




Afghanistan-Australia Aid Program Strategy 2013-2014



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1 Summary

After more than a decade of international support, Afghanistan has made considerable development progress off a very low base. GDP growth has averaged 10 per cent since 2002.¹ As at 2013 the country is on track to achieve two Millennium Development Goals by 2020: on education and maternal health. School enrolments have increased from less than one million in 2001 to a total of 7.7 million in 2011, including over 2.7 million girls.² Close to thirty per cent of seats in parliament are held by women.³

Given the position in which Afghanistan found itself in 2001, these gains have been remarkable. The lives of millions of Afghans have improved dramatically as a result. But despite these gains, Afghanistan faces immense challenges.

Insecurity and instability are widespread. Afghanistan is home to one of the most protracted, complex and severe humanitarian emergencies in the world, with almost four million people vulnerable to recurrent drought, floods and earthquakes.⁴ The economy is slowing and unemployment is rising. Governance is improving from a chronically low base, but corruption remains endemic – Afghanistan is one of the most corrupt countries in the world, according to Transparency International.⁵ Rapid population growth combined with urbanisation will deepen these economic and social challenges.

Afghanistan faces parallel political, economic and security transitions in the coming years. The transfer of security responsibilities from international to Afghan forces will conclude in 2014. The conduct of the 2014 Presidential and 2015 Parliamentary elections will be crucial to the Afghan state's legitimacy. And critically, Afghanistan's economy will likely weaken as international forces withdraw and donors reduce their funding. The outcome of these processes will fundamentally affect the future of the country.

In response to these challenges, Australia and Afghanistan have formally committed to a long-term development partnership. Along with other donors, Australia has committed to provide long-term development assistance to support Afghanistan through the 'Transformation Decade'. This support is based on a clear poverty need: Australia's national security interests; and, notwithstanding the operational challenges, Australia's capacity to make a difference with well-targeted development programs.

In return, the Afghan Government has also made important commitments that underpin the partnership. The *Tokyo Mutual Accountability Framework* (2012) includes substantial commitments by the Afghan Government to tackle corruption, promote the rule of law, uphold the rights and freedoms of Afghan men and women, conduct credible, inclusive and transparent elections, and

¹ Government of Afghanistan, *Towards Self Reliance: Strategic Vision for the Transformation Decade*, 2012, p.4.

² The World Bank, *ARTF Results Matrix 2013*, The World Bank, Kabul, 2013.

³ The World Bank, *Databank: Proportion of seats held by women in national parliaments in Afghanistan: Inter-parliamentary Union*, The World Bank, 2012.

⁴ UNISDR, *Afghanistan Risk Profile*, 2012.

⁵ Transparency International, *Corruption Perceptions Index*, 2012.

undertake economic reforms. As Afghanistan implements these commitments, Australia will align its support behind Afghanistan's national priorities and provide substantial support through Afghan Government systems.

The *Afghanistan-Australia Aid Program Strategy 2013-2014* outlines the priorities of Australia's whole of government Official Development Assistance Program to Afghanistan. The strategy covers a two year period – 2013 and 2014 – in recognition of the substantial changes that will take place during the transition period.

The objective of Australian assistance is to build the capacity of the Afghan Government to deliver basic services and provide livelihood opportunities to its people. Australian aid will focus on three areas: governance, rural and agriculture development, and education. This aligns with the Australian Government's aid policy goals of *promoting opportunities for all*, *building sustainable economic development* and *promoting effective governance*. It also reflects Australia's areas of expertise and our capacity to make the most difference.

Australian aid will be invested in the most reliable and value-for-money delivery mechanism, including the Afghanistan Reconstruction Trust Fund. To help protect our investments and build functioning state institutions, Australia will prioritise public financial management. We will be active in a range of donor forums and will pursue high-level policy engagement with the Afghan Government.

Australia will continue to advocate strongly for gender equality in Afghanistan and seek opportunities to protect the most vulnerable, including through targeted investments to help reduce violence against women and the provision of consistent and predictable humanitarian support. Australia will support elections, which are critical to a successful transition, and encourage the meaningful participation of both women and men. Engaging with Afghan civil society will be critical to promoting responsive governance in Afghanistan, and will remain a focus of the aid program.

Delivering aid in Afghanistan is uniquely challenging and there are no low risk programming options. Australia will work with proven partners who have a record of achieving results. We will put in place a range of indirect monitoring procedures as direct monitoring by Australia and our partners becomes more difficult. To protect staff, we will continue operating under strict security procedures.

2 Development partnership principles

2.1 Principles and commitments

The fundamental purpose of Australian aid is to help people overcome poverty. This also serves Australia's national interests by promoting stability and prosperity in our region and beyond.

The *Afghanistan-Australia Aid Program Strategy 2013-2014* is guided by the Australian Government's aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results*, which sets the strategic direction of Australia's aid program to 2015-16. Australia's aid program is guided by five strategic goals – to save lives, promote opportunities for all, build sustainable economic development, promote effective governance, and respond effectively to humanitarian crises and natural disasters. Effort will be focused on areas where Australia can make a difference and where resources can most effectively and efficiently be deployed.

In Afghanistan, Australia will achieve this by:

- **promoting opportunities for all** – by supporting education and assisting national efforts to reduce violence against women
- **building sustainable economic development** – by supporting agriculture and rural development, and effective governance of the mining sector
- **promoting effective governance** – by investing in elections and human rights, enhancing public financial management and administration, and supporting security.

Australia will respond to **humanitarian needs** as required. We will focus assistance on the most vulnerable.

Australia is committed to aligning with the priorities and policies of partners. This approach reflects the principles set out in the *New Deal for Engagement in Fragile States*, which both Australia and Afghanistan have endorsed. We are committed to providing assistance through the systems and processes of partner governments where we assess these as robust. Where they are not, we will work with partner governments to strengthen them and with non-government organisations (NGOs) and civil society to complement the efforts of government. Building state legitimacy is particularly important in conflict-affected countries such as Afghanistan.

Australia's development partnerships are built on mutual accountability, and acknowledge accountability to each partner's citizens and institutions. Financial and operational transparency enables measurement and reporting of development outcomes, fosters accountability and promotes more effective coordination of development efforts.

Bilateral Commitments

On 20 May 2012, the Australian Prime Minister and President of Afghanistan signed the *Comprehensive Long-Term Partnership Between Australia and the Islamic Republic of Afghanistan*. This frames the bilateral relationship based on shared strategic interests in the areas of political, security, development, trade and investment, migration and humanitarian affairs, and cultural and people-to-people links.

