



NATIONAL AREA BASED DEVELOPMENT PROGRAMME (NABDP)

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National Area-Based Development Programme

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Provincial Development Planning in Maydan Wardak Province – 18th July 2007

Project ID: 11020 (NEX), 11012 (DEX) 11025 (Infrastructure rehabilitation)
Duration: Phase II commenced in early February 2006; runs until beginning of 2008
Component (MYFF): 1.3 Local poverty initiative, 1.5 Private Sector Development
Total Budget: USD 182m
Unfunded: USD 63 m
Implementing Partners/Responsible parties: MRRD and UNDP

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Executive summary

The main achievements of each of the programme's components in 2007 are as follows:

Community Empowerment

The Community Empowerment (CE) unit's main achievements in 2007 include the establishment of District Development Assemblies (DDAs) to result in 276 DDAs by the end of 2007 (with 25 in the process of being formed). A dedicated team was also formed to finalise the District Development Plans (DDPs) and ensure summaries are available to all development partners on the NABDP website. The CE component also achieved a major mobilization in the middle of 2007, including the hiring of 61 new staff, to undertake the design and facilitation of the Sub-National Consultations and Provincial Development Planning process in all provinces of Afghanistan for the Afghanistan National Development Strategy (ANDS). This was an exceptional effort, respecting extremely tight timelines which created valuable development plans and put in place mechanisms for a participatory planning process at the sub-national level to influence central level decision making. Focus was given to encouraging and supporting women's participation in the process including the establishment of 41 mixed DDAs and 18 Women's Advisory Committees (in the case of existing all male DDAs which had been formed in 2006), the development of specific strategies to support women's participation and the inclusion of gender into the operational guidance for all parts of the project cycle.

Implementation Support

The implementation Support Unit has ensured institutional capacity building support to MRRD to strengthen its procurement and planning cycle along with having ensured effective project implementation of projects this year, especially in Kandahar. These include project prioritization and procurement. Many small-scale labour-intensive projects were implemented that allowed for high community involvement. Agreements with DDAs were also concluded to guarantee the security of MRRD/NABDP engineers during project scoping and construction. NABDP also piloted a model of community contracting in which CDCs and DDAs are used as the main delivery contractors for project implementation. This model has allowed NABDP to reach out into insecure areas, where most of the development actors, including NSP, have not been able to work.

Economic Regeneration

The overall direction and strategy of the economic regeneration (ER) unit's activities has been reviewed. The unit tried to use a more innovative and pragmatic research approach by initiating assessment of product/sector value chain and business plan development activities in Balkh, Bamyan, and Herat provinces. The studies undertaken will lead to tangible projects that can be readily implemented on the ground. The business plan development activities targeting poor communities, including a significant number of women, has generated considerable interest in the provinces.

Institutional Development

The Institutional Development team has been instrumental in developing and sustaining the capacity of MRRD managers with a special focus this year on capacity building for planning, strategy setting and implementation. As a result, MRRD has developed its Implementation Plan Matrix and 14 departments have drafted their operational plans for 1386. A diverse programme of training has also been delivered including: 16 MRRD managers trained on organization and project management. Six OD&T and 27 PRRD representatives trained in institutional profiling and capacity assessment, and PDC members in all 34 provinces received orientation on their roles and functions. As a result of the training PRRDs produced a capacity needs assessment that was submitted to MRRD for further consideration. A sub-national database to support the work of PDCs is currently being developed.

Disarmament of Illegal Armed Groups (DIAG)

DIAG development activities gained momentum this year and actual project implementation was started. Twenty five development projects were either identified or implemented and more than 28 projects will be identified in the near future under the DIAG District Initiatives project. However, the large majority of districts in the country have not benefited from DIAG development because development activities are contingent on DIAG compliance criteria which have not yet been met. The next big challenge will be to find ways to accelerate the process of making more districts compliant, especially in less secure areas, so they can benefit from development projects.

WatSan Belgium

WatSan Belgium continued the implementation of its water and sanitation projects and hygiene education. Due to the low capacity of local contractors, problems in the Procurement department and security problems its activities were partly delayed.

WatSan USAID

A small number of the WatSan USAID projects which have been ongoing in terms of implementation through contracting partners could not be completed within the allocated time frame for fund disbursement. The Project recently applied to USAID for a no-cost-extension to complete a small number of these ongoing projects (which are over 70% complete) and the liquidation of payments.

I. Context

NABDP Phase II aims to contribute to the sustainable reduction of poverty and improvement of livelihoods in rural Afghanistan, based on communities empowered through community institutions to articulate and address their needs and priorities, and the Government able to support community-based rural rehabilitation and development in an integrated, people-focused, inclusive and participatory manner. It will support the Government, in particular the Ministry of Rural Rehabilitation and Development (MRRD), in working towards this goal, in line with the Afghanistan National Development Strategy, the United Nations Development Assistance Framework and the UNDP Country Programme. The overall strategy is to support the establishment of an integrated planning and implementation framework for a comprehensive (multi-sector, multi-level and multi-agency), coordinated, pro-poor and pro-growth approach to rural development.

For this purpose, NABDP focuses on producing the following **programme outcomes**:

- 1) Communities empowered to articulate and address their needs and priorities in relation to poverty reduction and livelihoods improvement through participation in comprehensive rural development planning and implementation processes and through expert inputs in regional economic regeneration strategies.
- 2) A well-established institutional capacity and technical capability in MRRD to fulfill its mandate of promoting rural regeneration and livelihoods and support the implementation and management of comprehensive rural development strategies/plans in a participatory, coordinated and sustainable manner.

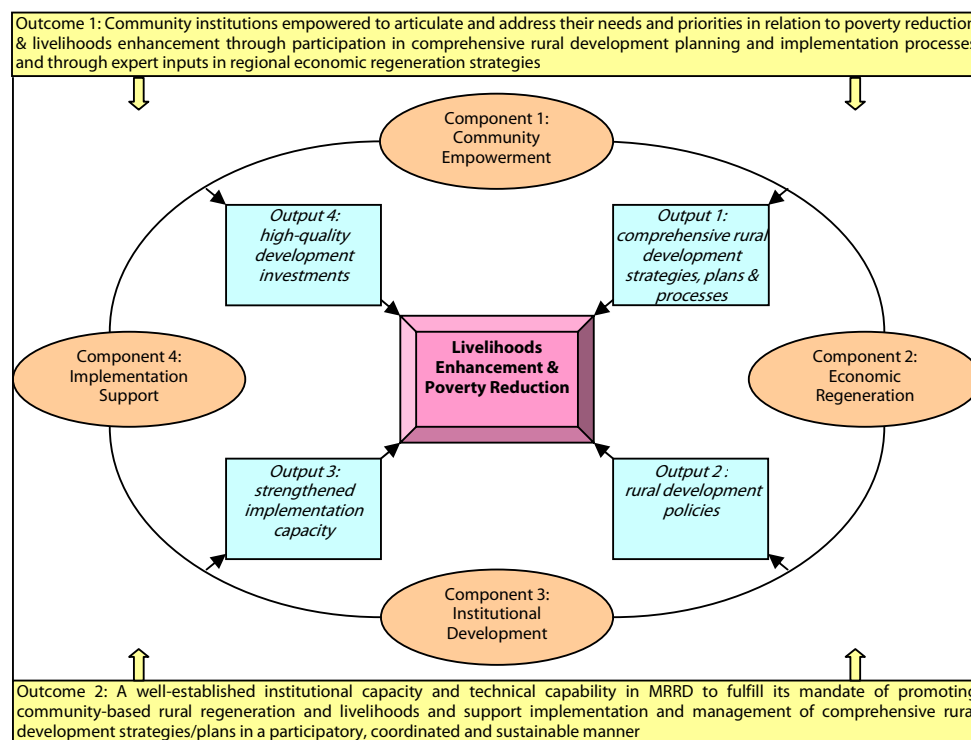
The implementation of NABDP takes place through four interlinked components:

1. **Community Empowerment:** Participatory and consultative mechanisms are being established at the district and provincial level to create a comprehensive rural development planning processes. DDAs comprising Community Development Councils (CDCs) and other community representatives identify and articulate district-level rural development needs and priorities. Provincial Development Committees (PDCs) receive training and support in the execution of consensus-based investment plans on the basis of community-expressed needs and priorities.

2. **Economic Regeneration:** Through technical input and mentoring, including expert assessments, capacity is being established within MRRD to formulate and regularly update regional economic regeneration policies and strategies, identify viable interventions for economic investment, poverty reduction and improving livelihoods and provide frameworks for comprehensive rural development planning at regional, provincial and district levels.
3. **Institutional Development:** The Institutional capacity and technical capabilities of MRRD (and key strategic partners) are being strengthened to enable the Ministry and its partners to effectively fulfil the mandate of promoting rural regeneration and sustainable livelihoods.
4. **Implementation Support:** MRRD’s implementation capacity is being strengthened, public and private resources mobilized, and implementation arrangements among partners and stakeholders coordinated to effectively deliver rural development projects.

The diagram below shows the linkages between these components and the programme’s overall goal, main outcomes and outputs.

Diagram 1: NABDP-II Strategy (2006-2008)



NABDP’s main internal and external partnerships have been designed to respond to the particular development challenges faced by different regions and areas of the country, including those affected by the opium economy and security threats as a result of illegal armed groups, within the framework of a consistent, nation-wide development strategy. NABDP is one of the seven national programmes implemented by the Ministry of Rural Rehabilitation and Development (MRRD). These programmes are coordinated in order to avoid duplication and maximize synergies between them. Efforts are underway under the leadership of MRRD to ensure greater coordination and to demonstrate joint impact on the ground. For example, the establishment of DDAs and District/ Provincial level community-led planning supported by NABDP builds on the **National Solidarity Programme’s** Community Development Councils (CDCs). All water and sanitation or rural road projects identified through these planning processes are implemented through MRRD’s **Rural Water and Sanitation** and **National Rural Access Programmes** respectively. Particular attention is also directed towards the inclusion and benefit of farmers dependent on poppy cultivation,

disarmed militias, returning refugees, IDPs and the rural vulnerable, including the Kuchi population. For this reason partnerships have been established with the **Disbandment of Illegal Armed Groups Programme**, alternative livelihoods initiatives and other priority programmes into the broader framework of comprehensive rural development under the Afghanistan National Development Strategy (ANDS).

All activities are undertaken on the principles of maximizing:

- (1) Consultation and participation of stakeholders and beneficiaries,
- (2) Coordination and synergies with other programmes and initiatives, and
- (3) Sustainability of results and outcomes.

II. Performance review

Progress review

1. Overall progress towards the CPAP outcome and output(s)

NABDP's activities are designed to contribute to the CPAP Outcome 3: *Livelihoods and the quality of life for poor people improved through MDG-focused initiatives such as mainstreaming gender, broadening economic opportunities and realizing sound natural resource management.* And had a particular focus on Output 7: *vulnerable groups (such as ex-combatants, returnees, disabled, and women) are empowered through improved access to social and economic opportunities (local poverty initiatives, private sector development, alternative livelihoods, and empowerment of women).* The programme has contributed to these results most prominently through the expansion of the establishment of District Development Assemblies (DDAs) and the formulation of District Development Plans (DDPs) to cover 276 districts or nearly three quarters of the country, with a particular focus on the inclusion of women including the establishment of 41 mixed DDAs (15%) and 24 women's advisory committees. The activities of DDAs have been supported by the implementation of development projects identified in DDPs and the elaboration of Regional Economic development studies and business plans to support the creation of sustainable income generation and employment opportunities. DDAs and DDPs have also been formally linked to national development planning processes through the ANDS Sub-National Consultation and Provincial Development Planning initiative to increase the empowerment of rural communities to influence the development agenda.

Overall Progress towards the UNDAF Outcome

The establishment of DDAs and DDPs, the implementation of projects and the identification of rural based business development opportunities also enable NABDP to contribute effectively to the UNDAF outcome: *By 2008 opportunities, skills, land and infrastructure that allow for active participation in a strengthened formal economy and private sector are improved, particularly for poor and vulnerable groups.*

Overall Progress towards the ANDS Benchmarks

NABDP has continued to support MRRD institutionally in implementing and reporting against the Afghanistan Compact and I-ANDS Rural Development benchmarks. To this end NABDP has contributed to MRRD quarterly reporting to the ANDS Consultative group. In 2007 NABDP played a crucial role in supporting the ANDS process through the design and facilitation of the ANDS Sub-National Consultation and Provincial Development Planning process in all 34 provinces of Afghanistan, including the production of Provincial Development Plans for all provinces delivered to the ANDS secretariat in October 2007.

2. Capacity development

In line with NABDP's Programme Outcomes the programme has contributed to capacity at both community and institutional levels.

In terms of *empowering community institutions to articulate and address their needs and priorities*, NABDP's Community Empowerment component developed a series of training modules for building the capacity of DDAs. The training initially covers planning process, including planning tools such as SWOT and problem-tree analyses, and facilitation techniques applied to the formulation of District Development Plans. Further training modules have been developed to develop the capacity of DDA members covering (i) Local governance, (ii) Gender equality and human rights, (iii) Project planning and management and (iv) Financial management and procurement. A full programme of capacity building activities for DDAs has been developed..

Particular attention has also been devoted to building appropriate capacity to support the active participation of women in community development planning and delivery processes. This includes providing training for both male and female field team members on how to reach out to women, gender sensitivity and familiarity with cultural, religious, and political issues and the importance of teamwork in supporting female participation. A specific capacity building strategy for female DDA and Advisory Committee (AC) members has also been developed.

Community capacity development is also a core part of NABDP's approach to project implementation. For example Watsan initiatives funded by Belgium built the capacity of the Village Water Committee and sanitation users groups/ committee, support organizations, and project staff engaged in rural water supply and sanitation program, so as to strengthen demand-led, community-based services. Training conducted by NGOs was an essential part of the project including the delivery of hygiene messages to 48,125 individuals, and professional training for 15 mechanics and 494 water point caretakers.

NABDP's capacity development activities were focused on ensuring a *well-established institutional capacity and technical capability in MRRD*. NABDP supported the different departments to operationalise the Ministry's Strategic Intent through re-visiting their major functions and re-structuring and modifying their mandates to better attain the strategic objectives of the Ministry. As a result, Directors of MRRD departments at central level are expected to lead the operational planning process for the next year 1387(2008).

The capacity of middle managers from central departments and Deputy Directors from MRRD's provincial offices was also developed through training of key staff in RRD offices to conduct institutional profiling and capacity assessments using surveys at provincial levels. This analysis will support the Ministry's review of its functions and structure and the decentralization of some core functions. MRRD's provincial managers are now able to lead organisational development activities and provide support to project management issues faced by MRRD departments.

