



# Technical Assistance Report

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Project Number: 40580  
November 2006

## Islamic Republic of Afghanistan: Support to the Afghanistan National Development Strategy (Cofinanced by the Governance Cooperation Fund and the Cooperation Fund in Support of Managing for Development Results)

## CURRENCY EQUIVALENTS

(as of November 2006)

Currency Unit	–	afghani/s (AF)
AF1.00	=	\$0.0202
\$1.00	=	AF49.58

## ABBREVIATIONS

ACBAR	–	Agency Coordinating Body for Afghan Relief
ADB	–	Asian Development Bank
ANDS	–	Afghanistan National Development Strategy
CPI	–	consumer price index
CPS	–	country partnership strategy
CSO	–	Central Statistics Office
EC	–	European Community
GAAP	–	Governance and Anti-Corruption Program
I-ANDS	–	Interim Afghanistan National Development Strategy
ICRA	–	Institutional Corruption Risk Assessment
I-PRSP	–	Interim Poverty Reduction Strategy Paper
MDG	–	Millennium Development Goal
NACS	–	National Anticorruption Strategy
NRVA	–	National Risk and Vulnerability Assessments
PPA	–	participatory poverty assessment
PRGF	–	Poverty Reduction Growth Facility
PRSP	–	Poverty Reduction Strategy Paper
SMP	–	statistical master plan
TA	–	technical assistance
TOR	–	terms of reference
UNCAC	–	United Nations Convention Against Corruption
UNDP	–	United Nations Development Programme
UNODC	–	United Nations Office on Drugs and Crime

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Law, economic management, and public policy
<b>Subsector</b>	–	Economic management
<b>Theme</b>	–	Governance, capacity development
<b>Subthemes</b>	–	Anticorruption, institutional development, client relations network, and partnership development

## NOTE

In this report, "\$" refers to US dollars.

<b>Vice President</b>	L. Jin, Operations Group 1
<b>Director General</b>	J. Miranda, Central and West Asia Department (CWRD)
<b>Country Director</b>	B. Fawcett, Afghanistan Resident Mission, CWRD
<b>Team leader</b>	M. Prokop, Economist, Afghanistan Resident Mission, CWRD
<b>Team members</b>	G. Curtis, Senior Country Programs Specialist, CWRD R. Fazil, Economics Officer, CWRD



## I. INTRODUCTION

1. On 22 January 2006 the Government of Afghanistan approved the Interim Afghanistan National Development Strategy (I-ANDS) *A Strategy for Security, Governance, Economic Growth, and Poverty Reduction*.<sup>1</sup> The I-ANDS and the Afghanistan Compact were discussed at an International Donors' Conference on Afghanistan in London on 31 January and 1 February 2006. The Compact, unanimously endorsed by the United Nations Security Council, includes a series of time-bound benchmarks and achievement indicators as well as monitoring and coordination mechanisms. The I-ANDS builds on the National Development Framework of 2002 and the *Securing Afghanistan's Future* prepared in 2004.<sup>2</sup> It meets the criteria of an Interim Poverty Reduction Strategy Paper (I-PRSP).<sup>3</sup> Over the course of the next 2 years, through a process of broad-based consultations, the I-ANDS will be further refined, including full costing of proposed investments and recurrent costs and strategic prioritization in alignment with the annual budget process and the Medium-Term Fiscal Framework. This process is expected to result in an Afghanistan National Development Strategy (ANDS) that fulfills the requirements of a full Poverty Reduction Strategy Paper (PRSP).

2. In support of the ANDS and the Afghanistan Compact, the Government has requested technical assistance (TA) from the Asian Development Bank (ADB) to assist (i) in ANDS/PRSP-related data analysis, collection and management, and capacity building (TA component 1); (ii) in preparing a national transparency and anticorruption strategy (TA component 2); and (iii) in undertaking a pilot participatory poverty assessment to complement quantitative poverty data (TA component 3). Component 1, statistical capacity building for the ANDS, was included in ADB's *Afghanistan Country Strategy and Program Update, 2005–2007*.<sup>4</sup> Funding for component 2, promoting transparency and accountability, was approved from the Governance Cooperation Trust Fund and that for component 3, pilot participatory poverty assessment, from the Management for Development Results Cooperation Trust Fund.<sup>5</sup> The scope, objectives, and activities of the components were widely discussed with Government agencies and development partners during fact-finding in July and August 2006. The TA framework is presented in Appendix 1 and detailed descriptions of the various components are in appendixes 2, 3, and 4.<sup>6</sup>

## II. ISSUES

3. Available statistical data indicate that Afghanistan is among the poorest countries in the world, and likely the poorest country in Asia. However, reliable poverty estimates, a poverty line and many baseline indicators for the Millennium Development Goals (MDGs), other social

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<sup>1</sup> Available from [www.af](http://www.af) or May 2006. International Monetary Fund Country Report No.06/195 *Islamic Republic of Afghanistan: Interim Poverty Reduction Strategy Paper*. Washington DC.

<sup>2</sup> Government of Afghanistan/international agencies. 2004. *Securing Afghanistan's Future: Accomplishments and the Strategic Path Forward*. A Government/international agencies' report prepared for "Afghanistan and the International Community—A Partnership for the Future," an international conference on Afghanistan held in Berlin on 31 March–1 April 2004.

<sup>3</sup> The I-PRSP was approved by the Board of the International Monetary Fund (IMF) and the World Bank.

<sup>4</sup> The concept paper was included as *Poverty Assessment* (\$400,000). Additional TA resources for the component were added from a reprioritization of the Afghanistan 2006 TA pipeline. The concept paper for the proposed cluster TA was approved by Vice President Operations Group 1 on 27 September 2006.

<sup>5</sup> The Governance Cooperation Trust Fund approved funding on 18 August 2005 and the Management for Development Results Cooperation Trust Fund on 16 February 2006.

<sup>6</sup> The TA first appeared in *ADB Business Opportunities* on 2 October 2006.

indicators and key economic data are not available or have not been fully analyzed. There has also been little examination of the specific characteristics of poverty, including issues of wealth distribution and livelihood security of vulnerable populations, no income poverty measures and poverty dynamics over time or in relation to conflict or adverse climatic conditions. The Government and its development partners recognize the need for a comprehensive set of indicators, baseline statistics, and targets for formulating, monitoring, and evaluating the I-ANDS and ANDS, both linked to the Afghanistan Compact and the MDGs. Afghanistan currently lacks an effective and functionally statistical system that can deliver the required statistical data.

4. Substantive civil society involvement is a requirement of the PRSP process. Development of the full ANDS will include a process of extensive consultations involving government, civil society, the private sector, and international development partners. As Afghanistan remains a diverse and somewhat fractured society after years of conflict, such public consultation is considered an essential precondition for broad-based ownership of the ANDS. In support of such consultation, the Government has requested assistance in developing and implementing a pilot participatory poverty assessment (PPA) exercise. The pilot, which will be conducted in a limited number of rural and urban localities in different regions of the country, will provide qualitative information and grassroots perspectives about Afghanistan's reconstruction and development, with focus on the nature and spread of poverty, its characteristics, as well as its impacts. Such information will help in analyzing and interpreting currently available poverty-related statistical data and will inform the ANDS, particularly with respect to poverty targeting and strategic development priorities.

5. Corruption is increasingly recognized as one of the most important challenges facing the country. Afghanistan ranks 117th out of 158 countries on the Transparency International Corruption Perception Index.<sup>7</sup> An investment climate survey conducted by the World Bank identified corruption as one of the main obstacles for doing business in Afghanistan.<sup>8</sup> Growing public frustration with corruption may also be feeding the resurgence of the Taliban. Thus there is an urgent need for the Government to implement more decisive measures to combat systemic and institutionalized corruption. Currently Afghanistan does not have a comprehensive strategy to tackle corruption. The Afghanistan Compact makes reference to the urgent need for "measurable improvements in fighting corruption" and promotes transparency and accountability, particularly in public administration, financial management, the justice sector, and the flow of aid money. The I-ANDS contains a crosscutting chapter on corruption providing the foundation for an accountability and transparency strategy. The momentum resulting from these developments now needs to be turned into concrete action with the development of a National Anticorruption Strategy (NACS), and the Government requested ADB to assist in the process in close coordination with other development partners, in particular the United Nations Development Programme (UNDP) and the World Bank.

6. The ANDS secretariat, a unit in the President's Office under the overall direction of the President's Chief Economic Advisor, has been charged with the preparation of the ANDS that includes (i) a consultation process involving national and subnational government units, the National Assembly, civil society, and the private sector; (ii) monitoring the implementation of the I-ANDS, including quarterly reporting against I-ANDS and Compact benchmarks and indicators, as well as providing support to the Government's ANDS Oversight Committee and the Government-Donor Joint Compact Monitoring Board; (iii) refinement of I-ANDS sectoral strategies, including costing of key national development programs and activities; (iv) development of a national anti-

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<sup>7</sup> The Corruption Perceptions Index, published by Transparency International, is a composite index, making use of surveys of business people and assessments by country analysts. ([www.transparency.org](http://www.transparency.org)).

