



Australian Government
Department of Foreign Affairs and Trade

Aid Investment Plan

Afghanistan Program

2015-16 to 2017-18

Strategic priorities and rationale

This Aid Investment Plan covers a critical period of transition in Afghanistan. After more than a decade of operations, the North Atlantic Treaty Organization-led International Security Assistance Force finalised the transfer of security responsibility to the Afghan National Defence and Security Forces (ANDSF) at the end of 2014. In parallel, the Afghan Government is assuming increased responsibility for development expenditure. Also in 2014, after 13 years under President Karzai's leadership, historic Presidential and Provincial elections marked a political turning point that led to the inauguration of President Ashraf Ghani and the new National Unity Government.

At the same time, Afghanistan faces ongoing development challenges—it is one of the most difficult environments in which we operate. Its human, physical, social and institutional infrastructure has been devastated by over three decades of war. More than a third of the population (around 11.4 million people) live on less than USD1.25 a day.¹ Conflict and insecurity remain a threat, particularly in areas that are difficult for the ANDSF to reach. As international forces continue to draw down, attacks from insurgent groups are likely to occur with increasing frequency.²

In this important 'Transformation Decade', Australia and the rest of the international community have an interest in supporting Afghanistan to become a more prosperous, secure and self-reliant nation. Towards this objective, Australia and other donors have committed to help strengthen and align with government systems by providing at least 50 per cent of development assistance as 'on-budget' support, and aligning 80 per cent of assistance with Afghanistan's National Priority Programs.³ From 2015-17, Australia has also committed USD300 million (USD100 million per year) towards international efforts to sustain the ANDSF, of which USD60 million (USD20 million annually) will be drawn from the aid program. These commitments align with the aid effectiveness agenda developed at Paris, Accra and Busan, and the 'New Deal for Engagement in Fragile States', harmonising donor assistance and strengthening Afghan Government systems, while reducing Afghanistan's aid administration burden.

Afghanistan is one of the world's highest recipients of official development assistance (ODA) per capita.⁴ Australia has provided more than \$1 billion in ODA to Afghanistan since 2001, but remains a medium-sized donor in the country, with the United States, Germany, United Kingdom and European Union among the leading contributors.⁵ The selection of investments under this Aid Investment Plan takes into account

¹ Government of Afghanistan (2014), *National Risk and Vulnerability Assessment 2011-2012*, Central Statistics Organization. Calculated at 36.5 per cent of the estimated population of 31.28 million.

² International Crisis Group (2014), *Afghanistan's Insurgency after the Transition*, Asia Report No. 256.

³ In 2010, the Afghan Government initiated 23 National Priority Programs (NPPs) for which it sought alignment of donor support to better coordinate and target development assistance and achieve increased aid effectiveness. The NPPs are grouped into six categories: Governance, Agriculture and Rural Development, Private Sector Development, Infrastructure Development, Human Resources Development, and Peace.

⁴ World Bank (2013), *Afghanistan in Transition: Looking Beyond 2014*, Washington DC.

⁵ In the 2013 Afghan financial year, Australia delivered USD104.4 million in ODA, compared to contributions by the United States, Japan, Germany, and the United Kingdom of USD1.7 billion, USD831 million, USD549.4 million and USD333.9 million respectively. Figures provided by the Afghan Ministry of Finance.

Australia's areas of expertise, historical engagement and gaps in the coverage of other donor investments, to ensure that we are focussing on areas where we can most effectively meet our objectives in Afghanistan.

Australia's aid program in Afghanistan aligns with the government's 2014 aid policy, *Australian Aid: Promoting prosperity, reducing poverty, enhancing stability*,⁶ as well as the Afghan Government's national development priorities. It focuses on **three strategic objectives**:

- > supporting the Afghan Government to achieve economic growth and institute more effective and accountable governance;
- > empowering women and girls by addressing barriers to their social, political and economic participation; and
- > building resilience and supporting at-risk populations.

