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Afghanistan

**National Area Based Development Programme Phase II
(NABDP-II)**

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Annual Project Report

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Acronyms

AIRD	Afghanistan Institute for Rural Development
ANDS	Afghanistan National Development Strategy
CDC	Community Development Councils
CDD	Community Development Department
CLDD	Community Led Development Department
CLDP	Community Led Development Process
CF	Combined Forces
CIDA	Canadian International Development Agency
CP-DBMS	Central Project Database Management System
DDA	District Development Assembly
DDP	District Development Plan
DEX	Direct Execution
DFID	UK Department for International Development
DIAG	Disbandment of Illegal Armed Group
ER	Economic Regeneration
FP	Facilitating Partner
ID	Institutional Development
IDP	Internally Displaced Person
IS	Implementation Support
JS-DRC	Joint Secretariat for Disarmament & Reintegration Commission
LPAC	Local Programme Appraisal Committee
M&E	Monitoring and Evaluation
MoAAH	Ministry of Agriculture and Animal Husbandry
MoEc	Ministry of Economy
Mol	Ministry of Interior
MoRR	Ministry of Refugees and Repatriation
MRRD	Ministry of Rural Rehabilitation and Development
MUD	Ministry of Urban Development
NABDP	National Area Based Development Programme
NEX	National Execution
NIM	National Implementation Modality
NSP	National Solidarity Programme
NSS	National Surveillance System
NZDF	New Zealand Defence Forces
PCM	Project Cycle Management
PD	Planning Department
PDC	Provincial Development Committee
PMA	Provincial Management Advisor
PRRD	Provincial Rural Rehabilitation and Development Directorate
PRT	Provincial Reconstruction Team
QCC	Quality Control Committee
RED	Rural Enterprise Development
RELD	Rural Energy and Livelihood Department
RITS	Rural Infrastructure Technical Service
RurWatSan	Rural Water Supply, Sanitation and Hygiene Promotion
RRERS	Regional Rural Economic Regeneration Strategies
SIDA	Senior Institutional Development Advisor
SSPSRL	Support to Strategic Planning for Sustainable Rural Livelihoods
ToT	Training of Trainers
UNAMA	United Nations Assistance Mission in Afghanistan
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services

Executive Summary

The National Area Based Development Programme (NABDP) aims to promote urgent recovery and longer term development in priority areas while building the government's capacity to lead and coordinate participatory approaches to development in all provinces. Phase I (April 2002 till December 2005), focused on addressing immediate recovery considerations through delivery of urgent community infrastructure projects. Based on the lessons learned from Phase I it was acknowledged that an integrated sustained longer term approach was required to effect tangible rural development. It was aimed to initiate an extensive consultative process bringing together the Government of Afghanistan, donors and other key stakeholders. A refocused programmatic framework was approved for the Phase II of the programme. The new programme document was approved and then signed between the Ministry of Rural Rehabilitation and Development (MRRD) and United Nations Development Programme (UNDP) on 22 February 2006.

The second phase of NABDP (NABDP II) aims to contribute to the sustainable reduction of poverty and improvement of livelihoods in rural Afghanistan by empowering communities, through community institutions, to articulate and address their needs and priorities, and by helping to enable the Government of Afghanistan to support community-based rural rehabilitation and development in an integrated, people-focused, inclusive and participatory manner. The programme works toward this goal by supporting the MRRD to meet its strategic mission, which is in consonance with the Afghanistan National Development Strategy (ANDS), the United Nations Development Assistance Framework (UNDAF) and the UNDP Country Programme.

The overall strategy is to support the establishment of an integrated planning and implementation framework for a comprehensive approach towards rural development through the following components:

- 1) **Community Empowerment:** Participatory and consultative mechanisms are established at district and provincial levels resulting in an integrated rural development planning process.
- 2) **Economic Regeneration:** Capacity in the MRRD is built to formulate and regularly update comprehensive regional economic regeneration policies & strategies, identifying viable interventions for economic investment, poverty reduction and improving livelihoods.
- 3) **Institutional Development:** Institutional capacity and technical capabilities of MRRD and strategic partners are strengthened to fulfil its mandate of promoting rural regeneration and livelihoods.
- 4) **Implementation Support:** MRRD's implementation capacity is strengthened, private and public resources are mobilized, and implementation arrangements among partners/ stakeholders are coordinated to deliver economic regeneration and rural development projects.

Through these main components, communities are empowered so that they are able to articulate and address their needs and priorities in relation to poverty reduction and livelihoods improvement through meaningful participation in local rural development planning and implementation processes. Establishment of regional economic regeneration strategies and in particular, identification of viable, economic investment options that can immediately be implemented, are expected to contribute to creating business for the poor and support local job creation and livelihood opportunities. Organisational strengthening through strengthened institutional and technical capability of MRRD will enable it to fulfill its mandate of promoting rural regeneration and livelihoods and supporting the implementation and management of comprehensive rural development strategies in a participatory, coordinated and sustainable manner.

Under the broader framework of comprehensive rural development in line with the ANDS target, partnership will be established with organisations and programmes such as UNHCR, UNICEF and Afghanistan New Beginning Programme (ANBP) to ensure the mainstreaming of the reintegration programme, DIAG, alternative livelihoods initiatives and other priority programmes.

Main Achievements

Community Empowerment

Approximately 36% of Afghanistan are so far covered with District Development Assemblies (DDAs) which is well beyond expectations considering the critical security restrictions and the initial lack of qualified staff. Furthermore DDAs and District Development Plans (DDPs) have progressed to be recognized by various stakeholders at local and national levels as an important mechanism for initiating a government-community dialogue on development issues which is essential to support the peace building efforts of the government and international community.

Strong cooperation with line-ministry departments and stakeholders at the district and provincial levels has led to success. As DDAs are increasingly becoming a major player for mobilisation of local communities for local area development and decision making, line ministries, policy makers, and donors have started to assess the values of the Community Empowerment Strategy and the DDPs. The establishment and actual run of the policy strategy turned out to be fundamental to the community empowerment process. DDAs have been established and DDPs formulated in 137 districts in 14 provinces to ensure community consultation and participation in the comprehensive rural development process.

On the policy level MRRD achieved to further develop the “Guidelines for Community Empowerment” and to turn them into a national policy strategy for the Ministry. There is now a unified framework for data gathering, information dissemination, and inclusive planning at local community level for development across all MRRD programs, for approaching community participation and incorporating community planning into the sub-national planning processes.