Support for capacity development across a range of MRRD departments was also provided through the payment of salaries to a significant number of mainly national consultants tasked to support MRRD in undertaking its core functions (including build capacity in the process), including the development of a human resource department to manage contract staff. The scale of this activity is currently being reduced in the light of budget projections for future years, improved capacity of MRRD core staff and better performance evaluation and monitoring systems. The final tranche of support delivered through salary top-ups to a small number of MRRD staff still awaiting salary review through the PRR process is due for completion in March 2008.

NABDP also extended its capacity development activities beyond MRRD to other ministries and partner institutions at the national and sub national levels. A total of 338 civil servants from line departments at the provincial level were trained in participatory planning processes and facilitation methods during the SNC/ PDP process. Staff from the Ministry of Economy (MoE) was also trained as part of the cadre of master trainers to work alongside MRRD/NABDP teams during the Sub-national Consultations (SNC)/ Provincial Development Planning (PDP) process.

Finally, in 2007 NABDP developed a *personnel education and training assistance policy* in order to provide ongoing professional development opportunities for programme staff. The policy gives staff access to both formal education and ad-hoc professional development training and is designed to improve staff retention rates by clearly investing in staff development. The programme also instituted a policy of employing graduate interns to provide work experience for new graduates and increase their employment potential. In this context, around 30 graduates completed internships with NABDP in 2007.

3. Impact on direct and indirect beneficiaries.

Beyond the impact on the direct recipients of training or capacity development initiatives outlined above, the most tangible benefits of NABDP's activities are felt at the community level through the

identification of development priorities in the DDA /DDP process and the implementation of related projects.

The programme has focused particular attention on ensuring that activities benefit the most vulnerable groups. For example the community empowerment component has actively supported women's participation in the development planning process, achieving 29% overall participation rate for women and 38% participation rate for female community members in the SNC/ PDP process and establishing 41 mixed DDAs and 34 Women's Advisory Committees (in the case of DDAs which were all male in composition). This has ensured that women's needs and priorities are clearly included in district and provincial planning processes. NABDP has also managed to reach communities living in insecure areas where other development initiatives often do not operate, through developing tripartite agreements with CDCs and traditional shura.

At the implementation stage, projects have been contracted out to local communities, who get direct benefits during and after project implementation. In the process, around 500,000 labour days have been created which have provided income for approximately 12,000 local people. Income earned from the days worked can be used to meet their immediate needs and invest in other economic activities. This has encouraged local people to request other development agencies for support to implement prioritised projects.

Once development projects are implemented they naturally benefit a much wider group within local communities. For example a canal rehabilitation and cleaning project in Mahmud Raqi district of Kapisa that was completed as a DIAG development project benefited the entire district and some neighbouring areas, with a population of around 40,000 households or 240,000 people. Future benefits will include an increase in agricultural products, provision of job opportunities to 1,500 people per day, and improvement of economic and social standards.

The inclusion of District Development Plans in Provincial Development Plans is also expected to ensure that the impact of NABDP's activities accrue to a much wider range of beneficiaries as DDPs and PDPs have become key instruments for all development actors to identify and support projects that address the community needs and priorities at district and provincial levels. In addition, ANDS has also requested line ministries to integrate the development priorities identified in provincial development plans into their plans and strategies for 1387(2008).

Implementation strategy review

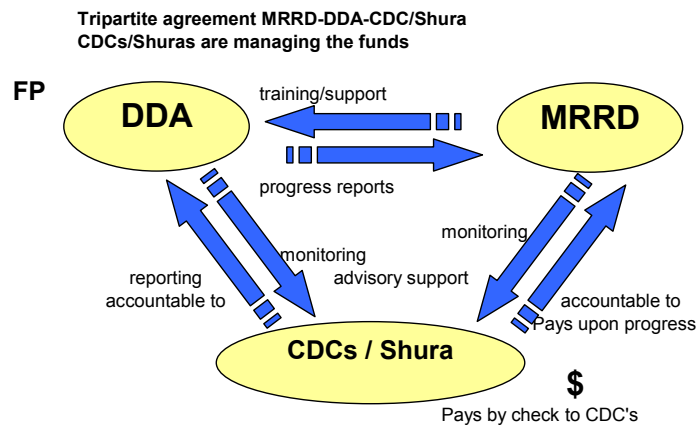
1. Participatory/consultative processes

NABDP's activities are based on community driven development approaches which seek to involve community members in all parts of project cycle management - from the identification of development needs and priorities (through DDAs and DDPs) to the implementation and monitoring of projects. A guide to project cycle management has been developed with specific focus on gender mainstreaming to ensure the active participation of women in the various stages of the project cycle.

In 2007, NABDP also led the design and implementation of the first nationwide public consultation process ever conducted in Afghanistan, through the ANDS Sub National Consultation and the Provincial Development Planning initiative. A total of 6,193 community representatives (including urban, rural, kuchi, refugees and returnees and disabled groups) were involved in preparatory workshops in the provinces to prepare community input and select community participants for the SNC and PDP process. In addition 7,708 individuals participated in SNC-PDP workshops nationwide including community representatives, national and provincial government officials, representatives of local governance institutions, and representatives from UN, national and international NGOs and donors.

2. Quality of partnership

In 2007, NABDP piloted an innovative partnership based implementation approach in Kandahar based on the use of tripartite agreements in which CDCs and DDAs take an active role as project partners. Under these agreements MRRD provides funds, technical and monitoring support to undertake the implementation of a number of projects in specific communities within a district. The DDA takes executing responsibility and ensures that the project objectives are achieved. The DDA forms a project management committee responsible for fund management, project execution and monitoring and a procurement committee responsible for procurement of materials and equipments. The CDC or local shura implements the project in close coordination with DDA representatives. The CDC/shura forms a project implementation committee to oversee all aspects of project implementation. The DDA is responsible for submitting physical progress and financial status reports to MRRD/NABDP after completion of each phase, financial reports with the request for subsequent instalment of money and a final completion report to MRRD/NABDP after completion of project and final settlement of payment. The operation of the tripartite agreement is illustrated in the following diagramme.



In Kandahar, NABDP also managed to conclude agreements with DDAs to guarantee the security of MRRD/ NABDP engineers. This approach of working directly through the communities and through securing their assurance for project staff safety have enabled NABDP to reach insecure areas, where even NGOs and NSP has not been able to venture into.

NABDP has also engaged in partnership activities with other Ministries and development programmes notably during the SNC and PDP processes when the programme coordinated with the ANDS secretariat, Ministry of Economy, DAI and ARD which provided facilitators, Ministry of Women’s Affairs which supported women’s participation, UNAMA which coordinated UN input and provided logistical support and ISAF which provided transport to insecure provinces.

Informal linkages were also formed with the Ministry of Agriculture for exploring joint field activities. In this connection a joint field visit to Parwan was coordinated under the leadership Deputy Minister MRRD, to explore the roles of producers’ associations and cooperatives’, and community development councils to promote rural enterprises.

The NABDP DIAG team also fostered a close partnership with the Joint Secretariat Development Team including weekly coordination meeting and bi-weekly meetings with the Disarmament and Reintegration Commission (DRC) at the senior management level when needed. Smooth partnerships with other ministries at provincial/ district level were fostered to deliver projects involving several agencies.

3. National ownership

NABDP is a Nationally Implemented (NIM) programme embedded within the Ministry of Rural Rehabilitation and Development (MRRD). This means that there is a “cooperative operational arrangement entailing, among other things, overall responsibility and assumption of accountability by host Government for the formulation and management of UNDP-supported programmes and projects”¹. Under the NIM modality MRRD takes responsibility for the production of outputs and the achievement of project objectives and is accountable for the use of UNDP resources. UNDP in return undertakes to strengthen capacities based on key considerations for execution. For this reason the Institutional Development support to MRRD provided by NABDP was designed and delivered in conjunction with the two counterpart departments OD&T and HR and all major interventions were coordinated with the Office of the Minister and the two Deputy Ministers. NABDP’s Institutional Development Team has made sure that the OD&T and HR departments are taking a lead in implementing key capacity building activities. All training interventions for PRRD staff were jointly facilitated by OD&T key staff, which allowed them to develop and sustain the internal capacity of those departments.

Similarly the majority of national staff involved in DIAG development (from MRRD, Joint Secretariat (JS) and Disarmament and Reintegration Commission (D&RC) are directly involved in leading decision making process. NABDP’s DIAG Coordination Unit (DCU) has delegated national colleagues and counterparts with as much decision making authority within the DIAG development framework. National counterparts of Joint Secretariat Development Team and the national officers of the DCU have been mentored by internationals to run the programme and are now able to conduct routine work without any supervision.

NABDP’s activities have also provided a key platform for the visibility of the Afghan government across the country. The national ownership of NABDP was an essential element in the core role taken by the programme in the design and facilitation of the ANDS Sub National Consultation (SNC) and Provincial Development Planning (PDP) processes. Before this process began provincial development plans had been prepared in more than twenty provinces, but were not considered fully satisfactory in part because the process had not been led by the government. The involvement of NABDP, as an MRRD National programme was seen to address this issue by delivering a process, led by the Afghan Government.

The programme’s activities in promoting development at the district level have also offered the opportunity for improving the visibility of the Ministry which is important in building trust in government departments. For example, in Kandahar, high government visibility was achieved through frequent visits of MRRD leadership to the province, which demonstrated the government’s commitment to rural people and enhanced local confidence in government through production of immediate benefits from the development projects implemented.

4. Sustainability

The core element of NABDP’s approach to ensuring programme sustainability is the development of a staffing strategy designed to put in place a “backbone” of capable Afghan national staff at key positions in all programme components. This staffs are given an opportunity to take overall responsibility for programme activities, with the support of temporary international advisors. The creation of the position of National Programme Coordinator, appointed in October 2007 to act as a direct counterpart to the Programme Manager, and the appointment of Afghan national staff to the positions of Head of Human Resources and Head of Administration are significant examples. The creation of a solid “backbone” of national staff is further supported by the implementation of

¹ Governing Council decision 92/22 of 26 May 1992. UN General Assembly Resolution 47/199 of 22 December 1992 reiterated that National Execution (NEX) – now called National Implementation (NIM) should be the norm, taking into account needs and capacities of recipient countries

an in-house training and professional development policy for programme staff (see *Capacity Development* section above).

The high level of national ownership is also a key factor in ensuring the sustainability of NABDP's DIAG team. Because national officers of DIAG development have been deeply involved in all core dimensions of DIAG development and built their own capacity to run the programme and solve problems, it is assumed that the project can be run by nationals in most of the occasions until all remaining districts are covered with DDAs and development projects.

The sustainability of project outputs and outcomes is enhanced through the use of community led development approaches which ensure that communities themselves drive the development process from project selection, through implementation, payment of workers, security guaranty, asset management, monitoring and reporting. For example, in a bid to accelerate implementation of projects and help promote sustainable livelihoods of local people MRRD through a Presidential Decree revised the project procurement procedures for Kandahar province. As a result, speedy project procurement process is ensured and priority projects have been contracted out to local communities, who get direct benefits through income earned during implementation, which can be spent to meet immediate needs or invested in other economic activity, as well as from the use of the finished project. This method of project implementation has supported the sustainability of the projects as local people have begun to feel ownership of projects and shown readiness to contribute to project cost which should ultimately lead to a locally owned process which supports sustainable livelihoods. It is significant that no project undertaken under this modality has been damaged by the insurgents.

The provision of training to local communities for the upkeep and maintenance of infrastructure is another strategy employed by NABDP to ensure the sustainability of project outcomes. For example Watsan activities have included the establishment of Village Water Committees that are responsible for ensuring that village water points are used in the proper manager and for the intended purposes. In addition a caretaker for each water point and a mechanic for each district have been trained and equipped. The caretaker takes care of the pump, apron and the removal of any unwanted materials from the surrounding of the water point while area mechanic is responsible for repairing the water point when there is a problem.

Finally, sustainability is ensured through the commitment of significant amount of funding per district and per year, which enables a critical mass of projects and investments to be put in place to address local expectations and make significant, positive and long-lasting impact on people's lives.

Management effectiveness review

1. Quality of monitoring

NABDP is putting in place a comprehensive system of monitoring of its activities through the cross-checking of information through a variety of monitoring systems. A detailed Monitoring and Evaluation manual is being developed which will be incorporated into the programme's implementation guidelines. Although for the moment the systematic collection of monitoring data remains weak, particularly in insecure districts, the new system will include monitoring done by MRRD department of M&E, provincial RRD directorates, NABDP staff, DDAs, independent monitors and through joint donor monitoring visits (Latest visit 15 April 2007 to Panjshir)².

The monitoring and reporting on individual NABDP projects is the responsibility of MRRD and NABDP Regional Management (Regional Manager, Technical Support Unit (TSU) engineers and Provincial Rural Development Advisor (PRDA) with support from International Advisors), and ultimately the provincial monitoring and evaluation teams. Monitoring undertaken by MRRD and NABDP staff includes the generation of regional information on project outputs. TSU managers

² See documentation in the NABDP annual report folder.

should be able to consolidate data, aggregate information, generate tables and statistics with basic information on NABDP supported sector expenses, level of community contribution, beneficiaries and delivery rate (expenses/budget). In addition the MRRD/NABDP monitoring team look into the following aspects:

- Are activities taking place as scheduled?
- Are outputs being achieved as planned?
- How have the beneficiaries responded/reacted to the project?
- Has there been any unplanned input required to achieve output?
- Are there any need for revision of current implementation plan or part of it?
- What is the likelihood of achieving the target?
- What are the recommendations to improve upon the current situation?
- Were the intended outcomes achieved.

Photo monitoring is also a requirement for MRRD/NABDP projects. Monitors are required to submit reports that include photographs showing the status of projects. Photographs are important not only to show the current status, but also for impact monitoring. Photos are “proof” of work and an immediate visual representation of the people and communities impacted. Ideally, photos should be taken prior to the implementation of projects and during and after implementation. This allows the programme to make a ‘before’ and ‘after’ comparison.

The purpose of this monitoring is to provide MRRD / NABDP with regular and systematic information on project implementation and outputs, identify bottlenecks and impediments during the implementation, and ultimately authorise the payment of funding instalments.

In addition to systematic project monitoring, case studies are sometimes used as these provide information otherwise not available through standard monitoring process. Case studies establish direct relations with the beneficiaries and therefore provide a more human element to quantitative data presented. In case studies, the major items generally covered are background of the beneficiary in question, benefits received (including likely benefits) from the project, views on the project etc.