To give effect to the development components of the *Comprehensive Long-Term Partnership*, Australia and Afghanistan signed the *Memorandum of Understanding: Development Framework Agreement between the Government of the Islamic Republic of Afghanistan and the Government of Australia 2012-17* (the MoU) on 8 July 2012. The MoU underlines Australia's commitment to reducing poverty and building stability in Afghanistan, including by building the Afghan Government's capacity to deliver basic services and provide economic opportunities to its people. The MoU commits Australia to provide Official Development Assistance (ODA) that reinforces strong Afghan leadership and ownership of effective development strategies and programs, including by channelling at least 50 per cent of funding through Afghan systems and aligning 80 per cent of assistance with Afghan Government priorities.

International Commitments

Australia and Afghanistan have made international commitments to deliver aid that is transparent, based on mutual accountability and focused on results. At the July 2012 Tokyo Conference on Afghanistan, donors and the Afghan Government agreed the *Tokyo Mutual Accountability Framework*. Under this Framework, the Afghan Government made substantial commitments to tackle corruption, promote the rule of law, uphold the rights and freedoms for Afghan men and women, conduct credible, inclusive and transparent elections, and undertake economic reforms. In return, Australia and other donors committed to delivering long-term and predictable development assistance to Afghanistan, including by delivering funding through Afghan systems and aligning with Afghan priorities.

These commitments were made in the true spirit of mutual accountability. Australia and other donors have made it clear that donor commitments are contingent on the Afghan Government delivering demonstrable progress on reforms. The *Tokyo Mutual Accountability Framework* provides for the regular review of progress against the commitments made by donors and the Afghan Government. Kabul-based Technical and Steering Committees provide rigorous oversight of commitments, and biennial Senior Officials and Ministerial Meetings will conduct high-level review of progress. The inaugural Senior Officials Meeting took place in July 2013, and the first Ministerial Meeting will occur in 2014.

On 12 February 2013, donors, including Australia, and the Afghan Government agreed the five-year *Aid Management Policy* (AMP) for Afghanistan. The AMP is a policy framework developed to: guide effective delivery of aid in Afghanistan; take account of the shifting national and international political and economic context; incorporate commitments and recommendations from new international agreements, including the *Busan Partnership for Effective Development Cooperation* and the *New Deal for Engagement in Fragile States*; and reflect the increasing role of civil society organisations in promoting transparency and accountability.

2.2 A joint focus on results and transparency

Both Australia and Afghanistan are committed to work together to deliver a transparent and results-focused aid program. The MoU commits both countries to manage resources more effectively. This includes conducting joint, regular and evidence-based reviews of progress against the objectives and commitments of the MoU and establishing jointly agreed performance measures, using independent review mechanisms where appropriate. Performance will also be measured using development and governance indicators in the forthcoming Performance Assessment Framework for Australia's aid program which will provide linkages to the Afghanistan National Development Strategy (ANDS) 2008-2013 or its successors.

An Annual Development Cooperation Dialogue between Australian and Afghan senior officials will support joint review of progress under this Strategy. These discussions will have a clear focus on results, forge agreement on resource allocation priorities and address appropriate risk management.

An Annual Program Performance Report will be published each year, in accordance with AusAID's Transparency Charter.

3 Context and rationale for Australian aid in Afghanistan

3.1 Poverty and need

Afghanistan is one of the poorest countries in the world. It ranks 175th of 187 countries on the United Nations (UN) Human Development Index⁶, with around 36 per cent of the population, or 11 million people, living in extreme poverty (less than \$1.25 per day). Millions more are near the poverty line. This reflects the effects of decades of conflict, which has severely impeded the development of national institutions, basic service delivery, human capital and physical infrastructure.

Afghanistan's social indicators are among the world's worst. Life expectancy is 49 years, and around one in 10 children die before their fifth birthday.⁷ Around 9 million Afghans are illiterate and 30 per cent of school-aged children do not attend school.⁸ Access to basic services is severely limited, particularly in rural areas, where 20 per cent of households are chronically food insecure.⁹ Almost 80 per cent of Afghans live in rural areas and depend on agriculture for their livelihoods. But with land ownership inequity, land degradation, low-productivity farming and widespread market failure, over two thirds of this population do not have diet diversity or sufficient calories or protein. Despite improvements, the majority of Afghans still live without electricity or sustainable access to clean water and sanitation.

While dramatic gains have been made in the past ten years, over four million children still do not have access to education, with those in remote and insecure areas, from minority groups, girls and people living with disability, especially affected. There is a major shortage of qualified teachers, especially women, which is a barrier to girls attaining a basic education.

Gender inequality remains profoundly entrenched. Afghanistan is one of the worst countries in the world to be born female, ranking 147 of 148 in the UNDP's Gender Inequality Index.¹⁰ Women were completely excluded from economic and social life under the former Taliban regime. Despite the real gains of the past decade, women continue to experience poor health, limited economic opportunities, an absence of participation in public life, and violence. Violence against women is widespread and systemic—the Afghanistan Independent Human Rights Commission recorded 4,010 cases of violence between March to October 2012.¹¹

Humanitarian needs are significant, both as the result of protracted conflict but also recurrent natural disasters, particularly chronic drought, flash floods and earthquakes. Almost 4 million people are vulnerable to these hazards. Afghans represent the largest number of displaced people in the world,

⁶ UNDP, *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World*, UNDP, New York, 2013.

⁷ UNDP, *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World*, UNDP, New York, 2013.

⁸ Government of Afghanistan, *Towards Self Reliance: Strategic Vision for the Transformation Decade*, 2012, p.5.

⁹ UNDP, Summary Report MDG 1: Afghanistan, Kabul, 2012.

¹⁰ United Nations Development Program, *Human Development Report 2013*, UNDP, New York, 2013, p. 158.

¹¹ United Nations Assistance Mission in Afghanistan, *Still a Long Way To Go: Implementation of the Law on Elimination of Violence Against Women in Afghanistan*, UNAMA, Kabul, 2012, p. 2.

located mostly within Afghanistan (425,000), and in Pakistan (1.6 million) and Iran (840,000). Although there has been some progress, resettlement of displaced Afghans is hampered by ongoing conflict, low absorptive capacity in urban areas, competition for land, natural resources and employment, and heavily mined areas.

