



Implementation of the *Afghanistan Compact*

Status Update on Short-life benchmarks and Follow-up Action Points

Report to JCMB-IV Berlin, 30-31 January 2007

The fourth meeting of the Joint Coordination and Monitoring Board (JCMB IV) is not a full reporting forum and hence the information presented below is primarily to update the members on the status of the short-life benchmarks and actions that have taken been to address the decisions reached at JCMB III.

I Introduction

1. Exactly a year ago the *Afghanistan Compact* was agreed in London between the Afghan government and the international community. A bi-annual review of the progress against benchmark achievements was carried out and reported at the JCMB III held on 12 November 2007, and was attended by members of the UN Security Council. This report is in four parts comprising the (I) introduction, (II) status reports on the short-life benchmarks, (III) actions taken on decisions of JCMB III and, (IV) decisions and action points including some key recommendations arising from the Working Groups and the third round of the Consultative Group meetings that were held from 15-21 January 2007.

2. We are beginning to move “from Compact to Impact”. Progress in the last quarter towards achieving the twelve targets set for 1385 (20 March 2007) in the eleven short-life benchmarks has been positive. Targets in two of the benchmarks have been met; seven are on track to meet the deadline and three will require time extensions. Part II of this report offers a status update and recommendations, including new timelines for remaining targets and the justification for such requests.

3. JCMB III highlighted a number of actions that needed to be taken by government ministries and the international community on critical issues in the areas of security, financial resources, capacity, private sector investment and legislation, affecting the implementation of the benchmarks agreed in the *Afghanistan Compact*. The Co-chairs of the JCMB sent out letters to relevant ministers and heads of agencies requesting appropriate actions and reports and the ANDS Sector Managers, together with UNAMA and donor representatives, coordinated the necessary meetings and tasks to accomplish them. Part III of this report details the outcomes of these deliberations and the achievements for those action points that fall within the reporting timeline of JCMB IV.

4. The security situation in the country has improved in recent months. The Policy Advisory Group (PAG) process continues under the National Security Council as a crisis response mechanism. This coordination mechanism to address insecurity in the southern provinces has strengthened both interagency cooperation and the partnership between government agencies and international actors. The reform of the Ministry of Interior has accelerated, while the implementation of the National Drug Control Strategy has been slower

than anticipated. A revised concept of operations for Disbandment of Illegal Armed Groups was approved by the President and the National Security Advisor and an action plan for DIAG implementation is currently being finalized.

5. In the last three months disbursements against the core development budget for 1385 have increased to 40% and they are expected to reach 60% by the end of 1385 (20 March 2007), doubling the amount disbursed from \$440 million to an expected \$800 million in spite of the late start to budget execution. The Ministry of Finance has completed budget hearings for 1386 and is preparing the budget decree for submission to Cabinet for approval. The Ministry of Finance, the Ministry of Economy and the Afghanistan Reconstruction & Development Services, have taken steps to build and develop the capacity of line ministries in procurement procedures to enable them to accelerate project implementation and disbursements.

6. The Ministry of Justice and its *Taqnin* are overloaded with over 150 pieces of legislation awaiting drafting, scrutiny and review. The *Taqnin* is staffed by 53 legal clerks and lawyers but there is a need for more qualified and competent professionals to carry out the technical work of the department. The number and complexity of legislation and accompanying regulations that need to be reviewed are over-whelming the department at present. The *Taqnin* has the capacity to pass on 25-35 laws per year to Cabinet for their approval, although the demand is significantly greater. The need for more well trained and qualified translators and law graduates, in addition to reference materials and access to the internet, are some of the immediate capacity needs of the *Taqnin*.

7. Significant progress has been made towards developing the full Afghanistan National Development Strategy (ANDS). Nine draft ministerial (sector) strategies are under consideration for presentation at the upcoming Afghanistan Development Forum (ADF). A detailed strategic work plan and an activity matrix have been developed including a plan for national and sub-national consultation to commence in May 2007. A public communications strategy is currently being implemented across the country. Initial poverty analysis and diagnostics is underway and work on developing a framework for provincial development planning has commenced.

8. The Working Groups and the Consultative Groups continue to be very useful mechanisms through which the Government and members of the international community are able to debate and deliberate on shared goals and targets in preparing the ANDS and monitoring the *Afghanistan Compact*. This report draws heavily on these processes.

II Achievement of the *Afghanistan Compact* Benchmark targets with end-1385 (20 March 2007) deadlines

9. A brief description of progress against each benchmark is given below, including a review and proposed new deadline for the three that require additional time. Details of progress are given in Table 1 at the end of this report.

Benchmark 2.1.2: Senior Appointments Mechanism. The September 2006 Presidential Decree that set up a five-member Consultative Board for senior level appointments fully complies with the first target of this benchmark that was scheduled to be completed by end of 1385. Board members have been selected and appointed for a five-year period and funding for one year has been pledged for secretariat support to the Board. Terms of Reference (ToR) for the Board and the procedures, rules and regulations for appointments have been drafted. These are expected to be approved and adopted by mid-February 2007. Election of a Chairperson for the Board is expected to take place as soon as the ToR is approved.

Benchmark 2.4: National Assembly. Two major projects have provided a range of technical and administrative support to parliamentarians and staffers of the National Assembly. Technical support ranges from training in legislative procedures to basic administrative and management skills, both through in-house training as well as overseas study tours when parliamentarians have been able to visit and observe other legislative bodies. Administrative support comprises the provision of human resources and infrastructure – from buildings to information and communication technology. This benchmark has been fully achieved although capacity development activities will continue for a further 12 month period.

