

ASIAN DEVELOPMENT BANK

TAR: AFG 37053

**TECHNICAL ASSISTANCE
TO THE
ISLAMIC REPUBLIC OF AFGHANISTAN
FOR THE
CAPACITY BUILDING OF THE MINISTRY OF FINANCE**

December 2004

CURRENCY EQUIVALENTS

(as of 2 December 2004)

Currency Unit	–	afghani (AF)
AF1.00	=	\$0.0212
\$1.00	=	AF47.15

ABBREVIATIONS

ADB	–	Asian Development Bank
CSPU	–	Country strategy and program update
HR	–	human resource
IT	–	information technology
MOF	–	Ministry of Finance
MTEF	–	Medium Term Expenditure Framework
NPP	–	National Priority Programs
PRR	–	Priority Reform and Restructuring process
SOE	–	state-owned enterprises
TA	–	technical assistance

TA CLASSIFICATION

Targeting	–	General intervention
Classification		
Sector	–	Finance
Subsectors	–	Public finance and finance sector development and reforms
Thematic	–	Governance and sustainable economic growth

NOTES

- (i) The fiscal year (FY) of the Transitional Islamic Government of Afghanistan follows the solar year, e.g., FY1383 began on 21 March 2004 and will end on 20 March 2005.
- (ii) In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. Following the departure of the *Taliban* regime in Afghanistan in the Fall of 2001, the international community made far-reaching commitments to assist Afghanistan with its development. Pledges of up to \$4.5 billion for 5 years were made at the International Conference on Reconstruction held in Tokyo in January 2002, and more recently pledges of \$8.2 billion were made at the International Conference on Afghanistan held in Berlin during March 3-April 1 2004.

2. The Ministry of Finance (MOF) plays a prominent role in the governance and fiscal management performance of Afghanistan. The Asian Development Bank's (ADB) country strategy and program update (CSPU) for 2004-2006, as well as its predecessor, formulated in close consultation with the Government, has strongly supported governance and financial sector reforms, through program loans (Post-Conflict Multisector Program Loan approved in Dec 2002, and the Agriculture Sector Program Loan, approved in May 2004)¹ as well as technical assistance (TA) projects. Under the cluster TA 3874,² approved in May 2002 a number of advisers were assigned to (i) assist the minister and deputy minister of finance to develop policies and implement a reform program; (ii) coordinate and efficiently utilize external assistance across sectors; (iii) provide specialized services in areas such as budgeting, procurement, human resource (HR) management, and quality assurance; and (iv) provide on-the-job training to MOF employees. The scope of the TA was identified in consultation with MOF and relevant external agencies during a fact-finding mission in May 2004. An *Aide Memoire* was approved on 28 May 2004, and a memorandum of understanding (MOU) was signed by the minister of finance and ADB on 6 September 2004.

3. ADB's investment in and engagement with MOF have yielded valuable lessons. First, MOF has played a central role in establishing the legitimacy of the interim government through its role as a custodian of public finance. Second, as the lead government conduit for billions of dollars of aid, MOF had to quickly establish its credibility through sound planning and budgeting operations. With barely any infrastructure or equipment, the priority was to attract the right Afghan staff for vital positions. Individuals were selected on the basis of their integrity, and potential for leadership and management, including female Afghans to lead key technical areas such as budget and treasury. The minister's ability to provide a safe working environment that resists political interference, has often been cited as a strong reason why the ministry can attract and retain key staff.

4. The TA² has also added to ADB's knowledge on the evolving nature of advisory services in the aftermath of a major conflict. First, minister's advisers, may end up doing very little technical work initially, and may spend considerable time supporting the minister in achieving political consensus, arranging logistics, coordinating and ensuring the quality of technical assistance provided by other partners, and undertaking public relations work on behalf of the ministry. Gradually, as political issues begin to settle and the ministry acquires adequate staff and equipment, the advisers can focus on building technical and managerial capacity.

¹ ADB.2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Afghanistan for the Postconflict Multisector Program*. Manila; ADB.2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the Islamic Republic of Afghanistan for the Agriculture Sector Program*. Manila.

² ADB.2002. *Proposed Technical Assistance Cluster to Afghanistan for Capacity Building for Reconstruction and Development. Subcomponent 4b*. Manila.