Implementation Support

In terms of rural infrastructure NABDP continued the implementation of 92 sub-projects in 26 provinces in water supply and sanitation, education, irrigation, public facilities, public health and transport. Over 150 rural infrastructure projects have been implemented throughout the country by UNOPS with US Provincial Reconstruction Teams (PRTs). In order to improve the monitoring of the quality of projects a Projects Quality Control Committee was set up. Out of the 85 projects considered to be problematic and dating from the first phase 65 projects were addressed and problems were solved.

Another major result was the establishment of seven technical support units in seven regions of Afghanistan. These units have started rendering technical support to the project cycle of community projects by doing survey's, facilitating project identification and rendering support to RRD departments in the provinces.

Within the IALP-K project a Project Steering Committee and a provincial coordination committee coordinated the identification and allocation of community projects among five ministries in Kandahar. At the end of 2006 projects were identified and provincial directorates of the Ministry of Counter Narcotics, Ministry of Public Works, Ministry of Energy and Water, Ministry of Agriculture and MRRD were put in place. Lastly, the IS Unit contributed to the capacity building of the Ministry by assigning Afghan nationals to executive positions.

Institutional Development

In terms of support for Provincial Development Committees (PDCs) orientation trainings have been conducted for PDC members in 11 provinces. The training curriculum and materials for PDCs on specialized skills are under preparation and will emerge from needs as identified through actual provincial planning exercises.

In terms of support for ANDS and sub-national governance mechanisms MRRD and NABDP have had several discussions with Afghanistan National Development Strategy (ANDS) representatives to link up with MRRD programmes and activities, especially for raising awareness on the ANDS on sub-national levels.

To assess the status of the procurement operations of MRRD and NABDP, several discussions were held with the Director for the MRRD Procurement Department, the members of the bid evaluation committee and the NABDP Procurement staff. It was found that the MRRD procurement procedures for works, goods and services contracts are not consistent with the provisions made in the Afghan Law of Procurement and international guidelines. There is no systematic process for proper documentation on procurement and no definite procurement plans have been prepared and followed.

Economic Regeneration

The conduction of The Regional Rural Economic Regeneration Study (RRERS) was contracted to the consulting company GRM International. An inception report was produced assessing prospects for economic development in different provinces and the next step will be to design a business plan for development in niche sectors.

Disbandment of Illegal Armed Groups (DIAG)

Within the section of Support to DIAG the NABDP has been supporting MRRD and the Disarmament & Reintegration Commission in developing the framework for implementing development projects in the communities where illegal armed groups have been disbanded.

1. Context

The NABDP-II was designed to support the rebuilding of essential functions of the state and civil society institutions, rehabilitating basic rural infrastructure, stimulating economic and income generating activities and improving access to social services under the National Development Framework. Initially designed to focus on the ten most devastated and vulnerable areas it was extended to cover the entire country. Drawing on the lessons learnt from implementation over three years, the second phase has geared up its assistance to the Government to adopt a more strategic stance towards its mandate in terms of policy formulation, service delivery and resource management.

NABDP-II provides the means to promote good governance at the sub-national level. The second phase contributes in particular, to the sustainable reduction of poverty and improvement of livelihoods in rural Afghanistan. Particular attention is directed towards the inclusion and benefit of farmers dependent on poppy cultivation, disarmed militias, returning refugees, IDPs and especially vulnerable groups in rural areas (nomads, IDPs, returnees etc.). Partnerships are being established with relevant Ministries and other national and international partners. These partnerships will ensure the mainstreaming of the priority programmes into the broader framework of integrated rural development under the ANDS. For example in the process of formulating the DDP representatives from line ministries on the sub-national level are involved in order to turn the DDP from simply being a “wish list” into a development plan that is feasible.

(I)-ANDS

Pillar I: By directly working with recently disarmed groups and creating alternatives to the illicit cultivation of poppy and other sources of income NABDP contributes to the first pillar of the ANDS, i.e. security.

Pillar II: The NABDP focuses on empowering communities to allow them to become involved in local development processes. It works on improving the capacity of state authorities on the national as well sub-national levels in order to eventually improve governance on the sub-national level and create rule of law (second pillar). This pillar also subsumes NABDP's effort to especially make women become involved in decision-making processes by involving them in DDAs.

Pillar III: The NABDP contributes to economic and social development through various paths. In the social sphere it improves peoples lives by building schools, clinics, bridges, roads, wells etc. Once people are better educated, have some level of "social security", they will better be able to take their lives into their own hands. Through its economic regeneration component NABDP tries to assess prospects for economic development in rural areas and will then develop a strategy to create new sources for legal income and increase access to markets.

UNDAF

The NABDP contributes to second the UNDAF outcome by empowering people to take own initiative, creating labour and legal sources of income, establishing structures for good governance, offering concrete economic investments, providing training, raising awareness on opportunities and rehabilitating social and economic infrastructure.

CPAP

NABDP's approach is to increasingly refrain from implementing projects with the help of contractors and instead trying to involve as many local people as possible in the actual implementation process on the ground. Instead of contracting project implementation to contractors (private firms), for most labour-based and technically simple projects DDAs are contracted to undertake the projects and then monitor the project results. Through this approach the number of labour days, skills and sources of legal incomes on the ground are increased significantly. In addition to that NABDP organised numerous workshops and training courses in order to raise awareness on various issues (sub-national governance, procurement procedures, etc.) and to further build capacity and make people take their lives into their own hands.

Projects are increasingly being identified, approved and implemented by the communities themselves. Before "local leaders" mainly used to propose projects to MRRD. This has been reduced significantly, indicating that DDAs are increasingly recognised as a local governance structure leading the development process on the district level.

The NABDP makes also a contribution to the CPAP by providing opportunities specifically to vulnerable groups as disarmed combatants, returnees and women through sub-national consultation mechanisms.

2. Performance Review

2.1 Progress Review

Overall Progress towards the ANDS Benchmarks

The NABDP has made a significant contribution to overcoming legacies from conflict, setting conditions for sustainable economic development and strengthening state institutions as well as civil society by establishing 137 DDAs and developing DDPs accordingly. It is now working on the development of a strategy on how to link these newly established institutions on the district level with the PDCs on the next higher level in order to make the top-down state-building process and the bottom-up state-building processes meet.

