

ASIAN DEVELOPMENT BANK

TAR:AFG 37055

TECHNICAL ASSISTANCE

TO THE

ISLAMIC STATE OF AFGHANISTAN

FOR

CAPACITY BUILDING IN
AGRICULTURE AND NATURAL RESOURCE MANAGEMENT
FOR PROGRAMMING, AND AID MANAGEMENT AND COORDINATION

December 2003

CURRENCY EQUIVALENTS

(as of 5 December 2003)

Currency Unit	–	afghani (AF)
AF1.00	=	\$0.0204
\$1.00	=	AF48.91

ABBREVIATIONS

ADB	–	Asian Development Bank
ANRM	–	agriculture and natural resource management
ASPL	–	Agriculture Sector Program Loan
CG	–	consultative group
CNA	–	comprehensive needs assessment
FAO	–	Food and Agriculture Organization
GDP	–	gross domestic product
MAAH	–	Ministry of Agriculture and Animal Husbandry
MIWRE	–	Ministry of Irrigation, Water Resources and Environment
MOF	–	Ministry of Finance
MRRD	–	Ministry of Rural Rehabilitation and Development
NDB	–	National Development Budget
NDF	–	National Development Framework
NGO	–	nongovernment organization
TA	–	technical assistance
TAC	–	technical assistance cluster

NOTE

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

This report was prepared by A. Kelly.

I. INTRODUCTION

1. A multidonor comprehensive needs assessment (CNA) led by the Asian Development Bank (ADB) was initiated for the agriculture and natural resource management (ANRM) sector in February 2002 following the Tokyo Conference on Reconstruction Assistance to Afghanistan in January of that year.¹ The assessment was followed by approval of an ADB-financed technical assistance cluster (TAC),² which included support for capacity building for reconstruction in the ANRM sector, and ADB assistance in preparing the ANRM development program and budget for 2003. During the budget process and in later consultations, including in the context of implementing the TAC, the relevant ministries and related agencies in the sector identified sector aid management and coordination as key issues. These issues were endorsed as priorities in the 2003 ANRM sector development program. The Ministry of Agriculture and Animal Husbandry (MAAH), which takes the lead in the ANRM sector, and the Islamic State of Afghanistan requested ADB assistance to support this priority need. ADB responded and the Technical Assistance (TA) was included in ADB's Country Strategy and Program Update for 2003-2005.³ A Mission was fielded in May 2003 to consult with MAAH and other sector agencies. Following subsequent meetings, a Memorandum of Understanding was concluded with MAAH on the TA objectives, scope, cost, terms of reference, and implementation arrangements. The TA framework is in Appendix 1.

II. ISSUES

2. A new opportunity for the peaceful development of Afghanistan emerged with the fall of the Taliban regime in late 2001 and the subsequent political agreement reached between the various Afghan factions in Bonn. An Afghan Interim Administration appointed in the wake of that agreement governed the country until an Emergency *Loya Jirga* (grand council) was convened in June 2002. The grand council chose a new transitional administration headed by President Hamid Karzai that will remain in office for 2 years. The transitional Government has from the outset been strongly committed to achieving financial stability and maintaining fiscal discipline to support economic reconstruction and recovery. In particular, the economy is to be based on liberal and open markets, led by private sector activity with minimal state intervention.

3. The Government's responsibility for coordinating and managing the reconstruction effort was strengthened following the development and adoption of the National Development Framework (NDF) during 2002. The NDF focuses on three pillars of development: (i) security and human development; (ii) rebuilding physical infrastructure and improving natural resource management; and (iii) enabling the creation of a viable private sector as the engine for sustainable and inclusive economic growth. For each of the three pillars, broad sectoral programs were developed and individual consultative groups (CGs) established to provide a mechanism to identify and select projects within the overall resource constraint, as well as to coordinate foreign aid flows.⁴ Each CG is chaired by a lead Ministry to provide the mechanism by which Government can engage external agencies and nongovernment organizations (NGOs) in discussions on sector programs and objectives, strategies and plans, and coordination of

¹ This included, in addition to ADB, the Food and Agriculture Organization (FAO), World Bank, and United Nations (UN).