Benchmark 2.1.3: Administrative Units and Boundaries. The delineation of province and district boundaries was finalized in September 2006 and codes have been assigned for provinces, districts and villages by the Central Statistics Office. A map with the boundaries for the new administrative units has been produced by the Geodesy and Cartography Department and submitted to the Ministry of Interior for endorsement. Ministry of Interior has responded with comments to the Cartography Department on 15 January 2007. These comments are being addressed jointly by the two agencies after which the Ministry of Interior will formally endorse the map and list of new administrative units. Approval by the Economic Sub-Committee, Cabinet and the National Assembly will follow sequentially once the endorsement is received. This benchmark will be achieved by the end of 1385 only if a concerted effort is made by the Ministry of Interior, the Cartography Department and other Afghan Government agencies to speed up the process of clarification.

Benchmark 2.2: Anti-corruption. Ratification of the UN Convention against Anti-corruption (UNCAC) is on track and will be completed by the end of 1385. The Convention has been translated into Dari to facilitate a thorough review by the *Taqnin* to ensure that there are no major incompatibilities with national legislation. The Convention was submitted to Cabinet for review and was approved on 13 December 2006. The Convention will be tabled by the Ministry of Parliamentary Affairs as a priority item of business for the National Assembly in the current session.

Benchmark 2.7.3: Oversight Mechanisms. The review and reform of oversight procedures related to corruption, due process and the miscarriage of justice has commenced and will be completed by the end of 1385. The Attorney General's Office has drafted a code of ethics for prosecutors and has begun to strengthen its capacity to investigate and take appropriate action against corruption. A Judicial Service Advisory Board was established by the Supreme Court to evaluate all aspects of judicial services. Further, the Ministry of Justice is reviewing the code of ethics and professional standards to identify areas for improvement. A High Commission on Anti-Corruption led by the Chief Justice was formed by the President on 30 August 2006. The Commission has commenced detailed assessments of corruption across the country.

Benchmark 2.8: Land Registration. The Property Rights certification process has been completed and land verification based on this process is being piloted in districts 7 and 13 of Kabul and a Land Information System database has been created. Simplification of the registration process by the Supreme Court is in progress where it has been agreed to rationalize the steps needed for property transfer. Fifteen of the thirty-four provinces have reorganized their property archives with three having computerized systems. A draft Land Policy has been drawn up by the Land Working Group and includes recommendations made by the Ministry of Urban Development. It is envisaged that the target will be met by the end of 1385.

Benchmark 3.5: Water Resource Management. Strategies and plans to manage water resources covering irrigation and drinking water will be completed by the end of 1385. The Supreme Council for Water Affairs Management, led by the First Vice President, was set up in August 2006 and has been mandated to officially approve related policies. To date, policies on urban and rural drinking water management have been prepared by

the Ministry of Energy and Water and approved by the Supreme Council. The policy on irrigation is currently under scrutiny by the Supreme Council and is expected to be approved by the end of 1385. The ground water policy has been drafted and will be submitted to the Supreme Council for approval shortly.

Benchmark 8.3: Private Sector Development. This benchmark has two targets that require completion by the end of 1385 – (i) simplification and harmonization of legislation, regulations and procedures related to investment and, (ii) tabling of two new business organization laws in the National Assembly, and is on track for completion by the deadline. In this regard the Ministry of Commerce and Industries focused on ten key laws. Four of these laws, including two new business organization laws, have been drafted and reviewed by the Ministry of Commerce and Industries and Ministry of Justice respectively, submitted and approved by Cabinet on 15 January 2007, and became law through a Presidential Decree on 18 January 2007 (as the approval was made during the National Assembly winter recess) thereby meeting target (ii). Of the six remaining laws, two are undergoing the review process in Ministry of Justice and the other four will be submitted by Ministry of Commerce and Industries for scrutiny by the end of 1385.

Benchmark 3.4: Mining and Natural Resources. The primary elements of the targets to facilitate an enabling regulatory environment for mining minerals and other natural resources have been achieved. The Minerals and Hydrocarbons Laws have been approved and, the related regulations have been drafted and submitted to the Ministry of Justice for review. A Program Management Unit has been established in the Ministry of Mines and Industries to develop capacities towards the effective management of hydrocarbons and mineral resources. However, the regulations that accompany the Minerals Law still have to be drafted and submitted to the Ministry of Justice for approval. Enormous difficulties have been experienced in procuring the technical assistance required to undertake and complete this activity in time. It is estimated **that a further 9 months will be required to complete this activity** and therefore an extension up to December 2007 is requested.

Benchmark 4.3: Skills Development. The Ministry of Labor, Social Affairs, Martyrs and Disabled have now decided that the Human Resource Study needs to be carried out in two phases due to the complexity of the subject. It will now comprise an *initial* labor market study and a more comprehensive follow-up study which will involve extensive field studies across the country. The initial study (Phase One) will provide the requisite information sought in this benchmark and will now be completed by July 2007. Hence a **4 month extension is requested to reach this target**.

Benchmark 8.4: Financial Services and Markets. Liquidation by the Ministry of Finance of three State-owned banks – Industrial Development Bank, Agriculture Development Bank and the Mortgage and Construction Bank -- that have not been re-licensed by the Da Afghanistan Bank, has been set in motion but the process will need a further six months for completion. Severance packages have been paid to employees who have been made redundant, but the full liquidation process and auctioning of assets will need extra time. Therefore, **an extension until August 2007 is requested to complete this task**.

III Follow Up to Action Points from JCMB III

SECURITY

Reform of the Ministry of Interior

10. JCMB III called for overriding priority to be given to the reform of the MoI and requested that a progress report be made at JCMB IV. In response, the MoI accelerated the pay and rank reform process. With the announcement of 40 general officer appointments on 13 January 2007, the pay and rank reform of the top leadership is nearly complete. The new appointments were undertaken through merit-based procedures comprising examinations and vetting for all provincial Chiefs of Police including Kabul, which corrects the legacy of appointments without due process. Next steps include the completion of senior ministerial leadership appointments, improving the recruitment, vetting and deployment of auxiliary police (see paragraph 17) which still represents a challenge in crucial provinces in the South, focusing on Tier III reform for colonels, lieutenant colonels and majors (see paragraph 13), as well as the civilian administration of the Ministry.