The programme has continued to support MRRD institutionally in implementing and reporting against the Afghanistan Compact and I-ANDS Rural Development benchmarks (see annexe 3). To this end the ANDS Consultative Group's reporting structure was implemented, including the establishment of an appropriate quarterly reporting mechanism to report against the implementation of the already mentioned benchmarks. In addition to this NABDP has played an active role in supporting MRRD in institutionalising the ANDS process, by assisting in overall management and delivery of ANDS awareness workshops for the entire MRRD staff in Kabul as well as in the provinces, and the recruitment of an ANDS team.

Up to date 92 sub-projects have been implemented, e.g. schools and clinics constructed to improve the access to education and health care, bridges constructed to increase connectivity and improve access to markets in order to sell local produce and also wells, dams and canals constructed to improve the supply of drinking and irrigation water.

Supporting the development of rural enterprises is an essential component of the Government's overall National Development Strategy. The ANDS defines the primary role of the Government to create an enabling environment for private income and wealth creating initiatives; establishes the priority of rural development within national development objectives; recognizes rural enterprise development as an essential element of rural development. The Economic Regeneration unit of NABDP is actively supporting National Rural Enterprise Development Programme (NREDP) of MRRD. The NREDP process started with the organisation of the MRRD National Workshop on Rural Enterprise Development: Policy Framework and Enabling Environment in September 2005. Since then the Economic Regeneration Unit of NABDP and the NREDP unit of MRRD have been working closely to advance the agenda of NREDP Policy Framework and Operational Components of the NREDP programme. Mass mobilization for enterprise development (MMED), SME Venture Capital Facility, and Small Business Development Plans are the major initiatives in niche sectors in selected provinces of the country.

Overall Progress towards the UNDAF Outcome

The UNDAF outcome has been defined for the second phase of the NABDP programme: "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." As already mentioned above numerous trainings have been provided, 92 sub-projects implemented and 137 DDAs established and this has made a significant contribution to meeting the above mentioned targets by making people aware of what they can achieve on their own and giving them tools at hand to realize their visions. People are not struggling only for their survival anymore, but can now increasingly get involved in decision-making processes and make contributions to the development process on the ground.

Overall Progress towards the CPAP Outcome and Output(s)

The following CPAP outcome is targeted by this program: "Livelihoods and the quality of life for poor people improved through MDG focused initiatives such as mainstreaming gender, broadening economic opportunities and realising sound natural resource management.

The Output is that 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). E.g. a total 637 women are participating in the district development processes.

Capacity Development

NABDP used a number of strategies to build the capacity of MRRD by first assessing the status quo and then taking action, developing a strategy to make the Ministry's procedures more effective, e.g. like with the procurement procedures. Orientation workshops were

conducted to present in a more transparent way what the current situation was and how existing issues could be tackled in the future. The approach was mostly guided by a 'learning-by-doing' principle, whereby actors were invited to the process of setting up agreed procedures.

The NABDP Human Resource Advisor has been supporting the MRRD human resource department in establishing an effective HR management system for both MRRD and NABDP. This task has been completed successfully. A system for managing CVs, and timely follow-up and documentation of recruitment and hiring is in place. The HR policies and procedures for hardship and daily allowances for national staff have been developed and implemented. Furthermore, the payroll process has been streamlined. A draft employee policy manual for national contracted staff was submitted for approval. A system and procedures to control recruitment of national contracted staff, including a table of authorized national contracted staff positions, are developed. Detailed specifications for a combined MRRD/ NABDP HR database have been written, and data collection and entry into the new system has been started.

An appropriate system and procedures has been established and the management of procurement in MRRD has been strengthened. Several documents on procurement quality plans and bidding processes have been prepared in line with both the Afghan Law of Procurement and UNDP guidelines. These documents have been discussed with the relevant departments and staff and submitted to the MRRD senior management for their approval. Several meetings were held with the MRRD Procurement Director and staff, and a couple of workshops have been organized for training of the evaluation committee members in MRRD on systematic evaluation based on the Afghan Law of Procurement. The NABDP Procurement Advisor has provided technical assistance to the MRRD Procurement Department to continue the procurement for running NABDP projects in a more transparent and effective way.

The ID team members undertook the first steps to assess the current ID situation within MRRD. The key actors both in MRRD and NABDP were interviewed and their comments documented. The ID Unit focused its support on several departments (Community Led Development Department (CLDD), Rural Energy and Livelihood Department (RELD), Rural Infrastructure Technical Service (RITS) and the Afghanistan Institute for Rural Development (AIRD) to initiate the institutional development process in the MRRD. The ID Unit together with the CE Unit organized and conducted a joint workshop for CLDD and NABDP employees to build their capacity in the MRRD Community Empowerment Process and to integrate the interim ANDS Sub-national Consultation Process into district and provincial development planning.

Through the introduction of the Project Cycle Management process in MRRD, problems and weaknesses in MRRD's project management were identified. A first draft of an "ideal" project cycle management has been prepared. It was proposed to establish a Project Quality Control Committee with participation of the key departments and units in order to find sound solutions for problematic projects and develop more effective project management mechanisms. Bottlenecks were identified and addressed.

Upon request the ID unit provided further support to AIRD. The Governance and Management Structures of the AIRD were drafted and submitted to MRRD leadership for consideration. The AIRD business plan drafting process is under progress.

A 'Training for Trainers'-workshop was conducted to train 25 master trainers to deliver PDC orientation training. The training materials for PDC orientation (Phase I) and preliminary materials for advance topics (Phase II) were prepared by a joint team of 15 trainers. Two teams of trainers from MRRD (six trainers) and the Ministry of Economy (MoEc, 19 trainers) conducted PDC Orientation workshops (Phase I) in 12 provinces: in Kandahar, Balkh, Nangarhar, Kunduz, Paktia, Herat, Kabul, Khost, Zabul, Ghazni, Daykundi and Bamyan.

An envisaged process for the development of Provincial Development Plans has been outlined. The pilot Provincial Planning workshop for one ANDS sector, to check proposed processes, took place in Kandahar province in which representatives from the MoF participated. The outputs of the first sectoral working groups are being analysed. Best practices and lessons learnt will shortly be utilized in the next phase of the pilot in Kandahar.