² ADB. 2002. *Technical Assistance Cluster to the Republic of Afghanistan for Capacity Building and Reconstruction and Development*. Manila.

³ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 25 April 2003.

⁴ ADB is the focal point for transport, ANRM, and environment. ADB is also a member of two other consultative groups covering energy, mining and telecommunications; and public administration and economic management. ADB staff are actively engaged in the proceedings of the CGs.

external assistance. This is being done in parallel with the preparation of the National Development Budget (NDB), and the CGs are also assisting in translating broad sector priorities into investment programs to be funded through the formal budgetary process.

4. The economy has shown strong signs of recovery over the past 18 months under the leadership of the transitional Government. Real gross domestic product (GDP), excluding opium production, is estimated to have grown by almost 30% in 2002/2003⁵ and is expected to expand at the rate of about 20% in 2003/2004. This recovery is most visible in agriculture, reflecting the end of a prolonged drought, and in the construction and services sectors, where rapid expansion is being driven by large aid flows. Notwithstanding the strong economic recovery and recent progress in structural reform, the remaining reform agenda and financial requirements for continued progress are vast. With a per capita GDP (excluding opium) of only \$180-190, one of the lowest in the world, serious inroads into poverty reduction or even attaining the income levels of neighboring countries will require strong economic growth for many years to come. Afghanistan will therefore continue to require substantial international assistance in the coming years to facilitate progress in recovery, growth, and poverty reduction.

5. Following the recent economic recovery, the Government has begun to broaden implementation of the NDF, particularly the pillar relating to physical reconstruction and natural resource management. In this context, the Government is taking the initiative to introduce policy, institutional, and organizational reforms to rehabilitate the agriculture sector and strengthen the capacity of the relevant ministries for natural resource management, which will be supported by ADB under the proposed Agriculture Sector Program Loan (ASPL).⁶ With sound water resource management and the introduction of sustainable resource management practices in other areas, the Government believes that the ANRM sector can be revitalized to its former strength and put on a path of accelerated growth. More than any other sector, agriculture is at the core of economic recovery and poverty reduction, given that more than 80% of the Afghan people depend on farming and other rural-based activities for their livelihoods. The sector has suffered badly as a result of the civil conflict and drought, but it must be revived rapidly and in a sustainable manner if deeper inroads into poverty reduction are to be made and the country's dependence on food aid is to be eliminated.

6. The policy reform agenda for the proposed ASPL was formulated through intensive dialogue with the concerned Government ministries and the active participation of other stakeholders (e.g., key NGOs) and development partners in a process that began in early 2002 with ADB's lead role in the CNA exercise noted in para. 1. This dialogue has continued through ADB's lead role in the CG for the ANRM sector, which has also helped to foster wide support of the proposed Program by other agencies. The ASPL addresses the key policy, institutional, and organizational constraints to the effective and efficient functioning of agricultural activity and the sustainable use of natural resources. In addition, the Government in partnership with ADB, World Bank, International Monetary Fund, and the United Nations is undertaking a comprehensive update of the earlier CNAs, including the ANRM sector. These assessments, which are to be finalized early next year, will be used to prepare sector-specific public investment programs and estimate recurrent budgetary requirements through 2015. Detailed budgets will be prepared for 2004-2006, with more indicative budgets formulated for 2007-2010

⁵ This corresponds to the Afghan solar year 1381, which ran from 21 March 2002 to 20 March 2003. Solar year 1382 runs from 21 March 2003 to 19 March 2004.

⁶ Board consideration of the proposed Program, which envisages a loan of \$50 million, is expected to take place in January 2004.

under this exercise. Support under the ASPL will be provided to transform the CNA update into a medium-term expenditure framework for the ANRM sector by early 2005.

