

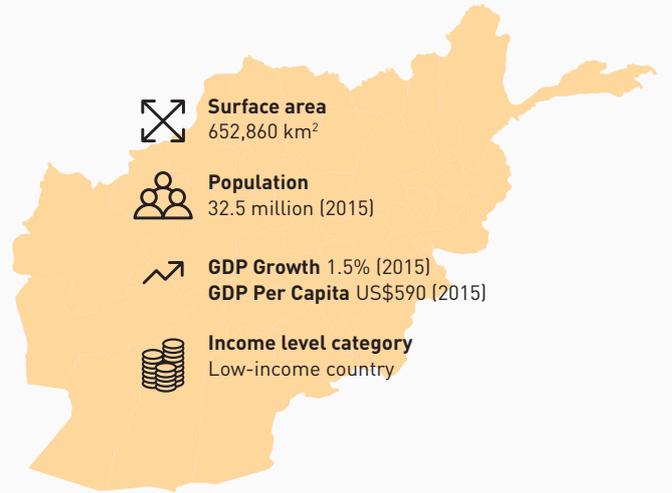


AFGHANISTAN

1. Country context

A landlocked mountainous country, the Islamic Republic of Afghanistan is a low-income country with a population of 32.5 million and a GDP per capita of US\$590 in 2015, the 13th lowest value worldwide. Due to complex security conditions, the economy of this country chairing the G7+ group of 'fragile' countries, expanded only marginally at 1.3% in 2014 and 1.5% in 2015. Afghanistan ranks 171st among the 188 countries assessed by the 2015 Human Development Index, with a low human development of 0.465, though it increased from 0.236 in 2000. The country remains on a modest positive trajectory, on track to achieve four MDGs, but plagued by rising insecurity in the south-eastern regions, unable to diminish the poverty level of one third of its population. In this monitoring round, only nine development partners reported development co-operation amounting to a total of US\$3,096 million. Development co-operation is focused primarily on sectors such as public sector management, health, education and energy. The assistance is provided through two main modalities: the government's treasury and direct execution by development partners. A number of trust funds – such as the Afghanistan Reconstruction Trust Fund – has been established to complement initiatives increasingly led by the government.

Quick facts



Key Development Indices:



National Poverty Index 39.1% of pop. (2014, ADB)



Official Development Assistance/Capital Formation 132% (2014)

ODA per Capita US\$151 (2014)



Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE

Tax Revenue	10.2%
Domestic Credit	0.4%
External Debt	7.7%
Net Foreign Direct Investment	0.3%
Remittances	1.3%
Net Official Development Assistance	23.3%

Key Development Challenges

The future trajectory of sustainable development in Afghanistan is highly dependent on successful transition to peace, security and stability, but is far from assured. Services and the agricultural sector play an essential role as a source of employment and subsistence of the poor and there are a number of social achievements to build on. At the same time, Afghanistan faces substantial challenges, especially in the areas of security, governance and political stability, revenues, jobs and education, investment climate and social progress. Declining development and humanitarian aid generates additional pressure on an already weak public sector.

2. Efforts to Implement the Effectiveness Principles

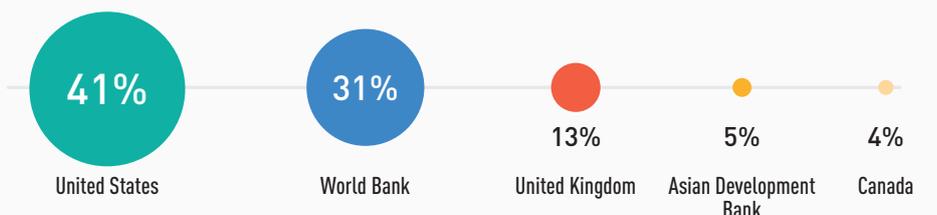
A. Policies and Tools for Partners' Alignment

The key reference for all development efforts in Afghanistan is the strategy 'Towards Self-Reliance - Strategic Vision for the Transformation Decade' launched at the 2012 government-development partner conference in Tokyo. The strategy sets out 15 key areas for the period leading up to 2025 and is operationalized

through 22 National Priority Programmes (NPPs) that are largely based on the 2008-2013 Afghanistan National Development Strategy. The design of each NPP includes an M&E framework. The government is currently looking into the options to streamline the NPPs, create better incentives for development

partners' contributions and ensure a close alignment of the NPPs to the Sustainable Development Goals (SDGs). The government is in the last stages of establishing a national peace and development policy framework, which outlines the country's development approach for 2016-2020.