11. The civil administration side of the Ministry of the Interior also requires substantial additional support and institutional development. It must be equipped to provide guidance and support to provincial governors and district administrators to allow them to deliver to the government's agenda. It also has a central role to play in building a nation-wide civil and voter registry, in conducting a national consensus and in completing the work currently underway within the Afghanistan Stabilization Programme. The Ministry's organizational reforms takes a systemic approach comprising (i) the development of a systems model, (ii) the promulgation of policies, procedures and regulations, and (iii) training of staff at all levels through standard programs as well as direct mentoring for senior civilian and command personnel. Training covers fifteen distinct administrative, financial and logistic subjects, although the major focus is afforded to the development of a Finance Department capable of implementing the fiscal policies of the Ministry of Finance. A strategy and mechanism to counter corruption, including the instituting of disciplinary procedures, has been given top priority and needs to be implemented without further delay. However, the Ministry's low capacity both at the centre and in the provinces will impact the pace of the reform process.

12. Afghan National Police (ANP). The foundations for the creation of a new Afghan National Police (ANP) were laid out by the presidential decree of April 2003. The Afghanistan Compact, of January 2006, set a target for the police of 62,000 (50,000 police and 12,000 border police (ABP)). Under the pressure of an intensified insurgency throughout the year 2006, the President has temporarily increased the maximum authorized strength of the Afghan National Police to 75,371 by adding 2,100 ANP in April/May 2006 and 11,271 Afghan National Auxiliary Police (ANAP) in September 2006. These decisions were taken in full agreement with the key international stakeholders represented in Kabul and are planned to last until the end of 2008. The *Compact* benchmark set for the ANP should be revisited as recommended by the Security Consultative Group on 15 January 2007.

13. In December 2005, the *Tashkeel* covering the entire structure, configuration and organization of the police force was signed into effect. In order to adapt the pre-2006 police force to the *Tashkeel*, a Pay and Rank Reform process was initiated in August 2005 in five tiers. This approach allows for the establishment of a standard pyramid hierarchical rank structure.

- Tiers I and II have now been completed with the recruitment of 31 Generals and a further 86 Generals respectively. All senior positions in the ANP have now been filled.
- Tier III will culminate in the recruitment of 235 Colonel, 301 Lieutenant Colonel and 474 Majors. Testing is complete; selection and placement is on-going.
- Tier IV which will begin in February 2007 will recruit company grade officers with the ranks of captain, first and second lieutenants.

- Tier V is for recruitment of all enlisted sergeant and patrolmen positions, and will begin in May 2007.

14. Linked to the Pay and Rank reform process is the establishment of a centralized payroll and verification system. Currently there are 61,879 personnel assigned to the ANP *Tashkeel*, including non-uniformed civilian employees, but these numbers have not been verified. Pay reforms are currently underway to improve the management of the payroll and is a significant milestone that has been reached by the Ministry that ensures policemen receive their entire salary on time.

- The Individual Salary Payment (ISP) system is currently being implemented in 29 of the 34 provinces. Roll-out of the system to 32 provinces is expected to be completed by February 2007.
- Electronic Fund Transfer (EFT) is currently only available in Kabul and is expected to be rolled-out into three additional provinces where commercial banking is available by March 2008.

15. Verification and validation of actual numbers of ANP in the provinces is urgently needed to develop a reliable deployment plan, for which additional funding will be required. The issue of actual number of ANP deployed in the provinces is exacerbated by the fact that the retention rate of recruited police is low. The better pay scales offered in the army is causing police to move to the army and therefore parity in pay for similar ranks in the police and army is called for. Pay parity will have massive fiscal implications but it may be unrealistic to contemplate any expansion or further development of the ANP without this.

16. Afghan National Auxiliary Police (ANAP) – Deployment Plan and Exit Strategy. The ANAP was created in response to the growing insecurity in the south and south-east provinces; it is designed to be a stationary, community-based police force. A force of 11,271 has been approved to cover the policing requirements in 124 insecure districts across 21 provinces. Of the total of 5,481 positions authorized for the six southern provinces, 2,163 have been trained, equipped and deployed. It is anticipated that the remaining positions will be filled, trained and deployed by the end of 1385. Depending on changes in the security situation, the ANAP will be absorbed into the ANP in the coming years through transparent process. The standards and regulations to govern this transition will be guided by a specially created Administrative Review Board. The full ANAP exit strategy will be finalized by June 2007. Several actions need to be taken immediately to operationalise the ANAP exit strategy as proposed in Annex I.

Disbandment of Illegally Armed Groups (DIAG)

17. The DIAG review that began in October 2006 is nearing completion through a process of consultation with national and international stakeholders. Five working groups met regularly and thoroughly reviewed program details and made recommendations. The review process will be completed in early February 2007. The Joint Secretariat of the DIAG, led by the Second Vice President, has prepared an action plan defining the responsibilities of the different ministries, it is still awaiting feedback, after which the action plan is expected to be endorsed by the President. The Ministry of Defense's DIAG operations' group will now serve under the authority of the Ministry of Interior.

Afghan National Army (ANA)

18. The ANA has shown improved capabilities, especially in joint operations, however, there is growing concern that meeting force levels set in the *Afghanistan Compact* (70,000 troops) may prove problematic. The ANA urgently needs to increase recruitment and decrease attrition rates to meet the benchmark and more importantly to sustain the actual deployable combat strength that is required to maintain strong national security forces.

19. To increase recruitment and retention rates a variety of initiatives are currently being undertaken. These include: improving conditions of service, strengthening administration and leadership, lower the tempo of operations and increase training and leave cycles. In addition to issues related to recruitment and reduced attrition rates, the army is developing new capabilities using improved weapons systems and supplies. Recent combat operations have shown an increased level of ANA effectiveness. However, sustained commitments to improved combat capabilities and logistic support will be vital to ensure the continuing success of this institution.