7. Three core ministries—MAAH; Ministry of Irrigation, Water Resources and Environment (MIWRE); and the Ministry of Rural Rehabilitation and Development (MRRD)—will carry the development process for the ANRM sector forward. The initial 18 months since the fall of the Taliban has seen a remarkable reestablishment of basic central Government functions, reflecting the effort and commitment of Government personnel and considerable external support. Nonetheless, the three core sector ministries presently have limited capacity to provide efficient or cost-effective support services for agriculture and sustainable natural resource management in the more decentralized institutional environment envisaged in the NDF. It will therefore be necessary to review the mandates of these ministries and to formulate a more holistic view of their role in promoting agricultural development and sustainable use of natural resources. In addition, the current composition of the core sector ministries, their detailed functions and organizational structures, and their human resource base will all need to be carefully reviewed against the new development priorities for the sector. Assistance to support the broader institutional reform program in the core sector ministries, including a review of their roles, mandates, and human resource bases, is being provided under the TAC, the TA accompanying the ASPL, and the TA for Support for Public Administration Reform Program.⁷

8. There is also a compelling need to assist the core ministries in coordinating the large aid inflows to the ANRM sector and ensuring that they are channelled through the formal budget. Key lessons from ADB's initial lending and nonlending operations in Afghanistan are that aid coordination is extremely important for avoiding duplication and delays, and that channelling funds through the formal budget process is essential if the resources made available by the international community are to be appropriately accounted for. While the CG process is designed to ensure that external assistance is targeted to sector priorities, and that it is coordinated with and complements existing sector activities, technical support is required if this process is to become fully operational and effective, and the system institutionalized in the core sector ministries.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

9. The goal of the TA is to promote agricultural growth and poverty reduction through sustainable management of natural resources. The purpose is to assist the Government in improving the efficiency and effectiveness of the ANRM sector by providing (i) support to the core sector ministries to strengthen and institutionalize ANRM sector CG processes and operations; (ii) support to establish and strengthen effective sector and ministry-based aid management and coordination mechanisms; and (iii) capacity building in the relevant ministry departments for planning and developing an ANRM investment program, and integrating it into the NDB planning and preparation process.

B. Methodology and Key Activities

10. The TA will strengthen the capacity of the core ANRM sector ministries to coordinate external assistance and effectively fulfill their role in the sector CG process. In doing so, the activities under the TA will be coordinated closely with those under the TAC aimed at carrying

⁷ ADB. 2003. *Technical Assistance to Afghanistan for Support for Public Administration Reform Program*. Manila.

forward the institutional reform and restructuring process in the core sector ministries and those under the TA accompanying the ASPL to assist the Government in implementing the sector reform agenda. The key activities of the TA will be to:

- (i) strengthen the capacity of MAAH and other sector ministries to strengthen and institutionalize the ANRM sector CG processes;
- (ii) establish a secretariat for the ANRM CG within MAAH to undertake the required administrative and coordination functions;
- (iii) support and facilitate the effective operation of the technical working groups under the ANRM CG, which will include formalizing mechanisms and linkages back to the ANRM CG;
- (iv) support to improve aid coordination between the core sector ministries and with development partners. This will involve consultation with development partners and NGOs, to assist the ministries (MAAH, MIWRE, and MRRD) to establish and institutionalize effective sector and ministry-based aid coordination mechanisms, which will operate at the policy, planning and coordination, and implementation levels. These mechanisms will be in line with Ministry of Finance (MOF) procedures;
- (v) support to establish effective sector database on project interventions, which will use the same systems and framework as those adopted by the MOF;
- (vi) assist in strengthening ANRM sector planning and programming;
- (vii) assist in strengthening the capacity of the planning departments of the core sector ministries to prepare the ANRM investment program, and in formalizing the key links between the planning departments and the ANRM CG process; and
- (viii) train relevant staff in the core sector ministries in sector planning and program development, aid coordination and management, and data management.