NABDP/MRRD also uses independent monitoring to maintain transparency and authenticity of the project works and to verify and cross check information provided by MRRD/NABDP regular monitors. In Kandahar NABDP has hired a team of independent monitors with specific Terms of Reference (ToR) to monitor a sample of NABDP projects. The team visits the project sites and prepares and submits monitoring reports to NABDP/MRRD at regular intervals.

In 2007 NABDP carried out a preliminary assessment of the impact of the projects on the livelihoods of the people and in addressing the general security situation in the south, in particular in Kandahar province, where the programme has been working intensively this year. The study looked into various aspects that influence the sustainable livelihoods, for instance, employment and income generated, people’s empowerment, repatriation of refugees and return of internally displaced people, people’s movement, faith on the government and security situation, among others³.

2. Timely delivery of outputs

The achievement of NABDP’s outputs and targets in accordance with the schedule in the Annual Work Plan (AWP) is shown in the tables below.

Output 1: Comprehensive rural development plans, based on participatory community development processes and economic regeneration assessments and strategies.

³ See report in the NABDP annual report folder

Annual Target / Deliverables:	Achievement
District/Provincial level community participation mechanisms established in at least 300 districts/20 provinces	276 DDAs (92% achieved). Delay in completion was due to unexpected undertaking by NABDP of the SNC-PDP process between June and October. All 374 Districts in Afghanistan will be covered by December 2008.
Comprehensive Rural Development Plans in 300 districts in at least 20 provinces,	
Regional Economic Regeneration Strategies (RERS) prepared and updated for 4 regions	A Regional Economic Regeneration Assessment and Strategies Report produced in early 2007 provided RERS for all 7 regions. In addition sector business plans have been prepared for 3 regions. Due to the poor security situation in the southern and eastern regions, it was not possible to get appropriate, competent consulting organizations for these regions. NABDP expects to complete business plans for these regions in early 2008 using a more focused approach contracted to individual consultants.

Output 2: Rural development policies developed and adopted by the Government and other relevant stakeholders, providing frameworks for viable interventions for economic regeneration, poverty reduction and improving livelihoods.

Annual Target / Deliverables:	Achievement Update
Afghan Institute for Rural Development (AIRD) business plan is functioning and self-sustaining through other sponsors and services/clients	World Bank has committed 2.2 million US dollars, through its funding for NSP, to support AIRD.
Comprehensive rural development and economic regeneration planning adopted as policy and institutionalised at national level	Comprehensive rural development planning formalized in a NABDP project management guidelines NABDP Economic regeneration component has developed a country-wide Afghan Rural Enterprise Development Programme (AREDP) to enhance the capacity of MRRD to continue the policy development and promotion of rural economic regenerations activities in MRRD. Additional funds for AREDP are being explored.

Output 3: Strengthened management and implementation capacity of MRRD and relevant partner institutions to address rural development and economic regeneration needs and priorities.

Annual Target / Deliverables:	Achievement
Streamline PCM and provide support to and complete the assessment/restructuring of key Departments: Capacity Development, Human Resources, Planning, Rural Infrastructure Technical Services, Community Lead Development, Rural Energy, M&E - MIS, Finance.	17 MRRD departments supported in strategic planning. 14 have finalised their operational plans for 1386. Capacity assessment carried out in central departments and regional RRD offices, with MRRD staff trained in methodology. Understaffing in ID Unit contributed to a delay in delivery. The ID team held an internal reflection exercise to review its performance. As a result of this, a plan for 2008 was designed based on the identified gaps in 2007 and the findings of capacity assessments conducted.

Output 4: High-quality and sustainable community-led rural development and economic regeneration investments that reduce poverty and improve livelihoods.

Annual Target / Deliverables:	Achievement
<i>construction targets:</i>	
30 school buildings;	19 completed , 42 ongoing
1000 wells;	21 completed and 66 ongoing water supply and sanitation networks including wells
40 irrigation projects (dams, canals,etc);	203 completed, 17 ongoing
80 km road;	70 km (18 transport projects completed, 55 ongoing including road rehabilitation & culverts)
140 culverts.	
8 public buildings	18 completed, 8 ongoing
Estimated labor days 320,000 days	500,000 labor days created

3. Resource allocation

For the year 2007, a total amount of \$30,037,118 was recorded as actual expenditure as of 31st December 07, of which \$21,137,650 (70%) covered development project activity costs and \$8,899,468 (30%) covered other project costs (e.g. programme support operational costs, salaries, UNDP GMS)

Provisional Project Cost Vs Operational Cost 2007

Account Description	Expenditure	%
International Staff and Short term consultants	3,826,461	
National Staff	2,449,935	
Travel cost	453,538	
Equipment & Furniture	163,170	
Communication	116,810	
Supplies	43,688	
Rental & Maintenance	341,841	
Training cost	30,010	
Miscellaneous	164,583	
Audit & Reporting	-	
UNDP GMS	1,309,432	
Total Operational Cost	8,899,468	30%
Contractual Service companies (Project cost)	18,995,825	
DDA & PDP	2,141,825	
Total Project Cost	21,137,650	70%
Grand Total	30,037,118	100%

Proportion of other project costs Vs development activity costs for the year 2007

Total Other project costs	8,899,468	30%
Total Development Activity costs	21,137,650	70%
Grand Total	30,037,118	

4. Cost-effective use of inputs

With regard to cost effectiveness of inputs, the NABDP management team endeavours to reduce costs as much as possible without undermining the quality of outputs. Measures were put in place by each component team to ensure the cost effectiveness of their activities. For example, in 2007 the Economic Regeneration team reviewed the overall direction and strategy of research and development activities. A country wide study on Regional Rural Economic Regeneration Assessments and Strategies (RRERS) was conducted and subsequently divided into a series of smaller more focused province-specific, sub-sector/value chain analysis and business plan development studies. These studies were contracted to an Afghanistan-based International NGO with significant local knowledge, resulting in a more useful output and produced at a considerably reduced cost compared to the use of international consulting firms specialised in this kind of analysis.

In the Community Empowerment component, the establishment of District Development Assemblies (DDAs) and the formulation of District Development Plan (DDPs) were undertaken by NABDP field teams except in Khost and Nangahar provinces, thus reducing cost that would otherwise have been spent through outsourcing to Facilitating Partners (FPs).

The establishment of improved MRRD Project Cycle Management and the development of the community contracting model developed by the implementation support component have helped to ensure more effective and efficient project implementation. In addition, support to the MRRD Procurement Department provided by the institutional development component will ensure that systems and procedures assure full transparency and accountability while optimizing the selection of responsive, qualified, experienced private contractors to deliver the development projects identified in DDPs on time and at the best possible cost.

In the area of institutional development, savings are also expected to come from the gradual transfer of skills from international consultants to experienced, qualified Afghan nationals, thus progressively reducing the number of international consultancy days. The ongoing in-house training and workshop interventions for MRRD staff and PRRDs on planning and capacity assessment and PDC members on orientation about role and function linked to ANDS/MDGs strategy, will ensure a better planning, understanding and management of project activities and resources. The trainings are conducted by both International and National Institutional Development Advisors as opposed to outsourcing, and this saves on project costs.

Savings have also continued to stem from the application of enhanced systems and procedures in the programme's Human Resource Management, Asset Management and Financial Management Systems.

III. Project results summary

NABDP's Annual Work Plan sets out two key programme outcomes and a series of associated outputs and activities. Project results are summarized in relation to these:

Programme outcome 1:

Communities empowered to articulate and address their needs and priorities in relation to poverty reduction and livelihoods improvement through participation in comprehensive

rural development planning and implementation processes and through expert inputs in regional economic regeneration strategies.

Output 1: Comprehensive rural development plans, based on participatory community development processes and economic regeneration assessments and strategies

Achievement of Outputs

Annual Target / Deliverables:	Achievement
District/Provincial level community participation mechanisms established in at least 300 districts/20 provinces	276 DDAs (92% achieved). Delay in completion was due to unexpected undertaking of SNC-PDP process between June and October. All 374 Districts in Afghanistan will be covered by December 2008.
Comprehensive Rural Development Plans in 300 districts and at least 20 provinces,	
Regional Economic Regeneration Strategies (RERS) prepared and updated for 4 regions	A Regional Economic Regeneration Assessment and Strategies Report produced in early 2007 provided RERS for all 7 regions. In addition sector business plans have been prepared for 3 regions. Due to the poor security situation in the southern and eastern regions, it was not possible to get appropriate, competent consulting organizations for these regions. NABDP expects to complete business plans for these regions in early 2008 using a more focused approach contracted to individual consultants

Main Activities

Establishment of District Development Assemblies (DDAs) and formulation of District Development Plans (DDPs)

What is a District Development Assembly?

District Development Assemblies (DDAs) are made up of representatives from Community Development Councils (CDCs), which are established by NSP, or, where CDCs do not exist, from traditional local governance structures such as shuras (in close consultation with Provincial Council and District Governors).

DDAs create district development plans, (DDPs) based on inputs from CDCs.

The DDA has the following detailed responsibilities:

- Develop and articulate district priorities and strategies
- Formulate District Development Plan
- Advise Government and donors on suitable reconstruction and development projects
- Ensure inclusive representation of communities.
- Provide a dynamic two-way communication mechanism and effective coordination between the GoA/development organisations and the public.
- Coordinate/manage project/programs and monitor activities.

Since 2006, NABDP has facilitated the establishment of DDAs in 276 districts of the country. The DDA establishment process comprises cluster formation, the election of DDA members and executive body and the establishment of a women's Advisory Committee if community members do not wish to establish a mixed DDA so that women can discuss their concerns and communicate these to the DDA. These exercises not only raise awareness on democratic election and transparent decision-making processes but also build trust and understanding between different ethnic communities. DDA members then formulate District Development Plans (DDPs) in which they

determine district development goals, objectives and strategies, and identify development projects which respond to priority needs.

In 2007, NABDP/ MRRD established 137 DDAs in 11 provinces. Of these 41 are mixed DDAs, and 18 are all male DDAs with a formally constituted Women's Advisory Committee. More than 1,123 (700 men and 423 women) have been elected to DDAs in 137 districts. The DDA / DDP process was interrupted by request from the ANDS and the Minister of MRRD that NABDP design and facilitate the ANDS Sub-National Consultation and provincial Development Planning (SNC-PDP) process between June and October 2007. This involved the remobilisation of NABDP's entire Community Empowerment component during this period. In October 2007 12 field teams were deployed in 11 provinces to continue the DDA establishment and DDP formulation, including many new team members recruited and trained during the SNC-PDP process. Operational guidelines for this process were updated to reflect the lessons learnt during the SNC and PDP process, including creating clearer linkages with provincial planning processes and strengthening mechanisms to ensure the participation of women. In addition a specialised team of five people was formed to edit the DDPs. By mid- November, the editing team was increased to 11 members. In 2007, the editing team completed 96 DDPs and the summary of those DDPs has been posted on the MRRD website. Completion of the programme in the remaining 9 provinces is planned by the end of 2008 as resources allow.

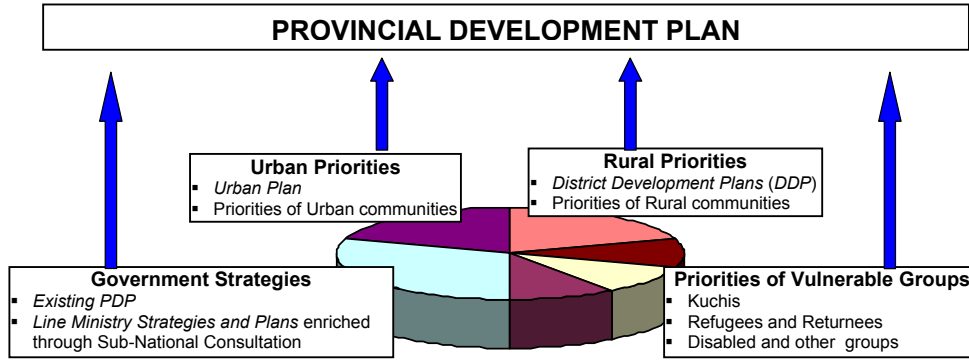
Sub National Consultation and Provincial Development Planning:

Discussions at the Afghan Development Forum (ADF) in April 2007 resulted in MRRD being charged with designing and leading the facilitation of the ANDS Sub-National Consultation (SNC) and Provincial Development Planning (PDP) in collaboration with the ANDS Secretariat. A Memorandum of Understanding was signed between MRRD and the ANDS clarifying their respective roles. The SNC and PDP processes were required to respect a tight timeframe to provide input to the process for the formulation of the full Afghan National Development Strategy. This required the completion of SNC and PDP workshops in all provinces and the production of 34 Provincial Development Plans by the end of August 2007. Consultations in all provinces were completed by this date, with the exception of Kabul province where the consultations had to be rescheduled to the beginning of September to avoid conflicting with the AF-PAK Peace Jirga which took place in the Afghan capital in August 2007. Full PDPs for all 34 provinces (including 2 PDPs for Kabul province given the large concentration of population in the province, one covering the urban area and one covering the rural districts) were submitted to the ANDS at the end of September 2007.

The methodology was designed to build on existing development planning initiatives. The formulation of the Provincial Development Plan was based on the consolidation of the following inputs:

- Line Ministry Strategies and plans discussed during the Sub National Consultation process, and existing Provincial Development Plans where relevant,
- Priorities of rural communities set out in District Development Plans (DDP), or formulated during a specific two-day preparatory workshop held with community representatives
- Priorities of urban communities, set out in the Urban Plan, or formulated during the preparatory workshop
- Priorities of vulnerable social groups such as Kuchis, refugees, returnees and Internally Displaced Persons (IDP) and the disabled, identified during the preparatory workshop.