Afghanistan's economic challenges are daunting. Afghanistan currently has one of the world's lowest per capita Gross National Incomes (US\$470 in 2011).¹² Economic growth has averaged 9.1 per cent (2003-2011), but this has been driven by capital investments for reconstruction activities, large aid flows, and occasional spikes in agriculture production.¹³ Growth rates are projected to slow as the international presence recedes, placing pressure on employment. Further, the security wage bill will increase as the Afghan Government takes control of security wages and salaries in the decade following 2014.

More concerning still are Afghanistan's fiscal challenges. World Bank projections estimate a fiscal gap of over 39 per cent of GDP in 2015, remaining at 21 per cent of GDP in 2025. This gap can only be met by sustained international support.¹⁴ The level of aid provided through the government budget needs to rise sharply to meet expected development needs and maintain levels of service delivery.

Afghanistan's progress in building and reforming its public sector has been mixed. Corruption remains endemic. Central government has a limited reach beyond Kabul and Provincial capitals, where there is a lack of clarity on line agency roles and insufficient resources to deliver services. Access to justice is limited, particularly for Afghan women.

In Uruzgan province, where Australia will have a whole of government presence until the end of 2013, development indicators are below the national average. The literacy rate for women is less than 1 per cent. An estimated 39 per cent of eligible children attend school. Less than 20 per cent of people have access to safe drinking water and there is little access to safe sanitation facilities. Infrastructure is severely lacking. In effect, Uruzgan is in one of the poorest provinces in one of the poorest countries in the world.

In this context, the development gains made in Afghanistan over the past ten years have been remarkable. The UNDP assesses that Afghanistan will meet two of the Millennium Development Goals (MDGs) by 2020 (primary education and maternal health).¹⁵ School enrolments have increased from less than one million in 2001 to almost eight million today (including over 2.7 million girls). About 85 per cent of people live in districts which have providers delivering basic health services, up from 10 per cent in 2001.¹⁶ Over 12,000 km of rural roads have been rehabilitated, providing employment, transport links and access to markets. Although still low, the number of people with access to electricity has tripled. Fiscal revenues have grown by an average of 20 per cent per year through improvements in customs and tax collection. In 2012, Afghanistan made the second strongest improvement of any country in the world on measures of budget transparency.

¹² World Bank, Economic Indicators (GNI per capita), 2011.

¹³ Economic growth in 2010-11 and 2011-12 has been more modest at rates of 8.4 and 5.8 per cent respectively, mainly as a result of a contraction in agriculture output. World Bank, *Promoting Economic Growth and Fiscal Sustainability*, 2012.

¹⁴ World Bank, *Transition in Afghanistan – Looking Beyond 2014* (Volume 1), 2012.

¹⁵ Afghanistan did not sign the Millennium Declaration in 2000, doing so only in 2004. They have since adapted the MDG timelines and targets to make them meaningful to an Afghan context. This includes extending the timelines to 2020 and adding a ninth MDG on enhancing security (UNDP 2008, Millennium Development Goals Islamic Republic of Afghanistan Vision 2020 Annual Progress Report).

¹⁶ World Bank. *Afghanistan Overview*, 2012.

Uruzgan province has also made development gains, despite experiencing substantial challenges. Australian aid has contributed to school construction and rehabilitation; improvements in basic health and hygiene education for communities; and increased functioning health facilities.

Challenges to further progress

But Afghanistan's recent achievements and future development needs must be measured against the substantial challenges it will face in the Transformation Decade (2015-2024). During the period covered by this strategy, international forces will largely withdraw from Afghanistan to enable the Afghan National Security Forces (ANSF) to lead in the provision of security. Peace and reconciliation issues will remain complex. Elections in both the Presidential and Wolesi Jirga (Lower House in the National Assembly) are due to be held in 2014 and 2015 respectively. In this unpredictable context, the Afghan Government's ability to provide long-term security while also maintaining the confidence of the people will be key. Development progress will remain contingent on security and improvements in government performance.

Corruption and public financial management will remain an immense challenge – Afghanistan is ranked last amongst countries included in Transparency International's *2012 Corruption Perceptions Index*. This compounds capacity constraints that already exist, limiting the options for international donors to work with credible local partners. In line with the Afghan Government's commitments under the *Tokyo Mutual Accountability Framework*, and its Anti-Corruption Decree, progress in tackling corruption will be crucial to enable effective and sustainable development.

Finally, Afghanistan's demographic trends threaten to exacerbate existing security, development and economic challenges. Afghanistan has the fifth youngest population in the world, with up to one million youths entering the job market each year. The population growth rate, at 2.22 per cent is second only to East Timor in the broader Asia-Pacific. Urbanisation is occurring at a rapid rate, particularly in Kabul. With modest economic growth expected for the foreseeable future (4.9 per cent annually), poverty reduction will likely be slow.

3.2 Australia's national interests

Australia has a clearly stated national objective in Afghanistan: to make sure the country never again becomes a safe haven for international terrorists and to support the alliance with the United States. For this reason, Australia is part of the United Nations Security Council mandated International Security Assistance Force (ISAF) mission, which includes 50 countries, and involves inter-linked security, diplomatic and development objectives. Support to this mission underlines Australia's interest in internal, regional and global security, as well as Australia's commitment to allies such as the United States and partners such as the UN.

Australia has made clear that an ongoing commitment to Afghanistan's human and economic development, extending beyond the conclusion of Australia's main military mission, is a key part of Australia's whole of government engagement with Afghanistan. Strengthening the capacity of the Afghan Government, the economy and national institutions is vital to sustain development gains and maintain stability.

Australia's cooperation with Afghanistan on combating people smuggling responds to the national interests of both countries. Australia's development assistance contributes to address the underlying causes of poverty, instability and humanitarian crises.

From Transition to Transformation

The transition to Afghan-led security, to take place by the end of 2014, builds on a decade of international and Australian whole of government involvement in Afghanistan. The progress of security, political and economic transition will have clear national interest implications for Australia:

a sustainable transition in Afghanistan, in which the Afghan Government is able to deliver basic services and improve its legitimacy and effectiveness, will assist the country to never again become a safe haven for terrorists. An effective aid program is central to this goal.

Delivering Transition in Uruzgan

Since 2010, Australian Government civilian and military personnel have been part of the multi-national Provincial Reconstruction Team (PRT) in Uruzgan province. In line with ISAF strategy, the Department of Defence and Australian agencies will work to facilitate a smooth and safe completion of a permanent presence in Uruzgan by the end of 2013. Most of Australia's development programs in Uruzgan will conclude by the end of 2013, although a small number of activities could extend through to 2015. Australia will continue to advocate for national programs to reach isolated provinces such as Uruzgan to protect and advance development gains during and post-transition.