<sup>8</sup> World Bank. 2005. *The Investment Climate in Afghanistan*. Washington, DC (December).

corruption strategy to be mainstreamed across the I-ANDS/ANDS; and (v) final preparation and approval of a full, PRSP-compliant ANDS. In support of the ANDS secretariat, UNDP has developed a project to channel and coordinate technical assistance to the process.<sup>9</sup> Other aid partners such as the United States will provide additional technical assistance on a parallel basis. The proposed TA will directly complement this support, focusing on improved statistical capacity and effective data management, poverty analysis, and transparency issues, and will closely coordinate with other development partners throughout TA implementation.

### III. THE PROPOSED TECHNICAL ASSISTANCE

#### A. Impact and Outcome

7. Component 1, statistical capacity building for the ANDS, will strengthen the capacity of the Central Statistics Office (CSO) to collect, analyze, and manage statistical and other data required to monitor the implementation of the I-ANDS, ANDS, and the Afghanistan Compact. Component 2, promoting transparency and accountability, will build the Government's capacity to identify and design measures that mitigate opportunities for corruption. It will assist in developing a NACS. Component 3, a pilot participatory poverty assessment, will support a pilot PPA exercise that will complement quantitative data about poverty generated through sample surveys and administrative data (as per component 1). In addition to providing important information about the nature, characteristics, and impact of poverty in Afghanistan, the pilot exercise will enhance the capacity of Afghan civil society organizations to plan and conduct pilot PPAs.

#### B. Methodology and Key Activities

8. All TA activities will complement assistance to the ANDS provided by other development partners, particularly UNDP and the United States. Component 1 builds on TA 4313 Poverty Assessment and Socioeconomic and Macroeconomic Statistical Capacity Building, and the Statistical Master Plan (SMP), which establishes a framework for a coordinated and integrated statistical system.<sup>10</sup> It complements technical support provided by the World Bank and the European Commission (EC). The component will focus on the following: (i) capacity building for poverty analysis, the development of poverty measures, and diagnostics using the National Risk and Vulnerability Assessments (NRVA); (ii) support for the NRVA 2007 expansion (development of a questionnaire, sampling frame, conduct of survey, data entry and analysis) to gain additional consumption data required for refining poverty data and other important indicators; (iii) training and skills development in other ANDS/PRSP-related data analysis, management, and monitoring issues; and (iv) dissemination of poverty analysis. A detailed description of the issues, methodology, and key activities is in Appendix 2.

9. Component 2, promoting transparency and accountability, complements technical assistance provided by UNDP, United Nations Office on Drugs and Crime (UNODC), and the World Bank. It is linked directly to ADB's Governance and Anticorruption Program II (GACAPII) and will support its implementation in Afghanistan and inform the Country Partnership Strategy (CPS) currently under development. It will focus on the following: (i) a sector Institutional Corruption Risk Assessment (ICRA) for the transport and energy sectors and customs; (ii) the compilation of good practices and lessons learned; (iii) the development of risk management plans for mitigating

<sup>9</sup> UNDP. 2003. *Developing the Afghanistan National Development Strategy and Monitoring the Implementation of the ANDS and the Afghanistan Compact September 2006–2008*. (September).

<sup>10</sup> ADB. 2003. *Technical Assistance to the Islamic Republic of Afghanistan for Poverty Assessment and Socioeconomic and Macroeconomic Statistical Capacity Building*. Manila (TA 4313-AFG, for \$1,750,000, approved in December).

opportunities for corruption in the selected sectors; (iv) support to the development of a NACS; and (v) improving the knowledge base. Appendix 3 outlines the issues, methodology, and key activities in greater detail.

10. Component 3, pilot participatory poverty assessment, will complement work under way to develop the capacity of Afghan civil society organizations to play a greater role in national development activities, including strategy and policy-related discussions pertaining to civil society involvement in monitoring or tracking the implementation of development activities and their impact. The component will directly complement assistance provided in component 1. Key activities for the PPA will include the following: (i) establishment of a technical working group to oversee the implementation of the project, (ii) development of a survey questionnaire and methodology, (iii) training of civil society in participatory survey methodology, (iv) conduct of PPAs in selected rural and urban communities, (v) analysis and preparation of poverty profiles, and (vi) dissemination of results and inclusion in ANDS. Appendix 4 provides further details about the issues, methodology, and key activities.

### **C. Cost and Financing**

11. The total cost of the TA is estimated at \$3,240,000 equivalent. The Government has requested ADB to finance \$2,700,000 equivalent on a grant basis. The total cost of component 1, statistical capacity building for the ANDS, is estimated at \$2.0 million equivalent. The Government has requested ADB to finance \$1,700,000 equivalent on a grant basis. The component will be financed by ADB's TA funding program. The Government will finance the remaining \$300,000 equivalent for counterpart staff salaries and office accommodation. The total cost of component 2, promoting transparency and accountability, is estimated at \$690,000 equivalent. ADB will provide \$600,000 on a grant basis from the Governance Cooperation Fund administered by ADB. The Government will finance the remaining \$90,000 equivalent through in-kind contributions. The total cost of component 3, pilot PPA, is estimated at \$550,000 equivalent. The Management for Development Results Cooperation Fund will finance \$400,000 equivalent on a grant basis to be administered by ADB.<sup>11</sup> The Government will provide \$50,000 equivalent in the form of in-kind support, and \$100,000 equivalent will be contributed by the Agency Coordinating Body for Afghan Relief (ACBAR) and its civil society organization membership on an in-kind basis. Indicative cost estimates and the financing plan are shown in Appendix 5.

### **D. Implementation Arrangements**

12. The Ministry of Finance will be the Executing Agency for the TA. CSO will be the Implementing Agency of component 1 and the ANDS secretariat of component 2. Component 3 will be implemented by ACBAR. The TA will be implemented for a period of 25 months from November 2006 to December 2008. All components will be implemented simultaneously.

13. An estimated 61 person-months of international consulting services (30 for component 1, 16 for component 2, and 15 for component 3) and 155 person-months of national inputs (60 for component 1, 35 for component 2, and 60 for component 3) will be required. For components 1 and 2, the consultants will be selected and engaged on an individual basis. For component 3, ACBAR will be directly selected. The justification for direct selection of ACBAR is in Appendix 4. All consultants will be selected and engaged by ADB in accordance with its *Guidelines on the Use of Consultants*. The terms of reference for the international consultants are in appendixes 4

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<sup>11</sup> The TA component was endorsed by the Review Committee, Management for Development Results Cooperation Fund at its 16 February 2006 meeting in Manila.

(component 1), 6 (component 2), and 8 (component 3). The terms of reference for national consultancy inputs for the various components will be defined by the international consultants after assessing the expertise required and availability of such expertise on the local labor market and in close consultation with development partners, the Government, and the ADB project officer.

#### **IV. THE PRESIDENT'S RECOMMENDATION**

14. The President recommends that the Board approve (i) ADB administering a portion of technical assistance not exceeding the equivalent of \$600,000 to be financed on a grant basis by the Governance Cooperation Fund; (ii) ADB administering a portion of technical assistance not exceeding the equivalent of \$400,000 to be financed on a grant basis by the Cooperation Fund in Support of Managing for Development Results, and (iii) ADB providing the balance not exceeding the equivalent of \$1,700,000 on a grant basis, to the Government of the Islamic Republic of Afghanistan for the Support to the Afghanistan National Development Strategy.