C. Cost and Financing

11. The total cost of the TA is estimated at \$474,000 equivalent comprising \$252,000 in foreign exchange and \$222,000 equivalent in local currency. ADB will finance \$400,000 on a grant basis comprising \$252,000 in foreign currency and \$148,000 equivalent in local currency from ADB's TA funding program. The Government will finance the balance of the local currency costs, amounting to \$74,000 equivalent in kind, through provision of office facilities, staff, and services. The ADB financing will cover remuneration and per diem, international and local travel, reports and communications, contract administration, vehicles, office equipment, furniture and office supplies, training, and seminar costs. Detailed cost estimates are in Appendix 2.

D. Implementation Arrangements

12. MAAH, as the lead sector ministry and chair of the CG for ANRM, will be the Executing Agency for the TA.⁸ MAAH will nominate a core group of counterpart staff to work directly with the TA consultants. Active participation of a number of institutional stakeholders will also be required as the TA will address issues that are linked with activities of MIWRE and MRRD as well as other government agencies.

⁸ Experience in the capacity building component of the TAC indicates a continued need for institutional strengthening of MAAH and the other core sector ministries. The capacity of MAAH to implement the TA is considered adequate in view of the continued provision of assistance under the TAC and other envisaged support.

13. The TA will be implemented by international and domestic consultants. ADB will recruit the individual consultants in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging consultants. Consultants with prior experience in Afghanistan and language ability in Dari and/or Pushtun will be preferred. The consultants will also liaise closely with the consultants engaged under the TAC and the TA accompanying the ASPL.

14. The TA will require 49 person-months of consulting services: 13 international and 36 domestic. The international consultant input will consist of one long-term specialist, a program/aid management and coordination specialist for 12 person-months. One person-month of international consultant input is unallocated to allow for identification and recruitment of a short-term input to meet priority needs identified at the TA inception stage. The domestic consultant expertise will comprise two long-term specialists in program/aid management and coordination (12 person-months each), and short-term specialists and training/workshop specialists in areas that are expected to include, but will not be limited to, database management and aid coordination. The terms of reference for the long-term international and domestic consultants are in Appendix 3. The short-term international (1 person-month) and short-term domestic consultants (12 person-months) will be selected at TA inception. This approach is required due to the absence of a domestic consulting industry, and will provide some flexibility to respond to any adjustment in MAAH's specific requirements for the TA, as these requirements may be influenced by assistance programs of other international organizations.

15. The TA budget provides for purchase or rental of office equipment, vehicles, and computers for MAAH. These items will be provided in accordance with ADB's *Guidelines for Procurement*, and in consultation with the Government's procurement agent and MAAH.

16. The TA is expected to begin in February 2004 and will be implemented over 12 months. An inception report will be prepared within 1 month of the TA's start, a summary progress report after 6 months, and a final report, with a draft of this report to be submitted 1 month before the completion of the TA. Tripartite meetings between representatives of the Government and ADB will review the consultants' inception report, progress report, and final report. The active involvement of stakeholders will be achieved through national and regional workshops at the inception, interim, and draft final report stages.

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis to the Islamic Transitional Government of Afghanistan for Capacity Building in Agriculture and Natural Resource Management for Programming, and Aid Management and Coordination, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/ Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>Promote agricultural growth and poverty reduction through sustainable management of natural resources</p>	<p>Per capita income levels reach those of neighboring countries within 5 years</p> <p>Agricultural exports restored to levels of 20 years ago as a percentage of GDB within 10 years</p> <p>Trends in natural resource degradation reduced to levels of 20 years ago within 5 years</p>	<p>Annual state of the environment report</p> <p>Progress reports of ADB TAs and loans</p>	<p>Government sustains commitment to institution building and policy reform.</p> <p>Political stability is maintained.</p> <p>Security situation improves.</p>
<p>Purpose</p> <p>Strengthen the capacity of core sector ministries to institutionalize the sector CG processes and activities</p>	<p>Second tranche of ASPL released within envisaged 18-month time frame</p> <p>Strategic natural resource planning, sector investment planning, and aid coordination are integral functions of sector ministries within 5 years</p>	<p>Government progress reports</p> <p>Sector CG reports</p> <p>ADB review missions</p> <p>TA completion report</p> <p>Stakeholder consultations</p>	<p>Government sustains commitment to institution building and policy reform.</p> <p>Technical assistance is implemented effectively.</p> <p>Consultants are recruited in a timely manner.</p>
<p>Outputs</p> <p>Medium-term sector investment program developed</p> <p>Secretariat for the sector CG established within MAAH</p> <p>Institutional structures for CG processes established within planning department of relevant sector ministries</p> <p>Sector database established</p> <p>Relevant staff of sector ministries trained</p>	<p>Sector investment program developed within 9 months of TA commencement</p> <p>Secretariat established within 6 months of TA commencement</p> <p>Structures established within 12 months of TA commencement</p> <p>Database established within 9 months of TA commencement</p> <p>Number of staff trained</p>	<p>Government documents</p> <p>TA progress reports</p> <p>Tripartite meetings</p> <p>CG progress reports</p>	<p>Government is committed to reform and CG process.</p> <p>External assistance from major sources continues.</p> <p>Consultants are recruited in a timely manner.</p> <p>Risk: Government is unable to implement agreed-upon reforms.</p>