3.3 Capacity to make a difference

Afghanistan's development path will be an extended one, requiring sustained commitment and leadership from the Afghan Government as well as international donors. While much focus has been placed on the length of the international mission in Afghanistan, analysis by the World Bank indicates that over the course of the 20th century, even the fastest performing conflict-affected countries took, on average, between 15 and 30 years to move from situations of fragility to the development of an institutions-based state.¹⁷ Sustained engagement and support will be critical if the substantial gains of the past decade are to be consolidated and built upon.

Afghanistan is the most challenging country in which Australia delivers a major aid program. Nevertheless, with considered program design and management, Australian aid can make a difference. In Uruzgan alone, Australian aid has contributed to a six-fold increase in the numbers of operating schools and a three-fold increase in active health facilities, as well as strengthening provincial administration. On a national level, Australian aid has contributed, along with other donors, to dramatic increases in school enrolments and improvements to health services, rural roads and community infrastructure.

Australia will work in areas where we can build on previous achievements and where we have a comparative advantage – for example in agriculture and mining governance. We will work with effective partners with a proven track record. By using multi-donor funding windows and consolidating Australian efforts in fewer sectors, we can maximise impact, reduce risk and achieve better value for money. In such a difficult environment, where programs may not be as effective as planned, we will work to reshape or terminate underperforming activities.

Australia's aid investments can be made more effective through enhanced strategic policy dialogue. AusAID staff in Kabul will not only support program design and implementation but also donor coordination and policy development. Australia will seek greater influence over the policy and program directions of major multilateral organisations in Afghanistan, a stronger focus on effectiveness, outcomes and performance reporting, and better recognition for Australian contributions.

3.4 Scale and effectiveness

Afghanistan is one of the most aid-dependent countries in the world. This aid, while subject to some criticism, has underpinned the dramatic improvements evident in Afghanistan's social indicators over the past decade.

¹⁷ The World Bank, *World Development Report 2011: Conflict, Security and Development*, 2011.

Sustaining substantial levels of international support will be vital if these gains are to be maintained through the ‘Transformation Decade’. In July 2012, the Tokyo Conference drew pledges of over \$US16 billion through 2015 to respond to the fiscal gap estimated to emerge as international forces withdraw.¹⁸

While Australian aid to Afghanistan will be only one part of this ongoing international effort, Australia’s importance as a development partner is growing. Australia will deliver approximately \$180 million in development assistance to Afghanistan in 2013-14. Australia is one of the few donors projected to increase its assistance to Afghanistan through the transition process.¹⁹

Lessons Learned

Effectiveness will be maximised by drawing on Australia’s experience in Afghanistan to date, and more broadly in fragile states. This experience demonstrates the need to invest in Afghanistan’s systems and institutions. Peace-building and state-building needs to be domestically led to ensure development gains are not reversed. The *Tokyo Mutual Accountability Framework* is critical in this context – providing for sustained and predictable international assistance, including through Afghan systems, in return for demonstrable progress on reforms.

To maximise effectiveness, Australia will consolidate the number of sectors in which we are involved. Australia will reduce the number of short-term programs in favour of larger multi-year programs. Australia’s rapid scale up of the program, in particular into the lead role in the Uruzgan PRT, led to a large number of investments across all development sectors. This level of fragmentation cannot be maintained as the country program increases in size.

In line with these considerations, Australia will make no new bilateral investments in health, water and sanitation, or infrastructure. Australia has limited comparative advantage in health and infrastructure, areas in which there is considerable donor support. We will contribute to these areas through core-funding to multilateral instruments such as the Afghanistan Reconstruction Trust Fund (ARTF – discussed below).

As we reduce our activities and staff in Uruzgan province, Australia will increase staff in Kabul during 2013. A growing staff presence in Kabul over the period of this strategy will facilitate enhanced partner dialogue, program oversight and risk management.

¹⁸ Estimate from the World Bank and the Afghan Government

¹⁹ This will likely see Australia move to amongst the top six bilateral donors to Afghanistan.

The Afghanistan Reconstruction Trust Fund

Established in 2002, the Afghanistan Reconstruction Trust Fund (ARTF) is a partnership between the international community and the Afghan Government for the improved effectiveness of reconstruction and development efforts in Afghanistan.

The ARTF is administered by the World Bank. It pools donor resources into a single trust fund account and disburses these in accordance with jointly agreed objectives and pre-defined fiduciary controls. All financing is on-budget and all projects are implemented by Government line ministries and agencies – in-line with the Afghanistan's National Priority Programs. Over the past ten years, the ARTF has pooled and distributed over USD4 billion in funding from over 30 donors.

The ARTF has contributed to strong results across Afghanistan including the construction of over 5,000 classrooms, training of in excess of 90,000 teachers and the awarding of 3,351 scholarships to female recipients enrolled in teacher training colleges. The National Solidarity Program has reached all 34 provinces and has supported the establishment of more than 30,000 Community Development Councils which have undertaken over 53,000 locally identified sub-projects. The ARTF has also contributed to the rehabilitation of approximately 12,000 km of rural roads through the National Emergency Rural Access Program. Australia is among the top ten donors to the ARTF. We have provided \$271.1 million to the ARTF since 2003.

In the Afghanistan context, the ARTF represents an effective aid delivery mechanism, enabling support to be provided to many of the highest priority development needs of the Government. Working through pooled funding mechanisms such as the ARTF is consistent with Australia's aid policy to reduce fragmentation of donor assistance and ease the administrative burden of aid management on partner countries. Working through the ARTF is also consistent with Australia's commitment to provide 50 per cent of its assistance to Afghanistan on budget.

4 Strategic priorities for Australian aid

4.1 Proposed focus areas, expected outcomes and Australia's contribution

The objective of Australia's aid to Afghanistan is to build the capacity of the Afghan Government to deliver basic services and provide livelihood opportunities to its people. This helps promote stability and provide a basis for longer term growth.

In line with *An Effective Aid Program for Australia*, we will achieve this by:

- **promoting opportunities for all** – by supporting education and assisting national efforts to reduce violence against women
- **building sustainable economic development** – by supporting agriculture and rural development, and effective governance of the mining sector
- **promoting effective governance** – by investing in elections and human rights, enhancing public financial management and administration, and supporting security.