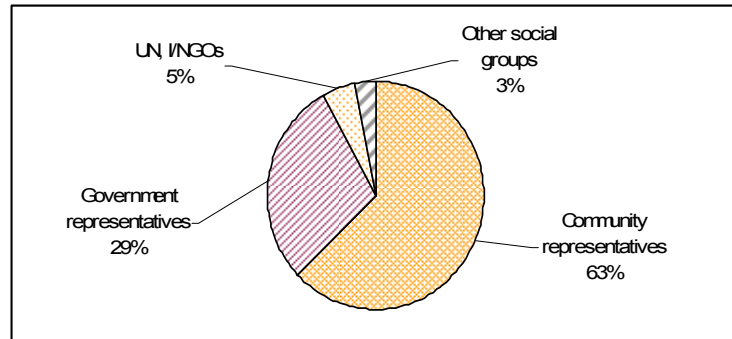
The following diagram illustrates how these inputs were brought together in the processes for the creation of the PDP:



NABDP’s major achievements in conducting the SNC and PDP process included:

- Defining the methodology for the process which was set out in the Methodological Guidelines for partners & stakeholders and the Operational Handbook for field teams
- Hiring 61 additional staff including 5 international coordinators, 36 facilitators and co-facilitators, 10 finance and administration officers, 10 editors and translators
- Coordinating with Partner organizations including the ANDS secretariat who coordinated government line ministries participation, Ministry of Economy, DAI and ARD who provided facilitators, UNAMA which coordinated UN input and provided logistical support and ISAF which provided transport to insecure provinces.
- Training of 338 provincial facilitators recruited from line departments and other government agencies to build capacity in facilitating participatory planning processes at the provincial level.
- Involvement of 6,193 community representatives (including urban, rural, kuchi, refugees , returnees and disabled groups) in preparatory workshops in the provinces to prepare community input and select community participants for the SNC and PDP process

- Involvement of 7,708 individuals in SNC-PDP workshops nationwide including community representatives, national and provincial government officials, representatives of local governance institutions, and representatives from UN, national and international NGOs and donors



- Production of 34 Provincial Profiles for inclusion in Provincial Development Plans to provide a common set of baseline information on development outcomes
- Production of Provincial development Plans for 34 Provinces which provide a clear articulation of needs and priorities linked to the selection of priority projects in each of the 8 ANDS sectors.

All materials developed and a full report on the SNC PDP process are available on the NABDP/MRRD website.

Business Plans for Rural Enterprises

By January 2007 a Regional Rural Economic Regeneration Assessment and Strategies (RRERS) Study was completed with a view to establishing a framework for integrated rural development planning in Afghanistan (See Output 2). From this study a value chain/ sub-sector analysis and business plan development studies were subsequently initiated. Following a competitive bidding process, the feasibility studies in the niche sectors in selected provinces/ regions, namely northern region (Balkh) was given to Afghanaid, Afghanistan, central region (Bamyan), and western region (Herat) were contracted to DACAAR, Afghanistan.

The feasibility studies to be completed by the end of January 2008, will cover sector and sub-sector analysis of identified niche sectors in the selected provinces /region (group of adjoining relevant provinces). The sub-sector analysis should lead to a series of business plan development for micro, small, medium rural enterprises, which could be selected and operationalized by potential entrepreneurs, with or without support of National Rural Enterprise Development (NREDP) unit of MRRD or other facilitating partners.

MRRD plans to advocate and facilitate the implementations of the results from the study through its National Rural Enterprise Development Programme. Hence the sub-sector analysis and business proposals suggested should clearly be within the mandate of MRRD, which is basically the improving the livelihood of rural communities by facilitating the enabling environment and value addition.

RRERS has selected the following criteria upon which to base the selection of sub-sectors:

1. *Outreach* • Number or significance of Micro, Small, and Medium Enterprises (MSMEs) in the sub-sector (these include producers who receive raw materials, finance, and other inputs from buyers and who are paid on piece-rate basis).
2. *Market demand and Growth Potential* • Evidence of strong effective demand for products being produced • Demand for products exceeds supply (buyers have ready market for products but are unable to meet demand) • Unmet demand from municipal authorities or large public works projects • Potential competitiveness of the sub-sector in relation to the world market
3. *Significant Presence of MSMEs in rural areas* • Number of MSMEs (at all levels of the sub-sector) that exist outside of the urban areas
4. *Significance of Forward and Backward Linkages among Domestic Market Actors* • The number and volume of transactions that take place among domestic market actors in the sub-sector
5. *Participation of Women* • Number of women who are self employed, own businesses or work as employees of other firms in the sub-sector

The Business Plans for Rural Enterprises are being developed in the 3 most promising niche sectors, having maximum business opportunities, identified through sub-sector analysis and feasibility analysis in the selected province. The total initial investment of the proposed business plans should range from very small cottage industry opportunities, which necessitate a few hundred dollars initial investment, to the maximum of US\$50,000/=. Business Plans in the selected province would take into account the forward and backward trading linkages of various goods and services with adjoining provinces and other places of proven business opportunities in the national and international market. The expected outcome of these business plans is to trigger a chain of Rural Enterprises, which eventually benefit the poorest section in the local community, provide maximum employment, and contributes to rural poverty alleviation in the province.

NABDP/MRRD is planning to facilitate the proposed rural enterprises business proposals through an agency providing Business Development Services (BDS) or through Facilitating Partners (FP). There is a possibility that the same consultants involved in undertaking feasibility studies and preparing business proposals, may be engaged as facilitating partner in the implementation of the business plan by the community.

Three reports, namely: value chain analysis, feasibility study, and business plan in identified niche sectors were submitted as per the contract requirement. All the nine SMEs in niche sectors in Bamyan (potato, fruits and nuts); Balkh (almond, carpet and melon); Herat (cashmere, silk and saffron) will be implemented by community entrepreneurs. These business plans, each requiring

up to 100,000 USD of investment, will be co-financed by entrepreneurs, banks and UNDP/ donors. These business plans will provide direct sustainable income and employment to at least 50 people through each enterprise. Indirectly, there will be much larger manifold income and employment generation.

Western region (Herat)

In the western region, cashmere, silk and saffron emerged as preferred sectors for income and employment generation. Afghanistan is the world’s third largest producer of un-processed raw cashmere, contributing around 10% of global supply (China 65%, Mongolia 16%, Iran and other countries 9%). Current estimates indicate that the Afghan production fluctuates between 1,200 – 1,800 M.T. annually. Almost all is exported to Belgium and China via Iran. Exports are concentrated in Herat, where large consignments are collected, cleaned, sorted and exported to Iran by road. Production also centers in the western region, although is also produced in Mazar-e-Sharif, Kandahar, Faryab and Badghis. Since there is no local demand for cashmere almost 100% of the annual production of Afghan cashmere is exported. Afghanistan produces high quality cashmere due to its downiness and greasiness. These characteristics occur because goats are often grazed in high plateau areas (two thirds of Afghanistan’s land is above 1.500 meters). Business plans for value added goods which generate huge employment have been developed and these business plans will be rolled out next year.

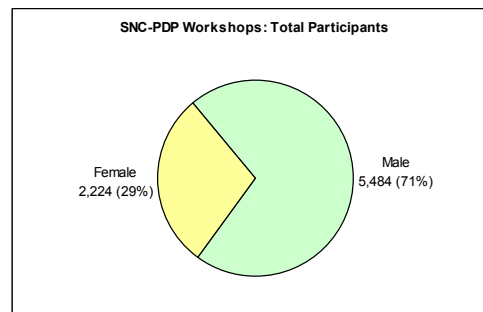
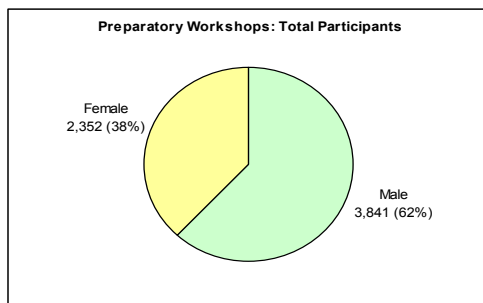
Saffron has a high value as it is very labour intensive during harvesting and on-farm processing (which is an important criterion for selecting this particular sub-sector). Due to its labour intensive production process numerous people, especially women, can find employment. Afghanistan has a total area of 90 ha under saffron cultivation and around 1,100 farmers in the country grow saffron. The total production of the country is 400-600 kg with an average yield of 2.4 kg per hectare. Saffron producers are organized in five associations (1 in Ghoryan and 4 in Pashtoon Zargon), one of which is a women association. The main markets for Afghan saffron are: Iran, India, UAE and Pakistan, but the saffron is not marketed as Afghan. In the Herat market, saffron prices range between 1,000 and 1,200 US\$/kg, while in the European and US markets saffron prices range between 1,000 and 8,000 US\$/kg. As the net income realized by farmers from saffron is 510 USD per jerib (2,000 qm) while their net income from wheat is 60USD per jerib, saffron is an alternative high value product. Currently, the production in Herat Province is brought to traders in Herat city or sold to wholesalers in Iran in small quantities (less than 5 kg), highlighting that Herat’s proximity to major processors and distribution channels in Iran is a major advantage. A business plan for Saffron SME has been developed.

Key results and achievements

Gender mainstreaming and empowerment of women

The Community Empowerment unit has made a great effort to ensure the active participation of women in development planning processes at both the provincial and district levels. In addition strategies for mainstreaming gender considerations throughout all stages of the project cycle are being developed to ensure that women are able to express their views and take an active role in decision-making and priority setting, project implementation and monitoring and evaluation. Its successes in this regard include:

- An average of 29% female participation in the Sub National Consultation and Provincial Development Planning processes across the whole country (including 38% female participation from community representatives in preparatory workshops)



- Establishment of 41 mixed DDAs and 18 Women’s Advisory committees to all Male DDAs.

A range of strategies have been used to strengthen the participation of women in district and provincial planning processes including:

- Hiring of national and international gender advisors and an increase in the number of female staff in the core CE team from 3 to 10
- Organization of training for both male and female field team members on how to reach out to women, gender sensitivity and familiarity with cultural, religious, and political issues and the importance of teamwork in supporting female participation
- Intensive coordination with provincial governors, religious leaders and elders, Ministry of Women's Affairs, governmental organizations and donors, and
- Development of specific strategies to encourage female participation including provision of appropriate support to female participants including acceptable transportation and accommodation and provision for mahram, (male companion).
- Revision of the operational guidelines for the establishment of DDAs and formulation of DDPs to give greater emphasis to the inclusion of women.
- Involvement of female facilitators in every workshop to actively support female participants during discussions, which had a very positive impact.
- Development of a capacity building strategy for female DDA and AC members was developed.

Managing expectations and ensuring the sustainability of district planning

Local level planning processes are often criticised for running the risk of raising expectations of local communities beyond the realistic delivery capacity of local development actors. NABDP is well aware of this potential problem and has put in place a number of strategies to mitigate such risks by strengthening the credibility of these plans and improving the likelihood of funding and support for identified projects. These include:

- Ensuring that District Development Plans are linked into provincial and national level planning processes so they are discussed and considered in a wider forum. This approach was first piloted in Kandahar and Laghman in early 2007, and rolled out nationwide during the SNC-PDP process for the ANDS.
- Systematic involvement of line department representatives, donors and NGOs active in the district to provide a reality check regarding the possibilities of support and improve the likelihood that they will integrate district priorities into their own planning processes.
- Creating partnerships with 2 experienced facilitating partners (FPs) to establish DDAs in 2 provinces to ensure continuity of approach with NSP and bolster the sustainability of CDCs beyond the end of their block grant funding.
- Development of a programme of capacity development for DDAs including the ability to articulate needs and priorities to engage with other potential funding partners and take an active role in resource mobilization activities and to directly manage and monitor project implementation.
- Emphasising the mobilization of the communities own resources to implement and maintain development projects. Some level of community contribution is a requirement for all NABDP supported projects; however in Kandahar in some cases community contribution has exceeded 60% of project resources.
- Establishing a dedicated team to professionally edit District Development Plans in Dari or Pashto so these can be presented to a variety of potential partners. In addition a summary of each DDP is produced in English and presented on the NABDP website so that is made available to a wider public including international donor agencies.
- NABDP also developed relevant formats for registration of DDAs by MRRD to ensure recognition by other organizations.

Output 4: High-quality and sustainable community-led rural development and economic regeneration investments that reduce poverty and improve livelihoods.

NABDP activities to ensure high-quality and sustainable community-led rural development and economic regeneration investments that reduce poverty and improve livelihoods fall into two categories: 1) implementation of development projects and 2) ensuring quality throughout the project cycle.

1) implementation of development projects

Implementation of development projects in insecure areas: community contracting model piloted in Kandahar

The successful implementation of rural development initiatives has been piloted in Kandahar province, where 375 projects were launched in 2007, an additional 383 projects have been contracted, and another 500 have been designed and are awaiting funding. The completed projects have been undertaken with an exceptionally high voluntary and unpaid community participation of up to 60% of project resources and have enabled the creation of large scale local employment opportunities and tangible local impact. Within the past year, MRRD has created approximately 500,000 labour days in the south. Preliminary findings indicate high levels of community satisfaction with the projects which are seen to have made a positive contribution to improving local stability. Furthermore, trust in the government has been built in many rural communities where requests for assistance with rehabilitation of local social and economic infrastructure have received rapid and positive responses. With additional support and funding, these efforts can be expanded and more security and prosperity can be brought to the most impoverished provinces of Afghanistan.

Lessons drawn from the pilot show that the key ingredients for success of the Kandahar model include:

- High responsiveness to locally expressed needs and priorities *(All districts are covered, NSP and Non/NSP) and the Methodology is adapted to insecure and Non-NSP districts*
- Community driven process from the outset until completion, *including project selection, security guaranty, execution/implementation, Monitoring, Payment of workers etc.*
- Significant amount of funds are committed per district and per year, which enables a critical mass of projects and investments in order to (1) address local expectations and (2) obtain a significant, positive and long-lasting impact on people's lives.
- Experienced and qualified provincial team that manages Project Cycles locally and is entrusted to handle decentralized key functions for faster and better informed decisions,
- High Government visibility achieved through (1) Frequent visits of MRRD leadership to Kandahar, (2) Demonstration of the GoA's commitment to rural people and (3) enhanced local confidence in GoA through production of immediate benefits.

One of the core features of effective project implementation has been DDAs taking responsibility for the sustainability of NABDP's project activities. In Kandahar province, for instance, DDAs have been effective in ensuring security for field personnel in field project surveys within their respective districts. In Uruzgan, DDAs have successfully implemented, monitored, and reported on their projects which were not reached by the National Solidarity Programme through its previous development work.

Implementation of development projects under the Disarmament of Illegal Armed Groups (DIAG) initiative

In 2007, the NABDP DIAG Coordination Unit (DCU), under the DIAG District Initiative, was tasked to accelerate the establishment of DDAs and the formulation of DDPs in the targeted districts in order to identify and implement suitable development projects to meet community needs and fulfil the objectives of the DIAG initiative. In total 38 DDAs were established in the DIAG framework. The DIAG Coordination Unit (DCU) was then involved in preparing and implementing development

projects in the districts in which DIAG compliance was met or nearly met. The status of DIAG development projects is as follows:

Summary of DIAG Development Projects Status		
No. of projects	Status	District
1	Completed	Mahmud Raqi
6	Implementation ongoing	Shortepa, Pashtun Zarghun, Cha ab, Aab Kamari, Kohistan 2, Andkhoi
2	Waiting for signature	Namak Aab, Mohmand Dara
1	Announced soon	Baharak
5	Designing	Obeh, Farkhar, Salang, Bangi, Kohband
0	Survey ongoing	
8	Tech. survey planned	Dara-e Noor, Farza, Murdyan, Noorgram, Jalrez, Khuram & Sarbagh, Sozma-Qala, Qala-e-Zal
1	Postponed due to DIAG operation	Jawand
1	Will be identified soon	Khushi
25	Total project	

DIAG initiatives also piloted an approach based on high levels of community participation in the implementation of projects. For example, the construction of a veterinary clinic in the Kohistan 2 district of Kapisa province was endorsed for implemented by the local DDA and CDCs, rather than by an implementing partner. This was the first time that a DIAG district DDA had been involved in implementing a project which required a high level of technical and project management capacity. A technical expert from the district was assigned for technical planning and supervision of the project. The project implementation is underway. This project is expected to pave the way to other future projects that will be implemented by community initiatives.