Design Summary	Performance Indicators/ Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Activities</p> <p>Assist in translating sector strategies into medium-term investment programs</p> <p>Establish a secretariat for the sector CG within MAAH to undertake aid management and coordination</p> <p>Facilitate the activities of technical working groups of the sector CG</p> <p>Assist with linking the sector CG processes with the planning department functions of respective sector ministries</p> <p>Assist in establishing a database on sector projects</p> <p>Provide training to relevant staff of sector ministries on strategic sector planning, formulating investment programs, aid coordination and management, and data management</p>	<p>Start: February 2004</p> <p>Completion: February 2005</p> <p>Responsible agencies: Cabinet, MAAH, MIWRE, MRRD, and others</p>	<p>TA progress reports</p> <p>ADB review missions</p> <p>Tripartite meetings</p> <p>CG reports</p>	<p>Consultants are recruited in a timely manner</p> <p>Risk: political situation is volatile.</p> <p>Risk: security situation is unpredictable.</p>
<p>Inputs</p> <p>13 person-months of international consultants</p> <p>36 person-months of domestic consultants</p> <p>Office equipment and computers for MAAH</p> <p>Vehicles for MAAH</p> <p>Budget for seminars, workshops and training</p> <p>Budget for studies and surveys</p>	<p>Resources</p> <p>Actual disbursement figures of TA</p>	<p>ADB contract award and disbursement records</p>	

ADB = Asian Development Bank, ASPL = Agriculture Sector Program Loan, CG= Consultative Group, MAAH = Ministry of Agriculture and Animal Husbandry, MIWRE = Ministry of Irrigation, Water Resources and Environment, TA = technical assistance, MRRD = Ministry of Rehabilitation and Rural Development.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	218	0	218
ii. Domestic Consultants	0	69	69
b. International and Local Travel	18	6	24
c. Reports and Communications	2	8	10
2. Equipment	0	25	25
3. Vehicles	0	20	20
4. Seminars, Workshops, Training	0	8	8
5. Studies, Surveys, and Reports			
6. Miscellaneous Administration and Support Cost	0	5	5
7. Contract Negotiations			
8. Contingencies	14	7	21
Subtotal A	252	148	400
B. Government Financing			
1. Staff and Office Support	0	14	14
2. Translation Service	0	6	6
3. Office Accommodations, Utilities	0	54	54
Subtotal B	0	74	74
Total	252	222	474

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

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. General

1. The consultants will work closely with the Ministry of Agriculture and Animal Husbandry (MAAH) counterpart staff and will provide technical expertise, on-the-job training, workshop and seminar training in programming, sector aid management and coordination, and associated database management. Technical working groups will be established and broad stakeholder consultation will be required to develop a systematic and integrated agriculture and natural resource management (ANRM) consultative group (CG) procedures, aid coordination and management mechanisms, and strengthened ANRM programming. MAAH will identify counterpart staff to work directly with the consultants. The consultants will also liaise and coordinate closely with the consultants engaged under the technical assistance cluster (TAC) and the TA accompanying the proposed Agriculture Sector Program Loan.

