is particularly the case in Uruzgan. The security environment also affects the willingness and availability of the limited number of capable officials to fulfill roles and responsibilities required for the government to operate effectively. The PRT is alert to this risk and is working hard ahead of transition to strengthen local governance and build technical capacity and systems. Beyond transition, AusAID will work from Kabul to support programs that strengthen local administration and draw down of national level programs to the Province. At a country wide level, AusAID's support for public financial management and improved technical capacity in key ministries aims to build more sustainability in national systems.

Program Quality

A key challenge to development assistance efforts in Afghanistan is the very low development base from which to work, particularly in Uruzgan. While there have been important achievements, development is a long-term process. In a fragile state like Afghanistan, incremental changes and sustaining gains are positive achievements.

In Afghanistan, Australia's aid targets a small number of major sectors, based on a thorough analysis of: development needs; capacity to make a difference; and current scale and effectiveness of existing programs. Three areas of focus have been identified for AusAID's aid to Afghanistan: education; agriculture and rural development; and governance, including public financial management, mining and elections support. These areas will be articulated in a new 2013 – 2014 Country Strategy for Australia's aid to Afghanistan, currently under preparation. Delivery strategies will detail specific projects, programs and performance measures.

AusAID's aid activities in Afghanistan are subject to the Agency's performance and quality processes. For example, independent technical appraisals, as well as peer review assessments (including external stakeholders), are undertaken of designs of major new initiatives, before implementation approval is sought. High value or high risk investments are assessed by AusAID's Strategic Program Committee. Core funding through multilateral agencies is subject to AusAID's annual performance ratings process (the Multilateral Scorecard). Adviser costs are in line with AusAID's Adviser Remuneration Framework.

Where necessary, independent technical expertise is contracted to support ongoing quality management of activities (e.g. for appraisal of reports, assessment of funding proposals received and independent monitoring visits). Internal advisory services are also secured to help design and manage aid initiatives. For example, a dedicated gender adviser was recruited in 2012 to oversee programs directed at eliminating violence against women in Afghanistan.

The restrictive security environment makes direct monitoring difficult in Afghanistan. AusAID's ability to directly monitor and evaluate programs after transition will be more limited than now. AusAID programs have been designed with transition in mind, and to ensure they provide evidence of program implementation and outcomes. AusAID uses a range of approaches including direct monitoring, and monitoring through trusted partners, communities and third parties to collect necessary performance data in this difficult environment. AusAID will continue to adjust monitoring and evaluation processes to respond appropriately to the security environment.

The quality of performance assessment data is improving. Progress towards the new Country Strategy's objectives will be measured through a country level performance assessment framework. The framework will include performance indicators for measuring and reporting progress in order to demonstrate aid results achieved. The framework will draw on reporting from a variety of sources to aggregate a picture of Australian aid performance. Sources will include partner government and implementing partner reporting, independent evaluations, and direct AusAID staff monitoring and reporting.

AusAID is supporting in-country data gathering exercises to improve the amount and quality of data available to enable more informed aid programming decisions. Australia, with other donors, is contributing funding from 2012-14, to the annual Afghan People's Survey, conducted by The Asia Foundation in conjunction with the Central Statistics Office of Afghanistan. The survey, published each year, will canvas the views of Afghan citizens, from all provinces, on a wide variety of issues, including: economic development; political participation; corruption; and the status of women. Tracking Afghan attitudes and opinions on their country's progress and direction will be of value.

AusAID is supporting the establishment of an online monitoring database to track AusAID funded programs in Uruzgan province. This database will house available baseline information on Uruzgan's development, establish new baselines where information gaps exist, and collate all available information on the results of Australia's aid activities in the province. It will enable a detailed assessment of Australia's contribution to Uruzgan's development. The database, similar to DFID's in Helmand Province, can be adapted for Australia's broader aid program to Afghanistan.

The 2011 Annual Program Performance Report for Afghanistan is currently being finalised. This report will be a public document and provide details of AusAID's program achievements in Afghanistan in 2011. It will be published on AusAID's website later this year. A copy of the report will be provided to the inquiry committee at this time.

Risk and fraud

There is no risk-free option for aid programs in Afghanistan. AusAID manages risk in Afghanistan through robust performance and risk management processes.

