

# Afghanistan

## Economic growth and development through mutual accountability

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**Context:** Afghanistan's reconstruction and development started in 2002 after almost three decades of war and destruction. Significant achievements over the past decade have laid the foundations for establishing democracy, rule of law and effective governance; putting in place a robust security apparatus; capacity and institution building; infrastructure development; reviving the economy; and improving the quality of lives of Afghan men and women.

At the Tokyo Development Conference in July 2012, the Afghan Government and the International Community reaffirmed their partnership in the economic growth and development of Afghanistan through a process of mutual accountability in achieving mutually decided goals. The Tokyo Mutual Accountability Framework sets out the goals which the international donor community and the Government of Afghanistan are expected to achieve in the coming years, across aid effectiveness as well as across five major areas of reform that adequately captures the [Peacebuilding and Statebuilding Goals](#) of the *New Deal for Engagement in Fragile States*, an agreement reached in Busan by a group of fragile and conflict-affected states (the g7+ group).

- Representational Democracy and Equitable Elections
- Governance, Rule of Law and Human Rights
- Integrity of Public Finance and Commercial Banking
- Government Revenues, Budget Execution and Subnational Governance
- Inclusive and Sustained Growth and Development

Since the Tokyo Conference, the international community and the Government of Afghanistan have been assiduously working together to complete implementation plans for achievement of these goals ahead of a Senior Officials Meeting in July 2013 which will formally reviewed its progress.

**Objective:** The macro policy framework for Afghanistan is underpinned mainly by the Tokyo Mutual Accountability Framework and the Aid Management Policy endorsed in April 2013. The Tokyo Mutual Accountability Framework sets out the goals to achieve in the coming years. It covers key issues of effective development cooperation, as well as five major areas of reform that capture the Peacebuilding and Statebuilding Goals of the New Deal.

**Approach:** Since the Tokyo Conference, the international community and the Government of Afghanistan are working together to complete implementation plans for achievement of these goals. The Tokyo Mutual Accountability Framework plays a critical role in a) guiding engagements of donors in recipient countries, b) helping the Government manage donor funds linked to development priorities in a transparent and accountable manner and c) identifying future development activities involving the government and the international community.



The Aid Management Policy sets out the operational consequences of the donor commitments in the Tokyo Mutual Accountability Framework, and was developed to be aligned with the principles of Aid Effectiveness enshrined in the New Deal. The next step is to begin the phased implementation of the Aid Management Policy. A working group mechanism has been formed to finalize the implementation and monitoring mechanism for the Aid Management Policy and report on progress of the commitments there in.

**Results achieved so far and success factors:** There are already a range of mechanisms to take the Busan agenda forward and the Government of Afghanistan continues to believe that the most effective way of implementing New Deal principles is to focus on using those existing country systems rather than to create additional ones. The New Deal includes “TRUST and FOCUS commitments” With the TRUST agreements, countries agree to providing aid and managing resources more effectively, and also aligning these resources for better results. The TRUST principles outline new ways of engaging with conflict-affected and fragile states. Both the TRUST and FOCUS commitments of the New Deal are embedded within the Tokyo Mutual Accountability Framework, Aid Management Policy and National Priority Programs that are part of the *One Vision One Plan* of the New Deal (articulated under the O of FOCUS principles). The development and endorsement of these mechanisms is the most significant action and indicator of progress in the Busan agenda.

Afghanistan will soon decide on conducting a Fragility Assessment under the concept of “Afghanistan- the Pathway towards Stability and Resilience”

Localized to the Afghan context, the TRUST commitments read as follows:

- **Transparency:** The Aid Management Policy sets commitments to greater transparency of aid and a revamped donor database (Development Assistance Database) to increase predictability and transparency of aid flows. Additionally, the Aid Management Policy provisions for the more consistent use of financing agreements and Development Framework Agreements will provide a clearer view for the government of the aid coming into the country and on what terms.
- **Risk-sharing:** The Aid Management Policy provides for joint risk assessments to be undertaken by Government and donors to manage fiduciary risk.
- **Use and strengthen country systems:** The 50% on-budget and 80% NPP alignment commitments were agreed at London conference in 2010 and reaffirmed at Tokyo in July 2012. Both the Tokyo Mutual Accountability Framework and the Aid Management Policy reaffirm these targets and encourage donors to go further. As part of the Aid Management Policy process, clear guidelines on use of country systems and alignment will be produced and operationalized.
- **Strengthen capacities:** The Afghanistan Reconstruction Trust Fund’s ‘Capacity Building for Results Programme’ is the key mechanism for building capacity at state institutions. The Civilian Technical Assistance Program is the flagship program of the Government of Afghanistan for providing cost-effective and demand driven international technical assistance to agencies of the Afghan Government. However the need to reduce Programme Implementation Units and the need for a more coordinated approach to technical assistance are recognised in the Aid Management Policy.
- **Timely and predictable aid:** At Tokyo, donors committed to provide \$16bn of aid through 2015 in exchange for reforms set out in the TMAF.

### Challenges and Lessons Learned

1. The Tokyo Mutual Accountability Framework and Aid Management Policy discussions are not yet embedded fully across government ministries, although this is improving. A government Tokyo Mutual Accountability Framework Steering Committee and Technical Committee have been established to take forward the implementation of the government commitments and report progress to the Cabinet. AMP will be soon presented to the ministries.

2. Civil society was involved originally in the Tokyo process to develop the Tokyo Mutual Accountability Framework and were foreseen to have a role in the implementation and monitoring of the Tokyo Mutual Accountability Framework. However, since then the engagement has been limited and sporadic. There have been steps in the right direction though with participation by civil society at technical level but it is still an area that could be improved and continuously needs attention. Civil Society will be part of the AMP implementation working groups.

3. Effective coordination and incorporation of views from across the sizeable international community during policy formulation is challenging and can be frustrating for both government and the donors, and stretches delivery timescales.

4. Commendable progress has been made in endorsing all of the 22 National Priority Programmes except 1, that are the official vehicles of the Government to implement the Afghanistan National Development Strategy. However substantial work is still required to move these from a point of endorsement to implementation.

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