5. The previous TA's success can be gauged by a number of achievements. First, the government has successfully formulated both a recurrent and development budget for two successive fiscal years, and has met its revenue targets through successful customs reform. Given that a majority of the staff, including senior and middle management, had no prior experience working in a finance ministry, is testimony to the on-the-job capacity building that occurred under the ADB TA. With the help of the TA advisers, MOF has played a lead role in lobbying for international resources that will enable the government to provide basic public services to the Afghan people on a sustainable basis. The TA advisers have also played a vital role in assisting the government with restructuring the financial sector and in creating conditions for promoting private sector investment.

II. ISSUES

6. The government system in Afghanistan is highly centralized with essentially two tiers. The first is the central Government, with legislated responsibility for spending in key areas such as education, health, and defense. The provinces are an extension of the central Government and are not legally independent. The second tier is the municipality, which raises revenues locally and manages the provision of basic civic services such as sewerage and sanitation while maintaining infrastructure such as city roads. According to the law, all revenues collected in the provinces, say, through the central Government-owned customs houses, are "national revenues" to be forwarded to the central Government for onward disbursement. This is particularly important in a country like Afghanistan where the bulk of national revenues comes from only 5 of the 32 provinces.

7. The fiscal management and governance capability of MOF within this government system had progressively deteriorated during the period of conflict. This included worsening of Central-provincial fiscal relations due to both weak political influence and divergent political aspirations, poor communication systems, absence of standards for revenue collection, weak revenue-reporting systems, weak payroll systems, degraded physical infrastructure, and sheer lack of experienced and motivated staff to make the system, however basic, function effectively.

8. To establish a strong fiscal management regime with the efficient use of donor assistance, the minister of finance, outlined an ambitious reform agenda for key areas of responsibility of the ministry: (i) fiscal policy, (ii) budget preparation and execution, (iii) revenue policy and revenue collection, (iv) customs reform, (v) broader economic restructuring such as privatization of defunct state-owned enterprises (SOEs), and (vi) reform of the payroll and pension systems.

9. To undertake these reforms, MOF was one of the first ministries³ to be reorganized and funded under the Government's priority reform and restructuring (PRR) process (Appendix 1 shows MOF's new organogram). One of the key targets of MOF as outlined in the recent report *Securing Afghanistan's Future*⁴ is to meet its recurrent budget requirements through domestic revenue generation over the next 9 years, i.e., by FY1392 (FY 2013/14).

³ The Treasury, Revenue, Customs and Budget departments have successfully restructured under the PRR process and staff are receiving pay scales commensurate with professional services.

⁴ Transitional Government of Afghanistan, ADB, UNDP, WB, UNAMA. 2004. *Securing Afghanistan's Future: Accomplishments and Strategic Path Forward*. Ministry of Finance. Kabul.

10. Despite the achievements over the past couple of years in getting MOF to strengthen its core functions, some key challenges remain: (i) revenue administration needs to continue being enhanced so that the recurrent budget can be funded from domestic resources; a 5-year plan for reform of revenue administration has been formulated and the first year of the plan is currently being implemented; (ii) an electronic financial management system needs to be rolled out to link MOF with its provincial offices; (iii) capacity building and empowerment of national staff is needed to translate fiscal policy into effective programs and services; (iv) execution of the recurrent budget needs to be continuously improved; and (v) external assistance needs to continue being coordinated in the pursuit of a demand-driven development budget.