Impact on Direct and Indirect Beneficiaries

The impact on beneficiaries after less than one year of operation is still difficult to assess. Some effects however have already been observed. At the macro level the Government, e.g. Ministries and donors have shown increasing interest in NABDP's work. On the provincial level relationships and networks are built between communities and state authorities. NABDP is contributing significantly to raising people's awareness to what extent they can and should get engaged in social and economic processes on the ground. NABDP mobilizes people in order to eventually continue building a civil society on different levels of the Afghan state. An overall number of 3975 men and 637 women have been involved in the development process (establishment of DDAs, development of DDPs and implementation of sub-projects).

2.2 Implementation Strategy Review

Participatory/ Consultative Processes

The programme incorporated progressively a number of mechanisms into its four components that aimed at increasing participation and consultation of stakeholders. The aim is to ensure ownership by MRRD and local agencies in different sectors and to create sustainability and at local community and district levels to ensure improved sub-national governance processes. At the local level, the MRRD Community Empowerment Strategy provides the foundation for a comprehensive and community-based consultation that links people's needs into a higher level development planning framework. The District Development Planning process provides a mechanism for framing in a coordinated and comprehensive manner, the priorities of the district into a comprehensive district framework, through active participation by the communities. It establishes a prioritised process of project articulation based on gathered information, communicating their needs beyond district limits. The establishment of DDAs has been necessary to provide a backbone to community mobilization at district level. DDAs consist of (deputy) chairpersons of Community Development Councils (CDCs) who were elected by communities through secret ballot. They were mobilized to formulate DDPs following the ANDS framework. With the recent approval of the CDC by-laws, DDAs are now also looking forward to developing their own by-laws and be recognized as legitimate units of Government at the district level.

At the provincial level the NABDP programme initiated a capacity development plan for strengthening PDCs. PDCs are executive provincial councils uniting governmental and non-governmental development actors in each province. A needs assessment conducted in the beginning of the year led to the conclusion that development actors in general, needed to be better aware of the mandate of PDCs. In response to this, orientation courses were conducted to enhance people's awareness. Over the course of the year PDCs were more and more perceived as a crucial platform by more and more actors. This has led to additional consultations being held by representatives of the NABDP with relevant provincial actors (UNAMA, PRT's, donors, MoF and MoE) in order to coordinate joint activities and to lobby for further support to PDCs. A significant achievement is the piloting of a planning protocol in Kandahar's PDC at the end of 2006 in cooperation with the provincial governor, UNAMA, MoF and MoE.

With regard to the institutional strengthening of MRRD, the programme supported the completion of initial capacity assessments of the MRRD departments to define their mission, strategies and outputs and ensure that they were in line with the overall strategic plan of MRRD (from October 2006). Based on the assessment, the process of establishing organisational development (OD) was initiated. The following MRRD departments were assessed: Planning and Procurement Department, AIRD, CLD and the RITS.

The core business of the MRRD in 2006 remained the delivery of reconstruction of community infrastructure. While NABDP was working on establishing participatory forums and assemblies such as DDAs and simultaneously supporting the PDCs in the project identification process, the Ministry continued to identify and execute some sub-projects upon the request of political leaders. Increasingly, however the process of project identification with support from NABDP has become less ad hoc and more streamlined with priority projects being identified by DDAs, or in the case of Faryab province, where the selection process was guided by members of Parliament. Thus while in the beginning of the year, upon the initiation of NABDP-II, the common practice was for political leaders to propose sub-projects which was then executed by the Ministry, there has been a clear shift by the end of the year to the majority of the projects being chosen as a result of participatory processes including the communities.

Quality of Partnerships

Internally in the MRRD, the NABDP worked under the direct leadership of the Minister in close and fruitful cooperation with most MRRD departments. Programmatic partnerships were developed on particular components with the National Solidarity Programme, National Rural Access Programme (NRAP) and Rural Water and Sanitation Programme.

Externally, a wide range of partnerships and relationships were developed and maintained as they proved worthy. These included: ANDS, MoF, Mol, MoE, ISAF, PRTs, and Embassies from Belgium, Norway, USA, Canada, the Netherlands, Sweden and Japan. Within the UN, engagement was sought with UNAMA and the UNDP-led programmes of ASGP. Knowledge support was sought from the University of Kabul, GRM and individual national and international consultants. The volume of the relations and partnerships was such that their maintenance was challenging.

Partnership with NSP

After several months of experience with the DDA/ DDP methodology, NABDP decided to launch partnerships with NSP Facilitating Partners (FP) for a Comprehensive Development Planning. NSP FPs are known for their expertise and acceptance in the communities where they operate. A test-run on the methodology was conducted in a district in Kunduz province with a selected number of FPs working in the priority provinces of the Northern Region. The test-run exercise provided five FPs with hands-on experiences on the methodology enabling them to prepare quality proposals for future partnership. Due to the successful outcome of this test period, an FP selection process has been launched. Ten NSP FPs have submitted their proposals to NABDP and are currently being reviewed by a panel composed of NABDP and MRRD personnel. The FPs are intended to implement activities related to Comprehensive Development Planning.

Partnership with ANDS

MRRD and NABDP have provided extensive support to the ANDS Sub-National Team in identifying and implementing appropriate sub-national consultation mechanisms to fully reach the ANDS benchmarks in terms of the Poverty Reduction Strategy Paper (PRSP). In this regard, MRRD and NABDP have had several discussions with ANDS for the utilisation of MRRD programmes and activities related to community development and governance, as a platform for awareness-raising of the ANDS at sub-national levels. This partnership agreement thus resulted in a joint ANDS/ MRRD workshop on "ANDS Sub-National

Consultation Mechanisms”, which was held on 21 September 2006 and in which representatives from various Government offices and multilateral stakeholders participated. The outcome of the workshop resulted in ANDS re-formulating their strategy to better utilise the PDCs, DDAs and CDCs to conduct full participatory consultation processes and activities and to establish a two way communication stream between Kabul and the provinces. The partnership with ANDS has been very fruitful and will hopefully lead to more constructive cooperation.

Additionally, NABDP participated in an inception workshop on UNDP’s Afghanistan Sub-National Governance Programme to strengthen collaboration between the two programmes, in particular supporting a synergetic and coordinated approach for sub-national governance.