Objective 1: Supporting the Afghan Government to maintain economic growth and institute more effective and accountable governance

Afghanistan faces major constraints to economic growth and stability. Insecurity remains a foremost concern, hampering investor and consumer confidence, and expansion of the private sector. There is a strong dependence on donor assistance, which funds more than two-thirds of the national budget and has driven strong economic growth.⁷ At the same time, revenue generation and budget planning and execution challenges hamper the delivery of public goods and services to the Afghan population. In late 2014, largely consequent of increased security expenditure and the protracted Presidential elections process, the Afghan Government faced a major financing shortfall and sought urgent funding from donors to help address it.⁸ The World Bank estimates that Afghanistan could continue to face a fiscal gap of at least 20 per cent of gross domestic product each year through to 2025.⁹

Private investment and employment generation are also stymied. Connections to regional and international markets have been disrupted, limiting export opportunities. At the same time, Afghanistan is experiencing rapid population growth, particularly in urban areas (four per cent per annum).¹⁰ This will further burden already over-stretched power, transport and water infrastructure, while a larger youth population and increased unemployment could fuel insecurity and further depress the investment outlook.¹¹

Achieving more effective governance is a key priority of the National Unity Government and will be critical to fighting corruption and improving service delivery (including around the rule of law), public financial management and accountability, revenue collection and public service capacity. At the 2014 London Conference on Afghanistan, the Afghan Government released a comprehensive new reform agenda, *Realizing Self-Reliance*, which focuses on the need to strengthen governance, economic growth and livelihoods to achieve a more sustainable and secure Afghanistan.

Supporting effective governance through stronger policies, institutions and functioning economies is also one of the investment priorities of the Australian aid program. Under this objective, Australia directly assists the Afghan Government to maintain economic growth, security and effective service delivery, and to strengthen public financial management. The main mechanism for delivering this support is through on-budget funding

⁶ Australian Government (2014), *Australian Aid: Promoting prosperity, reducing poverty, enhancing stability*.

⁷ Calculated between 2003 and 2012. Afghanistan's average economic growth has been sound at 9.4 per cent per year. Asian Development Bank (2015), *Asian Development Outlook 2015 – Afghanistan, April 2015*.

⁸ In response to the Afghan Government's request, Australia brought forward \$20 million of an existing \$37 million funding commitment (2014-15) to the World Bank Afghanistan Reconstruction Trust Fund.

⁹ World Bank (2015), *Afghanistan Economic Update*, Washington DC.

¹⁰ UNHabitat (2014), *Afghanistan's Urban Future*, Discussion Paper 1.

¹¹ Asian Development Bank (2015), *Asian Development Outlook 2015 – Afghanistan, April 2015*.

provided to the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF), to which Australia has contributed \$370.6 million since 2003.¹²

Security remains critical to Afghanistan's economic and social development. Australia's commitment to ANDSF sustainment is helping to develop a professional police force that is capable of providing security to all Afghans. Australia is meeting this commitment through on-budget support provided to the United Nations Development Programme-managed Law and Order Trust Fund for Afghanistan.

Objective 2: Empowering women and girls by addressing barriers to their social, political and economic participation

International efforts and Afghan Government reforms have yielded important gains for Afghan women. The 2004 Constitution of Afghanistan guarantees women's equality before the law, the right to an education and the right to work.¹³ Three million girls are now in school, compared to virtually zero in 2001. Under a quota system, women hold 28 per cent of seats in the Legislative Parliament. Under President Karzai, a new law on Eliminating Violence against Women was passed by Presidential decree in 2009, although this has not yet been ratified by Parliament.

While these gains are positive, Afghanistan continues to have among the worst gender inequality in the world.¹⁴ Despite improvements, only half of the country's girls go to school and they remain there for only half as long as boys.¹⁵ Seventeen per cent of women are literate, compared to nearly half of men,¹⁶ and just 15 per cent of working age females are in paid employment.¹⁷ More than 87 per cent of women experience some form of violence, particularly domestic violence, with high-profile women at risk of attack by anti-government elements, local power-holders and their own families and communities.¹⁸

Supporting gender equality and women's empowerment is a key investment priority of the Australian aid program. Australia is working towards a target of effectively addressing gender issues in more than 80 per cent of aid investments worldwide. In Afghanistan, we continue to provide support to advance the rights and development opportunities for women. In particular, we prioritise women's participation in economic activity through targeting them as beneficiaries in rural livelihood interventions; increasing girls' literacy rates; and improving support services, access to justice and advocacy efforts to combat violence against women. In support of these goals, Australia is funding three bilateral programs, working primarily with non-governmental organisations: the Ending Violence against Women Program; Empowerment through Education Program; and the Australia Afghanistan Community Resilience Scheme (AACRS).

To strengthen and complement the achievements of our targeted bilateral programming, Australia also aims to address gender inequality across all other investments in Afghanistan. Along with the international community, we continue to advocate for reform through policy dialogue mechanisms such as the Self-Reliance through Mutual Accountability Framework (SMAF) and ARTF donor coordination groups.