## DESIGN AND MONITORING FRAMEWORK

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>Impact</b> Strengthened capacity for informed policy making and monitoring with a particular focus on poverty, transparency, and accountability</p>	<p>ANDS has a strong poverty reduction focus</p> <p>Anticorruption is mainstreamed into ANDS and a stand-alone anticorruption policy implemented</p>	<p>Annual budget documents</p> <p>ANDS reports and reviews</p>	
<p><b>Outcome Component 1</b> Capacity of Central Statistics Office (CSO) enhanced to collect, analyze, and manage ANDS/PRSP-related data</p> <p><b>Component 2</b> National accountability and transparency strategy/action plan developed through a participatory process</p> <p>GACAP II compliance via risk management in key ADB sectors</p> <p><b>Component 3</b> Improved national capacity to analyze scope and nature of poverty</p>	<p>CSO staff able to collect, analyze, and manage poverty data with minimum technical assistance</p> <p>Poverty assessment completed by early 2007 (preliminary based on NRVA 2005) and by mid-2008 (based on NRVA 2007).</p> <p>Government adopted a multipronged, strategic, and coordinated approach to curbing corruption.</p> <p>New reconstruction and investment funded by ADB explicitly builds in accountability and transparency measures in the project cycle.</p> <p>Civil society organizations, CSO, and ANDS Unit develop and implement a pilot methodology to collect and analyze qualitative data on poverty in selected target areas</p>	<p>Poverty assessment report</p> <p>Review of Statistical Yearbook of CSO, IMF, World Bank, ADB reports</p> <p>Reports by auditor general, Transparency International, World Bank, and other Government agencies and development partners</p> <p>ADB project documents</p> <p>Numbers of civil society organizations and Government staff trained in participatory assessment methodology</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• CSO assigns qualified counterpart staff.</li> <li>• Assistance of development partners is forthcoming and timely.</li> <li>• Security conditions permit field enumeration.</li> </ul> <p><b>Assumption</b></p> <ul style="list-style-type: none"> <li>• Strong political will and leadership to combat corruption</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>• Weak capacity of Government</li> </ul> <p><b>Assumption</b></p> <ul style="list-style-type: none"> <li>• Government commitment to poverty reduction and efforts to better understand the nature of poverty</li> </ul>

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<b>Component 3</b>	Results of analysis are reflected in the ANDS.	Report on pilot participatory poverty assessment exercise published and discussed at national and sub-national levels	<b>Risk</b> <ul style="list-style-type: none"> <li>Ability of civil society organizations to second experienced staff to assist in design and implementation of pilot poverty assessment exercise</li> </ul>
<b>Outputs Component 1</b> <ol style="list-style-type: none"> <li>National poverty line established</li> <li>Poverty assessment completed</li> <li>Availability of new data for key indicators for ANDS</li> </ol> <b>Component 2</b> <ol style="list-style-type: none"> <li>Good practices mainstreamed in the risk management plan for transport and in NACS</li> <li>Risk management plans developed for transport, energy, and customs</li> <li>National anti-corruption strategy as part of ANDS completed</li> </ol>	Preliminary poverty assessment report, including a national poverty line and related social indicators by early 2006 and refined poverty assessment by mid-2008  CPI monthly report published by CSO, based on new consumption basket  Improved GDP statistics  Good practices compiled for transport sector (for 2 to 4 on budget and off budget aid agency-funded projects)  Risk management plans discussed with Government and development partners and disseminated by March 2007  Strategy developed by mid 2008	Poverty assessment report          Feedback from data users such as IMF, World Bank, ADB, and bilateral aid partners          Report of consultant  Feedback from relevant ministries          Feedback from relevant ministries          ANDS document	<b>Assumptions</b> <ul style="list-style-type: none"> <li>Availability of highly qualified consultants</li> <li>Commitment of Government stakeholders to provide counterpart staff and resources</li> </ul> <b>Risk</b> <ul style="list-style-type: none"> <li>Security situation does not permit survey to be conducted in all provinces.</li> </ul>          <ul style="list-style-type: none"> <li>Availability of highly qualified consultants</li> <li>Commitment of Government stakeholders to provide counterpart staff and resources</li> </ul>

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>Component 2</b></p> <p>4. Completed corruption-related diagnostic work (in close coordination with World Bank)</p> <p><b>Component 3</b></p> <p>1. Technical Advisory Group representing key stakeholders established and operational</p> <p>2. Development of assessment methodology to capture key elements of poverty/human deprivation</p> <p>3. Field-level implementation and analysis of assessment data</p> <p>4. Preparation and dissemination of assessment findings</p>	<p>Survey and other diagnostic work completed by end-2007</p> <p>Monthly meetings</p> <p>Meetings involving implementing non-government organization (NGO), civil society organizations, ANDS Unit and other stakeholders</p> <p>Trained survey/assessment teams conduct assessment in selected target areas</p> <p>Consultations and discussion workshops</p>	<p>Survey report</p> <p>Meeting minutes and follow-up action plans</p> <p>Meeting minutes and follow-up action plans</p> <p>Survey data sheets, data input, and analysis</p> <p>Consultation reports and preparation of overall participatory poverty assessment findings</p>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Limited capacity of Government and civil society organizations to fully engage in pilot poverty assessment exercise</li> <li>• Security and/or weather affect timely implementation of the pilot assessment exercise.</li> </ul>
<b>Activities with Milestones</b>			<b>Inputs</b>
<p><b>Component 1</b></p> <p>All milestones described below will include intensive on-the-job training and be accompanied by training sessions to build the capacity of the CSO.</p> <p>1. Analysis of NRVA 2003 and 2005 data and development of poverty profile and baseline.</p> <p>2.1 Preparation of NRVA 2007 questionnaire and sampling frame (for expanded version).</p> <p>2.2 Conduct of NRVA 2007 expanded survey</p> <p>2.3 Data entry and analysis of results and refining of poverty estimates and other social and economic indicators.</p> <p>3.1 Workshops to discuss methodology, results, and policy implications.</p> <p>3.2 Dissemination of poverty data and assessment.</p> <p>3.3 Assistance with data management.</p>			<ul style="list-style-type: none"> <li>• ADB TA contribution \$1,700,000</li> <li>• Government contribution (in kind) \$300,000</li> <li>• European Commission: funding for NRVA 2007 core survey</li> <li>• World Bank: technical support to CSO.</li> </ul>

Activities with Milestones	Inputs
<p><b>Component 2</b></p> <p>Establishment of a project steering committee to provide overall guidance to the implementation of the project (within 1 month of fielding of consultant, with meetings every 3 months).</p> <p>Government (GIAAC, ANDS secretariat, ministries of public works, water and energy, and finance) assigns counterpart staff to NACS and ICRA and Risk Management Plan teams (within 1 month of fielding of consultant).</p> <p>1.1 Training of Government staff in conducting ICRA and preparing Risk Management Plans for ministries of public works, water and energy, and finance (within 2–3 months).</p> <p>1.3 Review of 2–4 on budget and off budget aid agency-funded road projects and compilation of good practices and lessons learned (within 4 months).</p> <p>2. Risk Management Plans based on ICRA and procedural review and good practices (within 6–7 months).</p> <p>3.1 Technical Working Group composed of selected number of funding agencies and Government ministries and agencies for NACS will be established to provide overall guidance to the process (within 1 month of TA start-up, with meetings as required).</p> <p>3.2 Drafting of NACS</p> <p>3.3. Dissemination of draft NACS to Government ministries and agencies both at the center and provinces, funding agencies, NGOs, civil society organization, the private sector, women’s group, youth groups, and as widely as possible (within 8 months).</p> <p>3.3 Development of a monitoring mechanism for the implementation of the NACS. This will include the ANDS unit, civil society, and development partners (within 10 months).</p> <p>4.1 A comprehensive corruption survey (led by the World Bank) questionnaire and sample designed, survey teams trained, and survey implemented based on sample (within 10 months).</p> <p>4.2 Corruption survey results analyzed and widely distributed through various events within the Government, NGOs, civil society organizations, and the private sector (within 12 months).</p>	<ul style="list-style-type: none"> <li>• ADB (Governance Cooperation Fund) contribution \$600,000</li> <li>• Government contribution (in kind) \$90,000</li> <li>• UNDP support</li> <li>• WB support</li> </ul>
<p><b>Component 3</b></p> <p>1. Establishment of Technical Advisory Group to oversee design and implementation of pilot participatory poverty assessment (PPA) (within 1 month of TA start with regular meetings as required).</p> <p>2. Collaborative development of appropriate survey questionnaire and overall survey methodology, including selection of representative target rural and urban areas, ethnic, gender, and age balance (within 3 months of TA start).</p> <p>3.1 Recruitment and training of relevant Government and civil society organization staff in participatory survey methodology and qualitative interview techniques with strong attention to gender issues and the inclusion of the voices of women and youth (within 3 months of TA start).</p> <p>3.2 Conduct of PPA in target rural and urban communities (within 4 to 6 months of TA start).</p> <p>4.1 Analysis of survey results and preparation of draft report detailing findings, including illustrative case studies or “voices of the poor” (within 6 to 8 months of TA start).</p> <p>4.2 Discussion workshops involving Government and civil society organizations’ personnel and other stakeholders to review and validate assessment findings in relation to results of NRVA 2005 and 2007 (if available) and other poverty-related data (within 9–10 months of TA start).</p>	<ul style="list-style-type: none"> <li>• ADB TA contribution (Management for Development Results Cooperation Fund) \$400,000</li> <li>• Government contribution (in kind) \$50,000</li> <li>• Civil society contribution (in kind) \$100,000</li> <li>• Government and civil society counterparts with appropriate skills and experience</li> <li>• Advisory and other resource input from members of Technical Advisory Group</li> </ul>