20. Consideration should be given to a new division of labor between international security forces and the ANA, a reassessment of the design, composition and size of the ANA, accelerating the training for our officers, a national recruitment drive, and a commitment from the international community to support (1) tactical training, (2) upgrading of equipment to include mobility, (3) medical evacuation, and (4) other capacities for which we now rely on the international forces.

GOVERNANCE

Legislative Capacity Needs of Ministry of Justice (*Taqnin*) and National Assembly:

21. The review of capacity needs by the Ministry of Justice reveals a stark reality. A majority of new legislation and accompanying regulations are written in English through international technical assistance which is often a direct adoption of legislation from elsewhere without adequate consideration being given to the Afghan context. This major disconnect is exacerbated by the lack of access to good legal reference materials, technical books, journals and published laws, and limited access to the Internet. Furthermore, a lack of access to translated laws and international treaties and, a shortage of skilled and professional translators to review translated laws, causes major delays. The short-term training provided to its staff members has fallen far short of requirements. It is therefore no surprise that the *Taqnin* is overwhelmed by the number and complexity of the legislative documents it needs to draft, review and amend. To add to the heavy burden on their time, members of the *Taqnin* are often asked to present the views of government to plenary meetings, commissions and the leadership of both the Upper and Lower Houses of the National Assembly.

22. The ability of the National Assembly to deal expeditiously and thoroughly with legislation depends on a number of factors. The key to providing good advice to parliamentarians in a timely fashion on the implications of pieces of legislation, assistance with drafting amendments and explanation of policy considerations is a strong Legislative Department at the National Assembly. In addition, technical assistance in providing proper comparative legal resources from international best practice when formulating Afghan legislation is important.

COUNTER NARCOTICS

23. The Counter Narcotics Implementation Plan, that supports the National Drugs Control Strategy (NDCS), was presented and endorsed by JCMB III and has been operationalized. Progress, however, is extremely slow and the International Community is yet to prove it is engaged in the counter narcotics agenda endorsed on 12 November, 2006. Working Groups, set up around the 8 pillars of the NDCS comprising line ministries, donors and implementing partners, have met and developed a reporting template to monitor progress. The next steps for the Working Groups are to cost the plan, develop measurable indicators and translate the implementation plan into operational plans at the sub-national level. Eradication has commenced in some provinces but weather conditions and insecurity are hampering progress in some locations. Insufficient effort has been directed at counter-narcotics by the government particularly in the area of law enforcement. The small but

effective CN Police of Afghanistan and the Afghan Special Narcotics Force needs to be strengthened in numbers. Since endorsement of the Implementation Plan by JCMB III there has been insufficient time to gauge whether there are any constraints to progress or resistance to the process.

AID EFFECTIVENESS

24. Twenty-one indicators have been developed as part of the Aid Effectiveness Monitoring Matrix. The indicators developed measure ownership, alignment of aid flows on national priorities and strengthening of government capacity by coordinated support through technical co-operation programs. The aim is two-fold (i) to ensure aid is more predictable and aligned with the *Afghanistan Compact* and ANDS objectives and (ii) to provide timely, transparent and comprehensive information on foreign aid flows, aid harmonization, results-oriented frameworks and mutual accountability.

25. JCMB III requested that international donors and agencies report all external budget expenditures and results achieved through the Ministry of Finance and respective line ministries. The response received from donors and agencies has been mixed and very few donors responded with information to the Ministry of Finance. A number of bottlenecks have been identified by the Ministry of Finance for this poor response including lack of a harmonized reporting format, lack of human resources at donor missions, lack of donor representation in Afghanistan and focal points to communicate with the Ministry and, lack of data on disbursements at the project level as donor channel funds directly to implementing partners. The Ministry of Finance has recorded that in 2005 a total of \$2,439 million was disbursed to the development budget in Afghanistan of which \$1,261 million was channeled through government. A new Harmonized Reporting Format was presented by the Ministry of Finance to the donor community on 21 January 2007. Although a number of concerns were raised by the donors, nevertheless, this move was viewed as an important step towards harmonizing the reporting and recording of external assistance.

ANTI-CORRUPTION

26. JCMB III required that the Government and the international community jointly develop a comprehensive strategy to substantially reduce corruption in the public sector for presentation at JCMB V. The Government has taken steps to prepare this strategy in close cooperation with the international stakeholders currently engaged in anti-corruption efforts (World Bank, Asian Development Bank and UNDP)¹. Work has begun on conducting "vulnerability to corruption assessments" (VCA) in several line ministries and in the provinces. However, given the extensive preparation that is needed to develop a comprehensive strategy, it will not be ready for presentation by the time stipulated in JCMB III. Institutional framework, policies and responsibilities, baseline data collection, stakeholder consultations, identification and recruitment of suitable technical assistance, are some of the key activities that need to take place to develop the strategy. A roadmap and a progress report will be prepared in time for JCMB V.

¹ ADB, UNODC, UNDP and the World Bank are coordinating their efforts in supporting the GoA in the fight against corruption as well as the development of an Anti-Corruption Strategy.