11. A number of agencies, including ADB have been assisting MOF in building its capacity to undertake reforms. Under TA 3874, ADB has been supporting the MOF in budget formulation, recurrent budget execution, revenue generation, expenditure management, and aid coordination. The United States Agency for International Development (USAID) has been supporting the development of a privatization strategy, customs and tax reform including legislation, budget preparation as well as the revival of provincial *mustoufiats* (provincial finance offices). It is also considering providing public relations and administration support to MOF, and is willing to assist with the divestiture of SOEs, in the future. The Department for International Development (DFID) has assisted with the formulation of the 1383 budget, and with tax and customs administration, and is considering providing 3 budget advisers. The World Bank (WB) is funding the \$10 million Emergency Public Administration Project I (EPAP I) which includes establishing an Afghanistan financial management information system (AFMIS) within the Treasury, a procurement system, and support to the Special Disbursement Unit. The World Bank has also approved the \$8 million EPAP II, which is to be implemented from March 2005, followed by EPAP III. Under a separate contract funded from the Afghanistan Reconstruction Trust Fund (ARTF), 8 chief financial officers are being assigned to major spending line ministries. The World Bank has plans for developing a comprehensive information technology (IT) systems architecture for MOF, and is considering support for MOF's internal audit function. The United Nations Development Program (UNDP) has assisted MOF with establishing a development assistance database and is expected to field 3 international budget advisers, while the US Treasury has fielded an expert in the debt management unit of the Treasury. The International Monetary Fund (IMF) has also fielded a long-term policy adviser to the Treasury to help develop its long-term strategy.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

12. The goal of the TA is to improve the macroeconomic management capacity of the Government of Afghanistan.

13. The purpose of this advisory TA is to strengthen the fiscal management capacity of MOF. Appendix 2 provides a detailed TA framework.

14. The TA is expected to generate these outputs: (i) a medium term expenditure Framework (MTEF, including national priority programs), (ii) organizational reforms within MOF, (iii) enhanced financial and management accountability of line ministries, and (iv) a mechanism for TA coordination.

B. Methodology and Key Activities

15. In view of current and future assistance being provided by other agencies, MOF has requested ADB to continue providing advisory technical assistance to the minister and deputy ministers (finance and administration) on fiscal matters, and to assist with management of technical assistance under ADB's CSPU for 2004-2006.⁵

16. This TA will fund advisers to the deputy minister (finance), and head of the budget unit on matters related to the formulation, funding and implementation of the National Budget, as well as to the deputy minister (administration) on coordination of donor assistance. The advisers are also expected to support mobilization and management of international revenue, intergovernmental fiscal relationships, as well as the development of HR, IT, and financial management systems, within MOF.

17. The advisers will also be responsible for identifying key MOF counterpart staff to train in all of the functions noted in para. 16. TA funds will be made available for short-term training for such staff as required and in line with their professional development as outlined in the HR plans of MOF.

18. MOF has conveyed its appreciation of previous assistance, in particular, of the flexibility and independence granted to the advisers in supporting the ministers. Given the current political and economic circumstances and the varied learning capacities of ministry staff, it would be appropriate to continue with a flexible approach to capacity building. The TA scope therefore identifies broad areas of contribution, with emphasis on close coordination with other external partners to maximize complementarities and minimize duplication of work.

C. Cost and Financing

19. The total cost of the TA is estimated at \$998,000 equivalent with a foreign currency component of \$816,000 and a local currency equivalent of \$182,000. The Government has requested ADB to finance the entire foreign exchange cost and \$144,000 equivalent in local currency. The TA will be financed on a grant basis by ADB's TA funding program. The Government will finance the remaining local currency cost of \$38,000, equivalent for in-kind support. Detailed cost estimates are in Appendix 3.

D. Implementation Arrangements

20. MOF will be the Executing Agency (EA) as well as the implementing agency for this TA.

21. Three international consultants (12 person-months each) will be recruited to carry out the TA for 36 person-months (see Appendix 4 for the Terms of Reference). The advisers' contract for 12 person-months each, will be in two 6-month renewable periods, contingent on satisfactory performance evaluation by MOF and ADB.

⁵ Grant cofinancing of approximately \$270,000 for TA 3874 has been received from AusAID to fund a macroeconomic policy adviser to the minister for 120 days between June 2004 and July 2005, the budget adviser until September 2004, and the adviser to the deputy minister of finance until June 2005.

22. One macroeconomic adviser will assist the deputy minister (finance) with formulation of fiscal policy, continuation of customs and tax reforms, formulation of strategies for attracting foreign investment and management of bilateral and multilateral external relations and programs. The second adviser will support the head of the budget unit and focus on the development of the Medium Term Expenditure Framework (MTEF), as well as on building the capacity of line ministries to develop activity based budgets and report on outputs. The third adviser will assist the deputy minister (administration) with developing MOF's HR strategy, managing bilateral and multilateral technical assistance, and developing a suitable divestiture plan for SOEs, if required.