The risk of fraud is significant in Afghanistan. It is ranked 180 of 183 countries included in the Transparency International 2011 *Corruption Perceptions Index*. AusAID has a range of mitigation measures in place to ensure accountability and reduce the risk of corruption in the delivery of aid activities. AusAID contracts prohibit corrupt practices and require compliance with the Commonwealth Criminal Code in relation to the bribery of Commonwealth and foreign public officials, in keeping with Australia's obligations under the OECD Foreign Bribery Convention, and include clauses to comply with Australia's international counter-terrorism obligations. AusAID's procurement practices are in accordance with Commonwealth procurement requirements, and audit and quality assurance measures are designed to reduce the risk of corruption and bribery. AusAID staff are subject to the Australian Public Service Code of Conduct and all AusAID contracts require contractors to act in a manner consistent with that code.

AusAID takes a zero-tolerance approach to fraud, and responds quickly and decisively to investigate all allegations of fraud. When fraud is detected, AusAID seeks immediate action to address specific weaknesses in risk management systems, recover funds and prosecute offenders.

Australia ensures effectiveness and accountability for its funds in Afghanistan by:

- careful application of performance and quality processes in identification and design of aid activities
- ensuring that contractual agreements with implementing partners contain explicit counter-terrorism, anti-fraud, anti-corruption and child protection clauses
- holding partners to account through strict reporting requirements against their agreed deliverables
- directly monitoring and reviewing programs where it is safe for AusAID staff in Afghanistan to do so
- engaging closely with implementing partners to ensure robust monitoring and evaluation systems are in place, and responding quickly if any financial irregularities are detected
- working to improve donor coordination and dialogue, sharing expertise, applying lessons learned, and by participating in joint monitoring and assessment activities with key donor partners
- responding to independent audits and assessments to strengthen performance and effectiveness.

AusAID seeks to limit its exposure to risk by working with credible partners with long-term experience and effectiveness in Afghanistan. For example, around 50 percent of Australia's aid to Afghanistan is delivered through the ARTF, which is managed by the World Bank. Over 30 donors have to date pooled their aid funds (over \$4.3 billion since 2002) through the ARTF.

Following a 2008 Independent Evaluation of ARTF the World Bank proposed a set of modifications to the way in which the ARTF governance framework functions. The reforms strengthened ARTF governance arrangements and enhance the delivery of development assistance in Afghanistan. They included:

- formal membership of GIROA on the Management Committee
- the formation of the Advisory Strategy Group to strengthen the link between ARTF Donors, ARTF decisions making and GIROA strategy
- the development of a financing strategy that allows for broad allocations of ARTF funds against priority sectors and programs.

All ARTF projects are audited annually by the Control and Audit Office of Afghanistan with technical assistance by a UK based firm. These annual audit reports are available on the public ARTF website. The audit report presented at the end of 2011 identified USD 900,000 of ineligible expenditure of program funds of which USD 600,000 was due to supporting documents not being provided to the audit team. All ARTF funds which are reported as ineligible by the auditors are fully recovered by presentation of justifying documentation or repaid to the ARTF.

The ARTF is a reliable and low-risk mechanism for Australia, and other donors, to meet their development objectives and commitments in Afghanistan. The World Bank has over 30 years of experience managing multi-donor trust funds, and currently administers over 80 separate trust funds

across the world in countries and territories including East Timor, Sudan, Pakistan and the Palestinian Territories. The World Bank has longstanding programs and a strong track record in Afghanistan. It has a capable in-country network of around 23 international and 70 local staff overseeing its project portfolio in Afghanistan. The World Bank applies rigorous fiduciary assessments of all expenditure through the ARTF, using an independent monitoring agent.

Other credible donor partners that Australia works with in Afghanistan include United Nations agencies (e.g. UNDP and WFP), bilateral partner agencies such as GIZ, and trusted Australian and international NGOs (e.g. Save the Children Australia and The Asia Foundation). AusAID staff based in-country closely monitor the performance of all partners and take necessary steps to ensure contractual performance, e.g. linking payments to delivery of agreed outputs and ceasing programs on the basis of poor performance.

AusAID also works with the Government of Afghanistan to improve governance and accountability for results. In 2012, Australia signed both a bilateral Comprehensive Partnership and a Memorandum of Understanding on Development Cooperation which set out a number of mutual accountabilities. The Mutual Accountability Framework agreed by all donors and the Afghan Government at Tokyo also establishes clear commitments for donors and the Afghan Government. The international community's ability to sustain support for Afghanistan depends on the Afghan Government delivering on a range of specific commitments, for example:

- credible, inclusive and transparent Presidential and Parliamentary elections in 2014 and 2015
- enacting and enforcing the legal framework for fighting corruption
- improving the integrity of public financial management and the commercial banking sector (including implementing the IMF's reform schedule and a Public Financial Management Action Plan)
- more efficient and transparent customs and tax systems.