Community Empowerment

The Community Empowerment unit cooperated with the provincial RRD departments in a constructive way, and started to work closely with the Community Led Development Process (CLDP). This has been an important step linking the bottom-up and top-down state-building processes. The partnership with RRD departments has been very fruitful in terms of turning DDPs into feasible development plans. Experts from the line departments gave advice during the sub-project selection process.

Institutional Development

Institutional Development turned into a service rendering component of NABDP, providing quality advice and training. This unit initiated contacts with the Planning and Capacity Building department and AIRD and provided support to the Personnel and Procurement Departments. Through this constructive cooperation the quality of output from these departments could be increased significantly. The ID team’s approach is to introduce interventions based on findings. This was always welcomed both by MRRD leadership and its departments.

Implementation support

Implementation Support (IS) developed internally strong working relationships with the Planning, RITS and Procurement departments. Initial discussions were also held with the Monitoring and Evaluation Department.

The IS Unit was engaged with project implementation and good relations were maintained with other MRRD programmes such as DIAG and the Integrated Alternative Livelihood Programme and the Counter Narcotics Trust Fund (CNTF). This unit furthermore provided support to the Ministry in terms maintaining and building up new donor relations with CIDA, JICA, USAID and others. NABDP is supporting the Ministry in preparing and building up capacity to write proposals for the CNTF independently in the future.

The NABDP has become integrated and acknowledged by MRRD, and fully participates in the policy and strategy development of the Ministry. For this reason a partnership strategy is created by the Ministry according to the MRRD’s strategic plan.

National Ownership

NABDP is a National Implementation Modality (NIM) programme, with MRRD as the executing Ministry clearly expected to lead and provide overall guidance and direction to the effective implementation of the programme. UNDP as a key stakeholder plays an advisory and programme quality assurance role. With support from the NABDP, programme advisors are placed within the Ministry departments and provide technical advice and guidance to senior MRRD officials. As a result, NABDP is well situated to provide substantial guidance and support to MRRD in it’s overall strategic planning, and translating the plan into priority activities, and providing realistic and effective solutions in line with the MRRD’s strategic focus which results in a tangible impact at the local level and responds to the articulated needs of people in rural areas.

Institutional Development

Through the strategic planning workshop held by MRRD, in which all NABDP national and international advisors participated, it became evident that restructuring the MRRD will affect all departments and staff. The ID team members undertook first steps to assess the current ID situation within the MRRD. The first assessment report with diagnostic analyses was drafted and is now used as a basis for further more detailed assessments and possible interventions. During the reporting period, the ID unit focused on several departments to initiate the institutional development process in the Ministry, which includes the Planning Department, the CLDD, the Rural Energy & Livelihood Department (RELD) and the AIRD. It was decided that a comprehensive PDC sub-national database will be developed with the support of NABDP.

An Expert Committee for the Regional Rural Economic Regeneration Strategies (RRERS) Project, comprising of members from NABDP, MRRD, AIRD, and external members, was set-up under the Chairmanship of the MRRD Deputy Minister of Programmes.

Implementation Support

Projects have been and continue to be identified through mechanisms developed in cooperation between the programme, communities and MRRD as part of the district planning process. All results achieved by the programme in 2006 have contributed to meeting the strategic plan of MRRD, and should thus be considered achievements of MRRD. Implementation support is promoting the idea of seeing project management as a cycle and not as a linear process, i.e. simply leading from A to B. Project identification and planning is increasingly done by DDAs themselves, with the assistance of the RITS department. Monitoring and evaluation, including the financial monitoring is a collective effort between NABDP, the assigned departments and partly also DDAs (especially in insecure areas).

Sustainability

The strength of the NABDP is that, as a nationally implemented programme, it is embedded into the MRRD as one of its main flagship programmes. This illustrates the ownership and leadership of the programme by the Ministry. Additionally with one of the core outcomes of the programme being capacity building and institutional development of the Ministry highlights the sustainability of this programme and the approaches being taken during programme implementation to assure a realistic exit strategy and full handover of project results and lessons learned to the Ministry.

Specifically the Ministry has set itself the task to increasingly integrate all externally supported programmes to include NABDP into its own structures in the coming years. The international technical assistance will decrease, to be replaced by competent national professionals. Already within the first year of execution, well trained promising and experienced professionals were given more responsibility and the programme's structure was adapted accordingly. It should be reiterated that partnerships and external relationships are most often led by the MRRD leadership, who acknowledges that NABDP initiated partnerships are de facto MRRD partnerships and are to be managed as such. The structures and systems developed by NABDP will be a base for the Ministry to build upon.

2.3 Management Effectiveness Review

The Second Steering Committee Meeting was held on 19 September 06, chaired by the MRRD Deputy Minister of Programmes. In the meeting, the activities and achievements during the second and third quarter were reported to the committee members. Serious concerns on equity in availability of funding for provinces were raised and there was an intensive discussion on this issue. The Committee agreed to continue to look into this matter.

The new programme manager has managed to create a collective leadership and a very open working atmosphere. Numerous meetings are held on various levels and in differing

constellations (working groups) giving the opportunity to better coordinate and streamline activities and to increasingly learn from each other and each others' "lessons learned". Soon the communication unit had to be fully re-staffed and the unit is now working on the improvement of reporting and general "advertisement" of the programme.

Quality of Monitoring

As has been stated in 2.2 all phases of the Project Cycle Management are primarily actions of the assigned departments of MRRD. In the first year results were achieved in increasing capabilities of the Ministry in project identification and planning. With regard to Monitoring and Evaluation (M&E) the MIS was developed, and technical support units were put in place. These formed the preconditions for a fully functional M&E system.

Internally, NABDP is in the process of building up a full-scale monitoring and evaluation system. At this stage M&E is mainly managed by the different units themselves. The communication department will take over a coordinating role in the future.

Timely Delivery of Outputs

Staff Recruitment

For international positions, going through the UNDP recruiting process, takes between five and six months in order to fill vacancies. Generally, it continues to be difficult to find high qualified people to fill in vacant positions in a timely manner.

The Senior Economic Development Advisor was on board at the end July 2006.

The previous Programme manager's departure in October was a significant set-back. However, the identification of his successor in a timely manner has ensured a smooth transition of the NABDP leadership. The new Programme Manager started in October 2006. The Heads of all the four Units were also in place by then. Under the leadership of each Unit Head, the restructuring of the units continues. The International Senior Institutional Development Advisor (SIDA) and the ID Advisor were recruited in August 2006. In December the Monitoring and Reporting Officer was recruited.