<b>Activities with Milestones</b>	<b>Inputs</b>
<b>Component 3</b> 4.4 Preparation of full report on assessment for publication/dissemination in English and Dari including guidance on how additional or similar PPA surveys might be undertaken (within 12 months of TA start)	

ANDS = Afghanistan National Development Strategy, CSO = Central Statistics Office, NRVA = National Risk and Vulnerability Assessment, PPA = participatory poverty assessment, TA = technical assistance.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Total Cost
<b>Component 1</b>	
<b>A. Asian Development Bank (ADB) Financing<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	680.0
ii. National Consultants	60.0
b. International and Local Travel	150.0
c. Reports and Communications	40.0
2. Equipment <sup>b</sup>	100.0
3. Training, Seminars, and Conferences	150.0
4. Surveys	300.0
5. Miscellaneous Administration and Support Costs	50.0
6. Contingencies	170.0
<b>Subtotal (A)</b>	<b>1,700.0</b>
<b>B. Government Financing</b>	
1. Office Accommodation and Transport	100.0
2. Remuneration and Per Diem of Counterpart Staff	150.0
3. Others	50.0
<b>Subtotal (B)</b>	<b>300.0</b>
<b>Total (Component 1)</b>	<b>2,000.0</b>
<b>Component 2</b>	
<b>A. Governance Cooperation Fund Financing<sup>c</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	320.0
ii. National Consultants	50.0
b. International and Local Travel	50.0
c. Reports and Communications	10.0
2. Miscellaneous Administration and Support Costs	40.0
3. Surveys	100.0
4. Contingencies	30.0
<b>Subtotal (A)</b>	<b>600.0</b>
<b>B. Government Financing</b>	
1. Office Accommodation and Transport	20.0
2. Remuneration and Per Diem of Counterpart Staff	60.0
3. Others	10.0
<b>Subtotal (B)</b>	<b>90.0</b>
<b>Total (Component 2)</b>	<b>690.0</b>

Item	Total Cost
<b>Component 3</b>	
<b>A. Cooperation Fund in Support of Managing for Development Results Financing<sup>c</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	95.0
ii. National Consultants	45.0
b. International and Local Travel	40.0
c. Reports and Communications	15.0
2. Equipment	10.0
3. Training, Seminars, and Conferences	15.0
4. Surveys	100.0
5. Miscellaneous Administration and Support Costs	40.0
6. Contingencies	40.0
<b>Subtotal (A)</b>	<b>400.0</b>
<b>B. Government Financing</b>	
1. Office Accommodation and Transport	30.0
2. Remuneration and Per Diem of Counterpart Staff	20.0
<b>Subtotal (B)</b>	<b>50.0</b>
<b>C. Civil Society Organization Financing</b>	
1. Office Accommodation and Transport	20.0
2. Remuneration and Per Diem of Counterpart Staff	70.0
3. Others	10.0
<b>Subtotal (C)</b>	<b>100.0</b>
<b>Total (Component 3)</b>	<b>550.0</b>
<b>Total</b>	<b>3,240.0</b>

<sup>a</sup> Financed by ADB's technical assistance funding program.

<sup>b</sup> Equipment required will include computers, printers, and scanners.

<sup>c</sup> Administered by ADB.

Source: ADB estimates.

## COMPONENT 1: STATISTICAL CAPACITY BUILDING FOR THE AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY (ANDS)

### A. Introduction

1. The Government of Afghanistan and its development partners recognize the need for a comprehensive set of indicators, baseline statistics, and targets for formulating, monitoring, and evaluating the I-ANDS and ANDS, both linked to the Afghanistan Compact and the Millennium Development Goals (MDGs). The Afghanistan Compact contains two benchmarks related to census and statistics: (i) “The census enumeration will be completed by end-2008 and the complete results published;” and (ii) “Reliable statistical baselines will be established for all quantitative benchmarks by mid-2007 and statistical capacity built to track progress against them.” Afghanistan currently lacks an effective and functional statistical system that can deliver the required statistical data in the context of the Compact, ANDS, the International Monetary Fund’s (IMF) Poverty Reduction Growth Facility (PRGF), and the Government’s data needs for macro-economic management, policy formulation, and monitoring. Reliable poverty estimates, a poverty line and many baseline indicators for MDGs, other social indicators and key economic data such as reliable gross domestic product (GDP) estimates are not available.

2. In 2004, in response to a request from the Government, a Joint Inter-Agency Team comprising the Asian Development Bank (ADB), World Bank, IMF and the Department for International Development prepared a Statistical Master Plan (SMP) outlining needed institutional reforms, investments in statistical and physical infrastructure, human resource development, and the adoption of a core program for data development. The SMP identified the need for funding agency commitments amounting to approximately \$7 million over a 5-year period to develop sustainable statistical capacity. The Government adopted the SMP as the national strategy for statistics and took a number of steps to begin implementation including the enactment of a new statistical law, partial restructuring of the Central Statistics Office (CSO), and initiation of a number of data collection efforts. Funding agency support to CSO includes ADB TA 4313 Poverty Assessment and Socioeconomic and Macroeconomic Statistical Capacity Building, the European Commission (EC) assistance for the National Risk and Vulnerability Assessments (NRVA), IMF placement of a resident statistical adviser, and the United Nations Population Fund support for the second phase of the population census.<sup>1</sup>

### B. Issues

3. With the launch of the ANDS, the United Nations Development Programme (UNDP) has been tasked to develop a proposal for assistance to the ANDS process. Project III of the UNDP Proposal for “Developing the Afghanistan National Development Strategy and Monitoring the Implementation of the ANDS and the Afghanistan Compact (September 2006–August 2008)” focuses on building the capacity of key government institutions in collecting, managing and analyzing data; monitoring, planning, and budgeting. In recognition of ADB’s ongoing assistance to CSO under TA 4313 and its involvement in developing the SMP, it has been agreed, in discussions with UNDP, the Government, and other development partners, that ADB would focus its assistance on capacity building within CSO for ANDS/PRSP-related data collection, analysis, and dissemination. The TA will be provided in parallel to and fully coordinated with UNDP-executed components. Under the umbrella of the UNDP proposal, other development partners will finance capacity building support to line ministries for compiling, analyzing, and managing data as well as for a central reporting and monitoring platform. It is envisaged that all assistance would be

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<sup>1</sup> ADB. 2003. *Technical Assistance to the Islamic Republic of Afghanistan for Poverty Assessment and Socioeconomic and Macroeconomic Statistical Capacity Building*. Manila (TA 4313-AFG, for \$1,750,000, approved in December).

consistent with the medium-term goals in the SMP. ADB's support will build on TA 4313 (footnote 1). TA 4313 continues to provide support *inter alia* for improvements of the consumer price index (CPI), national accounts, and administrative data. TA 4313 also supports the revision of the legal framework for statistics and the reform of CSO. It originally proposed to support an Integrated Living Standards Survey.

4. The midterm review of TA 4313 recommended deferring the proposed Integrated Living Standards Survey and instead to build on the NRVA, conducted in 2003 and 2005, for poverty estimates and preliminary diagnostics. The World Bank, in close coordination with ADB, is proceeding with analysis of NRVA 2005. Outputs from the analysis should provide urgently needed poverty benchmarks and information required for refining the CPI and GDP estimates. Given the deferral of the Integrated Living Standards Survey, the proposed NRVA 2007 survey will provide an opportunity to add modules dealing with some of the data requirements for the PRSP monitoring as well as for improving national accounts statistics. It is proposed that a subsample would expand significantly the consumption module to provide improved poverty estimates, weights for the CPI and national accounts. In addition, NRVA 2007 will be designed to provide benchmarks for a number of social and economic indicators such as infant/child mortality and secondary school enrollment, which are not available from NRVA 2005 and other surveys, but are essential for ANDS/PRSP. The EC is providing funding for NRVA 2007 as part of its National Livelihood-Based Security and Nutritional Surveillance System amounting to euros 3.5 million.<sup>2</sup> However, EC funding does not cover the expanded survey version.

## **C. The Proposed Technical Assistance**

### **1. Impact and Outcome**

5. The ADB-funded TA component, within the UNDP framework, will enhance the capacity of CSO and, to a minor extent, of selected line ministries to collect, analyze, and disseminate statistical information needed for policy planning and monitoring within the ANDS/PRSP context. This is consistent with the Government's commitment under the Afghanistan Compact to establish statistical baselines for quantitative benchmarks and to build capacity to track progress against them. The TA will also assist in preparing, conducting, and analyzing submodules of the NRVA 2007 survey, allowing the Government to refine poverty estimates and diagnostics.