IV Action Points and Decisions

SECURITY

- The on-going Ministry of Interior reform process is commended and the renewed momentum must be maintained and accelerated. An independent verification process for numbers of ANP must be designed and implemented in the provinces and, a deployment plan must be delivered by July 2007. Responsibility: Ministry of Interior and Donors (Germany, USA, UNAMA, EUSR).
- Given the current strength of the ANP comprising permanent and temporary forces among the police, border police and auxiliary police, the *Afghanistan Compact* benchmark that set the target at 62,000 for the ANP needs to be revisited and a new number agreed between the Government and the International Community. A taskforce should be set up immediately to determine the target for the ANP and report the outcomes at JCMB V. Responsibility: Ministry of Interior and Donors (Germany, USA UNAMA, EUSR, Norway).
- To accelerate the reform process and make the Ministry of Interior a more efficient institution, a unified, coordinated approach must be adopted by members of the international community including capacity development through civilian mentorship for senior positions and pay parity between equivalent ranks in the army and police. A plan of action including funding needs and commitments must be presented to JCMB V. Responsibility: Ministry of Interior, and Donors (Germany, USA, UNAMA, EUSR).
- A concerted effort by all stakeholders is needed to review current and projected progress in regular and frequent working group meetings so that clear, agreed numbers, projections and policy proposals related to training, equipment and personnel can be considered. ANA strength data, including only those present-for-duty, should be reported to JCMB V. An action plan for improved consultations, including an agreed schedule for working group meetings and expected outcomes, should be presented to JCMB V. Responsibility: Ministry of Defence, ANDS and UNAMA.

GOVERNANCE

Actions from JCMB III to be completed by JCMB V:

- A review of the implementation and effectiveness of the programs of the Civil Service Commission should be completed. Responsibility: ANDS and World Bank, UNDP, UNAMA.

ECONOMIC AND SOCIAL DEVELOPMENT

- Benchmark 3.4: Mining and Natural Resources. A time extension by 9 months (December 2007) is approved to enable the Ministry of Mines and Industries to complete the drafting and endorsement of the Minerals Regulations.
- Benchmark 4.3: Skills Development. A time extension by 4 months (July 2007) is approved to enable the Ministry of Labor, Social Affairs, Martyrs and Disabled to complete the Labor Market Study.
- Benchmark 8.4: Financial Services & Markets. A time extension by 6 months (August 2008) is approved to complete the liquidation process of State-owned banks that are not re-licensed.

Actions from JCMB III to be completed by JCMB V:

- In collaboration with the World Bank, the Ministry of Finance should design a framework to assess the impact of expenditures and development outcomes. Responsibility: Ministry of Finance and World Bank.
- The Ministry of Finance and donors should complete the establishment of a more effective reporting system on assistance and support provided by the international community. Responsibility: Ministry of Finance and External Advisory Group Chair.

ANTI-CORRUPTION

- Development of a comprehensive strategy on anti-corruption cannot be completed by JCMB V. Action should be taken to have technical assistance in place by 1 March 2007 and a road map for the completion of the Anti-Corruption Strategy should be presented at JCMB V. Responsibility: GIAAC and Donors (UNDP, ADB and World Bank).

CAPACITY DEVELOPMENT

Actions from JCMB III to be completed by the ADF:

- Options for increasing the effectiveness of capacity building, including the appropriate balance between buying and building capacity, and the efforts to improve line ministry capacity (policy/program development; finance; procurement). Responsibility: Ministry of Finance and UNAMA.
- Report progress on immediate actions taken to shift resources and build capacity in line ministries to implement required procurement processes in a more timely and efficient manner. Responsibility Ministry of Finance and UNAMA.

COUNTER NARCOTICS

- Greater efforts need to be made to coordinate activities and ensure alignment behind the National Drugs Control Strategy implementation plans by the international community. It must provide strong and consistent support to the Government of Afghanistan including commitment to multi-year funding to support governance and rule of law, development of the legal economy and improved security. Sufficient funding needs to be made available to support the activities listed in the implementation plans. An action plan for better coordination must be developed for JCMB V. Responsibility: Ministry of Counter Narcotics and British Embassy Drugs Team (UK Embassy).

TABLE 1: PROGRESS ON SHORT-LIFE BENCHMARKS AS AT 25 JANUARY 2007

Benchmarks	Progress
<p><u>2.1.2: Senior Appointments Mechanism</u></p> <p>A clear and transparent national appointments mechanism will be established within 6 months, applied within 12 months and fully implemented within 24 months for all senior level appointments to the central government and the judiciary, as well as for provincial governors, chiefs of police, district administrators and provincial heads of security.</p>	<p>The first target in the benchmark was attained within the stipulated timeframe through a Presidential Decree issued on 17th September 2006. A five-member Special Consultative Board for senior-level appointments has been established and met for the first time on 27th September 2006.</p> <p>The Presidential Decree for “Establishment of a Consultative Mechanism for Appointments of Senior-Level Government Posts” was formulated through a consultative process that involved both the government and international community. It applies to the appointment of provincial governors, deputy ministers, provincial police chiefs, provincial heads of security and members of the Independent Administrative Reform and Civil Service Commission (IARCSC).</p> <p>The Board comprises five members appointed for a period of five years. The decree also stipulates the creation of an ad hoc sub-committee for judicial appointments.</p> <p>Application of the appointments mechanism is beginning to take shape.</p> <ul style="list-style-type: none"> • Funding has been pledged to run the secretariat of the Board for one year • Terms of Reference for the Board have been drafted and are awaiting approval of the President. • Procedures, rules and regulations for appointments through a clear, independent and transparent mechanism have also be drafted and are currently under discussion and is expected to be adopted by mid-February 2007. • Election of the Chairperson of the Board is expected to take place on approval of the Terms of Reference. <p>Provincial deputy governors and district administrators will be appointed by the Board of Appointment of the Civil Service Commission in accordance with Article 14 of the Civil Service Law.</p> <ul style="list-style-type: none"> • 10 short term commissioners will be appointed to share the work load of the Board. • Support in terms of human resources is in the final stages of procurement, including technical assistance for a 12-month period that will assist with implementing the mechanism for monitoring the appointments process as well as developing a strategic plan for the next three-year cycle (2006-2008).