¹² Current as at September 2015.

¹³ Article 22, Articles 43 and 44, and Article 48 respectively.

¹⁴ Afghanistan ranked 149th of 152 countries in the United Nations Development Program's 2013 Gender Inequality Index. United Nations Development Programme (2014), *Human Development Report*.

¹⁵ Government of Afghanistan (2014), *National Risk and Vulnerability Assessment 2011-2012*, Central Statistics Organization.

¹⁶ *ibid.*

¹⁷ *ibid.*

¹⁸ Global Rights (2008), *Partners for Justice, Living with Violence: A National Report on Domestic Abuse in Afghanistan*, Washington DC; United Nations Assistant Mission in Afghanistan and Office of the United Nations High Commissioner for Human Rights (2009), *Silence is Violence: End the Abuse of Women in Afghanistan*, Kabul; UN Women (2013), *Press Statement: UN Women condemns intimidation and targeted killings of Afghan female government officials and public figures and calls for justice*.

Objective 3: Building resilience and supporting at-risk populations

In Afghanistan, widespread vulnerability to poverty, natural hazards and protracted conflict fuel instability and hinder development and economic growth. Around 76 per cent of the population lives in rural areas,¹⁹ where agriculture is the main source of livelihood and subsistence. In many rural areas, low crop productivity, cyclical drought and flooding are persistent risks. The country's extreme winters see many go without enough food,²⁰ while three decades of war and the appeal of narcotics cultivation have drawn resources away from legitimate cropping.²¹ Humanitarian challenges remain significant, with 12 per cent (3.7 million) of the population displaced or 'of concern',²² while each year, an estimated quarter of a million people are affected by natural disasters.

To achieve this objective, Australia is addressing three priorities in Afghanistan: agriculture; building resilience; and infrastructure. These aim to strengthen rural populations' access to economic opportunities and to protect their livelihoods against shocks. Support is delivered through targeted bilateral programming, including AACRS and funding to the Australian Centre for International Agricultural Research. We also support Afghan Government development programs across these priorities through the ARTF, which provides on-budget funding for national agriculture, rural development and rural infrastructure projects.

Support provided under this objective also contributes towards achieving Objective 1 above, through helping to drive sustained economic growth and providing long-term solutions to poverty. Australian assistance helps to strengthen resilience and food security efforts at the local level and connect farmers and rural producers, including women, to markets and supporting increased crop yields. We are also helping to meet the immediate, life-saving needs of vulnerable populations affected by conflict and natural disasters by continuing to provide flexible, responsive and coordinated humanitarian assistance across the country.

¹⁹ UNHabitat (2014), *Afghanistan's Urban Future*, Discussion Paper 1.

²⁰ Government of Afghanistan (2014), *National Risk and Vulnerability Assessment 2011-2012*, Central Statistics Organization.

²¹ World Bank (2014), *Islamic State of Afghanistan - Pathways to Inclusive Growth*.

²² UN High Commissioner for Refugees (2015), *UNHCR country operations profile: Afghanistan, Statistical Snapshot*, January 2014. Figure includes one million internally displaced persons.

Implementation approaches

To achieve the strategic objectives outlined in this Aid Investment Plan, Australian official development assistance to Afghanistan will comprise: **on-budget support** to the Afghan Government delivered through multi-donor trust funds; **a bilateral component**, delivering programs in areas where we can add the most value; and **humanitarian assistance**, supporting populations affected by conflict and natural disasters.

Supporting national systems through on-budget support

Through to 2017-18, at least 50 per cent of Australia's bilateral development assistance to Afghanistan will be delivered as on-budget support through multilateral mechanisms. These mechanisms have sound management and fiduciary measures in place, and pool our assistance with that of other donors, allowing us to contribute towards larger and more ambitious aid activities. They also strengthen donor harmonisation and aid effectiveness by investing directly through Afghan Government systems.

On-budget support is delivered through two multilateral programs that contribute towards achieving Strategic Objective 1 of supporting the Afghan Government to maintain economic growth and institute more effective and accountable governance. The first mechanism is the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF), through which donors contribute directly to the Afghan Government's National Priority Programs across sectors including education, health, infrastructure, agriculture, rural development and public financial management, as well as supplement non-security operational funding, such as teachers' salaries and training for civil servants. The ARTF also comprises an Incentive Program, through which the Afghan Government's performance towards agreed economic and fiscal reform targets is assessed and rewarded.