### **2. Methodology and Key Activities**

6. The TA will closely coordinate with and complement ongoing assistance provided by the EC and the World Bank. It will directly build on TA 4313 and take into consideration the recommendations made in the midterm review of July 2006.<sup>3</sup> It will also build on the SMP, which establishes a framework for a better-coordinated and integrated national statistical system. Concurrently, the re-scoped TA 4313 will also provide resources required for some immediate capacity building needs of CSO in relation to the ANDS/PRSP process. The proposed TA will engage a senior statistics advisor to guide the overall implementation of the TA for a period of 5 person-months. The international consultant will visit Kabul on an intermittent basis for the duration of the project. The proposed TA component will have the following main subcomponents:

<sup>2</sup> See Memorandum of Understanding between the Government of the Islamic Republic of Afghanistan and the European Commission, April 2006.

<sup>3</sup> ADB. 2006. *Report on Midterm Review of the ADB TA Project on Poverty Assessment and Socioeconomic and Macroeconomic Statistical Capacity Building in Afghanistan*. Manila (July).

7. **Capacity Building for Poverty Analysis.** The World Bank is currently providing technical support to CSO to develop poverty measurements and diagnostics using NRVA 2005 data and linking it, to the extent possible, with NRVA 2003. This assistance will need to be complemented by intensive capacity building within CSO. It has been agreed that ADB will engage a poverty statistician to provide training and ongoing support to CSO, complementing the short-term technical input from World Bank staff. The consultant will be engaged for a period of 12 person-months. Outline terms of reference (TOR) are in Appendix 6. Apart from poverty-related data, further analysis of the NRVA will focus on obtaining information from the food and nonfood modules of the survey to refine weights to update the CPI and estimate overall private household consumption and economic activity for incorporation into the GDP estimates.

8. **Support for NRVA 2007 Expansion.** While the EC will provide funding for implementing NRVA 2007, the proposed TA component will finance the additional costs for the expanded survey. It is proposed to retain the original sample size of 32,000 households for the nonconsumption module, while a subsample will be used for the consumption module. During the preparations for the survey, the possibility of extending the survey period to account for seasonal effects will be explored. Security issues will also be considered in the design of the sample and during the implementation phase. The expansion of the NRVA 2007 survey will require close consultation with the data users, particularly the ANDS secretariat, to ensure that benchmarks for key indicators can be obtained.

9. The expansion of the survey will require additional technical inputs into (i) questionnaire design, (ii) sampling design, (iii) data processing and entry, and (iv) field logistic planning and enumerator training. It is estimated that approximately 6 person-months of international consulting inputs will be required for capacity building in these areas (approximately 2 for questionnaire design, 1 for sampling, 2 for data entry and cleaning, and 1 for field enumerator training). It has been agreed that the World Bank will provide additional technical support for both the survey and the data management/dissemination effort. The TOR for the consultants will be developed during project implementation in close coordination with the NRVA program manager (EC financed), World Bank, and CSO.

10. **Training and Skills Development.** The review of TA 4313 and experience from other TA projects in Afghanistan highlight the importance of flexibility in TA implementing arrangements. The proposed component TA will therefore allow for about 7 person-months of unallocated international consulting inputs as well as 80 person-months of national consultancy input to strengthen CSO's capacity in ANDS/PRSP-related areas such as poverty analysis and use of statistics in policy analysis. The TOR for the consulting inputs and training programs will be developed in close coordination with development partners and the Government. It is not yet clear to what extent UNDP support will be forthcoming to support line ministries in collecting and analyzing data under t Project III (para. 3). The unallocated funds may also be used to fill some urgent training gaps in selected line ministries.

11. **Dissemination of Results.** The poverty assessment, the methodology, results, and policy implications will be discussed in multistakeholder workshops that will be held in the course of the TA. The poverty assessment, a collaborative effort of ADB, World Bank, EC, and CSO, will be widely disseminated among Government agencies and development partners. Additionally, CSO will be assisted in developing its capacity to disseminate data with the use of information technology.

### **3. Cost and Financing**

12. The total cost of the proposed component is estimated at \$2.0 million equivalent. The Government has requested ADB to finance \$1,700,000 equivalent on a grant basis. The component will be financed by ADB's TA funding program. The Government will finance the remaining \$300,000 equivalent for counterpart staff salaries and office accommodation. Indicative cost estimates and the financing plan are shown in Appendix 5.

### **4. Implementation Arrangements**

13. The Ministry of Finance will be Executing Agency and CSO the Implementing Agency. CSO will assign counterpart staff to work with the consultants, and provide suitable office space, utilities, and logistical and administrative support to the consultants.

14. An estimated 30 person-months of international and 60 person-months of national consultancy inputs will be required. All consultants will be selected and engaged by ADB in accordance with its *Guidelines on the Use of Consultants*. All consultants will be recruited on an individual basis. Appendix 6 gives the outline TOR for the senior statistical advisor and poverty statistician. The TOR for other consultants will be developed during TA implementation in close coordination with the Government, World Bank, and other development partners.

15. The fees, per diem, and travel costs of staff involved in survey work will be paid in accordance with ADB rules, and in strict compliance with the Government's regulations. An advance payment facility agreement will be established between ADB and CSO for financing additional survey-related costs (such as payment for transport, interviewers, supervisors) in close consultation with the EC-funded NRVA program manager. The program manager, in close coordination with the ADB project officer, will be responsible for the liquidation of expenses under the advance payment facility agreement. Equipment such as computers and printers will be purchased in accordance with ADB's *Procurement Guidelines*. The senior statistical advisor/consultant will be responsible for procuring the equipment, which will be turned over to the Government upon completion of the TA.

## **OUTLINE TERMS OF REFERENCE FOR CONSULTANTS FOR COMPONENT 1: STATISTICAL CAPACITY BUILDING FOR ANDS**

### **A. Senior Statistical Advisor** (international, 5 person-months intermittent)

1. The consultant will provide overall guidance to the technical assistance (TA) and will visit Kabul intermittently, at least every 4 months, to (i) evaluate progress and make appropriate recommendations to the Asian Development Bank, Central Statistics Office (CSO), and the Afghanistan National Development Strategy (ANDS) secretariat and other relevant Government agencies; and (ii) liaise closely with other development partners to ensure complementarity of assistance and approach.

2. The consultant's responsibilities will include the following:

- (i) Consult with the Director General of CSO, other senior CSO staff, and resident advisors about the status of project implementation.
- (ii) Liaise with Government agencies on broader issues of statistical policy and identify how CSO can better meet client needs, especially those linked with the ANDS.
- (iii) Coordinate with other relevant Government agencies and development partners in all TA-related activities. In particular, liaise with the World Bank on the poverty analysis based on NRVA 2005, the design of NRVA 2007, and with the International Monetary Fund (IMF) on the consumer price index (CPI), national accounts, and Poverty Reduction Growth Facility (PRGF) requirements.
- (iv) Identify where the TA may require additional inputs and develop terms of reference for consultants, particularly for the unallocated consulting inputs.
- (v) Identify equipment requirements and oversee procurement and liquidation of expenses.
- (vi) Review all documentation including reports prepared by consultants and other agencies.
- (vii) Oversee the implementation plan of the Statistical Master Plan (SMP) (developed under TA 4313) focusing on capacity building and sustainability.
- (viii) As required, conduct short participatory workshops for CSO staff.
- (ix) Report on progress on a quarterly basis.

### **B. Poverty Statistician** (international, 12 person-months intermittent)

3. The consultant's responsibilities will include the following:

- (i) Provide on-the-job training and lead workshops for CSO and other staff on
  - (a) Measuring poverty incidence using NRVA 2005 data. The methodology for poverty estimates will be determined by technical support from the World Bank in close coordination with the Government and development partners. The consultant will train CSO staff in the adopted methodology. CSO staff will be able to run and modify the programs at the end of the training.

- (b) Measuring other social indicators required for the ANDS process and for conducting basic poverty diagnostics (some analysis on poverty determinants) using NRVA 2005 data. The consultant will explain and train CSO staff in the concepts of poverty diagnostics.
- (ii) Liaise with data users, in particular with the ANDS secretariat and other relevant government agencies and development partners in terms of poverty and social indicators and poverty diagnostics. The consultant will work closely with the NRVA Program Manager and IMF's resident statistical adviser.
- (iii) Assist CSO in preparing a report summarizing all findings from the poverty analysis.
- (iv) Liaise with other consultants in the formulation and design of NRVA 2007.

## COMPONENT 2: PROMOTING TRANSPARENCY AND ACCOUNTABILITY

### A. Introduction

1. Experiences and lessons learned from other postconflict countries have proven that corruption in public contracting marred by weak government structures, a legacy of patronage, the sudden influx of aid agency funds, and the need to “buy” the support of former combatants can be particularly damaging to peace-building efforts as well as efforts to establish or reinforce the rule of law. Corruption is increasingly recognized as one of the most important development challenges facing the country. Afghanistan ranks 117th out of 158 countries on the Transparency International Corruption Perception Index.<sup>1</sup> An investment climate survey conducted by the World Bank identified corruption as one of the main obstacles to doing business in Afghanistan.<sup>2</sup> Growing public frustration with corruption and its links with the drugs trade have also been associated with the recent resurgence of the Taliban. Corruption also poses a threat to the credibility, legitimacy, and effectiveness of the state in delivering essential public services. There thus is an urgent need for the Government to implement more decisive measures to combat systemic and institutionalized corruption.