Major Development Partners of this Round (by Reported Disbursements)



B. Governance and Management of Development Finance and Co-operation



Participation in 2014 Monitoring



Existence of a National Co-operation Policy

Given the complexity of Afghanistan's development challenges and the substantial contributions of development co-operation partners to the functioning of the Afghan state, the government and development partners have agreed on the large and ambitious Tokyo Mutual Accountability Framework (TMAF), launched during the 2012 conference with hard deliverables rooted in the principles of aid effectiveness that are operationalized through the 2015 Aid Management Policy (AMP). The Self-Reliance Mutual Accountability Framework (SMAF), which builds on New Deal TRUST and FOCUS principles, was revised in 2015 and a fragility assessment is expected to be finalized in 2016. There are different dialogue mechanisms in place, including the recurrent joint high-level Afghanistan conferences organized by the Joint

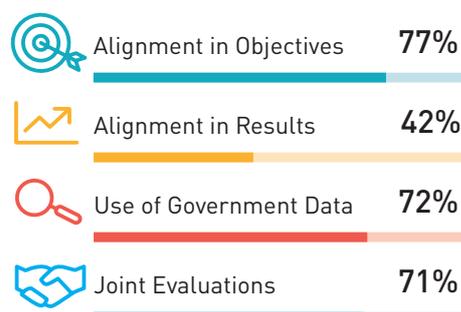
Coordination and Monitoring Board (JCMB), the annual Development Co-operation Dialogues (DCD) and development partner platforms such as the 5+3 group or the Steering Committee of the Afghanistan Reconstruction Trust Fund. This is the first time the country is participating in Global Partnership monitoring, but it contributed actively to all rounds of monitoring the Paris Declaration. Institutionally, development co-operation is housed at the Directorate for Aid Management of the Ministry of Finance, which coordinates and manages relations with Afghanistan's development partners. Development finance is tracked through the online Development Assistance Database (<http://dadafghanistan.gov.af>), which captures all development partners, including South-South partners such as China, India, Turkey and others.

3. Country Ownership

Indicator 1. Partners' Alignment and Use of Country-Led Results Frameworks

In 2015, 77% of reported development co-operation was aligned to country-led objectives, while 42% relied on national results and 72% used Afghan monitoring systems, according to the data provided by development partners. Particularly the Asian Development Bank, Canada, the EU institutions and the International Fund for Agricultural Development have advanced in their use of country-led results frameworks. The government participates in 71% of

planned evaluations, usually defining the scope rather than contributing financial resources. While these outcomes are close to the targets of the TMAF (80% versus 77%), the government and development partners might deepen their dialogue and agree on next steps to upgrade national results frameworks, especially at the operational level. The TMAF provides a unique opportunity to create the right incentives based on trust and shared responsibilities.

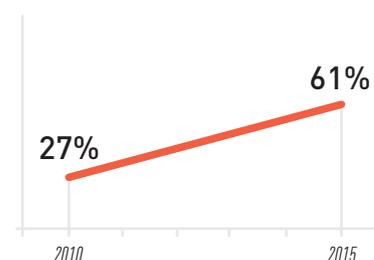


Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

In 2015, 61% of reported development co-operation funding was recorded in the government budget. There are substantial discrepancies between development partners, as the Asian Development Bank, the United Kingdom and EU institutions achieve 100%, while Canada, Sweden and Switzerland stand at 0%. The major

development partners stand at 29% (United States) and 77% (World Bank). The overall outcome can be explained by projects directly implemented by civil society organizations and other non-state actors, for instance in areas with less state capacity.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

In 2015, the overall use of national public financial management (PFM) systems stood at 38%, an increase from 25% in 2010, the last available data. More specifically, 50% of development co-operation uses national procedures for budget execution and auditing and 44% relies on country-led financial reporting procedures. Only 6% of development

co-operation makes use of Afghan procurement systems. Only the United States, the World Bank and the Asian Development Bank are relying to some extent on country systems, in contrast to six development partners who operate completely outside national systems. The Country Policy and Institutional Assessment (CPIA) comes to the relatively

strong value of 3.5 (unchanged since 2010) and the government and development partners are heavily invested in upgrading Afghan PFM through reform and capacity development programmes, based on joint risk assessments. Untied official development assistance stood for 70% of all development co-operation in 2014, having decreased from 75% in 2013.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	50%	44%	50%	6%		
INDICATORS 9A & 10.					3.5	70%

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

In a very challenging setting, civil society organizations (CSOs) and the private sector are vital players in Afghanistan's reconstruction and state-building process. The former often reach out to vulnerable populations, including women, health, education and rural governance in difficult-to-reach provinces. National business provides economic opportunities and urgently needed jobs. CSOs are organized under different umbrellas, among them the Afghanistan Civil Society Forum Organization (ACSF) and the Agency Coordinating Body for Afghan Relief (ACBAR). The private sector joins efforts under the Afghan Chamber of Commerce

and Industry (ACCI). CSOs and national business have been part of the high-level conferences in Tokyo 2012 and London 2014, where their contributions were recognized. In practice, there is incipient involvement of non-state actors in the policy design and implementation processes, with some progress in specific NPPs such as education and health. Particularly CSOs face capacity gaps and financial limitations to fully engage in development policy processes and the government has not yet established fully operational platforms for public-private dialogue. Development partners have set up a number of programmes and initiatives to support non-state actors, but

more needs to be done to build capacities that are effective and sustainable in the overall national reconstruction process. One pending element, for instance, is the role of CSOs in the Tokyo Mutual Accountability Framework (TMAF) and contributions by non-state actors to its targets. In sum, Afghanistan has advanced in building a general enabling environment for non-state actors who are committed to national development. Future efforts might help address the persistent capacity constraints, the lack of coordination forums, and a more strategic approach to CSOs and private sector as pillars for Afghanistan's sustainable development.