The scale up of Australia's aid program will take into account progress against these clear commitments. Development partners and the Afghan Government have agreed to mechanisms to review implementation of these commitments on a regular basis.

Australia has demonstrated that it takes the Afghan Government's commitment to tackling corruption seriously. Following the Kabul Bank crisis in 2011 (a major corruption scandal in 2010, with \$900 million in fraudulent loans diverted to bank insiders), Australia –with other key donors – withheld its planned, substantial, financial contributions to the ARTF until the Afghan Government had committed to a program of necessary fraud mitigation and financial reform measures developed by the IMF. Australia's contribution was eventually made, once agreement between the Afghan Government and the IMF was reached. Along with other donors, this sent a clear message that substantial aid flows are linked to continued progress on reform commitments, including to tackle corruption.

AusAID (and other donor) officials navigate, on a daily basis, complex social, political and operating environments in Afghanistan. Pressure can be exerted by individuals or groups with vested interests or attempts at personal gain if aid funding is removed or not accessible. To prevent or address these issues if they arise, AusAID makes every effort to consult with government

partners and local communities, to encourage support for funded activities and to promote cooperative and transparent relationships at all levels. AusAID also encourages transparent and cooperative relationships between local officials and key delivery partners.

Efforts are made to strengthen relationships with national and local government counterparts and stakeholders, to mitigate these risks and safeguard the continued implementation and sustainability of aid activities. For example, participation in the monthly meetings of the Uruzgan Provincial Development Committee, chaired by the Governor, provides a forum for building cooperation with the provincial administration and enhancing the oversight of development issues and programs in the province.

Future Directions for Australian Aid to Afghanistan

Future Australian aid to Afghanistan will be guided by the challenges of the ‘Transformation Decade’ following transition to Afghan security authority in 2014. These challenges include, but are not limited to, ongoing conflict, slowing economic growth, a major fiscal deficit and rising unemployment.

The World Bank estimates that, with the withdrawal of external investment and expenditure connected to the international military presence, Afghanistan’s GDP growth will fall from an average of 9.1 percent between 2003 and 2011, to an average of 4.9 percent annually between 2013 and 2025. While seemingly still a moderate rate of growth, this is below the sustained high rates required to substantially lift Afghanistan’s living standards. More urgent still is Afghanistan’s looming fiscal challenge, with the World Bank assessing that Afghanistan will face a fiscal gap of 39 percent of GDP in 2015, stabilising at an average of 21 percent of GDP by 2025. Although the donor pledges at the Chicago and Tokyo conferences cover, to an extent, fiscal needs, the gap will re-emerge without donor funding and increased domestic revenue flows.

These challenges are made particularly urgent by Afghanistan’s demography. In 2011 Afghanistan was estimated to have the fifth youngest population in the world, with a median national age of 16.7.⁷ 42 percent of the population are under 14⁸ and between 700,000 and 1 million youths enter the job market each year. Unemployment therefore looms as a major social challenge, with possible implications for stability if it is not sufficiently addressed. Unemployment levels could be further compounded by return of refugees from Pakistan and Iran and the potential gradual and conditions-based force reduction of the Afghan National Security Forces.

In this context, substantial and sustained international support will be essential to the Afghan Government’s efforts to maintain and strengthen the delivery of basic services. Fulfilling the commitments made at Chicago in May and Tokyo in July 2012 will be critical. So too will efforts to ensure that international assistance is deployed efficiently and expenditure through Afghan Government systems is both effective and transparently delivered.

While international assistance has an important role to play, a sustainable future for Afghanistan depends fundamentally on the development of domestic sources of revenue and economic growth. This will require Afghanistan to harness opportunities in mining and agriculture, and also capitalise on its strategic location and potential role as a trade, energy and transport corridor between South and Central Asia.

If developed appropriately, mining could help underpin Afghanistan’s economic future. A June 2010 Pentagon report found that Afghanistan’s mineral wealth could top US\$1 trillion, creating the

⁷ UN Department of Economic and Social Affairs (DESA), *Population Division World Population Prospects: The 2010 Revision*, 2011.

⁸ See Central Intelligence Agency, *CIA World Fact Book*, <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

potential for a sustainable government budget and mass employment opportunities. But the extraction of these resources will require a sound regulatory system and the ability to translate resource revenue into services, local employment and infrastructure that will benefit the population. In agriculture, there are promising signs too, but access to markets, financial services, and improved crops and water management, are fundamental challenges for the rural population.