2. The Government commitment to fight corruption has been manifested by the establishment of a number of high-level commissions or other bodies. The threat that corruption poses to Afghanistan’s further development is also highlighted in the Interim Afghanistan National Development Strategy (I-ANDS) and the Afghanistan Compact, with ratification of the United Nations Convention Against Corruption (UNCAC) as the key progress benchmark. Supported by a number of international agencies, the Government is examining approaches and strategies to fight corruption, ranging from vigilance and prosecution of those found guilty of corruption to improving transparency and accountability in the use of public resources. Funding agencies and United Nations agencies have underlined the importance of sound management of the large amounts of funding agency assistance invested in the country, particularly through the government budget, but also aid agency-funded activities implemented through the External Budget.

### B. Issues

3. The Asian Development Bank’s (ADB) Second Governance and Anticorruption Action Plan (GACAP II) aims to improve ADB’s performance in the implementation of governance and anticorruption policies in sectors and subsectors where ADB is active. GACAP II focuses on three governance themes: (i) public financial management; (ii) procurement; and (iii) combating corruption through preventive, enforcement, and investigative measures. GACAP II makes it mandatory for ADB to conduct sector risk assessments as part of country partnership strategy (CPS) formulation, with risk management plans as a key part of ADB programming. Whereas GACAP II specifies the minimum set of actions necessary to fulfill the mandatory requirements of ADB’s existing policy framework, it also guides further governance and anticorruption assistance as requested by its member countries. Under ongoing technical assistance (TA), implementation of GACAP II will begin with an assessment of the corruption-related risks in the transport and energy sectors and in customs, leading to the development of risk management plans for these two sectors, both of which receive significant ADB support. The assessments will examine opportunities for corruption in the procedures, regulations, planning stages, operations, and

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<sup>1</sup> Corruption Perceptions Index (CPI) 2005, published by Transparency International, is a composite index, making use of surveys of businesspeople and assessments by country analysts. ([www.transparency.org](http://www.transparency.org)).

<sup>2</sup> World Bank. 2005. *The Investment Climate in Afghanistan*. Washington, DC (December).

practices of sector-based development interventions.<sup>3</sup> It is expected that the institutional corruption risk assessment (ICRA) tool can be used to assess corruption risk in other sectors, leading to the development of sector-specific anticorruption management plans that will be developed under this TA. The United Nations Development Programme (UNDP) and the World Bank will use a similar methodology for other sectors. These assessments and management plans will provide an important input to the development of a national anticorruption strategy (para. 12).

4. Currently Afghanistan does not have a comprehensive strategy to tackle corruption, and institutional responsibilities have not been clearly demarcated. The legal framework relating to anti-corruption issues and prosecution of corrupt acts remains ill-defined or does not exist. The overall legal system is plagued by multiple layers of legal systems (shariah law, remnants of the Soviet legal influence, tribal law, and international obligations, etc.). Traditional justice remains a widespread conflict resolution tool due to the central Government's lack of control over large parts of the country during the years of the civil war. The formal justice sector is also characterized by a severe lack of capacity, infrastructure, and material resources. The United States, UNDP, United Nations Office on Drugs and Crime (UNODC), and the Italian Government are providing assistance to the justice sector. UNDP and UNODC are providing assistance to assess the legal framework as it relates to the implementation of UNCAC, a key I-ANDS benchmark.

5. Limited efforts have been made to strengthen the knowledge base about corruption through, for instance, a survey instrument that goes beyond perceptions. In December 2003 the Government established the General Independent Administration of Anti-Corruption (GIAAC) with a direct reporting line to the President. GIAAC has the mandate to engage in awareness-raising activities, to promote preventive policies, and to investigate specific cases. GIAAC's efforts to date, however, have focused on the investigation of cases. While the Control and Audit Office also has an important preventive role, it lacks both capacity and independence. The I-ANDS envisages a lean, accountable, transparent, and effective public administration at the central, provincial, and district levels capable of ensuring security, equitable provision of basic social services, and an environment conducive to economic growth. The new Public Financial Management law gives a strong mandate to the Ministry of Finance to increase transparency and accountability in the use of public finances and strengthen the Government's internal control function.

6. The Afghanistan Compact points to the urgent need for "measurable improvements in fighting corruption" and promotes transparency and accountability, particularly in public administration, financial management, the justice sector, and the flow of aid money. Also, the I-ANDS contains a crosscutting chapter on corruption that lays the first foundation for an accountability and transparency strategy. The momentum resulting from these developments now needs to be turned into concrete action.

7. UNDP has been working with the Government to promote good governance in a number of areas including elections, establishing parliament, and in anticorruption. ADB is working in partnership with UNDP and the World Bank to help the Government formulate a medium- to long-term national anticorruption strategy (NACS) that will promote accountability and transparency in public services. UNODC focuses on assistance for strengthening the capacity of GIAAC. UNODC has also been engaged in joint analytical work with the World Bank on drug-related corruption. The World Bank has been working on analytical work building on the transparency and accountability framework outlined in the Public Finance Management Review and is planning to support a corruption survey.<sup>4</sup>

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<sup>3</sup> A consultant has been engaged to produce a methodology for ICRA and to help integrate it and GACAP II into the Afghanistan country partnership strategy and program for 2007–2011.

<sup>4</sup> World Bank. 2005. *Managing Public Finance for Development*. Washington, DC.

## C. The Technical Assistance

### 1. Impact and Outcome

8. The TA component will build the capacity of the Government to identify and design measures that mitigate opportunities for corruption. It will strengthen the internal control capacity of the Government through participatory development and the implementation of a corruption risk assessment methodology and institutional and sector-specific strategies to mitigate corruption. The TA component will support the development of a comprehensive NACS as part of the ANDS process. The subcluster will directly assist in implementing GACAP II in Afghanistan and will thus inform the development of the CPS for Afghanistan.

### 2. Methodology and Key Activities

9. All activities will be closely coordinated with the ANDS secretariat, GIAAC, Ministry of Finance, other relevant Government agencies, and development partners, particularly UNDP and the World Bank. The component will have the following main subcomponents:

10. **Compilation of Good Practices and Lessons.** Based on the findings of the ICRA, a sample of recently completed road projects will be reviewed to assess the methods, materials, and procedures used in the construction of two to four on-budget and off-budget, aid agency-funded projects, including ADB-financed road projects. The reviews will examine the reports/audits undertaken by the oversight agencies responsible for the projects. Stakeholders meetings will be conducted where the challenges and opportunities for malfeasance in each sample project will be discussed. On-site reviews of the projects also may be conducted

11. **Development of Risk Management Plans.** After completing the ICRA and the review of lessons learned, a risk management plan for mitigating opportunities for corruption in the transport and energy sectors and customs will be prepared. The plan will include policy and procedural measures for the Government and development partners to mitigate corruption risks. Two separate policy advisories for the Government and the international community will be developed to outline concrete steps required to mitigate identified opportunities for corruption in the pilot sectors.

12. **Development of NACS as a Subcomponent of the ANDS.** This subcomponent will focus on supporting the development of a NACS as part of the ANDS process. The NACS will incorporate the recommendations of the above mentioned components as well as diagnostics (as outlined later) that will provide a solid evidence base. The NACS is proposed to address the following: (i) the nature of corruption in Afghanistan based on qualitative and quantitative surveys currently being prepared by various organizations, (ii) priority areas to be tackled in combating corruption and key institutions most at risk from corruption, (iii) policy recommendations for key sectors to reduce the risks of corruption, and (iv) a comprehensive policy matrix that will be integrated into the ANDS.

13. The NACS will be compiled through an open and participatory process. The TA sub-component will finance an expert/advisor within the ANDS secretariat to assist in developing the NACS, including stakeholder consultations. Specific policy recommendations will be developed in close consultation with relevant Government institutions and development partners. When a full NACS is elaborated, a high-level “integrity retreat” will be held to discuss its implementation. A monitoring mechanism for the implementation of the NACS will also be developed.

14. **Supporting the Knowledge Base.** There is a need for supporting diagnostics that will provide a solid evidence base for the NACS. This evidence base will identify the mechanisms for corruption, costs as well as the possible institutional responses to combating corruption. The World Bank will lead in implementing a comprehensive multistakeholder corruption survey, which will be tailored to the context of Afghanistan but also will have international comparability. The survey is intended to go beyond generalized perceptions to provide greater evidence on the scale of corruption in Afghanistan. The subcomponent will cofinance the multistakeholder corruption survey.