23. The advisers will be engaged as individual consultants by ADB in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB. Procurement under the project will be in accordance with ADB's *Guidelines for Procurement*. The TA was first listed in ADB BO on 19 May 2004.

24. The TA is expected to begin in January 2005 and end in June 2006. Although the consultants are being hired for 12 person-months on a full time basis, it is anticipated that certain delays will occur intermittently due to the uncertain security situation in Afghanistan. It is anticipated that the security situation will worsen close to the Parliamentary elections expected in April 2005, and consultants may be requested to leave Kabul.

25. MOF will also assign counterpart staff to work with the consultants and provide suitable office space, utilities, and logistical and administrative support to the consultants.

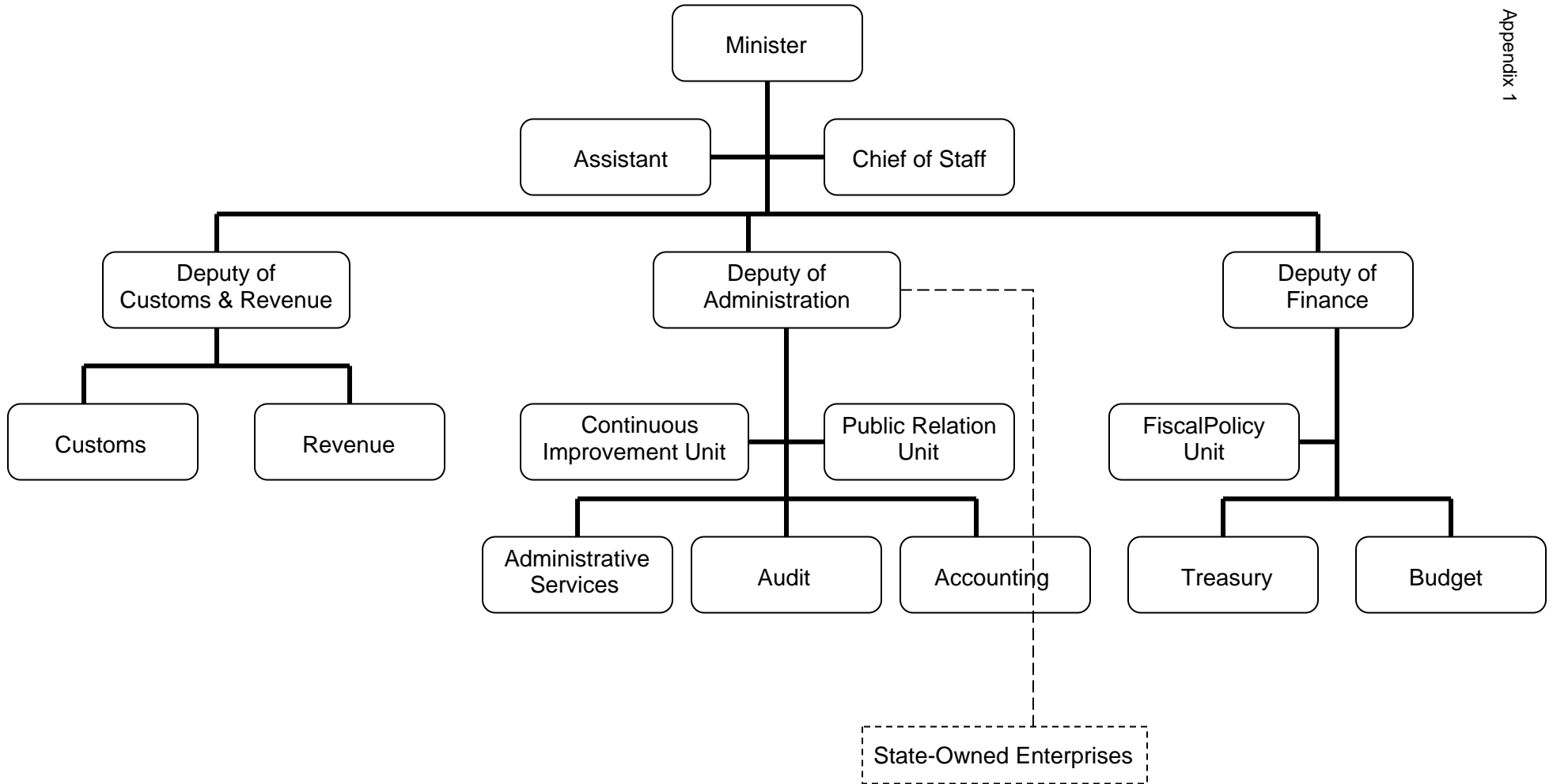
26. The consultants will be required to submit a brief inception report, 2 weeks after the start of their contract, which will establish time lines and key milestones for the TA agreed with ADB and MOF. A draft final report will be delivered 2 weeks prior to completion of their contract.