Alternative livelihood project implementation. (IALP-K Kandahar and CNTF Window)

With regard to alternative livelihoods, the CIDA-supported IALP-K programme in Kandahar will continue through a second round of activities after approval of a project proposal that has been developed in close consultation with CIDA, and with expert inputs from a newly recruited consultant specialized in counter narcotics. The first round of activities has generated valuable lessons on how to enhance inter-ministry cooperation, the need to support the capacity of relevant technical provincial directorates and the need for more responsive economic regeneration projects. As of December 31st 2007, 94 projects in Kandahar are listed under CIDA IALP and 82% of the funds have been obligated through contracts.

NABDP has also been supporting MRRD's capacity to prepare project proposals to be submitted to the Counter Narcotic Trust Fund (CNTF) through its MRRD CNTF Window. Under CNTF, 18 projects have been approved of which 4 have been completed, 7 are ongoing and another 7 are in the process of procurement. In addition, 56 projects are under preparation.

Water and Sanitation project implementation (WatSan Belgium)

Under the Watsan initiative funded by the Belgian Government, projects have been implemented in four main areas: (1) Water supply schemes, (2) Sanitation, (3) Hygiene education and (4) Operation and Maintenance training

Water Supply (bore wells, hand dug wells and motorized pipe schemes)

Province	# Water Points	Beneficiaries	Amendment	Completed	% complete	age
Uruzgan	100	17500	100	100	100	
Nimroz	50	8750	50	50	100	

Daykundi	107	18725	107	107	100
Ghor	291	50925	341	237	69.5
Total	548	95900	598	494	82.61

One hundred bore wells in Uruzgan province and 50 bore and dug wells in Nimroz province have been contracted and completed on time. In Daykundi province two contracts for construction of 44 and 63 bore wells were signed with two different contractors, physically both companies completed their contracted activities but due to the remoteness of the project sites requests for the final payment and hand over of the project are still pending. In Ghor province four contracts for the construction of one pipe scheme, 50, 90 and 111 bore wells were signed with four different companies. Among the contracted activities, the construction of the pipe scheme and 90 wells were completed on time, while the contract for 50 bore wells was amended to cover 100 dug wells, of which the contractor has completed 50 with the remainder to be completed by August 2008.

Sanitation

Province	# Latrines	Beneficiaries	Amendment	Completed	% age complete
Uruzgan	300	2100	300	300	100
Nimroz	150	1050	150	150	100
Daykundi	321	0	0	0	0
Ghor	375	2625	375	375	100
Total	1146	5775	825	825	71.99

The construction of 300 community demonstration latrines in Uruzgan province and 150 in Nimroz province was completed on time. In Ghor province the construction of 375 latrines has been completed but final monitoring and project handover is still being completed, while in Daykundi province the construction of 321 latrines could not be completed due to low capacity and progress of the company and the contract has been cancelled.

Hygiene education

Province	Hygiene Education (individuals)	Beneficiaries	Amendment	Completed	% age complete
Uruzgan	17500	17500	17500	17500	100
Nimruz	8750	8750	8750	8750	100
Daykundi	18725	0	0	0	0
Ghor	21875	21875	21875	21875	100
Total	66850	48125	48125	48125	71.99

In Uruzgan, Nimruz and Ghor provinces hygiene education has been delivered to 48,125 individuals (6,875 families) within project specified time frames.

Operation & maintenance

Operation and maintenance activities for 100 wells in Uruzgan, 50 wells in Nimruz, 107 wells in Daykundi 197 wells and 40 stand posts of a pipe scheme in Ghor province have been completed. These will be completed for the remaining 104 wells in Ghor by August 2008.

Rural energy projects

A Rural Energy office was established within MRRD to test technologies and management systems for rural energy generation through the implementation of seven pilot projects. This unit will also contribute to the development of rural energy policy, and link with the economic regeneration component of NABDP to develop appropriate energy solutions for rural business development. Two national staff have been recruited to the core team and two international staff will join the project at the beginning of 2008. One pilot project has already begun implementation in Kandahar (in Takhtapul distrct) piloting a system of household solar energy kits including the provision a training and maintenance.

2) Ensuring quality throughout the project cycle.

Selection of viable community-based economic regeneration and rural development projects

In 2007 NABDP received a request for funding for a total of 741 projects forwarded by MRRD through petitions to the minister and 641 projects identified by District Development Assemblies. In planning for 2008 NABDP will compare all requested projects with prioritized project lists in Provincial and District Development Plans before giving approval for funding.

Project identification is now increasingly done within districts and by DDAs. In provinces that have an earmarked budget a set of criteria are applied to determine how funds should be allocated between districts. These include population, poverty rate, security, and poppy cultivation. This process is currently used in Nangarhar, Balkh, and Kandahar provinces and will soon be applied to the north eastern provinces of Takhar, Badakhshan and Kunduz. Three pilots in which DDAs have received approval to implement construction projects themselves are underway in Parwan, Badakhshan and Kapisa.

Production of NABDP Implementation Guidelines

The Implementation Guidelines aim to facilitate the design, implementation and management of NABDP projects through District Development Assemblies (DDAs), Community Development Councils (CDCs)/traditional local shuras and the private sector. The ultimate objective of these guidelines is to provide a coherent foundation for decentralised NABDP-funded project implementation within MRRD activities, and by extension within the framework of the Afghan National Development Strategy (ANDS). The decentralized facilitation of the Project Cycle as proposed in these guidelines through regional and provincial levels of the Ministry and through the DDAs and CDCs/Shuras, complements MRRD/NABDP's objective of empowering local institutions and provides a better chance for sustaining the benefits generated by the projects once donor assistance has ceased.

The project cycle management (PCM) approach described in the Guidelines is not a single fixed model. It provides guidance on the basic principles and processes which should underpin project identification, implementation and stakeholders' involvement. How these are applied will be a dynamic process adapted to the specific circumstances of different provinces and districts including (i) the local security situation; (ii) the organisational development of the MRRD; and (iii) the anticipated national decentralisation policy.

The type of projects to be identified and implemented and the subsequent involvement of stakeholders (DDAs, CDCs/Shuras) is very often heavily influenced by the local security conditions. In insecure districts, small projects with important involvement of CDCs/Shuras and DDAs should be emphasised as these are technically simpler and faster to implement, and because they do not rely on professional contractors, many of which are unwilling to work in insecure areas. In more secure districts, bigger projects can be undertaken and implemented through sub-contractors and private partners. In this scenario DDAs and CDCs/Shuras may have mainly a monitoring role.

Establishment of a Quality Control Unit

In the light of problems experienced in the design and drafting of projects NABDP has identified that a strong team is required to support, develop and standardize the processes used in regional offices to manage hundreds of project-related contracts from the survey and design stage to final payment and hand over to the community or the relevant line ministry. For this reason, in January 2008 a Quality Control Unit will be assembled with expertise in three related areas (i) Technical Management, (ii) Contract Management and (iii) Quality Assurance. The objective of the team will be to set standards and develop the capacities of MRRD/regional offices for smooth implementation of contracts.

The Technical Management (TM) section will look after all projects from survey, design, preparation of Bill of Quantity (BOQ), cost estimation, advice on construction methods, construction supervision, on-site checking, certification of payments, certification of technical justifications and revised quantities & costs for variations of work, technical documentation for bidding package, pre-bid conference organisation and facilitation, technical evaluation of bids etc; The TM section will standardize documents on these functions, prepare quality manuals, and deliver on-the-job training to MRRD Technical Support Unit (TSU) engineers etc.

The Contract Management (CM) section will administer all contracts immediately from when they are awarded to the stage of final payment and project hand over. They will regularly monitor contracts and hold monthly meetings with contractors to sort out issues on time and cost overruns or settling disputes. They will standardise measurement and payment procedures, variation orders, extension of times and various other related documents on timely implementation of projects. They will also undertake regular on-the-job training to various levels of engineers on contract administration issues.

The Quality Management (QM) Section will look after the quality aspects for all projects. They will standardise laboratory set up in the regions, test procedures on materials and works and quality certification. They will also produce a quality control manual and undertake regular on-the-job training of engineers on quality control and quality assurance etc.

Fund Mobilisation

Regular interaction was sustained throughout the year with donors and supporters of NABDP including CIDA, USAID, Japan, Belgium, Norway, UNDP and the Netherlands through bilateral meetings. All indicated their willingness to extend their collaboration and support for 2007. Proposals were submitted to Japan for funding activities in Ghor, Daykundi, Bamyan, Nangarhar, Balkh, Kandahar and other border provinces. A proposal was submitted to Canada for continuation of support to Kandahar and other provinces. The Belgian government approved the reallocation of funds to Takhar, Kunduz and Badakhshan and requested a proposal for supporting comprehensive development for the next three years in those three provinces. Norway extended its support for Faryab, and agreed to fund activities in other provinces. The Netherlands agreed to increase its funding for Uruzgan. The UK started funding NABDP through the HARDP programme in Helmand.

USAID funding for post-battle reconstruction and emergency works in Kandahar was phased out in October 2007. However discussions were held with USAID regarding funding for programme activities in provinces along the Pakistani border. Initial contacts were made with Finland and Sweden (for Jawzjan and Samangan), with Iran (for Nimruz, Badghis, Herat, Farah) and with Australia (for Uruzgan).

At regional level, regular exchange took place with PRTs, donor-funded programmes, line departments and governors in the context of PDC meetings or on a bilateral level.

Programme outcome 2:

A well-established institutional capacity and technical capability in MRRD to fulfill its mandate of promoting rural regeneration and livelihoods and support the implementation and management of comprehensive rural development strategies/plans in a participatory, coordinated and sustainable manner.

Output 2: Rural development policies developed and adopted by the Government and other relevant stakeholders, providing frameworks for viable interventions for economic regeneration, poverty reduction and improving livelihoods.

Annual Target / Deliverables:	Achievement
Afghan Institute for Rural Development business plan is functioning and self-sustaining through other sponsors and services/clients	NSP- World Bank has committed 2.2 million US dollars to support AIRD.
Comprehensive rural development and economic regeneration planning adopted as policy and institutionalised at national level	Comprehensive rural development planning formalized in a NABDP project management guidelines NABDP Economic regeneration component has developed a country-wide Afghan Rural Enterprise Development Programme (AREDP) to capacity of MRRD to continue the policy development and promotion of rural economic regenerations activities in MRRD. Additional funds for AREDP are being explored.

Afghan Institute of Rural Development

The concept of an Afghan Institute for Rural Development (AIRD) was initially conceived approximately two years ago and the AIRD was formally established on 11 June, 2006, by a Directive issued by the Minister. Based on his vision two main arms of the institute were developed: Policy Research and Education & Training, as well as its administrative structure and governance details⁴. As part of its institutional development function, NABDP has been providing all necessary support to the Afghan Institute of Rural Development (AIRD) since its inception. The AIRD office has been equipped with various facilities. Short-term international advisors were recruited to review and finalize the AIRD concept paper and develop a training curriculum. A business plan for 2007 was developed and submitted to various organizations, including UNDP, to mobilise more financial resources. The AIRD also organized several meetings with different possible donors including JICA, the Government of Japan and the Embassy of Iran. Further it organized two workshops for trainers of MRRD on various functional needs of AIRD. UNDP granted additional resources for the AIRD. The National Solidarity Programme (NSP) supported by the World Bank has also committed 2.2 million US dollars to support AIRD.

Economic Regeneration

The overall objective of the Regional Rural Economic Regeneration Assessment and Strategies (RRERS) Study was to generate socio-economic assessments and development strategies for regional rural economic regeneration, with a view to establishing a framework for integrated rural development planning in Afghanistan. The analysis has produced three outputs: (i) definition and description of the Afghan regions, (ii) profiling of the provinces in each of those regions and (iii) a stakeholder analysis. Provincial profiles highlighting economic potentials in niche sectors for 25 provinces were also produced. These have been shared with relevant ministries and put up onto the MRRD website for wider use and dissemination.. Using the profiles, 11 distinct regions of potential economic activity were identified based on commonalities such as geography, trade

⁴ MRRD Ministry Strategy- 15 March 2007

links, economic activity and socio-cultural aspects. Following an overall assessment of the existing level of development across the regions, suggested priority areas for economic activity were identified based on a number of criteria including poverty alleviation impact, relevance to income generation for a large proportion of the population, and compliance with government policies. These key potential development opportunities range in scope from agriculture, and manufacturing, to mineral extraction, tourism, and logistics. These assessments have served as the basis for the development of sub-sector analyses and niche-sector business plan development in three provinces (Balkh, Bamyan and Herat). In addition, a number of relevant economic development priority projects identified in DDPs and PDPs are being analyzed by Economic Regeneration Unit for their technical feasibility and economic viability. The output of these feasibility studies will contribute to regional economic regeneration strategies and comprehensive rural development plans.

On the policy level, Therefore, NABDP's work on economic regeneration strategies and rural business plan development provides a significant contribution to MRRD's role in formulating rural development policy as enterprise creation is seen as a key driver for creating longer-term, sustainable rural development, and particularly to MRRD's Afghanistan Rural Enterprise Development Programme (AREDP). An AREDP Programme document has been developed and it is being used as a catalyst for stakeholder discussion, whilst at the same time exploring collaborative and funding opportunities with potential partners.

Output 3 (AWP): Strengthened management and implementation capacity of MRRD and relevant partner institutions to address rural development and economic regeneration needs and priorities.

Annual Target / Deliverables:	Achievement
Streamline PCM and provide support to and complete the assessment /restructuring of key Departments: Capacity Development, Human Resources, planning, Rural Infrastructure Technical Services, Community Lead Development , Rural Energy, M&E - MIS, Finance	17 MRRD departments supported in strategic planning. 14 submitted operational plans for 1386. Capacity assessment carried out in central departments and regional RRD offices, with MRRD staff trained in methodology Understaffing in ID Unit contributed to a delay in delivery. The ID team held an internal reflection to review its performance. As a result of this, a plan for 2008 was designed based on identified gaps in 2007 and findings of capacity assessments conducted.