Security Situation

In 2006 there was an increase in insurgencies and terrorist attacks which resulted in reduced security throughout the country. This is particularly true in the four southern provinces where the situation deteriorated to such an extent that direct clashes were frequent between national and international forces and insurgents which caused thousands of residents to flee the affected areas. In reaction, the Government of Afghanistan organized several coordination forums. The most notable is the Policy Action Group chaired by the President himself in which MRRD participates. Due to the ensuing insecurity, MRRD had to scale down its presence especially in insurgency affected rural areas. Several MRRD employees were kidnapped, wounded or killed in the course of their duty. Still MRRD remained, if not the sole, one of the few non-military presences in the insecure areas who engaged in reconstruction and development work. To a large extent, this was only possible with the help of DDAs and through innovative approaches for implementation whereby communities took direct responsibility. In Uruzgan where due to insecurity, access by outsiders was not possible, NABDP developed a system of partial support to a needy population through the provision of construction material directly channelled to the communities and with the work carried out by the communities through in-kind contribution of local labour and transportation support for the construction material. This experience, albeit not open for direct technical support or monitoring still might be copied in other regions, since the population developed its own monitoring system by providing videos. The expectations for 2007 are however not too optimistic, it is expected that insurgent groups will step up their activities even more and extend their reach to other parts of the country.

Office Space

To alleviate severe shortages of office space, the programme had rented an office building in Shar-e Naw, in the centre of Kabul. The Economic Regeneration Unit and the RRERS/ GRM teams as well as the Community Empowerment field teams used the Shar-e Naw Office. However, after the whole MRRD complex was shifted to Darulaman in October, better space facilities are now in place and the Shar-e Naw office is being closed down.

Resource Allocation

For the year 2006, a total amount of \$ 18,012,199 was actually recorded as expenditure, out of which \$ 7,174,513 covered other project costs (e.g. operational costs, 39.83%) and \$10,837,685 covered project activity costs (60.17%).

Other Project Costs vs. Project Activity Costs

Account Description	Expenditures	%
International staff & short term consultants	2,526,574	
National Staff	1,943,103	
Equipment and Furniture	1,352,666	
Communication	139,683	
Supplies	105,583	
Rental and Maintenance	268,123	
Training Cost	44,362	
Miscellaneous	136,745	
GMS	657,675	
Sub Total of other project costs	7,174,513	
Sub Contractual Service Companies and DDA + PDC	10,837,685	
Sub Total of Development activities	10,837,685	
Grand Total	18,012,199	

Proportion of other project costs Vs development activity costs for the year 2006

Total other project costs	7,174,513	39.83%
Development Activity cost	10,837,685	60.17%
	18,012,199	

Cost-effective Use of Inputs

With regard to cost effectiveness use of inputs, NABDP management team endeavours to reduce costs as much as possible without undermining the quality of the desired and committed outputs. Savings are primarily expected to stem from streamlined systems and procedures with for instance the establishment of an improved MRRD Project Cycle Management and the implementation of Comprehensive Rural Development, which empowers communities to articulate their priorities and take part in development activities. It is expected that people's views will lead to the identification of projects that are designed and formulated in broad consultation with all relevant stakeholders and thus will be more responsive to people's needs, will be utilized and maintained by people. Support to the MRRD Procurement Department will ensure that systems and procedures assure full transparency and accountability while optimizing the selection of responsive, qualified, experienced private contractors, which will deliver projects for the best possible costs. Establishing an effective Management Information System that can track projects as they are

sequentially processed by MRRD through relevant departments will equip the MRRD with a relevant tool for efficient management.

In the area of institutional development, savings are expected to come from the gradual transfer of skills from International consultants to experienced, qualified Afghan nationals, thus progressively reducing the number of international consultant days. The concurrent ongoing support provided to the MRRD Human Resource Department, streamlining recruitment processes and management of MRRD contracted staffs shall further ensure the optimal management of MRRD contracted staff.

3. Project Results Summary

Implementation Support

During the first phase NABDP had in total supported 428 projects. Because of weaknesses in the PCM it was found that 85 projects from Phase I, were still problematic and ongoing. For this reason a project quality control committee was established that addressed the difficulties. In 2006 the difficulties in 65 of the 85 projects were successfully solved.

The total number of 92 sub-projects undertaken by NABDP II. These can be subdivided in the following sectors:

Education	33 school buildings were under construction
Irrigation	13 project under construction
Roads and Bridges	10 projects under construction
Government Buildings	21 projects under construction
Water & Sanitation Supply	6 projects under construction
Others	9 projects

Community Empowerment

The NABDP II builds on the experiences of the National Solidarity Program (NSP) and coordinates with UNAMA for establishing local governance structures. It thus complements other initiatives for good governance as part of the Afghanistan Sub-National Governance Programme.

In the first year of implementation of NABDP II, 137 DDAs were established by NABDP and the programme also supported the establishment of twelve PDCs. These community forums in particular are to be extended throughout the country through contracting implementing partners. The necessary training of trainers was held with the assistance of external advisors, and core staff.

Economic Regeneration

The Regional Rural Economic Regeneration Study (RRERS) aims to distinguish itself from others by providing practical strategies and recommendations that can be readily implemented in terms of infrastructure, services, and production systems, linkages for local and international markets. An integrated chain approach is being followed, whereby the production, support services, processing and trading are studied in an integrated manner and recommendations will be geared towards uplifting the whole chain. An open tender for the RRERS study was launched and GRM International was finally selected and signed the contract for "Regional Rural Economic Regeneration Assessment & Strategies with MRRD on 12 July 2006. The Senior Economic Development Advisor (SEDA) of NBADP was on board only in the last week of July. The GRM national team arrived in August, and the RRERS project was officially launched on 14 August, 2006. A comprehensive agenda of items describing the activities to be carried by RRERS project during the inception phase, was prepared, and discussed with RRERS/ GRM team, and was handed over for follow-up.