Australia will respond to **humanitarian needs** as required. We will focus any assistance on the most vulnerable.

Promoting Opportunities for All

Under this pillar, Australia's assistance to Afghanistan aims to:

- expand access to and improve the quality of education, particularly for girls
- support national efforts to reduce address the scourge of violence against women.

Improving Education

Education is both the flagship sector of Australia's aid program and a pre-requisite for Afghanistan's long-term development and economic growth. Investment in human capacity, including for women, is key to unlocking Afghanistan's potential and achieving greater economic growth and an improved standard of living.

Australia's support for Afghanistan's education sector aligns with the Afghan Government's National Education Strategic Plan and Afghanistan's Education for All National Priority Program. At the national level, Australia's main contribution to the education sector is through the ARTF. This supports programs that include teacher and principal training, curriculum development, construction of schools, improvements to the tertiary sector including universities, skills development in technical and vocational training, education information management systems, and support to the Ministry of Education. Australia is also the fourth largest donor to the UN-led *Global Partnership for Education*, which will implement a three year program in Afghanistan from 2013.

Complementary efforts to improve education quality will also be important. Training for education sector staff and teacher trainers, including women, through the successful *Malaysia Australia Education Project for Afghanistan* will continue in 2014.

Australia will continue efforts to deliver community based education in areas not reached by Government programs. At the provincial level, AusAID's programs will continue to improve access to education in Uruzgan, Parwan, Kapisa and Khost provinces. CARE's *Empowerment Through Education Program* and the Save the Children's *Children of Uruzgan* program seek to expand demand for and provision of improved formal and community-based education as well as supporting early children development, the inclusion of girls and adult literacy.

Reducing Violence Against Women

Australia's work to support gender equality will support the Afghan Government to deliver its commitments within the *Tokyo Mutual Accountability Framework* to improve the lives of women and girls and help maintain the important gains made for Afghan women since 2001.

Gender equality will be integrated across all Australia's development program in Afghanistan. In addition, we will provide targeted support to shift systemic barriers to equality in areas of key disadvantage such as violence against women (VAW): the incidence of VAW in Afghanistan is reported to be as high as 87.6 per cent.²⁰

Australian assistance will work through Afghan NGOs and women's organisations to improve the provision of services for survivors of violence, in particular access to protection, legal and counselling support through women's protection centres or shelters. We will work with aspects of the informal and formal justice systems to improve their responsiveness to women facing violence and strengthen their capacity to implement Afghanistan's *Elimination of Violence Against Women Law*. Australia will also support efforts to prevent violence by working with local organisations to help change community attitudes toward violence and advocate for the protection of women's rights.

Building Sustainable Economic Development

Under this pillar, Australia's assistance to Afghanistan aims to:

- improve food and livelihood security
- improve governance of the mining sector.

Food and Livelihood Security

The development of Afghanistan's rural sector is crucial to long-term economic development, stability and poverty reduction. It is also important in addressing humanitarian pressures associated with food insecurity and providing alternatives to poppy production.

Through contributions to the ARTF, Australia supports the four Afghanistan National Priority Programs in the Agriculture and Rural Development Cluster. These programs aim to develop rural livelihood opportunities for vulnerable rural households, to increase agricultural productivity, and to deliver vital services to rural communities.

AusAID will complement these ARTF contributions through support to build the capacity of the Afghan Government to manage agriculture more effectively, particularly through activities in dry-land farming where Australia can provide unique leadership and expertise. AusAID will partner with the Australian Centre for International Agricultural Research (ACIAR) and the Afghan Ministry of Agriculture, Irrigation and Livestock (MAIL) to boost agricultural productivity in semi-arid areas of Afghanistan by developing and sharing new agricultural techniques. Targeted capacity building support to the MAIL, particularly in dry-land farming, will assist with the delivery of effective services in line with the Agriculture and Rural Development Cluster.

²⁰ Living with Violence: A National Report on Domestic Abuse in Afghanistan, Global Rights: Partners for Justice, 2008.

In line with commitments made in *An Effective Aid Program for Australia* for the aid program to make greater use of effective NGOs, AusAID will introduce the *Australia-Afghanistan Community Resilience Scheme*. Working in close consultation with the Afghan Government, the Scheme will be delivered by Australian and international NGOs working closely with local Afghan civil society, and will aim to improve the food security and livelihoods of Afghan rural communities.

Australia will continue to work with the World Food Programme to support a range of food security and basic agricultural livelihoods activities to improve community resilience and address ongoing humanitarian needs. Efforts under the WFP's *Protracted Relief and Recovery Operation* include school feeding programs with the particular aim of increasing the participation of girls in school.

Mining Governance and Private Sector Development

Private sector development is critical for Afghanistan's economic growth and will be essential to help bridge the projected fiscal gap by generating government revenue. Australia will support the development of Afghanistan's private sector through support for livelihoods activities and small scale business development. We will also support the development of a transparent and socially beneficial mining industry, which will be essential for Afghanistan to generate the revenue required to maintain basic services and build on development gains made to date.

During 2013, Australia is developing a program of practical assistance to Afghanistan's mining sector with Afghanistan a priority under Australia's *Mining for Development Program*. Through this program, Australia will seek to build the capacity of oversight actors to improve mineral sector governance; improve Afghan Government compliance with the *Extractive Industries Transparency Initiative*; and improve coordination and dialogue between the Afghan Government, donors and the private sector to effectively manage extractive industries and the revenue generated from them. Afghan Government officials will participate in tailored technical training delivered by the Australian-funded International Mining for Development Centre to improve policies and practices in the governance and management of the mining sector and support interactions with society and the environment.

Building and Supporting Effective Governance

Under this pillar, Australia's assistance to Afghanistan aims to:

- support the conduct of credible, transparent and inclusive elections
- strengthen public financial management
- strengthen human rights protections
- enhance security by supporting sustainment, law and justice, and reintegration efforts.

Supporting Elections

Credible, inclusive and transparent elections will be critical to Afghanistan's transition. It is essential that the Government is perceived as legitimate and accountable, and credible elections are central to this goal. Holding credible elections is a major commitment of the Afghan Government within the *Tokyo Mutual Accountability Framework*.

Australian aid will focus on assisting Afghanistan to prepare for the 2014 Presidential and Provincial Council Elections as well as the 2015 Parliamentary Elections. Elections are one of several important components of a broader democratic process and a key aspect of this is informed participation by voters and civil society. As a result, Australia's electoral assistance will support the Independent Election Commission and other key electoral institutions, but will also promote the meaningful participation of Afghan women and men in the democratic process, including through helping to build civil society oversight and an independent media.