Strategic planning and Improving the efficiency of key departments

The Institutional Development component of NABDP provided support to the different departments to operationalise the Ministry's Strategic Intent through re-visiting their major functions and re-structuring and modifying their mandates to better attain the strategic objectives. As a result of this support MRRD departmental directors at central level have been able to lead an operational planning process for the next year (1387) and middle managers from central departments and Deputy Directors from PRRDs are able to lead organisational development activities and provide support to project management issues faced by MRRD departments.

NABDP's capacity building activities were jointly planned and implemented with relevant MRRD departments as a further means for building internal capacity. A series of meetings with the directors of the Capacity Development Department were held to coordinate joint activities for 1386. Staffs from the Organisational Development and Training Department were invited to co-facilitate workshop sessions on operationalisation of the strategic intent for key MRRD departments. A survey to assess the current capacities of all civil servants in MRRD has been developed, reviewed and finalized by the OD&T department with support from the ID team.

Twenty three provincial staff members and OD&T staff have been trained on basic research skills including research design, implementation, consolidation, and analysis.

The key achievements of the ID unit in developing the capacity of national and sub-national civil servants include:

- Conducting a capacity assessment with key central departments and provincial RRD offices regarding MRRD's major functions
- Conducting a series of operational planning workshops attended by 70 directors and key staff from the personnel department.
- Coaching and mentoring workshop participants on a regular basis to improve planning skills and processes within departments. The majority of directors demonstrated their commitment to the planning process and developed quite comprehensive and ambitious implementation matrices and operational plans for each department, which will eventually contribute to the achievement of the MRRD's Three-Year-Strategic-Intent Objectives. Fourteen out of 17 departments submitted operational plans for 1386 to the MRRD leadership for further review and comments
- Holding a workshop of MRRD central department's directors and key representatives from NSP, WatSan, NRAP and other national programmes on development of implementation plans. As a result, MRRD has been able to develop an Implementation Matrix.
- Training key representatives of four MRRD departments at central level in the logical framework methodology for project cycle management.
- Training representatives of both central and provincial departments on organizational and project management tools,
- Training 6 staff from OD&T and 27 PRRD representatives to conduct institutional profiling and capacity assessments using surveys at provincial level. The participants immediately utilized new knowledge and skills and conducted the surveys in all 34 provinces. To date 24 profiles and survey results from over 500 respondents have been collected. A report on the Institutional Profile and Capacity Assessment of PRRDs has been finalized and submitted to MRRD/ NABDP .
- Training 6 OD&T staffs and 32 PRRD representatives on data consolidation.
- Training 16 directors, middle level managers of central departments and deputy directors of PRRDs in development issues, concepts and principles, project cycle management, logical framework formulation and organisational development interventions. Those trained will be able to lead and facilitate further capacity building interventions within the MRRD in future.

Capacity building activities have also extended beyond the boundaries of MRRD to reach civil servants from other departments including supporting the Ministry of Economy in building capacity of PDCs as a coordination structure at provincial level. The ID team facilitated orientation workshops for PDC members in 17 provinces.

Support the Office of the Deputy Minister for Programmes

As a result of the analysis of MRRD departments' major functions, structures and mandates to operationalise the Ministry's Strategic Intent new functions were identified for the Department of Planning within the Office of the Deputy Minister for Programmes. These included strategic planning, project cycle management and coordination. The department was then supported to develop operational plans for 1386 which included these new functions. The ID unit also supported the NRAP programme, Rural Roads department, Rural Livelihood and Energy Department have been supported with planning, functional analyses and restructuring. In addition, based on a request from the Minister's office, the ID unit developed a logical framework; risk management table, and M&E Plan to assist with finalization of the ANDS Rural Development Sector Strategy led by MRRD. An International consultant was designated to support the Deputy Minister's office and in order to support engineering functions within the MRRD, a Senior Engineer was hired and embedded into the Minister's office structure.

Establishment of an effective and accessible Management Information System (MIS)

The MIS Section developed a data exchange application that collects up-to-date data from MRRD programmes in a project database system which can then be used to generate reports required by the ministry's top management, programmes and external partners. The project database system is currently connected to the offices of the Minister and Deputy Ministers and to the NABDP and WatSan programme offices to enable them to update, maintain and establish the required reports. MIS provided technical support to NABDP systems including HR, Finance and transport database systems. MRRD's outputs and activities have been presented to the Ministry leadership and donors on maps from MIS/GIS to communicate MRRD's progress more clearly.

Capacity Building through WatSan USAID

Training sessions for water and sanitation engineers and technical staff of MRRD, local NGOs and construction companies, which had been conducted by DACAAR since July 2005, were completed and the final hand over of the project took place in January 2007. In total, nearly 702 MRRD engineering and technical staff and 71 engineers from local NGOs and construction companies received training on various subjects related to water, sanitation engineering and project implementation. Training courses included: Basic Hydrology, Planning, Social Organization, Surveying, Water Quality, Well Construction, Introduction to Pipe Scheme Design, Geographic Information Systems, Project Management Cycle, Hygiene and Sanitation Promotion, and Social Aspects of the WatSan Project. To strengthen capacity, the implementation process was closely monitored and guidance was given in meetings held on a weekly basis with local RRD representatives and implementing partners. MRRD officers also took part in activities on the site.

IV. Implementation challenges

Project risks and actions

Security Conditions impact on project implementation & monitoring

Poor security conditions in some parts of the country often creates significant difficulties in identifying and engaging appropriate contractors and partner organizations to implement projects. For example recruiting consultants for the study entitled "sub-sector/ value chain analysis and business plan development" for potential rural enterprises in the South and East was very difficult. Even technically qualified consulting organizations refused to submit proposals for Kandahar and Nangarhar due to poor security in these provinces. Subsequently it was decided to re-tender the procurement process for contracting the consultants for the Eastern and Southern regions.

Poor Security conditions also often result in delayed or incomplete project implementation: For example, Two major NABDP CIDA projects in Shah Wali Kot and Pag Hil Pass in Kandahar province were attacked by insurgents. The CIDA projects in Shah Wali Kot have been stopped, although the Pag Hil Pass project has since been restarted.. Similarly a contract for the construction of 111 water points in Chaghcharan and Murghab districts of Ghor province was signed with NCC Company. In the very beginning of the project insurgents killed one of the NCC engineers causing NCC to resign from the implementation of the project. It was nevertheless agreed that they could sub-contract to a local construction company, whose capacity needed support which greatly delayed the implementation of the projects. .

Monitoring of projects can also be impeded by poor security which means that the progress of construction is slowed and payments to contractors are often delayed, when monitors cannot, or do not want to visit projects sites. Poor security in Uruzgan & Nimroz provinces prevented the MRRD/WatSan monitoring section and MRRD/M&E department from monitoring the activities of WatSan Belgium projects in the required manner during the implementation period and for final handover. Similarly, in the Paron district of Nuristan province the monitoring team from MRRD could not visit the site of the hygiene education and sanitation component of the project. In the

end Monitoring was conducted by the local RRD officers and a handover was done by a joint team representing the district governor's office, an RRD officer and a local community's representative.

One important response to working in areas with poor security has been provided by the development of the 'Kandahar methodology' of working more with DDAs and CDCs directly and with less reliance on contractors. This approach through replicating to other areas helps to ensure that stability is now being extended into other provinces. In Kandahar Province, for instance, DDAs have been effective in ensuring security for field personnel in field project surveys within their respective districts. In Uruzgan, DDAs have successfully implemented, monitored, and reported on their projects which were not reached by the National Solidarity Programme through its previous development work. A start has been made to implementing projects along similar lines in Nangarhar. NABDP has also recognized that continued dependency on the systems of the M&E department will not solve the issue of weak and delayed monitoring in insecure areas. The Quality Control unit will therefore be tasked with developing specific methodologies for ensuring the monitoring of projects in districts where security conditions don't allow standard monitoring procedures to be used.

Finally, poor security conditions can potentially undermine the very rationale of programme activities such as those of the Disarmament of Illegal Armed Groups. The deteriorating security situation in much of the country throughout the year and the lack of ability of the police and military forces to sufficiently protect local people, has had a particularly negative impact on the DIAG weapons collections component, as many local communities now feel that it is justifiable for individuals and groups to possess arms for self-defence. Moreover, the security situation has cast doubt among local people and officials on the effectiveness or validity of a law prohibiting people to possess weapons without registration, which is part of the legal foundation for some DIAG operations. Only a radical turnaround in the security situation and a significant political change will result in the revitalization of these DIAG activities.

Legal Status and sustainability of District Development Assemblies (DDA)

Recent discussions on the future of Community Development Councils (CDC)s, and the forthcoming establishment of constitutionally mandated Village and District councils are raising questions about the legal status of DDAs and the role they will play in local governance in the future. The recent launch of a new programme which includes the creation of shura at the district level also poses a risk to the sustainability of DDAs. The proliferation of structures with apparently similar functions and mandates at the district level could undermine or destroy the considerable social capital developed in DDAs through their role in identifying and articulating community needs and priorities, and their active role in project implementation and monitoring. Overlapping initiatives of this kind also run the risk of undermining public confidence in government and encouraging faction-driven approaches to local development rather than those based on consensus. MRRD is aware of these risks and has initiated discussions about these issues at the CDC Jirga in October 2007. A committee has been formed to report to the Cabinet on the future of CDCs, and the issue will be discussed with the President in 2008.

Project issues and actions

Unexpected Sub-National Consultation and Provincial Development Planning

NABDP's involvement in the design and delivery of the ANDS Sub-national Consultation Process caused significant delay in the Delivery of AWP Outputs. In May 2007, the ANDS secretariat, the Afghan Development Forum (ADF), and the Ministry of Rural Rehabilitation and Development (MRRD) requested NABDP to conduct the sub-national consultation of 15 line-Ministries' strategies and to prepare provincial development plans in all 34 provinces. This emergency request of the government also required additional resources (human and financial). However, NABDP/ MRRD management agreed to facilitate the SNC/ PDP (sub-national consultation and provincial development planning) due to the fact that it was a top priority of the government. As a result, NABDP had to defer other activities such as formulating district development plans and

establishing district development assemblies, which were planned in the annual work plan, till mid-October 07.

Action taken:

- Recruited additional personnel, including coordinators, facilitators, finance and administration officers, to support and accelerate the SNC/ PDP process
- Prepared a proposal to mobilise financial resources for the SNC/ PDP process and submitted to CIDA and the Bureau for Crisis Prevention and Recovery through UNDP
- Established a partnership with ANDS to mobilise the line ministries, provincial government offices and international organizations such UNAMA, USAID and ISAF

Low Institutional Capacity within MRRD

The lack of capacity in MRRD's RITS and Procurement departments often delayed project implementation related to DIAG. Similarly, low capacity within the PCM Departments cause mis-identification and poor quality of surveying, and delays in procurement and weak monitoring. Watsan projects also encountered problems of capacity within MRRD including the MRRD long delays in the procurement and transfer of contract instalments and a lack of qualified staff to conduct monitoring at the provincial level. Time consuming processes for the selection of Facilitating Partners (FPs) and the issuing of contracts were also a major issue for NABDP's community empowerment component. For example, NABDP evaluated the proposals of FPs for establishment of DDAs and DDPs in Nangarhar and Khost provinces and submitted to the procurement department of MRRD in March. However, the procurement department awarded contract to the FPs only in June. This delay greatly affected delivery of the targets set in the work plan.

Action taken:

- Establishment of a Quality Control Unit to produce quality standards and build capacity in MRRD departments to ensure quality.
- Development of Implementation Guidelines for project cycle management. The project cycle manual is being introduced to various departments in the ministry and after its review and approval by MRRD leadership it will be mainstreamed throughout the programme.
- Additional support was provided to the procurement process, including adjustments to personnel in the procurement department;

Low capacity of Contractors

Low technical capacity of contractors has also resulted in slow progress of the work and in termination of contracts in a number of provinces. Local contractors often have a very low level of capacity to implement large projects which results in low quality work and project delays. For example

- Poor survey in Lal wa Sarjanganal district of Ghor caused time to be wasted in changing bore wells to hand dug wells.
- Poor survey in Daykundi, resulted in wasting project time by having to respecify the diameter of bore wells from 8-10 to 12-18 inches.
- Contracting of 111 bore wells with one company, resulted in only 10% of the contracted work completed over the full project duration.

Action taken:

- System of prequalification of contractors has been introduced to identify appropriate contractors to undertake project activities
- Pre-bid meetings are held for all potential contractors to answer questions about project requirements as a means of ensuring better understanding of the programme's needs and more responsive service proposals
- Contact award processes are being reviewed and the quality control unit will take an active roll in assessing the quality of contractor's proposed work processes
- Assignment of a site supervisor for large infrastructure projects with responsibility for conducting regular site visits and providing on-the-job capacity building for contractors

The low capacity of contractors is not only an issue at the regional level. An International Consulting Company was contracted to conduct a regional rural economic regeneration strategies (RRERS) study, however, the company was unable to deliver a quality research output which was pragmatic and provided clear strategic and implementation guidelines. The inception report of the project was submitted two months late and it was of unsatisfactory quality.

Action taken:

- The contract with the International Consulting Company to implement the RRERS study was terminated, after the Inception phase and a new request for expressions of interest (RFEOI), for province-specific series of feasibility analysis studies, was launched.

Political pressure on project selection

The significant number of petitions for projects submitted to the Minister by local parliamentarians and other groups places a significant strain on resources and is contradictory with the bottom-up participatory approach to development embodied by NABDP.

Action taken:

- NABDP's methodology has been developed in partnership with MRRD so the Ministry is aware of the principles and processes underpinning the programmes approach;
- Parliamentarians are invited to participate in DDP and PDP formulation so they are aware of the needs and priorities identified by communities and the process of prioritization;
- Summary's of DDPs are made available on the NABDP website so all development partners are able to access the plans developed by communities
- NABDP is supporting a move towards a cross-programme approach to comprehensive rural development planning within MRRD which would support improved alignment of project selection.