An Inception Workshop was organized on 30 August, 2006. A Steering Committee was set-up, to regularly monitor progress every two weeks, and discuss various technical and logistic

issues. An Expert Committee, comprising members from NABDP/ MRRD/ AIRD, and external members, was set-up under the Chairmanship of Deputy Minister of Programmes MRRD. An Inception Report Workshop was organized on 11 October, 2006, and a first draft of the Inception Report was completed by the end of October. This report was evaluated, and detailed technical comments and recommendations for revision were submitted to GRM in mid-November. The revised report was submitted by the end of December. The report was submitted to all relevant units of MRRD for comments and for utilizing it in various projects. The revised report was evaluated and analysed (regarding different provinces and sectors). Rural Business Support Centres (RBSC) are planned to be setup by Ministry of Agriculture with ADB support. RRERS/ MRRD is exploring synergetic linkages with other Ministries and programmes in rural areas.

Institutional Development

To establish appropriate systems and procedures and to strengthen procurement management in MRRD, several documents on procurement quality plans and bidding process were prepared in line with both Afghan Law of Procurement and UNDP guidelines. These documents have been discussed with the relevant departments and staff and submitted to the MRRD senior management for their approval. Several meetings were held with the MRRD Procurement Director and staff, and a couple of workshops were organized for training of the evaluation committee members in MRRD on systematic evaluation based on the Afghan Law of procurement.

The ID team members undertook the first steps to assess the current ID situation within MRRD. The key actors both in MRRD and NABDP were interviewed and their comments documented. The first assessment report with diagnostic analyses was drafted, which is now used as a basis for further and more detailed assessments and possible interventions.

Afghan Institute for Rural Development (AIRD)

The office was equipped. Two international consultants were recruited to manage and coordinate the establishment of the AIRD. Short term international advisors were recruited to review and finalize the AIRD concept paper and develop a training curriculum. Short term national consultant was recruited to review the MRRD training activities. A workshop entitled, "Scaling up Participatory Approach in rural Afghanistan" was organized through AIRD and for MRRD/AIRD staff. A draft framework for bi-annual rural development reporting was produced and presented to the MRRD leadership for consideration and approval.

Management Information System (MIS)

In terms of the management of information, NABDP has continued to support MRRD in developing appropriate systems and mechanisms to manage the massive amount of data generated by its national and regional programmes. The development of a web-based version of the system is planned for 2007.

Institutional Development

Twenty five master trainers were trained from MoEc and MRRD, who conducted orientation workshops for PDCs in 12 provinces.

Associated Programmes

In the Integrated Alternative Livelihoods Programme-Kandahar (IALP-K) MRRD and NABDP made a series of consultations with the DDAs and line departments to draft a proposal for the IALP-K Steering Committee, which included recommendations about their role in the process, funding streams, an emphasis on sectors and project identification. This proposal was presented to the Steering Committee in October. In the meantime, it was decided to bring together DDA representatives from high poppy cultivation districts and interested parties to examine the underlying causes and issues of poppy cultivation and design development packages that will address ways to promote alternative livelihoods and

reduce illicit sources of income in the region. The Project Coordination Committee in Kandahar approved projects proposed by the DDAs in the four targeted districts and these were duly procured.

The Disarming of Illegally Armed Groups (DIAG) Programme

In cooperation with the Afghanistan New Beginnings Programme DIAG piloted work in Takhar and Kapisa provinces. This programme however was never fully able to take off. Essentially the efforts to convince commanders to disarm were unsuccessful, and the envisioned investments in local development only took place in two districts. It has to be noted that the DIAG development funds are tied to the DIAG clearance of districts by ANBP which has not shown any results so far.

Water and Sanitation

MRRD Water & Sanitation (WatSan) Department planned the construction of 375 portable water supply points and 350 demonstration latrines during 2006 with assistance from UNHCR through the NABDP.

A total of 16 provinces were chosen to be covered under this project, which are: Kabul, Logar, Paktya, Khost, Baghlan, Faryab, Kunduz, Nangarhar, Laghman, Kunar, Kandahar, Hilmand, Zabul, Ghor, Badghis and Farah. A total of 56,250 rural communities are expected to benefit from this project. By the end of 2006, construction work for 267 water points and 201 latrines had started. Out of those, 204 water points have been completed.

Under the USAID-supported "Rural Water Supply and Sanitation Programme," construction of water points and latrines continued in the following 13 of the planned 18 provinces (Paktya, Nimroz, Hilmand, Kandahar, Uruzgan, Zabul, Maidan-Wardak, Kabul, Logar, Kapisa, Daykundi, Nuristan and Kunar) during the reporting period. By the end of 2006 the projects were completed in Ghazni, Paktika, Laghman, Nangahar and Khost and 217 water points were constructed and 915 latrines were completed. Construction work for 15 water points and 83 latrines has been under progress. A total of 8,532 families (59,724 individuals) received hygiene education. The hygiene education for 115 families (805 individuals) is under progress.

Contributions from both UNHCR and USAID have been utilized for capacity development for the Ministries, private sector, and communities to ensure a smooth implementation of WatSan projects and sustainability of constructed facilities. With UNHCR support, MRRD hosted two days workshop for the purpose of reviewing the MRRD's implementation performance of the UNHCR funded WATSAN programme in the past two years. The training sessions for Water & Sanitation engineers, conducted by DACAAR, have been on-going. Under USAID programme, 251 persons received trainings on various subjects related to water and sanitation engineering and project implementation during 2006.

Reintegration of IDPs and Refugees

With the support of UNHCR through NABDP, the Reintegration Unit has continued to play a coordination role in mainstreaming the reintegration issues of internally displaced persons (IDPs) and refugee returnees into MRRD national development programming as well as in strengthening collaboration with other ministries to implement returnee-related activities. In order to build a strong coordination among all the stakeholders and to share information, the Reintegration Unit arranged a joint working group session and invited people from different agencies, such as UNDP, NABDP, UNHCR, and the MRRD WatSan Department.

The Reintegration Unit is serving as the secretariat for the Reintegration Task Force Working Group on support for landless returnees, which is comprised of the Ministry of Refugees and Repatriation (MoRR), MRRD, Ministry of Urban Development (MUD), UNDP and UNHCR. The Reintegration Unit with the representatives from the Joint Working Group and technical

staff visited the pilot provinces to assess the situation and identify needs for promotion of land distribution initiatives for returnees.