TABLE 1: PROGRESS ON SHORT-LIFE BENCHMARKS AS AT 25 JANUARY 2007

Benchmarks	Progress
<p>2.1.3: <u>Administrative Unit and Boundaries</u></p> <p>By end 1385 (20 March 2007) a review of the number of administrative units and their boundaries will be undertaken with the aim of contributing to fiscal sustainability.</p>	<p><u>This benchmark will only be achieved within the stipulated timeframe if a concerted effort is made by the Ministry of Interior, the Cartography Department and other relevant Afghan Government agencies to speed up the process of clarification.</u></p> <p>Progress to date in achieving the targets are:</p> <ul style="list-style-type: none"> • The delineation of province and district boundaries, including the disputed borders in 3-4 provinces in the southern and western part of the country, was finalized in late September 2006. • Province, district, and village codes have been assigned by the Central Statistics Office (CSO), including the long disputed 13 villages (located mainly in Paktia and Paktika provinces) and their boundaries. • The Geodesy and Cartography Department (AGCHO) has completed the delineation of province and district and assignation of village, district and province codes. The new administrative map along with the administrative units list has been submitted to the Ministry of Interior on 21 December 2006 for endorsement. • The Mol has commented on the new proposals through a letter sent to the AGCHO on 15 January 2007 which are being addressed jointly by the two agencies. • The map and revised administrative units will be first submitted to the Economic cabinet sub-committee, thereafter to the Cabinet and finally to the National Assembly. • On receipt of Cabinet approval, the new administrative map and units list will be submitted to the National Assembly for ratification, when the houses of parliament re-convene after the winter recess on 21 January 2007. • Simultaneously, the new map and list of administrative units has also been sent to the Ministry of Finance for their review of fiscal sustainability of the new units and budget projections.

TABLE 1: PROGRESS ON SHORT-LIFE BENCHMARKS AS AT 25 JANUARY 2007

Benchmarks	Progress
<p><u>2.2: Anti-Corruption:</u></p> <p>The UN Convention against Corruption will be ratified by end 1385 (20 March 2007).</p> <p>National legislation adapted (according to UN Convention against Corruption) by end-1386 (20 March 2008).</p> <p>A monitoring mechanism to oversee implementation (of the national legislation against corruption) will be in place by end-1387 (20 March 2008).</p>	<p><u>Part one of this benchmark is set to be achieved by end-1385 (20 March 2007).</u></p> <p>Progress towards achieving the target is as follows:</p> <ul style="list-style-type: none"> • The Convention has been translated into Dari and was submitted to Cabinet for approval in October 2007. Cabinet approval was received on 13 December 2006. • Review of the UNCAC by the Ministry of Justice has been completed to ensure that there are no major incompatibilities with national legislation. • The Convention will be submitted to the National Assembly on its return from winter recess on 21 January 2007 and the UNCAC is expected to be on top of the agenda for discussions. Awareness raising among parliamentarians on the Convention is taking place through UNDP and UNODC. • Formal ratification of the Convention will be overseen and undertaken by the Ministry of Foreign Affairs once the National Assembly returns its decision.

TABLE 1: PROGRESS ON SHORT-LIFE BENCHMARKS AS AT 25 JANUARY 2007

Benchmarks	Progress
<p>2.4: National Assembly:</p> <p>The National Assembly will be provided with technical and administrative support by mid-1385 (Sep/Oct 2006) to fulfill effectively its constitutionally mandated roles.</p>	<p>This benchmark has been achieved within its stipulated timeline of mid-1385 (September/October 2006). However, technical assistance to develop capacities of parliamentarians and staffers continues under two projects: UNDP's SEAL project and USAID's SUNY project.</p> <ul style="list-style-type: none"> ➤ The following training and capacity building activities have either been completed or continue to date: <ul style="list-style-type: none"> • Establishment of the Parliament Support Taskforce and Technical Working Group to coordinate all technical support to the National Assembly. • Intensive one month training for all 123 newly recruited staff conducted in June 2005 • General Study tours for 152 staffers to 10 parliaments (India, Sri Lanka, Indonesia, Turkey, Morocco, Germany, France, Italy, Netherlands, Australia) • Specialized and comprehensive training for the staff of the Legislative Affairs Department on: legislative process, analysis, research and drafting. • Specialized training for the staff of International Relations, Official Reports, Finance and ICT Departments • Ongoing computer courses and English Language Training for both parliamentarians and staffers through British Council. • Orientation Program as well as training on the parliamentary system for all parliamentarians and training on budget process for staffers. • Development of Handbook for Afghan Parliamentarians and Glossary of Afghan specific parliamentary terms • In-house training for committee members on parliamentary oversight, by being given detail grounding on the subject of ministry portfolios and on procedural modalities. • Study tours for both parliamentarians and staffers to study E-Governance, Rule of Law in Estonia, Japan, Lithuania, Dubai, and Tanzania. • Installation of state of the art audio-video system for both plenary halls and ICT equipment. • Several leadership sessions (April/May 2006) • Budget training to committee and leadership (April/May 2006) • Database training for ICT department (October 2006) • Workshop on the constitution for the <i>Meshrano Jirga</i> (February 2005) • Library database training (April 2006) • Shorthand/note taking training (January 2006) ➤ Administrative support has been provided by USAID which built the library/training center, the legislative research office in the <i>Wolesi Jirga</i>, as well as the provision of computers and other equipment. ➤ Various construction projects are completed or underway including: <ul style="list-style-type: none"> • Library/training centre, Legislative research office in the <i>Wolesi Jirga</i>. • Rehabilitation of the Administrative Affairs building and construction of the new parliament house through the support of India.