Social conflicts in local areas impact on project activity

On a number of occasions during project formulation and designing, NABDP has encountered social conflicts between villages that stopped further steps towards the implementation of projects. In each case mediation strategies have been put in place to find an appropriate solution in the local context to enable the project to go ahead for example,;

- When two villages contested the construction location of the bridge proposed to be constructed in Balabagh Nangarhar. In this case, the provincial governor was brought in to mediate between the two communities, and construction halted until the communities had resolved the situation. The Minister also helped to mediate the process.
- In Lal wa Sarjantal district a contract was signed for the construction of 50 bore wells. After deep hydrogeological survey of the site by DACAAR it was found that only 20% possibility of bore wells can be exploited and thus hand dug wells were recommended. The community was concerned and feared that the Company was trying to short-change them by suggesting a simpler and cheaper technology. The community continued to insist on bore wells and warned the company to construct them or leave the site. The problem was resolved when it was agreed that the total amount of funds allocated for this district will be utilized in this district and the number of wells will be increased. Subsequently the contractor was allowed to work on site and can count on the community's support.

Delay in producing reports of District Development Plans

The provincial governors and the MRRD urged NABDP to rapidly expand DDAs and formulate DDPs. These requests forced the NABDP to focus extensively on field activities at the expense of the production of DDP reports. Delay in analysing the DDP field information is likely to have serious consequences on quality of the DDP reports.

Action taken:

- NABDP developed a sample DDP report and senior Community Development Advisors were assigned to prepare DDP reports based on the sample template.
- Formed a dedicated editing team in October and commenced production of DDP reports

V. Lessons learnt and next steps

Lessons learnt

Strengthening the links between development and security through a variety of approaches: DIAG approach versus Kandahar model

It is worth mentioning the active role that NABDP is playing in researching and developing approaches towards the sustainable reduction of poverty and improvement of livelihoods in rural Afghanistan, including in insecure areas where few or no other development agencies operate. Two different approaches to promoting security and development are piloted under the NABDP umbrella.

The DIAG approach is based on the assumption that security is a prerequisite to development. In this approach security should be ensured before development can take place and this is achieved by ensuring that illegal armed groups are disarmed. In DIAG targeted districts, development projects selected by Communities' representatives: District Development Assemblies are promised support on the condition that targets for the surrendering of weapons have been met.

The Kandahar model is based on the assumption that given an opportunity to raise incomes legally and be engaged in licit economic regeneration activities, many people would stop engaging in illegal activities, thus enhancing security while development is taking place.

While the first approach tends to remove the means of insecurity, the latter strives to undermine the reasons for using weapons. At NABDP, we believe these two approaches are not mutually exclusive and have demonstrated complementarity.

Creation of appropriate delivery mechanisms for development projects in insecure areas: Community-Led Contracts

Experience from the Kandahar pilot shows that community/CDCs are more efficient and effective implementers of small scale projects, which require very little or no technical know-how. Such projects can be procured in short time periods, implemented quickly, and monitored by the DDAs/CDCs themselves. Expenses are more transparent and CDCs feel accountable for the output. Moreover, local people benefit from employment during the implementation phase which they can use to meet immediate needs or invest in future economic activity. These lessons reinforce NABDP's approach in work progressively with CDCs/DDAs on small scale projects, ensuring their involvement in all stages of decision-making, and providing training on various aspects of PCM including monitoring to ensure ownership and sustainability of projects.

Recommendations

Implement a District Development Fund model to ensure equity across the country

A significant percentage of NABDP's project funds are earmarked by donors for use in specific provinces, often those in which they have other activities or interests (such as a military presence in the PRT etc). The result of this is that the programme is unable to work in a number of provinces with equally high levels of need due to this lack of resources. Equity in access to development is increasingly recognised as a significant issue in ensuring stability and security as well as fostering trust in government amongst local communities. For this reason it will be crucial to:

- Support MRRD to adopt a key focus on issues of geographical equity in the policy and planning of comprehensive rural development
- Establish clear criteria for assessing the development need of provinces as a basis for allocating resources for development
- Create a district development fund through which funding can be allocated to development projects on the basis of local need,

- Institute an integrated planning approach at the district level involving all significant development actors in constructing a coordinated package of development initiatives based on community needs and priorities identified in District Development Plans.
- Request NABDP programme donors to leave a proportion of committed funding unearmarked to ensure the programme can support development initiatives across the country on the basis of need.

Focus MRRD capacity in strategic areas of core business

The capacity of civil servants in MRRD remains very low and many core functions are carried out by contract consultants at a cost which is not sustainable for the Ministry over time. In addition, MRRD Departments at central levels are overwhelmed in performing many roles and functions including those, which could easily and effectively be delegated to provincial level. This hinders the central level departments in concentrating on the core policy and regulatory functions for which the Ministry is responsible. For this reason it would be useful to:

- Reconsider existing functions performed by central level departments, with a view to developing, approving and implementing a road map towards a more decentralized ministry.
- Concentrate capacity building interventions at provincial level in order to support PRRDs to perform newly delegated functions in efficient and effective manner.

Consider Programme Phase III Formulation

Since this is the final year of NABDP Phase II, there is need to consider the issue of NABDP Phase II followup through both the formulation of a new programme document which applies lessons learned of the current programme along with building on the key achievements. In this context, the NABDP mid-term evaluation which is expected to be completed within the first half of 2008 will not only assess the results of the programme, but will also provide some strategic guidance on the the way forward. Donor support for the new phase will also be important towards ensuring that the key results of the programme are built on towards the sustainable development of rural areas of the country through strengthened subnational governance, improved security, job creation, and public service delivery which address people's expectations and livelihood needs.

VI. Financial status and utilization

Financial status

Table 1
Contribution Overview (February 2002-December 2007)

Donor	Contributions		Contribution Balance
	Committed	Received	
Belgium	17,904,509	11,668,316	6,236,193
CIDA	25,160,816	25,160,816	-
Italy	5,360,414	5,360,414	-
Japan	27,286,664	27,286,664	-
Govt.Japan	15,000,000	15,000,000	
Norway	6,402,615	3,575,014	2,827,601
UK	1,562,500	1,562,500	-
UNHCR	4,574,496	4,345,811	228,685
USA	18,165,309	18,165,309	-
DFID	10,000,000	-	10,000,000
UNDP	4,282,316	4,282,316	-
Netherlands	7,100,000	2,970,000	4,130,000
Total	142,799,639	119,377,160	23,422,479

Table 2

Funding Status (as at the end of 31-Dec-2007) in USD

Donor Name	Expenditures				Project Balance	Earmarked	Available funding as of 1st Jan 08	Remarks
	Received in USD	Period Prior to the reporting year 2002-2006	Reporting year 2007	Total				
UNHCR	4,345,811	3,625,465	338,800	3,964,265	381,546		381,546	
Belgium	11,668,316	3,806,462	5,466,340	9,272,801	2,395,515	11,668,316	2,395,515	
Japan Eco. Reg & CRD	27,286,664	4,040,213	7,521,800	11,562,013	15,724,650	21,832,214	15,724,650	
USAID Livelihood	8,165,309	3,140,413	4,104,915	7,245,329	919,980	5,000,000	919,980	
USAID Water Supply	10,000,000	8,118,014	1,082,704	9,200,717	799,283		799,283	
CIDA General, IALP Kandahar	25,160,816	11,998,110	8,466,158	20,464,268	4,696,548	9,833,625	4,696,548	
UK	1,562,500	1,548,080	11,049	1,559,129	3,371		3,371	
UNDP	4,282,316	2,948,152	1,224,432	4,172,584	109,732		109,732	
Govt. Japan	15,000,000	-	498,315	498,315	14,501,685	15,000,000	14,501,685	
Norway	3,480,099	-	868,018	868,018	2,612,081	1,880,099	2,612,081	
Holland	2,970,000		445,007	445,007	2,524,993	1,470,000	2,524,993	
Italy	5,360,414	5,337,024	9,580	5,346,604	13,810		13,810	
Total	119,282,244	44,561,934	30,037,118	74,599,052	44,683,192	66,684,253	44,683,192	

Table 3: Annual expenditure by activity [1 January – 31 December]**Table 3****National Area Based Development Programs (NABDP)****Annual Expenditure by Activity (1st Jan 07 - 31st Dec 07)**

ACTIVITY	BUDGET 2007	1st QTR (Jan-Mar-07)	2nd QTR (Apr-Jun-07)	3rd QTR (Jul-Sep-07)	4th QTR (Oct-Dec-07)	Total Expenditures	BALANCE	DELIVERY (%)
ACTIVITY16 [ECONOMIC REGENERATION]	1,038,092	75,719	170,067	488,411	61,889	796,086	242,006	77%
ACTIVITY17 [CAPACITY BUILDING/INST. DEV]	8,131,105	279,288	1,682,543	3,282,912	2,635,296	7,880,039	251,066	97%
ACTIVITY18 [IMMEDIATE RECOVERY PROJECT]	10,913,988	470,999	1,194,801	5,481,480	4,071,137	11,218,417	(304,429)	103%
ACTIVITY19 [PROGRAMME MANAGEMENT]	1,264,202	54,439	348,010	316,826	233,667	952,942	311,260	75%
ACTIVITY20 [COMMUNITY EMPOWERMENT]	2,799,279	110,630	93,619	722,822	1,214,978	2,142,049	657,230	77%
ACTIVITY21 [KANDAHAR IALP, 200K..]	5,926,336	-	366,951	2,446,297	308,130	3,121,378	2,804,958	53%
ACTIVITY22 [DIAG]	1,453,202	-	5,768	104,485	363,146	473,399	979,803	33%
ACTIVITY23 [RURAL & ENERGY]	-	-	-	14,158	(14,158)	-	-	0%
ACTIIVTY5 [UNHCR WATSAN]	684,484	2,145	118,978	268,069	(67,332)	321,860	362,624	47%
ACTIVITY7 [USAID WATSAN]	1,825,527	45,875	223,688	598,255	182,404	1,050,222	775,305	58%
ACTIVITY1 [PROGRAMME MANAGEMENT-DEX]	791,397	100,633	169,229	146,258	355,173	771,292	20,105	97%
GMS	1,585,597	50,587	199,714	662,735	396,395	1,309,432	276,164	83%
Total	36,413,210	1,190,315	4,573,368	14,532,709	9,740,726	30,037,118	6,376,093	82%

Table 4: Annual expenditure by donor [1 January – 31 December]

Table 4
National Area Based Development Programs (NABDP)

Annual Expenditure by Donor (1st Jan 07 - 31st Dec 07)

Donors	Activity	Budget 2007	ATLAS Figures				Total Expenditures	Balance	Delivery Rate
			1st QTR (Jan-Mar-07)	2nd QTR (Apr-Jun-07)	3rd QTR (Jul-Sep-07)	4th QTR (Oct-Dec-07)			
UNHCR	Activity 5 : UNHCR Water Supply	684,484	2,145	118,978	268,069	(67,332)	321,860	362,624	
	Activity 6 : UNHCR Reintegration	-					-	-	
	GMS* 5%	35,861	113	6,262	14,109	(3,544)	16,940	18,921	
Sub Total (UNHCR)		720,345	2,258	125,240	282,178	(70,875)	338,800	381,545	47%
Belgium	Activity 16 :Economic Regeneration	24,498	28,574	25,675	30	(29,750)	24,529	(32)	
	Activity 17 : Capacity Building/Inst. Dev	3,446,330	63,475	364,154	450,689	2,154,276	3,032,594	413,736	
	Activity 18 : Immediate Recovery Project	1,585,721	229,201	578,489	241,320	469,205	1,518,214	67,507	
	Activity 19 : Programme Management NEX	188,583	-	140,596	132,823	(99,743)	173,676	14,907	
	Activity 20 : Community Empowerment	220,000	63,735	15,334	-	54,552	133,620	86,380	
	Activity 1 : Programme Management DEX	419,715	2,179	56,333	132,327	228,876	419,715	0	
	GMS* 3%	182,076	11,974	36,513	29,604	85,899	163,990	18,085	
Sub Total (Belgium)		6,066,922	399,139	1,217,092	986,793	2,863,316	5,466,340	600,583	90%
Japan	Activity 16 :Economic Regeneration	807,595	47,145	144,392	455,697	(81,677)	565,557	242,038	
	Activity 17 : Capacity Building/Inst.								

	Dev	3,052,103	231,838	1,078,195	1,619,153	162,353	3,091,539	(39,436)	
	Activity 18 : Immediate Recovery Project	2,465,864	46,411	22,970	991,928	1,402,996	2,464,306	1,558	
	Activity 19 : Programme Management NEX	796,253	249,268	176,591	57,071	227,107	710,037	86,217	
	Activity 20 : Community Empowerment	391,519	46,895	63,125	77,608	93,427	281,055	110,463	
	Activity 1 : Programme Management DEX	36,000	-	8,165	2,316	22,735	33,216	2,784	
	GMS* 5%	397,239	32,714	78,602	168,620	96,155	376,090	21,149	
	Sub Total (Japan)	7,946,571	654,270	1,572,041	3,372,394	1,923,095	7,521,800	424,771	95%
USA	Activity 16 :Economic Regeneration	-	-	-	-	-	-	-	
	Activity 17 : Capacity Building/Inst. Dev	-	-	-	-	-	-	-	
	Activity 18 : Immediate Recovery Project	4,046,256	-	127,530	3,138,493	761,138	4,027,161	19,095	
	Activity 19 : Programme Management NEX	-	(194,847)	-	-	(540)	(195,387)	195,387	
	Activity 20 : Community Empowerment	288,517	-	-	44,150	6,319	50,469	238,048	
	Activity 7 : USAID Water Supply	1,825,527	45,875	223,688	598,255	182,404	1,050,222	775,305	
	Activity 1 : Programme Management DEX	17,427	28,545	-	-	(11,119)	17,427	-	
	GMS* 5% & 3%	284,857	(7,334)	13,630	186,010	45,420	237,727	47,130	
	Sub Total (USA)	6,462,583	(127,761)	364,849	3,966,908	983,623	5,187,619	1,274,964	80%
CIDA	Activity 17 : Capacity Building/Inst. Dev	1,315,665	(16,025)	240,194	1,183,572	31,706	1,439,446	(123,781)	
	Activity 18 : Immediate Recovery Project	1,613,995	195,387	465,812	712,008	679,977	2,053,184	(439,189)	
	Activity 19 : Programme Management NEX	243,306	23	19,581	122,287	98,128	240,019	3,287	
	Activity 20 : Community	-	-	-	-	-	-	-	