The second on-budget mechanism is the United Nations Development Programme-managed Law and Order Trust Fund for Afghanistan (LOTFA), which assists the Afghan Government with expenditure management, building key infrastructure and training police officers. Australia has been a major contributor to the International Security Assistance Force and Resolute Support Mission in Afghanistan, and to international efforts to build and sustain the capacity of the Afghan National Defence and Security Forces (ANDSF). Building on the gains achieved to date, Australia has committed to provide USD100 million annually over three years (2015-2017) in ANDSF sustainment support. Of this, USD20 million per year (USD60 million in total) is being provided under the aid program through LOTFA.²³

Targeted bilateral programs

Australia's aid program to Afghanistan also comprises a bilateral component, targeting areas where we have internationally recognised expertise; can complement the work of the Afghan Government and other donors; have identified effective delivery partners; and can have a positive impact on Afghan populations.

²³ The remaining USD80 million per year (total USD240 million) is being managed by the Department of Defence and does not constitute Official Development Assistance.

Australia is recognised for its agricultural expertise, especially in water scarce environments. We capitalise on this in Afghanistan by supporting the Australian Centre for International Agricultural Research to help farmers to lift productivity and reduce post-harvest losses; and through the Australia Afghanistan Community Resilience Scheme, which is delivered through five international non-governmental organisations and is helping to strengthen small-scale farming practices and promote inclusive rural growth in ten provinces, predominantly in marginal areas. These programs prioritise the engagement of women in all activities.

To address the most critical barriers to women's and girls' participation in Afghanistan's political, economic and social spheres, we are continuing our decade-long support for basic education services in some of the most remote parts of the country. Through CARE Australia, we are helping to maintain access to education, particularly for women and girls, in remote areas where the Afghan Government is still building a presence. We also deliver an Ending Violence against Women Program, in partnership with UNWomen, the United Nations Population Fund, The Asia Foundation, the Afghanistan Independent Human Rights Commission and the Afghan Women's Network. Working in 20 of Afghanistan's 34 provinces, the program funds women's protection centres and support services; trains police and justice officials and community groups to improve their understanding and implementation of laws protecting women; and helps communities to prevent violence and advocate for the protection and advancement of women's rights.

Humanitarian assistance

Australia has built a global reputation for providing timely and effective humanitarian assistance. Our aim is to alleviate suffering and to strengthen the foundations for long-term recovery and growth. This is particularly important in Afghanistan, which faces one of the world's most protracted humanitarian situations. We continue to deliver humanitarian assistance in close coordination with the Afghan Government, the United Nations Humanitarian Coordinator and leading donors, targeting the areas of greatest need. Our humanitarian activities focus on improving food security through the World Food Programme and supporting rapid responses to the most critical humanitarian needs through the United Nations Afghanistan Humanitarian Fund.

Strategic policy dialogue

In Afghanistan, Australia engages in policy dialogue with partner governments and other donors to support our strategic objectives. We are particularly active in the '5+3', a donor group that engages with the Afghan Government on its development agenda, improving aid coordination and mutual accountability for Afghanistan's development.²⁴ The 5+3 group also assesses the Afghan Government and international community's progress towards their commitments in the Self-Reliance through Mutual Accountability Framework (SMAF).

The SMAF is a development compact in which the international community agrees to provide development assistance in return for the Afghan Government implementing key political, governance and human rights reforms, including holding credible elections; tackling corruption; improving financial transparency; and promoting human rights, particularly the rights of women and girls.

To support the Afghan Government to maintain economic growth and more effective governance, Australia participates in the oversight forums relating to our on-budget assistance. For the ARTF, we actively engage in the ARTF Steering Committee, Strategy Group and Incentive Program Working Group (IPWG). Through these

²⁴ The 5+3 donor group consists of: United States, United Kingdom, European Union, Germany and Japan, plus Australia, Canada and the Nordic sub-group (Denmark, Finland, the Netherlands, Norway and Sweden). This is sometimes also referred to as the 5+3+3, to also include the International Monetary Fund, the World Bank and Asian Development Bank.

forums, we contribute to high-level dialogue on Afghanistan's economy and development, help to assess and improve the ARTF's effectiveness in supporting National Priority Programs, and encourage the Afghan Government to progress key reforms. For example, in 2015, through our membership on the IPWG, Australia played an active role in the development and negotiation of the ARTF Incentive Program Framework for 2015-17.