27. The outcomes of the TA will be shared with government officials, ADB staff, and other agencies through regular MOF meetings, and through discussions at appropriate forums such as the consultative groups or a similar mechanism to be established at MOF.

IV. THE PRESIDENT'S DECISION

28. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$960,000 on a grant basis to the Government of Afghanistan for the Capacity Building of the Ministry of Finance, and hereby reports this action to the Board.

ORGANOGRAM OF THE MINISTRY OF FINANCE, AFGHANISTAN (as of May 2004)



TECHNICAL ASSISTANCE FRAMEWORK (JANUARY 2005 – JUNE 2006)

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal Improved macroeconomic management capacity of the Government of Afghanistan</p>	<p>Achievement of the Government's macroeconomic and sectoral targets, e.g., 9% Gross Domestic Product (GDP) growth rates per annum</p>	<p>Economic and social statistics: various sources</p> <p>International Monetary Fund (IMF) staff monitored program assessment</p> <p>Central Statistics Office (CSO) reports</p>	
<p>Purpose Strengthened fiscal management capacity of the Ministry of Finance (MOF)</p>	<ul style="list-style-type: none"> • Domestic revenues of \$341 million in fiscal year (FY)1384 (FY2004/05) • FY1385 (FY2005/06) budget prepared and presented to Cabinet by March 2005 • Afghan staff fulfilling 50% of competencies outlined in their job descriptions by December 2005 	<p>National budget</p> <p>Technical Assistance (TA) progress reports</p> <p>Budget review reports</p> <p>Staff performance reviews</p>	<p>Risk (R): Staff with enhanced competence leave MOF and other key institutions.</p> <p>Assumption (A): The international community will deliver the \$28 billion in aid needed by the Government to attain its macroeconomic goals between FY1383-FY1389 (7 years).</p>
<p>Outputs 1. A medium-term expenditure framework (MTEF) including national priority programs (NPPs)</p>	<ul style="list-style-type: none"> • MTEF prepared for FY1384–FY1386 by March 2005 • Three new NPPs launched during each of FY1384, and FY 1385 	<p>MTEF</p>	<p>R: National priorities change rapidly</p> <p>A: MOF continues to be led by management who champions needed reforms.</p> <p>A: The new Public Expenditure Law is passed by the Cabinet.</p>

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Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>2. Organizational reforms within MOF</p> <p>3. Financial and management accountability of line ministries</p> <p>4. A mechanism for TA coordination by MOF</p>	<ul style="list-style-type: none"> • MOF has a human resources (HR) strategy in place by August 2005. • All MOF departments are restructured under the priority reform and restructuring (PRR) process by June 2005. • Audit reports show that at least 50% of line ministries follow Government and comparable DMC standards for accounting by September 2005. • All line ministries submit progress reports to MOF for the mid-year budget review by September 2005. • Number of reports or documented evidence to MOF of corruption in line ministries • Deputy Minister (administration) obtains agreement from all TA partners on their key deliverables by Dec 2005. 	<p>TA review missions</p> <p>Project progress reports</p> <p>Budget review reports</p> <p>Other ministry/aid agency reports</p> <p>Financial systems within MOF</p> <p>Audit reports</p> <p>Public expenditure reviews of priority sectors e.g., health, education, urban development, agriculture</p> <p>Informal survey by deputy minister (administration) TA review missions</p>	<p>R: Parliamentary elections in April 2005 and subsequent change in priorities may delay reforms.</p> <p>A: Reports of corruption or misuse of funds will be adequately addressed by MOF and the government.</p>
<p>Activities</p> <p>1a. Undertake sectoral analysis, and identify priority objectives, i.e., NPPs</p> <p>1b. Develop sectoral expenditure strategies based on key outputs</p> <p>1c. Train line ministries' staff in activity-based budget preparation</p> <p>2a (i) Conduct an HR survey</p>	<ul style="list-style-type: none"> • Workshops, research, and consultation for sectoral analysis • Three NPPs announced per FY. • Number of staff training • HR survey complete by February 2005 	<p>Sector analysis reports</p> <p>National budget</p> <p>Training reports</p>	<p>A: MOF and line ministry staff can make reasonable forecasts of expenditure.</p> <p>A: MOF hires and retains suitable staff.</p>