Strengthening Public Financial Management

As the international presence draws down across Afghanistan, the Afghan Government will take on increased responsibility for the delivery of basic services. It will do so by channelling increased levels of international assistance ‘on-budget’ in support of its own National Priority Programs. Improved public financial management (PFM) systems will be essential to the effectiveness of this effort, and maintain the confidence of international donors. Progress by the Afghan Government on its commitments to tackle corruption made within the *Tokyo Mutual Accountability Framework* will be critical to retaining increased levels of ‘on-budget’ support.

To safeguard and complement Australian and international ‘on-budget’ investments in the ARTF, Australia will boost efforts to improve Afghanistan’s PFM systems. This will assist the Afghan Government to unblock constraints to service delivery and improve procurement planning, financial accounting and reporting, and project planning and design. We will target support to the Ministries of Education, Public Health, Agriculture and Public Works to assist the Afghan Government provide basic services particularly at the sub-national level in line with priorities identified in the *Provincial Development Plans* and *Provincial Strategic Plans*.

AusAID will maintain into 2014 a specific program of PFM assistance to Uruzgan province, in order to sustain development gains, complementing and building on support in 2013 to sub-national governance in Uruzgan in areas such as administration, management and maintenance.

Strengthening Human Rights Protections

For political stability to be secured and sustained, the rights of all Afghans need to be protected. In the *Tokyo Mutual Accountability Framework*, Australia and other donors linked sustained high levels of aid to Afghanistan to the protection of human rights. Australia will play an active advocacy role to strengthen human rights protection, and also provide support to accountability institutions and civil society organisations monitoring and advocating for improved human rights protections, including the Afghanistan Independent Human Rights Commission.

Enhancing Security

Stability and security are fundamental to Afghanistan’s economic and social development. Security is also a prerequisite for effective and sustainable international development assistance. Delivering basic services, holding elections, and creating jobs are dependent on a safe and stable environment.

Through the Department of Defence and the Australian Federal Police, Australia has invested heavily to improve security in Afghanistan since 2001, with a particular focus on Uruzgan province and Southern Afghanistan more broadly. This assistance will evolve in the post-transition period to a nationally-focussed mission as part of the post-2014 NATO-led training, advisory and assistance mission. From 2015, Australia will provide US\$100 million per year for three years to sustain the Afghan National Security Forces. Of this, the Department of Defence will provide US\$80 million per year on non ODA-eligible activities, while US\$20 million per year will be delivered in support of ODA-eligible activities, in line with OECD Development Assistance Committee guidelines. Australia is working with the Afghan Government and other donors to identify effective mechanisms to deliver this support.

Australia will contribute to law and justice in Afghanistan by continuing to develop the capacity of the Afghan National Police and to target serious crime. The Australian Federal Police will strengthen professional police training delivered in Kabul. The Australian Federal Police currently heads the Afghan National Police Development on the International Police Coordination Board, and assists the European Union Police Mission in Afghanistan with the delivery of training at the Kabul Staff College and the Afghanistan National Police College and Central Training Centre.

Afghan-led efforts to reintegrate former combatants will continue. Through an existing commitment to the *Afghanistan Peace and Reintegration Program*, subject to program performance, Australia will support reintegration into mainstream society of former combatants willing to renounce violence and cut ties with terrorist groups. This assistance is focused on community development projects.

Responding to Humanitarian Needs

As a result of conflict, drought and natural disasters, Afghanistan is home to one of the most protracted, complex and severe humanitarian emergencies in the world. AusAID's response to humanitarian needs will seek to align with the priorities under the *2013 Common Humanitarian Action Plan for Afghanistan*.

AusAID will continue support to demining through the UN Mine Action Service and, recognising the need to foster better linkages between humanitarian and development partners, AusAID will also continue to support WFP and open a window of funding for the *Australia-Afghanistan Community Resilience Scheme* to improve community resilience to recurrent natural disasters through food security.

The Department of Immigration and Citizenship (DIAC) will play a role in addressing humanitarian pressures through implementation of the *Memorandum of Understanding (MOU) between Australia, Afghanistan and the United Nations High Commissioner for Refugees (UNHCR) on Migration and Humanitarian Cooperation*. DIAC's *Displaced Persons Program (DPP)* funds NGOs to run projects supporting durable solutions for refugees and other displaced populations, or, where durable solutions cannot be found, support their protection and stabilisation. For example, the DPP has assisted displaced Afghans through projects aimed at enhancing livelihoods for internally displaced Afghans, emergency transport and accommodation for Afghans returning from Iran, and upgrading and equipping processing and accommodation facilities for Afghans returning from Pakistan. Additional DPP funding targets the plight of displaced Afghans in Afghanistan, Iran and Pakistan.

4.2 Program approaches and ways of working

Implementation of the *Australia-Afghanistan Aid Program Strategy 2013-2014* will build on existing mechanisms while recognising that some change in emphasis and direction are required to meet emerging challenges. Afghanistan is the most difficult environment in which Australia delivers a major aid program. There are no low risk programming options. The approach will reflect lessons learned from AusAID's long-term engagement in fragile states and use delivery mechanisms that are effective and offer value for money.

A National Focus

Over the period of this strategy, Australia will draw down engagement in Uruzgan and consolidate efforts at the national level. Currently, around 80 per cent of AusAID's assistance is delivered nationally, with 20 per cent delivered in Uruzgan. National level support will increase as overall aid volume grows while Uruzgan-specific programming will decline over time. As transition proceeds in Uruzgan (in line with the ISAF strategy), the PRT will wind down operations to closure at the end of 2013. Accordingly, AusAID will conclude its contribution to the PRT and reduce direct bilateral aid to Uruzgan. AusAID will consolidate the management of remaining aid activities from Kabul and Canberra.

Strengthening Government Systems and On-Budget Support

Without functioning state institutions and a viable economy, Afghanistan will remain donor-dependent. Both Australia's own Aid MoU and international commitments, including the *Tokyo Mutual Accountability Framework*, underline the importance of international support aligning with Afghan Government priorities, systems and capacities. As Afghanistan delivers against its own

commitments in the *Tokyo Mutual Accountability Framework*, Australia will direct at least 50 per cent of development assistance through Afghan Government systems, and align 80 per cent of assistance with Afghan Government programs.