Indicator 8. Gender Empowerment

At this stage, Afghanistan does not have a budgetary system to track allocations for gender equality. Over the past years, the country has made

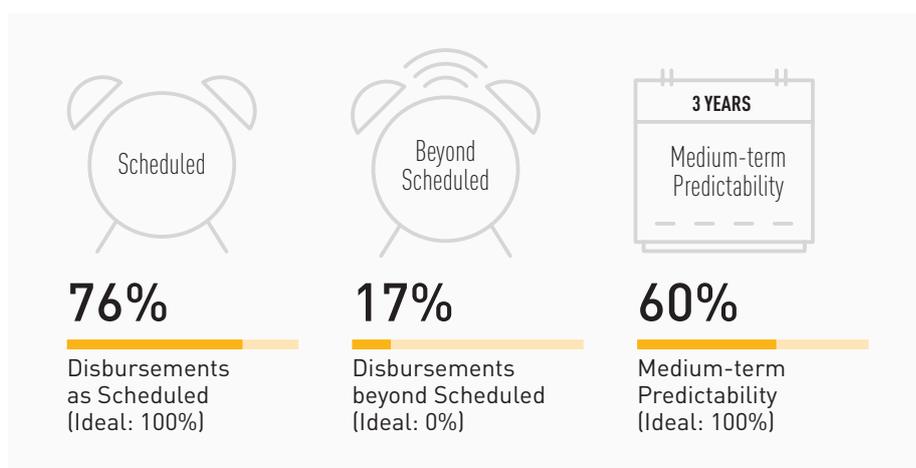
progress in empowering women, for instance through education, women's participation in the parliament and a new law on eliminating violence against

women. While strengthening national PFM systems, there might be windows of opportunity to introduce elements of gender-sensitive budgeting.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

Seventy-six percent of development co-operation supporting Afghanistan is predictable at an on-year basis. Only three development partners (Asian Development Bank, IFAD and World Bank) do not achieve 100% in this indicator. Collectively, development partners communicate forward expenditures of 60% of their medium-term development co-operation; however, this is largely due to the positive performance of the United States, which states commitments for the next three years. In line with existing frameworks, more needs to be done to consistently enable government capacity to plan for the medium term.



Indicator 7. Mutual Accountability

The Government of Afghanistan and the international community are strongly committed to and invested in the Tokyo Mutual Accountability Framework (TMAF) and the government's Aid Management Policy (AMP), which outline tangible targets, including those related to indicators 1 (80% by 2017) and 9B (50%), which are also dependent on joint efforts to improve Afghan capacity to plan, implement and deliver at all levels. This set-up has

already led to numerous improvements – as reflected in this monitoring exercise – providing a clear reference for all development co-operation partners operating in the country and helping shape the dialogue towards practical steps to be taken. However, monitoring is not yet fully established for the TMAF and AMP and a joint assessment of overall mutual accountability is still pending. In addition, since 2014, Afghanistan has faced the

critical challenge of preparing for reduced volumes of official development assistance resulting from the phasing-out of the international military intervention. Indeed, ensuring responsible exit strategies from official development assistance will be of paramount importance for a still weak and highly development assistance-dependent Afghan public sector and might be a vital theme to be included in the current mutual accountability framework.

National Priorities Going Forward

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Realizing the 2030 Agenda for Sustainable Development requires the mobilization and effective use of all types of development resources. The Global Partnership provides a unique platform to advance the effectiveness of development efforts by all actors, to deliver long-lasting results and to contribute to the achievement of the SDGs. It supports and ensures accountability for the implementation of shared principles and differentiated commitments at the political level.

Through its multi-stakeholder platform, the Global Partnership provides practical support and guidance and shares knowledge to boost development impact with a strong country focus to implement internationally agreed effectiveness principles at the country level – country ownership, a focus on results, inclusive partnerships and transparency and mutual accountability.

The Global Partnership tracks progress in the implementation of Busan commitments for more effective development co-operation through its monitoring framework comprised of a set of 10 indicators. These indicators focus on strengthening developing country institutions, increasing transparency and predictability of development co-operation, enhancing gender equality, as well as supporting greater involvement of civil society, parliaments and private sector in development efforts. The monitoring framework is currently being refined to fully reflect the 2030 Agenda and will contribute to the review of targets for SDGs 5 and 17 and implementation of the Financing for Development agreements.

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Footnote: Any discrepancies between information in this profile vs. information that has been reported are due to adjustments that were made after conclusion of the monitoring round.

Disclaimer This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for the Country Context, other open source information available online. The information provided does not necessarily represent the views of UNDP or the Government of Afghanistan.

For ease of reference, the term 'country' is used to refer to developing countries and territories that reported to the Second Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.