For our support to LOTFA, Australia is one of six principal donors²⁵ on the Oversight and Coordination Board, which oversees Afghan-led security expenditure planning and coordinates donor contributions, including those delivered through the trust fund.

On gender equality, Australia participates in the ARTF Steering Committee and Gender Working Group, to ensure a gender focus across ARTF activities. Through the SMAF 5+3 donor group, Australia also monitors progress by the Afghan Government on gender equality reform, including on its commitments to introduce the legislation on the elimination of violence against women. Where appropriate, we will also identify opportunities for senior government officials, including the Ambassador for Women and Girls, to advocate for women's rights and empowerment in Afghanistan. We will continue to consult with non-governmental partners, including the Australian Council for International Development Afghanistan Working Group, to inform discussions across our policy dialogue.

Appropriate use of experienced and effective implementing partners

To maximise the effectiveness of our aid expenditure, Australia selects delivery partners that have proven experience in Afghanistan and expertise in the relevant field. Where on-budget support is delivered, selected multilateral partners have in place rigorous fiduciary risk management processes to help ensure our funding is appropriately allocated and spent. For bilateral and humanitarian activities, we select delivery partners, including United Nations agencies and non-governmental organisations, which are best placed to achieve our specific program objectives and reach target populations.

²⁵ The six principal donors comprise those who provide over USD100 million per year to Afghanistan National Security Forces sustainment. They comprise: Japan, United States, Republic of Korea, Germany, Australia, and the Netherlands.

Performance management

2015-16 Performance benchmarks

Objective 1: Supporting the Afghan Government to maintain economic growth and institute more effective and accountable governance

Indicator	2015-16 Benchmark
Australia supports development and implementation of the Mutual Accountability Framework and deliverables	Australia will engage through the 5+3 group to finalise and commence implementation of a new Mutual Accountability Framework, through which donors and the Afghan Government hold one another accountable for progress against mutual commitments and agreed reforms ²⁶
The Afghanistan Reconstruction Trust Fund (ARTF) performs effectively across indicators for program and operational effectiveness, alignment with the Afghan Government's National Priority Programs, and linkages to donor and Afghan Government mutual accountability commitments. ²⁷	Scorecard indicators for the ARTF improve or are maintained from 2014 ratings

Objective 2: Empowering women and girls by addressing barriers to their social, political and economic participation

Maintain enrolment levels in primary level community education classes, particularly for girls	Maintain 2,000 students (80 per cent of which are girls) enrolled in primary-level community education classes
Women and girl survivors of violence receive services	1,300 women and girls receive services
Police, law and justice, and government officials are trained in gender-based violence case management and national legislation	900 police, law and justice, and government officials trained

Objective 3: Building resilience and supporting at-risk populations

Improve livelihoods and incomes in targeted rural households	8,100 persons trained in strategies to improve livelihoods and 4,000 farmers using better agricultural technologies, 30 per cent of which are women
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²⁶ Implementation of the new Framework could involve finalisation of new Afghan Government National Priority Programs, electoral reform, or a credible Afghan budget for 2016. Achievement of this benchmark will be determined through Australia's active engagement as part of the 5+3 donor group and in dialogue with the Afghan Government.

²⁷ As Australia's ARTF support comprised 6.9 per cent of total donor contributions to the fund for 2014, this benchmark reflects the effectiveness of all donor contributions to the ARTF. Assessment of Australia's impact on the ARTF's performance and accountability for results must be proportionate to the scale of our contribution. World Bank (2015), *Afghanistan Reconstruction Trust Fund Annual Report: December 22, 2013 to December 21, 2014*.

Mutual obligations

The successor to the 2012 Tokyo Mutual Accountability Framework, the 2015 Self-Reliance through Mutual Accountability Framework (SMAF) is the principal vehicle through which the Afghan Government and international community hold one another accountable for Afghanistan's development. Through the SMAF, donors have committed to specific development priorities and approaches to the provision of development assistance, including providing fifty per cent on-budget and aligning eighty per cent with the Afghan Government's National Priority Programs. Under the same framework, the Afghan Government has committed to achieving a range of reforms in areas such as elections, revenue generation, public financial management, women's empowerment and human rights. In 2014 and 2015, the Afghan Government commenced implementation of a range of reform priorities, including on anti-corruption, tax and extractives regulation.