The ARTF will remain a key conduit for Australian assistance. By pooling donor resources behind agreed Afghan Government priorities, the ARTF offers value for money and proven effectiveness in Afghanistan's challenging environment. The ARTF has the strict quality and fiduciary oversight provisions required to channel funds through Afghan Government systems. It is subject to regular independent reviews, most recently in 2012. Ongoing ARTF performance will be critical and, reflecting the scale of Australian support through the ARTF, we will continue to work actively in relevant oversight bodies, including the ARTF Strategy Group, Donor Committee and Incentive Program Working Group to promote the effectiveness of the ARTF.

Australia will also provide targeted capacity building support to Afghan Government institutions where a proven need is identified and agreed between the Governments. Australian assistance will target ministries, such as agriculture and mining, which align with Australia's strategic priorities and where we can capitalise on Australian expertise. Following the conclusion of the current investigation into the Australia Awards program to Afghanistan, Australia will consider whether targeted scholarships to Afghanistan should recommence, including the mechanisms required to ensure its probity and effectiveness.

The Australian Civilian Corps (ACC) is able to be deployed in Afghanistan where appropriate, in line with Australia's overall strategy and where a clear need can be met through the deployment of ACC expertise. The ACC currently has advisers deployed to Afghanistan, who work on programs in Uruzgan and Parwan provinces. Opportunities will be examined in support of both Afghan Government programs and the work of key bilateral and multilateral partners.

Increased Policy Engagement

Australia will increase bilateral policy engagement in the key sectors of focus for Australian assistance: education, agriculture and rural development, and governance. Australia will also engage closely with the Afghan Government on critical development policy issues, including progress against the *Tokyo Mutual Accountability Framework* and other, economic reform priorities, and anti-corruption efforts. Policy engagement will draw on the expertise of AusAID staff in Kabul, but also the broader expertise of AusAID's sectoral and thematic areas, and other Australian Government agencies.

Working Closely with Other Donors

While the international military presence will draw down, Afghanistan will remain a crowded donor environment, with a large range of local and international actors. Australia will continue to work closely with other donors and the UN Assistance Mission in Afghanistan. We will take an active role in key donor and Afghan Government forums including the Joint Coordination and Monitoring Board and the *Tokyo Mutual Accountability Framework* implementation and working groups. We will initiate and be part of common donor positions. Australian engagement will reflect the reality that we do not have the resources to engage in every forum, on every issue. Instead, Australian engagement will be selective and targeted at areas where a key difference can be made.

Gender and Inclusive Development

While the Afghan Government has committed to a policy and legal framework supportive of gender equality, progress remains slow. Australia will continue to advocate for the implementation of Afghan Government's policies on gender as a priority. Gender analysis will inform the design and implementation of all Australian aid activities and gender equality will be an important part of project monitoring and evaluation. We will also advocate for national programs to reach the most vulnerable, including ethnic minorities, those in remote and conflict-affected areas, where women are disproportionately affected, and the many widows and people with a disability in Afghanistan.

Engaging NGOs and Strengthening Civil Society

A strong civil society is central to long-term state-building in Afghanistan. In line with *An Effective Aid Program for Australia*, we will increase engagement with local Afghan civil society organisations, such as the Afghan Women's Network, as well as Australian and international organisations targeted through the *Australia-Afghanistan Community Resilience Scheme*. Delivering aid through civil society enables us to benefit from grass roots networks, niche areas of specialisation, and presence on the ground. AusAID will continue to support The Asia Foundation's *Survey of the Afghan People*, which is the only longitudinal survey of the Afghan people across all 34 provinces. Such surveys, and the broader work of NGOs, are critical to guide responsive governance and aid programming.

AusAID will also continue to support Australian NGOs working in Afghanistan through the AusAID NGO Cooperation Program (ANCP).

Developing Innovative Approaches to Monitoring and Evaluation

The transition period will pose unique challenges to donors' efforts to effectively monitor and evaluate programs. The ability of donors and their representatives to move around the country, and thus directly monitor programs, will likely be constrained. Australia will work closely with implementing partners and other donors to develop effective approaches to monitoring and evaluation appropriate to Afghanistan's challenging operating environment and high levels of corruption. These approaches will include, but not be limited to: independent verification through NGOs or contractors; community-based monitoring, where recipient communities report on the delivery of assistance in their areas; and innovative technological solutions that take advantage of the spread of mobile technology across Afghanistan.

Zero Tolerance for Fraud

Australia applies a zero tolerance policy to fraud in the aid program. Corruption risks in Afghanistan are substantial and Australia will deliver assistance only through partners with proven systems for managing fiduciary risk. We will suspend programs if fraud is suspected and investigate comprehensively. If fraud is identified, Australia will seek appropriate redress, including the return of funds and criminal proceedings where applicable.

Do No Harm

In line with AusAID's *Framework for Working in Fragile and Conflict-Affected States* and the OECD's *Principles for Good International Engagement in Fragile States*,²¹ we will seek to ensure that Australian interventions in Afghanistan do not have inadvertent negative effects, leading to conflict or undermining state-building processes. We will base the development of programs on an understanding of local needs and a realistic diagnosis of local capacities, and ensure Australian assistance does not support corrupt or predatory practices.

Employing Managing Contractors

Managing contractors will play a niche but important role in the program. This reflects the operational challenges of working in Afghanistan and the need for flexible assistance, including logistical capacity. The Development Assistance Facility for Afghanistan (DAFA) will manage a number of programs, including public financial management, as well as targeted technical assistance to support priority sectors.

Regional and Global Programming

Australia will continue to provide support to Afghanistan through AusAID's South and West Asia Regional program. The program focuses on the transboundary issues of climate resilience (including water resource management, and food and energy security) and regional economic integration.

²¹ OECD DAC (2007). *Principles for Good International Engagement in Fragile States and Situations*

Where Australia is helping to reduce regional trade barriers and increase transport and energy links, Afghanistan's connectivity to South Asia will be critical for long-term economic growth. Australian engagement is aligned with the Istanbul process for regional cooperation, the Heart of Asia.

AusAID will also continue to support Afghanistan through funding to global programs. This includes UN organisations (such as UNDP, and the World Food Programme), international financial institutions (such as the Asian Development Bank) and other global funds (for example the Education for All-Fast Track Initiative and GAVI Alliance).

5 Program performance and risk management

5.1 What success will look like at the end of the strategy

Australian aid to Afghanistan should be based on appropriate expectations. Australia's support is part of a long-term international effort, where substantial advances on security, governance and development will take as long as a generation to realise. Additionally, achievements will be dependent on sustained Afghan Government commitment to improving standards of governance, fighting corruption and delivering basic services. There are no quick fixes and no low-risk options.