B. Terms of Reference

2. The terms of reference of the consultants include, but are not necessarily limited, to the following:

1. Program Planning/ Aid Management and Coordination Specialist-Team Leader (international, 12 person-months)

3. The terms of reference are for one long-term international position. Other international specialists may be required on a short-term basis in key specialist areas to be determined later, e.g., database management for aid coordination and management. An allocation of 1 person-month is provided in the budget for such inputs. The exact technical input and duration will depend on the assessed need and priority at the TA inception report stage. The international consultant/team leader will undertake the following tasks:

- (i) Manage and coordinate the TA team;
- (ii) Assist MAAH in establishing, strengthening, and institutionalizing the ANRM sector CG processes.
- (iii) Under the direction of MAAH and other sector ministries, establish a secretariat for the sector CG in MAAH to undertake necessary administrative and coordination functions.
- (iv) With MAAH support, facilitate the effective operation of the technical working groups under the ANRM CG, which will include formalizing mechanisms and linkages back to the ANRM CG.
- (v) Support to improve aid coordination in the core sector ministries and with development partners. This will involve consultation with development partners and NGOs, to assist the core sector ministries to establish and institutionalize effective sector and ministry-based aid coordination mechanisms that will operate at the policy, planning and coordination, and implementation levels. These mechanisms will be in line with Ministry of Finance (MOF) procedures.
- (vi) Support to establish effective sector database on project interventions, which will use the same systems and framework as those adopted by MOF.
- (vii) Assist in strengthening ANRM sector planning and programming.
- (viii) Assist in strengthening the capacity of the planning departments of the relevant ministries to prepare the ANRM investment program, and in formalizing the key links between the planning departments and the ANRM CG process.

- (ix) Provide for relevant ministry staff training in sector planning and program development, aid coordination and management, and data management.
- (x) Prepare the following reports: brief inception report (within 1 month of TA commencement) outlining the TA implementation plan; a summary progress report after 6 months, detailing any proposed changes in TA resource use; and a final report with a draft of this report to be submitted 1 month before the completion of the TA. The final report will include a summary report on TA progress, key issues, and recommended follow-on activities; and brief summary reports prepared by the technical experts.

2. Program Planning/ Aid Management and Coordination Specialists
(domestic, 2 persons, 12 person-months each)

4. Domestic consultants will be required in the following technical areas: program planning/ aid management and coordination. An allocation of 6 person-months is included for other short-term technical specialists. Inputs will also be required from training specialists/workshop facilitators in aid coordination and database management. In total, domestic consultant input of 36 person-months is allocated. Division on the required short-term technical and training specialists for a total of 12 person-months will be finalized at TA inception, and the terms of reference for them will be prepared in consultation with MAAH and the other sector ministries at TA inception.

- (i) Support the team leader and coordinate the TA team.
- (ii) Assist MAAH in establishing, strengthening, and institutionalizing the ANRM sector CG processes.
- (iii) Under the direction of MAAH and with the other sector ministries, assist in establishing a secretariat for the sector CG in MAAH to undertake the necessary administrative and coordination functions.
- (iv) With MAAH and under the direction of the team leader, support and facilitate the effective operation of the technical working groups under the ANRM CG, which will include formalizing mechanisms and linkages back to the ANRM CG.
- (v) Assist and provide support to improve aid coordination in the ministries and with development partners. This will involve consultation with development partners and NGOs, to help the core sector ministries establish and institutionalize effective sector and ministry-based aid coordination mechanisms, which will operate at the policy, planning and coordination, and implementation levels. These mechanisms will be in line with MOF procedures.
- (vi) Assist in establishing effective sector database on project interventions, which will use the same systems and framework as those adopted by MOF.
- (vii) Assist in strengthening ANRM sector planning and programming.
- (viii) Assist in strengthening the capacity of the planning departments of the relevant ministries to prepare the ANRM investment program, and in formalizing the key links between the planning departments and the ANRM CG process.
- (ix) Contribute to other TA activities and undertake other tasks as required by the team leader.