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Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>(ii) Compare existing skill set of staff with that required in MOF</p> <p>(iii) Develop an HR strategy</p> <p>2b</p> <p>(i) Apply for PRR 1 and PRR 2 status for the remaining MOF units¹</p> <p>(ii) Continue reforms of the Budget, Treasury, and Revenue departments</p> <p>3a. Conduct annual audits of line ministries</p> <p>3b. Line ministries undertake activity-based budgeting for FY1385.</p> <p>3c. Feedback from provincial councils on the services or infrastructure actually delivered at the community level</p> <p>4a. MOF and TA partners agree on deliverables and sign Memorandum of Understanding (MOUs).</p> <p>4b. MOF extends or renews TA consultant contracts bi-annually based on satisfactory performance.</p> <p>4c. TA partners and government staff meet regularly at MOF to review and revise scope of work.</p>	<ul style="list-style-type: none"> • HR policy and strategy approved by minister of finance by March 2005 • PRR 2 applications submitted and approved by Ministerial Advisory Committee (MAC) by May 2005. • TA deliverables for these units being met on schedule • Number of audits per FY • 40% of line ministries undertake activity-based budgeting. • At least five key provincial councils provide feedback to MOF during FY1384 (FY2004/05). • Number of MOUs signed • Number of contract renewals or cancellations • MOF and ADB performance evaluation of consultants • MOF holds one coordination meeting with TA partners per quarter. 	<ul style="list-style-type: none"> • MAC records • Business and HR plans of Budget, Treasury, and Revenue units Audit reports • Budget reports • MOUs • Consultant reports • Contracts • Minutes of meetings between MOF and consultants 	<p>A: MAC accepts MOF proposals.</p> <p>A: Staff at middle and junior level post enhance their managerial and technical skills.</p> <p>A: Audit reports are of high standard.</p> <p>R: Provincial Councils do not report accurately on use/misuse of funds.</p> <p>A: Key partners participate in meetings and share information regularly.</p>

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Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Inputs</p> <p>1. One long-term adviser to the deputy minister of finance</p> <p>2. One long-term adviser to the deputy minister (administration)</p> <p>3. One long-term budget adviser</p> <p>4. Monitoring by ADB staff to review TA progress</p> <p>5. Proactive management by MOF</p>	<p>TA Budget</p> <p>Consultant contracts \$750,000</p> <p>Travel \$60,000</p> <p>Reports or Communications \$36,000</p> <p>Equipment \$20,000</p> <p>Training \$34,000</p> <p>Administration \$10,000</p> <p>Contingencies \$50,000</p> <p>ADB Financing Government \$960,000</p> <p>Financing \$38,000</p> <p>Total \$998,000</p> <p>TA Review Missions \$15,000</p>	<p>TA reports</p> <p>Consultant contracts</p> <p>ADB review missions</p>	<p>R: Presidential elections in October 2004 and formation of <i>new</i> Cabinet delay recruitment decisions by MOF.</p> <p>A: Competent consultants are recruited and fielded by January 2005.</p> <p>A: Counterpart funds are available.</p>

The Revenue, Budget and Treasury units have undergone PRR2 reforms.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) Financing^a			
1. Consultants			
a. Remuneration and Per Diem (International Consultants)	638.0	112.0	750.0
b. International and Local Travel	51.0	9.0	60.0
c. Reports and Communications	31.0	5.0	36.0
2. Equipment	17.0	3.0	20.0
3. Training, Seminars, and Conferences			
a. Facilitators	15.0	3.0	18.0
b. Training Program	14.0	2.0	16.0
4. Miscellaneous Administration and Support Costs	8.0	2.0	10.0
5. Contingencies	42.0	8.0	50.0
Subtotal (A)	816.0	144.0	960.0
B. Government Financing			
1. Office Accommodation and Transport	0.0	12.0	12.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	18.0	18.0
3. Others	0.0	8.0	8.0
Subtotal (B)	0.0	38.0	38.0
Total	816.0	182.0	998.0

^a Financed by ADB's technical assistance funding program.
Source: ADB estimates.