Nonetheless, an effective Australian aid program can make a difference in assisting Afghanistan to achieve stability and provide a basis for long term development. By the end of the *Afghanistan – Australia Program Strategy 2013-2014*, we aim to achieve the following:

- **Skills and knowledge obtained through Australia's support is being applied in Afghanistan:** The capacity in key Afghan ministries will have improved. The quality of education will have improved, as the number of trained teachers and schools increase. Access to education, particularly for girls, will be sustained and expanded.
- **Establishing realistic pathways for livelihood and economic opportunities:** In targeted areas, food security will have increased through improved farming techniques, increased resilience and better access to markets. The capacity of the Ministry of Mines will improve through support for policy and legislative reform, sector regulation and training.
- **Stronger leadership and delivery by the Afghan Government of its development priorities:** Public financial management in the Ministries of Education, Public Health, Agriculture, and Public Works will have improved. Access to targeted services and justice for women survivors of violence will be improved, and more men and women will be aware of women's rights in accordance with Afghan law. Afghanistan's electoral processes will have been strengthened and the public will be better informed on these processes, partly through improved media reporting and increased civil society engagement.

5.2 Performance assessment framework

Performance will be measured through a country level Performance Assessment Framework for Afghanistan, which will be developed in 2013. The Framework will measure Australia's performance against the Strategy focus areas and evaluate achievements against requirements in the *Comprehensive Aid Policy Framework*, including Tier 1 and 2 results. It will assess progress under bilateral and international commitments, including the *Tokyo Mutual Accountability Framework* and the bilateral MoU. The framework will compile indicators and reporting from a variety of sources to aggregate a picture of Australian aid performance. These sources include: partner government reporting; implementing partner reporting; independent evaluations and completion reports; and direct AusAID staff oversight. AusAID's standard quality reporting system will be rigorously applied.

5.3 Risk management

There are no low risk programming options in Afghanistan – it is the most difficult environment in which Australia delivers a major aid program. Security hinders program implementation, prevents regular monitoring and evaluation, and threatens the safety of Australian personnel and the staff of implementing partners. It also increases the administrative cost of delivering aid. Corruption is endemic and governance remains weak. Australia will take necessary steps to manage these challenges so Australian aid is effective in the Afghan context.

AusAID seek to manage risk by working with credible partners with long-term experience in Afghanistan. This includes engagement with the World Bank-managed ARTF. The World Bank has over 30 years' experience managing multi-donor trust funds, and has a strong track record in Afghanistan. Other credible donor partners we work with in Afghanistan include UN agencies (such as UNDP and WFP), bilateral partner agencies (such as GIZ), and Australian and international NGOs (such as CARE Australia, Save the Children and The Asia Foundation).

There are six main risks that might prevent or inhibit delivery of this strategy's objectives. These risks and the measures for managing them are briefly described here.

- **Ongoing conflict**
Conflict will remain a risk to Australia's aid program and overall national development program in Afghanistan over the life of this strategy. Transition will have an uncertain security impact. Elections in 2014 and 2015 could provide a catalyst for conflict. The security of Australian personnel will remain the Government's highest priority and appropriate levels of security support will be provided at all times. Australian assistance will be delivered through partners with a proven track record of designing, delivering and monitoring assistance in fragile environments.
- **Limited monitoring and evaluation**
The direct monitoring of programs by Australian staff will continue to be limited. AusAID will use a range of mechanisms to manage this risk, including by working with partners that have appropriate quality oversight and monitoring and evaluation systems in place. We will also, as detailed previously, develop innovative approaches to remote monitoring and evaluation. Partnerships with other donors, as well as increased AusAID numbers in Kabul, will be critical to robust risk and fraud management. To ensure value for money, there may be times when Australia needs to make tough decisions on withholding funds, or reshaping or terminating initiatives.
- **Reduced international donor support**
Afghanistan has one of the highest aid dependency rates in the world (making up over 70 per cent of gross national income). Any reduction of international support will have a large impact on development progress and aid effectiveness. It may also directly impact on the scope, effectiveness and efficiency of Australia's investments in multi-donor arrangements. The international community's ability to sustain support depends, at least in part, on the Afghan Government delivering on a range of specific international commitments. Australia will work closely with the Afghan Government and international partners towards joint progress against *Tokyo Mutual Accountability Framework* commitments.
- **Corruption and fraud**
Afghanistan is ranked last amongst countries included in Transparency International's 2012 *Corruption Perceptions Index*. The risk of corruption and fraud cannot be avoided and will remain a reality through the transition process. Australia has a range of mitigation measures in place to ensure accountability and reduce the risk of fraud and corruption in the delivery of aid activities. AusAID contracts prohibit corrupt practices and require compliance with the

Commonwealth Criminal Code in relation to bribery, and include clauses to comply with Australia's international counter-terrorism obligations. AusAID's procurement practices are in accordance with Commonwealth requirements. AusAID's audit and quality assurance measures are designed to reduce the risk of corruption and bribery. As detailed previously, we take a zero-tolerance approach to fraud. Where there is suspected misuse of funds, we will investigate and, where fraud is confirmed, we will seek appropriate redress including prosecution and recovery of funds lost.

- **Limited Government Capacity and Slow Reform:** Afghanistan's human resource capacity and governance systems remain weak, particularly in Uruzgan. As such, development progress will be uneven and occur at the pace the Afghan Government can implement and sustain. The *Tokyo Mutual Accountability Framework* establishes clear commitments for donors and the Afghan Government in boosting Government capacity and making key economic and governance reforms. AusAID works with the Afghan Government to improve governance and accountability for results as well as investing in their systems. But we must also acknowledge the possibility that international commitments may not be met on time and that reforms will be slower than agreed. This will have a trickle-down effect on Australia's ability to make a difference in programming through development activities. This risk of failure to achieve anticipated results, as opposed to fraud and corruption, remains a constant challenge.
- **Poor coordination:** With such a wide range of development partners in Afghanistan, there is the risk of poor aid coordination, duplication, and increased management costs for the Afghan Government. Australia will continue to be an active member of key donor forums and will invest in key partnerships such as with DFID and the UN. Australia will continue advocacy for ongoing support through pooled funding mechanisms, such as the ARTF, to support alignment of activities with Afghan Government priorities and reduce the aid management burden on the Afghan Government.

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