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Benchmarks	Progress
<p><u>2.7.3: Rule of Law:</u></p> <p>A review and reform of oversight procedures relating to corruption, lack of due process and miscarriage of justice will be initiated by end 1385 (20 March 2007) and will be fully implemented.</p> <p>By end 1389 (20 March 2011), reforms will strengthen the professionalism, credibility and integrity of key institutions of the justice system (the Ministry of Justice, the judiciary, the Attorney General's office, the Ministry of Interior and the National Directorate of Security).</p>	<p>Progress towards achieving the first target by end-1385 is as follows:</p> <ul style="list-style-type: none"> • The Attorney General's Office (AGO) has drafted a code of ethics, which contains Disciplinary Procedures for Prosecutors. • AGO will strengthen its capacity to investigate and take action on cases brought through internal oversight mechanisms as well as external agencies such as the Afghanistan Independent Human Rights Commission (AIHRC). • The Supreme Court has established a Judicial Service Advisory Board to comprehensively evaluate all aspects of judicial service, including recommendations on judicial conduct and ethics, and enforcement procedures. • The Law Reform Working Group led by the Ministry of Justice (MoJ) will review all laws and regulations and identify areas of improvement, including a code of ethics and professional standards. To combat corruption, the MoJ is planning to formulate strategies and action plans. • MoJ has also established an Inspections Department to fight against corruption and is working to bring it in line with international standards. • A High Commission on Anti-corruption led by the Chief Justice has been formed by the President on 30 August 2006 with responsibility to (1) assess the causes of corruption in the public sector and recommend solution, (2) formulate strategies and procedures to fight corruption and (3) to formulate anti corruption policies and ensure their implementation. • The High Commission has commenced the assessment of corruption across the country and is expected to submit its report to the President in a month's time by mid February 2007. <p>This target is on track to be achieved by the end of 1385.</p>

TABLE 1: PROGRESS ON SHORT-LIFE BENCHMARKS AS AT 25 JANUARY 2007

Benchmarks	Progress
<p><u>2.8: Land Registration:</u></p> <p>A process for registration of land in all administrative units and the registration of land titles will be started for all major urban areas by end 1385 (20 March 2007) and all other areas by end 1387 (20 March 2009).</p> <p>A fair system for settlement of land disputes will be in place by end 1386 (20 March 2008). Registration for rural land will be underway by end 1386 (20 March 2008).</p>	<p>The first target for this benchmark – starting the process of registration of land and titles in urban areas by end of 2006 – has been approached from a broader sectoral perspective to focus more on the requisite land policy and legal framework required to support a registration and dispute settlement process. Progress towards this benchmark is as follows:</p> <ul style="list-style-type: none"> • A property rights certification (adjudication) process, which takes place prior to the formalization of tenure, has now been completed as a pilot project in two districts of Kabul (7 and 13). • The creation of a Land Information System (LIS) database with key stakeholders (the Municipality, Court, Cadastre), has been initiated in Kabul. • Simplification of the registration process with the Supreme Court is in progress. The Court has agreed to cut unnecessary steps in the mechanism currently in place for property transfer. • In 15 out of 34 provinces, <i>Makhzans</i> (property archives) have been reorganized and staff retrained in document management and security. • Modernization of cadastral activity to define property boundaries. • A draft Land Policy has been drawn up by the Land Working Group which is expected to be finalized by end January 2007. • Comparative analysis of land laws is being prepared by the members of the ANDS Technical Working Group. • A white paper on formalization of informal property rights was prepared and approved by the Ministry of Urban Development (MoUD). The recommendations made by the White Paper have been updated and incorporated in the draft land policy.

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Benchmarks	Progress
<p>3.4. Mining and Natural Resources:</p> <p>An enabling regulatory environment for profitable extraction of Afghanistan's mineral and natural resources will be created by end 1385 (20 March 2007)</p> <p>By end 1389 (20 March 2011) the investment environment and infrastructure will be enhanced in order to attract domestic and foreign direct investment in this area.</p>	<p>The first of the two targets set in this benchmark is scheduled to be completed by end-1385 (20 March 2007). Progress to date has been:</p> <ul style="list-style-type: none"> • The “Minerals Law” was approved in July 2005. • The “Hydrocarbons Law” was approved in December 2005. • The “Hydrocarbons Regulations” have been drafted and sent to MoJ for their review. MoJ has included this in their “priority list” of regulations for review and it is expected that it will be completed before the end of 1385. • As per President Decree the Inter-ministerial Commission for Energy (ICE) was established in October 2006 comprising Ministry of Mines, Ministry of Energy and Water, Ministry of Economy and Ministry of Finance. • Program Management Unit (PMU) was established in the Ministry of Mines in August 2006. The PMU is supported by the World Bank with an allocation of US\$30 million to improve the capacity of the ministry to effectively manage hydrocarbons and mineral resources and encourage investments by the private sector in an enabling environment. • Through the PMU the Ministry has commenced the second phase of PRR of its employees, geological surveys and procurement of goods and services required to create an enabling environment for extraction of minerals and other natural resources by the private sector. <p>The primary elements of first target in this benchmark will be achieved by end of 1385 (20 March 2007) but it will not be completed in its entirety within the stipulated timeframe. The following activities remain:</p> <ul style="list-style-type: none"> • Insufficient bids for services to draft the “Minerals Regulations” have meant that re-tendering has become necessary. The minimum time for this process to be repeated would be two months. • Drafting of the regulations is expected to take 3 months. • The subsequent review and approval of these regulations, even by giving it top priority, is estimated to take 6 months. <p>Therefore, it is estimated that there will be a 9 month delay in completing this target of the benchmark. Consequently, a request is made to the JCMB to extend the timeline for completion of this target to December 2007.</p>