The Australian aid program is well placed to assist Afghanistan as it attempts to meet these challenges. The coming period will see a transition to a strengthened, Kabul-based presence for AusAID as the aid budget increases to \$250 million by 2015-16. Australian aid will continue to focus on improving the delivery of basic services, particularly health and education, providing economic opportunities to its people and supporting vulnerable populations. It will continue to support efforts to improve the effectiveness and transparency of the electoral process and support Afghan civil society organisations and accountability institutions in monitoring government performance and promoting human rights, including the rights of women and girls and religious freedom. AusAID will scale up its assistance to tackling violence against women.

AusAID will also provide targeted technical and capacity building support, including short and long term study opportunities, in areas where Australian expertise is directly relevant to the economic challenges facing Afghanistan. Particular areas of focus will include: public financial management, including capacity building assistance to improve the effectiveness and efficiency of government expenditure in major service delivery Ministries; mineral resource governance, drawing on the Australian Mining for Development Initiative and the expertise of the International Mining for Development Centre; and agriculture, in particular agricultural research expertise to increase productivity.

Managing from Kabul

Eighty percent of AusAID's assistance is already delivered at the national level and this proportion will increase as the overall aid volume grows and the relative size of direct programming in Uruzgan declines over time. To support this AusAID will expand staffing in Kabul, allowing greater engagement with central ministries and implementing partners. This engagement will focus on improved program performance and increasing the Afghan government's capacity for management of national development programs.

As AusAID withdraws its presence in Uruzgan, Australia will continue to provide development assistance in the province both through national and partner-delivered programs. These programs have been designed with transition in mind. Some bilateral programs will continue in Uruzgan post-transition, including programs supporting health, education and infrastructure. The extent of these activities will depend on the security situation. This is in line with Prime Minister Gillard's commitment that "after 2014 (Australia) will continue to maintain links with Uruzgan, a province in which we have invested so much".

Through transition and beyond, AusAID will continue to adjust security measures for AusAID personnel to respond appropriately to the security environment, including making assessments as to

whether, when and under what conditions AusAID personnel will undertake missions from Kabul to Uruzgan, for example, to directly monitor the implementation of programs.

Furthermore, AusAID will continue to design and adjust our monitoring and evaluation to respond appropriately to the security environment and will use a range of approaches including direct monitoring and monitoring through trusted partners, communities and third parties.

Support through Afghan Government Systems

As outlined, AusAID is committed to working in partnership with the Afghan Government to build its capacity and effectiveness. This approach accords with lessons of aid effectiveness from other fragile and conflict-affected countries. AusAID plans to increase Australia's contribution to the ARTF as part of its increasing aid program to Afghanistan, and looking for other ways to deliver assistance on-budget, consistent with Australia's international commitments.

AusAID's plan to scale up its presence in Kabul will enable AusAID to engage more actively with the Afghan Government, in ARTF governance committees and with other donors. Together with the World Bank, bilateral donors and the Government of Afghanistan, AusAID will be considering the current Review of the ARTF and its recommendations.

Mutual Accountability and Engaging the Afghan Government

Ongoing development progress in Afghanistan will be dependent on a sustained mutual commitment from the Afghan Government and the international community. Australia will be actively engaged, through mechanisms such as the Joint Coordination and Monitoring Board, to follow-up on the commitments made by the Afghan Government and international community through the Mutual Accountability Framework agreed at Tokyo.

Annexes/Further Reading

Annexes

- Annex 1 AusAID Annual Program Performance Report Afghanistan 2010 *Note 2011 APPR will be published in October and provided to the committee when complete.
- Annex 2 Australia's Strategic Approach to Aid in Afghanistan 2010-2012
- Annex 3 Summary of AusAID programs in Afghanistan
- Annex 4 Afghanistan in Transition: Looking Beyond 2014, The World Bank.
- Annex 5 Government of Afghanistan's paper: "Towards Self-Reliance: Strategic Vision for the Transformation Decade"
- Annex 6 Memorandum of Understanding "Development Framework Agreement" between Government of Afghanistan and the Government of Australia 2012-2017
- Annex 7 The Tokyo Declaration and Mutual Accountability Framework July 2012

Further Reading

Independent Review of Aid Effectiveness, April 2011, Australian Government

"In it for the long haul? Delivering Australian Aid to Afghanistan" March 2011, ACFID