OUTLINE TERMS OF REFERENCE

A. Adviser to the Deputy Minister of Finance

1. The tasks of the adviser will include, but will not be limited to the following:
 - (i) Establishing processes for developing economic and financial management strategies and programs delineated in the national budget (particularly the national priority subprograms) into implementable projects.
 - (ii) On an as-needed basis, advising the minister of finance, deputies, staff, and other ministries on policy, strategy, regulatory and legal issues related to fiscal management, economic governance (including the establishment of processes for privatization), and implementation of organizational change.
 - (iii) Coordinating with deputy ministers and minister of finance in:
 - (a) reviewing the effectiveness of the consultative group (CG) mechanism;
 - (b) advising on how to make the CGs function more effectively;
 - (c) advising on other aid coordination mechanisms; and
 - (d) advising on the Poverty Reduction Strategy Paper, and providing strategic inputs.
 - (iv) Preparing reports and presentations for donor meetings and conferences including the Afghanistan Development Forum (ADF) and international conference(s) on Afghanistan.
 - (v) Supporting Afghan counterparts to represent the MOF, on steering committees and task forces as required.
 - (vi) Establishing and managing mechanisms for communications with the general public as well as with the international and local media.
 - (vii) Working closely with counterparts in MOF to transfer knowledge and skills to Afghan nationals.
 - (viii) Facilitating communications between the finance minister or deputy ministers and ADB headquarter missions from Manila and the Afghanistan Resident Mission, to improve planning and implementation of ADB assistance to Afghanistan.

B. Adviser to the Head of the Budget Unit

2. The tasks of the adviser will include, but will not be limited to the following:
 - (i) Working with the MOF budget team to refine the medium-term expenditure framework (MTEF) as well as to formulate and further develop the national priority programs.
 - (ii) Advising on the budget process as well as assisting with the formulation of the national budget (development and recurrent budget).

- (iii) Promoting the use of the budget as a key mechanism for aid coordination, and service delivery reforms.
- (iv) Preparing reports and presentations for aid agency meetings and conferences including the Afghanistan Development Forum and international conference(s) on Afghanistan.
- (v) Supporting Afghan counterparts to represent the MOF, on steering committees and task forces as required.
- (vi) Working closely with counterparts in MOF to transfer knowledge and skills to Afghan nationals.
- (vii) Facilitating communications between the finance minister or deputy ministers and ADB headquarter missions from Manila and the Afghanistan Resident Mission, to improve planning and implementation of ADB assistance to Afghanistan.

C. Adviser to the Deputy Minister (Administration)

3. The tasks of the adviser will include, but will not be limited to the following:

- (i) Assisting in implementation of PRR-approved organizational structures and business process reengineering within MOF, including the human resources development and training program.
- (ii) Developing a time frame for a series of benchmarks that measure the effectiveness and efficiency of the administration system at national and provincial levels.
- (iii) Advising on development of clear guidelines for *mustoufiats* (provincial finance offices) in budget formulation, coordination, and execution, as well as the associated training requirements.
- (iv) Assisting and advising, when requested, on the privatization strategy and the development of a suitable divestiture plan for target state-owned enterprises.
- (v) Providing secretariat functions to a consultative group on public administration and economic management.
- (vi) Advising the deputy minister for administration on all aspects of technical assistance in MOF.
- (vii) Working closely with counterparts in MOF to transfer knowledge and skills to Afghan nationals.
- (viii) Facilitating communications between the finance minister or deputy ministers and ADB headquarter missions from Manila and the Afghanistan Resident Mission, to improve planning and implementation of ADB assistance to Afghanistan.