TABLE 1: PROGRESS ON SHORT-LIFE BENCHMARKS AS AT 25 JANUARY 2007

Benchmarks	Progress
<p><u>3.5. Water Resource Management:</u></p> <p>Sustainable water resource management strategies and plans covering irrigation and drinking water supply will be developed by end 1385 (20 March 2007)</p> <p>Irrigation investments will result in at least 30% of water coming from large waterworks by end 1389 (20 March 2011).</p>	<p>The development of water resource management strategies and plans covering irrigation and the drinking water supply <u>remains on target to meet the deadline of end-1385 (20 March 2007)</u>.</p> <p>Achievements against this aspect of the benchmark are as follows:</p> <ul style="list-style-type: none"> • The Cabinet formally authorized the Supreme Council for Water Affairs Management (SCWAM) to officially approve all policies in August 2006. • The Strategic Policy framework for the Water Sector has been approved by SCWAM. • The amendment of the water law is in an advanced stage in the Ministry of Justice. Approval of the law by parliament will legitimize reform plans. • Draft policies have been developed by Ministry of Energy and Water on water resource management, irrigation, urban and rural water supply and sanitation and submitted to the SCWAM for approval. • Approval from SCWAM has been received for the water resource management and urban and rural water supply & sanitation policies. The policy on irrigation is currently under scrutiny by the SCWAM for which approval is expected before end-1385. • Drafting of the Ground Water Policy has been completed; finalization and submission of the draft to the SCWAM is expected to take place shortly to ensure approval by end-1385. • A strategy for the water sector has been drafted and is in the final stage of approval. • Awareness raising of the new water resource policy and water law has started.

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Benchmarks	Progress
<p><u>4.3. Skills Development:</u></p> <p>A human resource study will be completed by end 1385 (20 March 2007).</p> <p>150 000 men and women will be trained in marketable skills through public and private means by end 1389 (20 March 2011).</p>	<p>The Human Resource Study needs to be carried out in two phases due to the complexity of the subject. Phase One will comprise an initial Labor Market Study and Phase Two will be a comprehensive follow-up study involving extensive field studies across the country.</p> <ul style="list-style-type: none"> • Phase One comprising the Labor Market study will provide the requisite information sought in this benchmark. • Procurement procedures will be completed and an appropriate technical agency will be contracted to complete the initial study by July 2007. <p>An extension by four months is requested to complete the first target of this benchmark.</p>

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Benchmarks	Progress
<p><u>8.3. Private Sector Development:</u></p> <p>All legislation, regulations and procedures related to investment will be simplified and harmonized by end 1385 (20 March 2007).</p> <p>All legislation, regulations and procedures related to investment will be implemented by end 1386 (20 March 2008).</p> <p>New business organization laws will be tabled in the National Assembly by end 1385 (20 March 2007).</p> <p>The government strategy for divestment of state-owned enterprises will be implemented by end 1388 (20 March 2010).</p>	<p>Further progress has been made to simplify and harmonize all legislation, regulations and procedures related to investments in this quarter:</p> <p>The Ministry of Commerce and Industries (MoCI) has drafted legislation focusing on 10 key commercial laws (including two business organization laws) that would simplify and harmonize legislation related to private sector investment.</p> <ul style="list-style-type: none"> • So far five of the 10 laws – Arbitration, Partnership, Corporation, Mediation and Contracts – have been reviewed in detail by the MoCI and submitted to the Ministry of Justice (MoJ) for legal scrutiny. This process has been completed by the <i>Taqnin</i> jointly with MoCI for four of the five laws submitted – Arbitration, Partnership, Corporation and Mediation. • These four laws were submitted and reviewed by the Legal Committee of the Council of Ministers (chaired by the second Vice-President) and passed successfully in January 2007. Thereafter they were submitted and approved by Cabinet on 15 January 2007. A Presidential Decree issued on 18 January 2007 has passed these laws as the National Assembly was not in session when cabinet approval was obtained. • The business organization laws – Partnership and Corporation – have been passed by Presidential Decree on 18 January 2007 (see above). • Currently, the Standards Law is being reviewed and re-drafted by MoCI and is expected to be ready for submission to MoJ by February 2007. • The review of the remaining four laws – Copyrights, Patents, Trademarks and Agency Laws (originally listed as the Foreign Trade Entity law) – is on track and will be submitted to MoJ by the end of 1385. <p>As such the harmonization and simplification of legislation related to investment will be completed by the end of 1385, and the new business laws have been passed through Presidential Decree, hence the targets in this benchmark will be accomplished in the stipulated timeframe.</p>

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Benchmarks	Progress
<p><u>8.4. Financial Services and Markets:</u></p> <p>Internationally accepted prudential regulations will be developed for all core sectors of banking and non-bank financial institutions by end 1386 (20 March 2008).</p> <p>The banking supervision function of Da Afghanistan Bank will be further strengthened by end 1386 (20 March 2008).</p> <p>Restructuring of state-owned commercial banks will be complete by end 1386 (20 March 2008).</p> <p>State-owned banks that have not been re-licensed will be liquidated by end 1385 (20 March 2007).</p>	<p>Part four of this benchmark – liquidation of state-owned banks – is expected to be completed by end-1385. However, this is not likely to be accomplished as shown below.</p> <ul style="list-style-type: none"> ➤ Progress towards liquidation of the three unlicensed State-owned banks <ul style="list-style-type: none"> • Severance packages paid to the employees of Industrial Development Bank (IDB), the Mortgage and Construction Bank (MCB) and the Agriculture Development Bank (ADB). • Assets and liabilities of IDB, MCB and ADB have been identified and due diligence work is on-going. Issues potentially affecting the valuation and realization of assets and cancellation of liabilities have also been identified. • IDB: liquidation due diligence completed in December 2006. The liquidation plan will be completed by end January and the tentative auction date for IDB assets is slated for March 2007. • MCB: liquidation due diligence process is on-going and will be completed by early February 2007. The liquidation plan is expected to be completed by mid-February and the tentative auction date has been set for April 2007. • ADB: liquidation due diligence process is on-going will be complete by early February 2007. Its liquidation plan is expected by mid-March and the tentative auction date is slated for May 2007. <p>Based on the above timelines for the liquidation process and auctioning of assets, it is estimated that this target will reach its completion - including payment of severance to employees - in August 2007. Therefore, a request is made to the JCMB to extend the timeline for completion of this target by six months to end-August 2007.</p>