Along with other members of the 5+3 donor group, Australia played an active role in the negotiations of the SMAF, which was formalised by the Afghan Government and donors at a Senior Officials' Meeting in Kabul on 5 September 2015. Under the framework, Senior Officials' Meetings and Ministerial Meetings in alternating years will review progress and update the SMAF as required.²⁸ Between these meetings, Australia will continue to participate in a number of Kabul-based Technical and Steering Committees that oversee the Afghan Government and international community's progress against their SMAF commitments. We also measure Afghan Government progress against its own development priorities through the ARTF Scorecard and disbursements through the ARTF Incentive Program. Australia is committed to maintaining this engagement for the duration of this Aid Investment Plan.

Beyond the international framework, Australia has a bilateral partnership agreement with the Afghan Government,²⁹ under which our two governments have signed a development framework agreement.³⁰ This agreement underlines both countries' commitment to reducing poverty and building stability in Afghanistan, including through strengthening the Afghan Government's capacity to deliver basic services and provide economic opportunities to its people.

The development framework agreement is reviewed annually through a joint Development Cooperation Dialogue, which assesses the composition and contribution of Australia's aid program to Afghanistan; the yearly results against jointly-determined performance criteria; and future development cooperation. In 2014-15, Australia also signed Memoranda of Understanding with three line ministries and the Ministry of Finance for the Australia Afghanistan Community Resilience Scheme.³¹

Monitoring, review and evaluation

Australia is committed to generating credible performance information and using it for management and learning purposes. We manage our investments in Afghanistan in accordance with the Australian Government's *Aid Programming Guide* and aid program performance framework, *Making Performance Count*, which aims to strengthen the link between program performance and Australian aid funding.

All aid investments over \$10 million are subject to at least one independent evaluation, and additional evaluations for smaller investments are undertaken as required to inform future program decisions. A

²⁸ Afghanistan and the international community may agree a new meeting schedule at the next SMAF Ministerial meeting, which will likely take place in late 2016.

²⁹ The partnership agreement, *Comprehensive Long-Term Partnership Between Australia and the Islamic Republic of Afghanistan*, was signed by Australia and Afghanistan in May 2012.

³⁰ *Memorandum of Understanding: Development Framework Agreement between the Government of the Islamic Republic of Afghanistan and the Government of Australia 2012-17*.

³¹ Ministry of Agriculture, Irrigation and Livestock, Ministry of Rural Rehabilitation and Development, and Ministry of Economy.

Performance Assessment Framework is used to track our progress towards achieving the strategic objectives outlined in this Aid Investment Plan and to assess the adequacy of our results.

Afghanistan's security challenges severely restrict the movement of Australian Government and delivery partner staff in-country. Conventional monitoring missions are high-risk and costly, and with most programs unable to be directly monitored, we depend on reporting from delivery partners, other embassies and locally-engaged third parties to assess performance. In this context, we will work closely with partners to strengthen and harmonise performance assessment processes; actively monitor the impact of our programs on women and girls; and adopt new approaches to monitoring and evaluation.

Program management

Governance and resource management

As emphasised by the aid policy, Australia is committed to delivering high quality aid programs that are well-managed and produce value for money and results. In Afghanistan, we have increased the efficiency of the aid program through the consolidation of investments, pooling a significant proportion of program funds with other donors and focusing our bilateral expenditure on a very select group of activities.

Australia's aid program in Afghanistan is administered by the Department of Foreign Affairs and Trade. The management of activities, including financial and contract oversight, is led in Canberra, which enables staff in-country to prioritise advocacy and policy dialogue. Strategic direction is set jointly by the Embassy in Kabul and Canberra. We will continue to boost our internal capability through judicious use of human resources and by investing in staff training and development.

Risk management

Afghanistan is one of the most challenging environments in which we operate—there are no low-risk options for aid delivery. There is the potential for Australian aid to be disrupted by insecurity, political instability, economic shocks, corruption or natural disasters. High security and fiduciary risks in particular limit our implementation options to only experienced partners that have in place robust risk management strategies.

The key political, development and security risks facing our investments in Afghanistan are documented in an internal Afghanistan Program Risk Register, which also recommends risk treatment strategies. We will assess, monitor and manage these risks in accordance with the below schedule.

Risk Monitoring and Communication Schedule

Process	Frequency
Review of Afghanistan Program risk register	Quarterly
Review and, if required, update of individual investment risk management documentation	Annually, or more frequently as required
Senior management team discussion on progress of new risks, risk treatments and sector risk ratings	Quarterly, or more frequently as required