	Empowerment	930,000				907,707	907,707	22,293	
	Activity 21 : Kandahar Activity (IALP+200K ...)	5,926,336	-	366,951	2,446,297	308,130	3,121,378	2,804,958	
	Activity 1 : Programme Management DEX	281,116	69,909	104,731	6,682	99,793	281,116	0	
	GMS* 5%	563,892	13,121	63,014	235,308	111,865	423,308	140,584	
	Sub Total (CIDA)	10,874,310	262,414	1,260,283	4,706,154	2,237,307	8,466,158	2,408,152	78%
UK	Activity 19 : Programme Management NEX	-	(5)	-	-	5	-	-	
	Activity 1 : Programme Management DEX	13,987	-	-	-	10,718	10,718	3,269	
	GMS* 3%	433	(0)	-	-	332	331	101	
	Sub Total (UK)	14,420	(5)	-	-	11,055	11,049	3,370	77%
UNDP	Activity 16 :Economic Regeneration	206,000	-	-	32,684	173,316	206,000	-	
	Activity 17 : Capacity Building/Inst. Dev	286,961	-	-	-	286,961	286,961	-	
	Activity 19 : Programme Management NEX	-	-	-	-	-	-	-	
	Activity 20 : Community Empowerment	761,021	-	-	589,739	141,732	731,471	29,550	
	Activity 23 : Rural & Energy	-	-	-	14,158	(14,158)	-	-	
	Activity 6 : UNDP TTF (IDP Project)	-	-	-	-	-	-	-	
	Sub Total (UNDP)	1,253,982	-	-	636,581	587,851	1,224,432	29,550	98%
Japan-DIAG	Activity 22 : DIAG Activity	1,453,202	-	5,768	104,485	363,146	473,399	979,803	
	GMS* 5%	38,981	-	304	5,499	19,113	24,916	14,065	
	Sub Total (Japan DIAG)	1,492,183	-	6,072	109,984	382,259	498,315	993,868	33%
Norway	Activity 17 : Capacity Building/Inst.		-	-					

	Dev	30,046			29,498		29,498	548	
	Activity 18 : Immediate Recovery Project	758,469	-	-	236,075	496,720	732,795	25,674	
	Activity 19 : Programme Management NEX	36,060	-	11,242	4,645	8,710	24,597	11,463	
	Activity 20 : Community Empowerment	208,223	-	15,160	11,325	11,242	37,727	170,496	
	GMS* 5%	54,358	-	1,390	14,818	27,193	43,401	10,957	
Sub Total (Norway)		1,087,155	-	27,792	296,361	543,865	868,018	219,137	80%
Holand	Activity 17 : Capacity Building/Inst. Dev		-	-	-	-	-	-	
	Activity 18 : Immediate Recovery Project	443,684	-	-	161,656	261,101	422,757	20,927	
	Activity 19 : Programme Management NEX		-	-	-	-	-	-	
	Activity 20 : Community Empowerment		-	-	-	-	-	-	
	GMS* 5%	26,747	-	-	8,508	13,742	22,250	4,497	
Sub Total (Holand)		470,432	-	-	170,164	274,843	445,007	25,424	95%
Italy	Activity 1 : Programme Management DEX	23,152	-	-	4,932	4,169	9,101	14,051	
	Activity 19 : Programme Management NEX		-	-	-	-	-	-	
	GMS* 5%	1,155	-	-	260	219	479	676	
Sub Total (Italy)		24,308	-	-	5,192	4,388	9,580	14,728	39%
Grand Total		36,413,210	1,190,315	4,573,368	14,532,709	9,740,726	30,037,118	6,376,093	82%

Annexes

Multi-Annual Work Plan (or RRF)

Donor Annexes: **Contribution Summary by Donor (Report as of 15th-Nov-2007)****DONOR NAME: UNHCR**

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2004-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
	Phase 1		4,345,811	3,625,465	-	720,346	Closing balance 2006
Earmarked	B/F to 2007		720,346		338,800	381,546	End of June 07
Total Earmarked		-	4,345,811	3,625,465	338,800	381,546	
TOTAL		-	4,345,811	3,625,465	338,800	381,546	

II. Implementation Progress Supported by UNHCR during the Reporting Period

A. Earmarked

1. COMPONENT OR RRF(or AWP) OUTPUT

i. Implementation Progress

-

ii. Risks, Issues and Actions

-

DONOR NAME: Belgium

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2005-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Earmarked	Phase I		11,668,316	3,806,462	-	7,861,854	Closing balance 2006
	B/F to 2007		446,835		-	446,835	
	Phase II					-	
	Nimroz, Uruzgan, Ghoor, Daikundi		7,415,019		5,466,340	1,948,680	Nov-07
Total Earmarked		-	11,668,316	3,806,462	5,466,340	2,395,515	
TOTAL		-	11,668,316	3,806,462	5,466,340	2,395,515	

II. Implementation Progress Supported by Belgium during the Reporting Period

A. Earmarked

2. COMPONENT OR RRF(or AWP) OUTPUT

iii. Implementation Progress

-

iv. Risks, Issues and Actions

-

DONOR NAME: Japan Economic Regeneration & CRD

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2003-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase I		5,454,450	4,040,213	0	1,414,237	Closing balance 2006
	B/F to 2007		1,414,237	-	598,773	815,464	End of Project
Total Unearmarked		-	5,454,450	4,040,213	598,773	815,464	
Earmarked	Phase II			-			
	Kandahar, Bamyar, Nangarhar & Balkh		21,832,214	-	6,923,027	14,909,186	31st Dec.2008
Total Earmarked		-	21,832,214	-	6,923,027	14,909,186	
TOTAL		-	27,286,664	4,040,213	7,521,800	15,724,650	

II. Implementation Progress Supported by Japan ER & CRD the Reporting Period**A. Earmarked****3. COMPONENT OR RRF(or AWP) OUTPUT**

During three decades of disturbance, licit income generating opportunities in terms of production, value addition, and marketing in the rural areas of the country had deteriorated to abysmal level. Hence in order regenerate rural economy, current assessment of socio-economic condition at regional and provincial level was necessary. Accordingly, socio-economic assessments at regional and provincial level was initiated, the assessment of 25 provinces were completed. Provincial profiles highlighting economic potentials in niche sectors in respective provinces have been shared with relevant ministries and put on MRRD web site for wider use and dissemination. These provincial profiles reflects the ANDS categories relevant to the Economic Regeneration with sections based on ANDS Sector 3 – Infrastructure and Natural Resources, 6 – Agriculture and Rural Development, 8 – Economic Governance and Private Sector Development and 1 – Security.

In order to realize economic potential in the regions and provinces, value chain/sub-sector analysis and business plan development studies were initiated. The process for hiring the consultant for the study, as per UNDP/MRRD guidelines, was carried out by publishing Expression of Interest (EOI), developing detailed terms of reference (TOR), preparing request for proposal (RFP), evaluation of EOIs and proposals, and finally prepared and awarded the contract to the winning organization. Finally, the feasibility studies in the niche sectors in selected provinces/regions, namely northern region (Balkh) to Afghanistan, central region (Bamyar), and western region (Hirat) were contracted to DACAAR, Afghanistan.

Interim progress of the study was presented to NABDP and MRRD Team in the presence of Deputy Minister on 16th September and 4th December. Three reports namely,

value chain analysis, feasibility study, and business plan in identified niche sectors were submitted as per the contract requirement. All the business plan in niche sectors in Bamyan (potato, fruits and nuts); Balkh (almond, carpet, and melon); Hirat (cashmere, silk, and saffron) will be implemented by community entrepreneur. These business plans, each requiring up to \$100,000 investment, will be co-financed by entrepreneurs, banks and UNDP/donors. These business plans will provide direct sustainable income and employment at least 50 person through each enterprise. There will much larger manifold income and employment generation indirectly.

B. The analysis of policy research in rural enterprise development programming revealed that the “typical” barriers and constraints to the development of rural enterprises are generally described as: (i) lack of ‘capital’ needed to purchase equipment, inputs, services, etc. due to unsuitable, non-existent or inaccessible formal financial sources; (ii) lack of knowledge about basic business management, regulations, standards, market identification, appropriate technology, etc.; (iii) lack of infrastructure (such as roads, electricity, communications, community market venues, cold storage, etc.) needed to improve productivity and access to markets for inputs and outputs; (iv) lack of basic and technical education (such as literacy, computer use, vocational skills, etc.) needed to improve productivity, product quality and personal confidence; and (v) lack of an enabling and supportive regulatory environment geared to facilitate micro and small enterprise creation and to stimulate their growth.

v. Risks, Issues and Actions

- Security situation in Southern and Eastern region remained an important challenge. During quarter 2, we were not able to find technically qualified consulting organizations for Kandahar and Nangarhar business plan development field study due to poor security in these provinces. The recruitment of the consultant for these regions is taking more time than expected.
- Promoting rural entrepreneur among very poor individuals has been one of the biggest challenges. During the processes of field work for private sector rural enterprise development in rural areas of Afghanistan, it was realized that it is better to work with community based associations; like shuras, community developments council’s, producers’ associations, cooperative federations, etc. rather than individual entrepreneur. For the greater community benefit and larger impact on poverty alleviation, working community based organizations has been adopted as an important strategy.

DONOR NAME: USAID Livelihood

Contribution Summary							
Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2005-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase I		3,165,309	2,843,928	-	321,381	Closing balance 2006
	B/F to 2007		321,381		-	321,381	30th Sep 2007
Total Unearmarked		-	3,165,309	2,843,928	-	321,381	
Earmarked	Phase II						

	Kandahar	5,000,000	5,000,000		4,104,915	895,085	30th Oct 2007
Total Earmarked		5,000,000	5,000,000	-	4,104,915	895,085	
TOTAL		5,000,000	8,165,309	2,843,928	4,104,915	1,216,465	

II. Implementation Progress Supported by USAID Livelihoods during the Reporting Period

A. Earmarked

4. COMPONENT OR RRF(or AWP) OUTPUT

vi. Implementation Progress

-
- ##### vii. Risks, Issues and Actions

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DONOR NAME: USAID Water Supply

Contribution Summary

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2004-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase I		10,000,000	8,118,014	-	1,881,986	Closing balance 2006
	B/F to 2007		1,881,986		1,082,704	799,283	30th Sep 2007
Total Unearmarked		-	10,000,000	8,118,014	1,082,704	799,283	
TOTAL			10,000,000	8,118,014	1,082,704	799,283	

II. Implementation Progress Supported by USAID Water Supply during the Reporting Period

A. Earmarked

5. COMPONENT OR RRF(or AWP) OUTPUT

viii. Implementation Progress

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ix. Risks, Issues and Actions

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DONOR NAME: CIDA General, IALP Kandahar

Contribution Summary							
Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2003-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase I		15,327,191	11,998,110	0	3,329,081	Closing balance 2006
	B/F to 2007		3,329,081	-	5,153,363	(1,824,282)	31st March 08
Total Unearmarked		-	15,327,191	11,998,110	5,153,363	(1,824,282)	
Earmarked	Phase II						
	IALP Kandahar	C\$ 5,000,000	4,385,964	-	648,024	3,737,940	31-Dec-08
	QIP Kandahar	C\$ 6,100,000	5,447,660	-	2,664,771	2,782,889	31st March 08
Total Earmarked			9,833,625	-	3,312,795	6,520,830	
TOTAL		-	25,160,816	11,998,110	8,466,158	4,696,548	

II. Implementation Progress Supported by CIDA General/ IALP Kandahar during the Reporting Period

A. Earmarked

6. COMPONENT OR RRF(or AWP) OUTPUT

x. Implementation Progress

-

xi. Risks, Issues and Actions

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DONOR NAME: United Kingdom**Contribution Summary**

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2002-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase I		1,562,500	1,548,080	-	14,420	Closing balance 2006
	B/F to 2007		14,420	-	11,049	3,371	
Total Unearmarked		-	1,562,500	1,548,080	11,049	3,371	
TOTAL			1,562,500	1,548,080	11,049	3,371	

II. Implementation Progress Supported by the United Kingdom during the Reporting Period**A. Earmarked****7. COMPONENT OR RRF(or AWP) OUTPUT****xii. Implementation Progress**

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xiii. Risks, Issues and Actions

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DONOR NAME: UNDP**Contribution Summary**

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2002-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase II		-	-	-	-	
			1,253,982	-	1,224,432	29,550	
Total Unearmarked		-	1,253,982		1,224,432	29,550	
	Phase II						

Earmarked			-		-	-	
Total earmarked			-	-	-	-	
TOTAL			1,253,982	-	1,224,432	29,550	

II. Implementation Progress Supported by UNDP during the Reporting Period

A. Earmarked

8. COMPONENT OR RRF(or AWP) OUTPUT

xiv. Implementation Progress

-
- xv. Risks, Issues and Actions

-

DONOR NAME: Japan DIAG

Contribution Summary

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
	Phase II		-				
Earmarked	Takhar & Kapisa	15,000,000	15,000,000	-	498,315	14,501,685	Mar-08
Total Earmarked		15,000,000	15,000,000	-	498,315	14,501,685	
TOTAL		15,000,000	15,000,000	-	498,315	14,501,685	

II. Implementation Progress Supported by Japan DIAG during the Reporting Period

A. Earmarked

9. COMPONENT OR RRF(or AWP) OUTPUT

xvi. Implementation Progress

- xvii. Risks, Issues and Actions

DONOR NAME: Norway**Contribution Summary**

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	Prior Years Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
	Phase II		-	-	-	-	
Earmarked	Faryab		1,880,099	-	868,018	1,012,081	Jul-08
Total Earmarked		-	1,880,099	-	868,018	1,012,081	
TOTAL		-	1,880,099	-	868,018	1,012,081	

II. Implementation Progress Supported by Norway during the Reporting Period**A. Earmarked****10. COMPONENT OR RRF(or AWP) OUTPUT****xviii. Implementation Progress**

- xix. Risks, Issues and Actions

DONOR NAME: Netherlands

Contribution Summary

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	Prior Years Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase II		-				
Total Unearmarked		-	-		-		
Earmarked	Urzgan	2,100,000	2,100,000	-	445,007	1,654,993	December 2007
Total Earmarked		2,100,000	2,100,000	-	445,007	1,654,993	
TOTAL		2,100,000	2,100,000		445,007	1,654,993	

II. Implementation Progress Supported by Netherlands during the Reporting Period**A. Earmarked****11. COMPONENT OR RRF(or AWP) OUTPUT****xx. Implementation Progress**

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xxi. Risks, Issues and Actions

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DONOR NAME: Italy

Contribution Summary

Type	Description of Allocation	Commitment (Local Currency)	Received (USD)	2002-2006 Disbursements	2007 Disbursed (USD)	Balance	Contract End Date
Unearmarked	Phase I		5,360,414	5,337,024	-	23,390	Closing balance 2006
	B/F to 2007		23,390		9,580	13,810	
Total Unearmarked		-	5,360,414	5,337,024	9,580	13,810	
TOTAL			5,360,414	5,337,024	9,580	13,810	

II. Implementation Progress Supported by Italy during the Reporting Period**A. Earmarked****12. COMPONENT OR RRF(or AWP) OUTPUT****xxii. Implementation Progress**

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xxiii. Risks, Issues and Actions

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