### **3. Cost and Financing**

15. The total cost of the TA is estimated at \$690,000 equivalent. ADB will provide \$600,000 on a grant basis from the Governance Cooperation Fund, administered by ADB. The Government will finance the remaining \$90,000 equivalent of the cost through in-kind contributions. The cost estimates and the financing plan are in Appendix 5.

### **4. Implementation Arrangements**

16. The Ministry of Finance will be the Executing Agency for the subcluster. Implementing agencies will be the ANDS secretariat, which will nominate a core group of counterpart staff to work closely with the consultants for day-to-day implementation and to report progress of the TA to ADB. A steering committee comprising members of ANDS Anti-Corruption Cross-Cutting Thematic Group will provide overall guidance during implementation of the subcomponent.

17. ADB will engage a team of individual consultants. Four international consultants will provide 16 person-months (in parentheses) of consultancy input: an anticorruption/governance specialist (8), a governance and transport expert (4), a governance and energy expert (2), and a governance and customs expert (2). A national governance expert will provide 15 person-months of input. The TA will also provide a flexible pool of 20 person-months of national consultancy input for which the anticorruption/governance specialist will identify the required expertise and develop the terms of reference. All consultants will be selected and engaged by ADB in accordance with its *Guidelines on the Use of Consultants*. Outline terms of reference are in Appendix 7.

## **OUTLINE TERMS OF REFERENCE FOR CONSULTANTS FOR COMPONENT 2: PROMOTING TRANSPARENCY AND ACCOUNTABILITY**

### **A. Anticorruption/Governance Specialist** (international, 8 person-months intermittent)

1. The overall responsibility of the consultant will be to guide the process of developing the national anticorruption strategy (NACS) as a subcomponent of the Afghanistan National Development Strategy (ANDS). The NACS will be the basis for the crosscutting recommendations on increasing transparency and accountability within the ANDS and would serve as a comprehensive policy on anticorruption.

2. The consultant's task will include the following:

- (i) Develop a process for developing the NACS that will be participatory and feed into the development of the ANDS.
- (ii) Facilitate the assembly of a team of national experts/drafters to compile the NACS.
- (iii) Facilitate the establishment of working groups that will advise on individual sectors within the NACS.
- (iv) Oversee and guide the drafting of the NACS.
- (v) Ensure that a strong evidence base is compiled using available materials and new materials in close coordination with the United Nations Development Programme (UNDP) and the World Bank.
- (vi) Liaise closely with other development partners, particularly UNDP and the World Bank.
- (vii) As required, recruit and supervise national sector specialists/drafters to review sector-specific reports and compile anticorruption-related recommendations.

### **B. Governance and Transport Expert** (international, 4 person-months)

3. The consultant's overall responsibility is to facilitate the drafting of corruption risk management plans based on the institutional corruption risk assessments (ICRA) developed under an ongoing Asian Development Bank (ADB) technical assistance (TA).

4. The consultant's task will include the following:

- (i) Review the ICRA for the transport sectors and the preparatory work conducted under an ongoing ADB TA.
- (ii) Based on the ICRA, gather advisory/working groups sector experts/practitioners from nongovernment organizations, the private sector, development partners, and Government to develop a detailed corruption risk management plan that outlines the steps necessary to mitigate the identified opportunities for corruption, in cooperation with relevant regulators and administrators from the sector.

- (iii) Oversee the work of the governance and energy expert and governance and customs expert (paras. 5 and 6), ensuring all the project milestones are achieved on time.
- (iv) Oversee and guide the drafting of a report on good practices and lessons learned.
- (v) Provide input to the NACS development process as required.

**C. Governance and Energy/Customs Expert** (international, 2 person-months per sector)

5. The consultant will have overall responsibility for reviewing policies and procedures in the energy sector/customs with the goal of identifying opportunities for corruption to support the drafting of a good practices and lessons learned report and development of risk management.

6. The consultant's task will include the following:

- (i) Review the ICRA for the transport sectors and the preparatory work conducted under an ongoing ADB TA.
- (ii) Based on the ICRAs, gather advisory/working groups sector experts/practitioners from nongovernment organizations, the private sector, development partners, and Government to develop a detailed corruption risk management plan that outlines the steps necessary to mitigate the identified opportunities for corruption, in cooperation with relevant regulators and administrators from the sector.
- (iii) Oversee the work of the national governance and energy expert and governance and customs expert (para. 7), ensuring all the project milestones are achieved on time.
- (iv) Provide input to the NACS development process as required.

**D. Governance Expert** (national, 15 person-months)

7. The overall responsibility of the consultant is to assist in developing or drafting the NACS as a subcomponent of the ANDS.

8. The tasks of the consultant include the following:

- (i) Provide input into the development of individual sections of the NACS.
- (ii) Collect reports and materials from external organizations and liaise with them.
- (iii) Facilitate the organization of stakeholder and working group meetings.
- (iv) Assist international consultants in facilitating the overall process of drafting the NACS.

## COMPONENT 3: PILOT PARTICIPATORY POVERTY ASSESSMENT

### A. Introduction

1. The development of the Afghanistan National Development Strategy (ANDS) will include a process of extensive consultation involving Government, civil society, the private sector, as well as Afghanistan's development partners. As Afghanistan remains a diverse and somewhat fractured society after years of conflict, such public consultation is considered an essential precondition for broad-based ownership of the ANDS. In support of such consultation, the Government has requested assistance in developing and implementing a pilot participatory poverty assessment (PPA) exercise. The pilot, which will be conducted in a limited number of rural and urban localities in different regions of the country, will provide qualitative information and grassroots perspectives about Afghanistan's reconstruction and development, with focus on the nature and spread of poverty, its characteristics, as well as its impacts. Such information will help in analyzing and interpreting currently available poverty-related statistical data and will inform the further elaboration of the ANDS, particularly with respect to poverty targeting and strategic development priorities.

### B. Issues

2. Available statistical data indicate that Afghanistan is among the poorest countries in the world, and likely the poorest country in all of the Asia and Pacific region. To date, however, there has been little examination of the specific nature or characteristics of poverty in Afghanistan, including issues of wealth distribution and livelihood security of vulnerable populations (such as the displaced, returnees, the disabled, women, women heads of households, widows, etc.), non-income poverty measures, poverty dynamics over time or in relation to conflict or adverse climatic conditions, or how poverty otherwise continues to condition the lives of the Afghan people. Nor has there been an extensive study on access to and quality of education, health care, water, irrigation, sanitation, and other public services. Thus, there is little understanding of the dynamics of poverty in Afghanistan—including its causes, effects, and impacts—so as to develop appropriate strategies to reduce poverty or minimize its impact on the most vulnerable groups.

3. In addition, while the Bonn process has provided Afghanistan with democratic institutions and a representative government, ordinary citizens continue to lack "voice" outside of elections and those governance structures that currently exist at the local level. Although Afghanistan now has a vibrant and open media, together with dynamic, if still nascent civil society organizations, mechanisms generally do not exist for citizens to make their aspirations and concerns known, particularly with respect to poverty-related issues. Nor do mechanisms exist to help citizens monitor the delivery or quality of government services or overall development expenditures.

4. Substantive civil society involvement is a requirement of the poverty reduction strategy paper (PRSP) process. Implementation of the PPA pilots through the Agency Coordinating Body for Afghan Relief (ACBAR) will help fulfill this requirement. ACBAR was established in 1989 to effectively coordinate aid to Afghan refugees in Pakistan and to the war-affected population inside Afghanistan. ACBAR is a membership organization that includes 90 national and international nongovernment organizations (NGOs). In addition to its Kabul main office, ACBAR has offices in Peshawar, Jalalabad, Mazar-e-Sharif, and Herat with a total staff of 90. ACBAR's core functions are to (i) facilitate coordination among ACBAR members and between ACBAR members and other stakeholders working for Afghans, (ii) facilitate and promote the presentation of a strong and consistent NGO voice and common action to influence policy and practice, (iii) collect and disseminate information of relevance to its members, and (iv) facilitate and promote research on key issues and the development of common operational guidelines and standards. ACBAR's

activities are funded through membership subscription as well as from bilateral and other aid partner sources. Several of ACBAR's member agencies have experience with the conduct of PPAs as well as the elaboration of PRSPs in other countries, and thus will be able to provide specific technical expertise and support to the design, implementation, and analysis of the pilot PPA exercise.

## **C. The Technical Assistance**

### **1. Impact and Outcome**

5. Component 3 will enhance the capacity of Afghan civil society organizations to plan and conduct a pilot participatory assessment of the scope, nature, and specific characteristics of poverty. The assessment, which serves as a pilot for additional or more extensive PPAs in other parts of the country, will give "voice" to Afghanistan's poor and will help interpret available quantitative data about poverty. The pilot PPA exercise thus will be a valuable contribution to the overall development of the full ANDS.

6. The assessment exercise will complement work under way to develop the capacity of Afghan civil society organizations to play a greater role in national development activities, including strategy and policy-related discussions pertaining to civil society involvement in monitoring or tracking the implementation of development activities and their impact (i.e., development results) at both local and national levels. It will contribute to civil society capacity to design and implement participatory surveys or assessments and will serve as a catalyst for public participation and debate on poverty as well as matters of national development strategic planning and management for development results. By promoting such participation, the component can be expected to promote the development of pro-poor planning processes at subnational levels. The component will also produce a research framework and methodology for investigating poverty-related issues that are not captured in the available quantitative data, with the possibility for replication or scaling up in other parts of the country. In addition, the pilot PPA will be designed so that its outputs can be used to design future quantitative surveys that will help track progress in the implementation of the ANDS as well as development results more generally.

### **2. Methodology and Key Activities**

7. The PPA component will complement assistance provided in component 1 to build the capacity of the Central Statistics Office (CSO), and also will contribute to the work of the ANDS Unit in the elaboration of the full ANDS, particularly its poverty reduction focus. Key activities for the PPA will include the following:

- (i) Establish a technical working group to oversee the implementation of the component, particularly with respect to international good practice in participatory survey techniques.
- (ii) Design the assessment including collaborative development of an appropriate survey questionnaire and overall survey methodology (selection of broadly representative target rural and urban areas, ethnic balance, inclusion of women and youth, etc.).
- (iii) Recruit and train national civil society staff in participatory survey methodology and qualitative interview techniques, with strong attention to gender issues and the inclusion of women's voices.
- (iv) Conduct participatory assessment in target rural and urban communities.

- (v) Analyze survey results and prepare poverty profile(s) outlining survey findings and characterization of the many facets of poverty in Afghanistan, including illustrative case studies or “voices of the poor.”
- (vi) Hold discussion workshops involving Government and civil society personnel and other stakeholders to review and validate assessment findings in relation to the national risk and vulnerability assessments (NRVA) and other poverty-related data as well as the ANDS.
- (vii) Conduct a national workshop to review assessment findings vis-à-vis the finalization of the ANDS.
- (viii) Prepare a full report on the findings of the pilot PPA process for publication/dissemination in both English and Dari, including guidance on how additional or similar participatory surveys might be conducted (e.g., a “tool kit”).

### 3. Cost and Financing

8. The total cost of component 3 is estimated at \$550,000 equivalent. The Management for Development Results Cooperation Fund will finance the component for \$400,000 equivalent on a grant basis to be administered by ADB.<sup>1</sup> The Government will provide \$50,000 equivalent in the form of in-kind support through staff of CSO and the ANDS Unit. ACBAR and its membership will contribute \$100,000 equivalent in kind, mostly with the provision of in-country technical advice and management support. The detailed cost estimates and financing plan are in Appendix 5.

### 4. Implementation Arrangements

9. The Government currently lacks the technical and staff capacity to undertake a large-scale participatory poverty assessment exercise. It has therefore requested financial and technical support in the conduct of participatory poverty and other assessments. Thus, with oversight from a technical advisory group, it is proposed that the PPA component be implemented by ACBAR on a direct selection basis.

10. As the largest NGO umbrella organization in Afghanistan, ACBAR is a full member of the ANDS Donor External Advisory Group that provides oversight to the ANDS process. ACBAR also is part of a complementary “Initiative to Promote Afghan Civil Society” that is building the capacity of up to 225 Afghan civil society organizations to facilitate their contribution to the ANDS process and to influence Government policies in favor of the country’s poor and marginalized. Several of ACBAR’s international members have direct experience in designing and conducting participatory surveys as well as developing national development strategies, including PRSPs. Additional technical expertise in the conduct of PPAs may be provided by the United Nations Development Programme (UNDP) or other development partners on an in-kind basis through the component’s technical advisory group, which will include representatives from ADB, ACBAR, CSO, ANDS Unit, UNDP, and the World Bank as well as other government agencies (such as the Ministry of Rural Reconstruction and Development) or development partners.

11. The PPA component will be implemented over 12 months and is expected to start by November 2006. The component will require an estimated 15 person-months of international and up to 60 person-months of national consultancy input (exclusive of in-kind technical assistance provided by ACBAR members or other development partners). All consultants will be selected and engaged by ADB in accordance with its *Guidelines on the Use of Consultants*. Appendix 8 provides

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<sup>1</sup> The TA component was endorsed by the Review Committee, Management for Development Results Cooperation Fund, at its 16 February 2006 meeting in Manila.

outline terms of reference for the ACBAR PPA program manager position. Terms of reference for other consultants such as survey staff and PPA analysts will be developed during TA implementation in close collaboration with the Government, UNDP, and other development partners.

12. The fees, per diem, and travel costs of ACBAR staff and consultants involved in the survey work will be paid according to ADB rules, and in strict compliance with Government regulations. Funds will be disbursed to ACBAR as a cash advance from ADB based on the submission of an activity schedule with estimated expenditures. ACBAR will regularly provide ADB with a statement on liquidation of expenditures, together with supporting documentation such as invoices, receipts, or other supporting documents acceptable to ADB, to substantiate component expenditures. Equipment including computers and training materials procured in accordance with ADB's *Procurement Guidelines* will be turned over to CSO following completion of the TA component.

13. The results of the pilot PPA will be discussed in multistakeholder workshops at the sub-national and national levels. The final full report on the findings of the pilot PPA process will be published/disseminated in both English and Dari, including guidance on how additional or similar participatory surveys might be conducted (e.g., a "tool kit").

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS FOR COMPONENT 3: PILOT PARTICIPATORY POVERTY ASSESSMENTS

### **A. Participatory Poverty Assessment and Monitoring Specialist** (team leader, international, 12 person-months)

1. The consultant will have an academic background in poverty analysis and poverty reduction strategies with emphasis on participatory monitoring and evaluation. The specialist will serve as team leader and will report to the director of the Agency Coordinating Body for Afghan Relief (ACBAR), with general oversight by a technical advisory group. The consultant will be responsible for the overall quality of the work under the component, and for consolidating and presenting findings, including a final report.

2. Under the guidance of the technical advisory group, the consultant's responsibilities will include the following:

- (i) In the context of available poverty-related data, particularly recent National Risk and Vulnerability Assessments, identify opportunities to supplement qualitative understanding of poverty in Afghanistan.
- (ii) Lead the development of a qualitative set of indicators that address the multidimensional nature of poverty in Afghanistan, a participatory assessment questionnaire that will capture the poverty-related perceptions of both male and female and rural and urban respondents, and a detailed time frame and budget to conduct the survey, analyze and discuss the survey data, and prepare a report that highlights both the causality and characteristics of poverty in Afghanistan.
- (iii) In collaboration with other consultants and/or Government and development partner staff, supervise training of staff from the Central Statistics Office, Afghan National Development Strategy (ANDS) Unit, line ministries, and nongovernment and civil society organizations that will be involved in the pilot participatory poverty assessment (PPA) exercise, with focus on survey methodology, gender-sensitive interview techniques, and analytical skills.
- (iv) Lead the preparation of a report that details how the pilot participatory assessment was conducted (including a "tool kit" for replication purposes) as well as a report that details the assessment's findings and recommendations with respect to enhancing the poverty focus of the ANDS.

### **B. Participatory Methodology and Training Specialist** (international, 3 person-months, intermittent)

3. The consultant will have an academic background in poverty analysis and poverty reduction strategies with emphasis on training related to participatory monitoring and evaluation. The specialist will have international experience in conducting training courses and training of trainers for participatory poverty assessments and participatory poverty monitoring. Excellent communication skills are essential, and preferably with Dari language skills.

4. Under the guidance of the participatory poverty assessment and monitoring specialist and oversight by the technical advisory group, the participatory methodology and training specialist's responsibilities will include the following:

- (i) Short-term research as to what participatory surveys have been conducted in Afghanistan leading to an assessment of what survey skills/capacity already exist in-country and that might be engaged to conduct the pilot PPA..
- (ii) Prepare a manual or guidelines for training in methods of participatory poverty assessment and monitoring, site selection, content analysis, secondary analysis of existing data, data management, and report writing.
- (iii) Contribute to the design of the survey questionnaire and survey methodology.
- (iv) Plan and conduct a 4–5 days training workshop for survey and other personnel involved in the assessment exercise, including fieldwork pilots in an area close to Kabul.
- (v) Provide strategic oversight to survey teams, including accompanying survey teams during initial stages of fieldwork so as give on-the-spot guidance and suggestions to improve application and sequencing of methods to enhance the quality of assessment findings.
- (vi) Develop the terms of reference for required national consultancy input and assist in identifying potential candidates.
- (vii) Contribute to the preparation of assessment-related reports and other materials.