The Reintegration Unit developed a format for the Progress Report on the Land Allocation Scheme activities in coordination with MoRR, UNDP, UNHCR and donor agencies. The Unit collected all the technical needs assessment survey report from relevant departments and compiles necessary information in close coordination with relevant departments. The final technical report on land allocation has been prepared.

4. *Implementation Issues*

Despite the prevailing security problems in the South and West, the NABDP teams for DDA/ DDP exercises received support and protection by the Government and the communities. Seeing the courage and determination of communities to participate in week-long workshops amidst strong warnings of suspected Taliban militias against community members associated with or participating in governmental and international assistance is encouraging. Government officials and communities actively participated in provincial and district coordination for the DDA/ DDP process. Over 2,700 participants attended the provincial and district orientation and awareness meetings. Of these, less than 10% of them were women. The participation of women is indeed a challenge to development workers and the Government due to the prevailing restrictions on women's involvement in social and economic processes.

In insecure areas, e.g. in Kandahar province DDAs have functioned as guarantors of security and only given this situation the surveying of projects could continue.

Although the second phase of NABDP has received relatively generous contributions from the donors for the year 2006, many of these contributions are earmarked for certain provinces. This creates high inequality between the provinces which succeed in attracting donor support and the ones which do not. There is an urgent need to secure funding for project implementation in the provinces where the DDAs have been established (mainly in the North) without any further support for implementing identified projects in order not to lose a momentum of district development planning. This issue was intensively discussed in the Steering Committee Meeting held in September 2006. NABDP will continue to advocate support for the provinces which have not received any external assistance yet and explore new funding sources. A lot of resources are being allocated to the South at this point, rewarding insecure areas and partly forgetting about Northern and Central regions where DDAs and DDPs are in place and funding is needed.

5. *Lessons Learnt and Next Steps*

5.1. *Lessons learnt*

During the reporting period, the programme faced several challenges which have been carefully assessed and analysed in order to determine necessary measures for the coming months.

During the third quarter, the scope and coverage of the programme activities was expanded very rapidly. As soon as the programme launched its pilot exercises to test methodologies and processes, it received a large number of demands for expanding activities both from the Government side and from donors. Although this can be seen as an indication of appreciation of the NABDP activities, it is quite a challenge for the programme to develop systematic mechanisms, to implement the activities, while carrying out the actual activities to meet such expectations. A staff member described this situation as "building a boat while

sailing.” Although the NABDP advisors and officers have been making every effort to meet such challenges, documentation and reporting of the on-going activities tend to be neglected.

NABDP is now seen as one of the powerful vehicles to carry out development planning exercise with communities and to deliver tangible results to achieve a national development plan, such as the ANDS. Subsequently, the scope of the programme activities has been expanded to sub-national level and across sectors. Collaboration with relevant actors is very important, but because so many organizations have been already involved in the sub-national planning process with different approaches, establishing a coordination mechanism for sub-national planning is, while extremely necessary, difficult. Working closely with the Government and UN agencies, NABDP will make sure that the programme activities will be designed and carried out based on participatory consultation.

The community participation at district level has undoubtedly been enhanced through the consultative process that has been initiated by the NABDP. Nevertheless, the way forward in terms of devolving power and means to reach lower levels is still very much unclear.

During the first year of the second phase the programme has geared up for full-scale implementation, making tangible achievements in all four components. 137 DDAs were established with strong support from the communities and local authorities. The initial phase of the regional economic development studies was launched and a draft inception report was produced in October. The Institutional Development Unit has been set up and NABDP advisors have been providing technical assistance to MRRD’s key departments. Also, PDC Orientation Workshops were conducted in twelve provinces. The implementation of rural development projects continues with more attention and efforts for quality control of project implementation. As the Programme is gaining a momentum, establishment of effective and efficient institutional structures and mechanisms is of more need.

5.2. Recommendations

The unavailability of external financial assistance to particular provinces prevents the programme from expanding and reaching into all provinces. Having established DDAs and DDPs, but not having the funding to initiate follow-up projects might eventually result in an extensive waste of resources. We would like to urge donors to increase donating un-earmarked funding so that the programme can allocate resources on an ad hoc basis to wherever the resources are needed. This will hopefully also help to prevent a spill-over effect of insurgencies from one province to another.

Activities are very much donor-driven and there have been more and more complaints from the North, from those regions that are lacking funding. Significantly supporting selected provinces and neglecting others will in the long run create new insecurities and lead to the further fragmentation of Afghanistan.

Gender Aspect

The participation of women in the decision making processes on the ground are generally low. NABDP is working hard on developing methodologies in order to further reach out to women, e.g. through female mobilisers. But in districts where instances (villages leaders, councils of elders etc.) decide that women are not allowed to take part in the local development process and in identifying priorities, these “traditions” to some extent also have to be respected in order to risk the overall failure of the community empowerment process.

Security

We are increasingly working on developing approaches that allow us to reach out to insecure areas. The approach used so far is that, if a DDA can be established and can then guarantee the security of engineers and other experts coming to survey proposed projects, then we will go ahead and aim at implementing a project which is then often times also implemented

(given that it is not too large in scale and feasible) by the DDA itself instead of contracting it to a contractor that comes from outside.

Monitoring and Evaluation

The Monitoring & Evaluation of the programme has to be improved, by coordinating and streamlining ongoing activities in this area more in the future. M&E have to be conducted on the ground, but the information will then have to be pulled together and mainly analysed on the national level and possibly be fed back to the regions.

Partnerships and Coordination

Internally, there is a fairly good level of information sharing. Do to the large work load that everybody is facing, it is sometimes difficult to inform everybody about newest developments at any point of time. Information is mainly shared in frequent ad hoc meetings which is a good open and direct way. As mentioned before a collective leadership and also ownership of the programme has been created. The personnel are very much engaged in the whole process.

Within the Ministry partnerships and cooperation could possibly be improved with the other national programmes run under MRRD. An important step has been made with NSP, adapting their methodology and applying it on the next higher administrative level and involving the same facilitating partners in the project implementation process.

Decentralized Management and Implementation

Despite slow progress within the Ministry to improve the systems for Project Cycle Management centrally, it has gradually been recognized that decentralization of responsibilities and building capabilities within the provinces will increase the efficiency, effectiveness, and the acceptance and trust in the Government. The period between identification and actual start of projects and between DDA training and planning and actual project inception still remains too long. This is caused by internal weaknesses as the internal organization of the MRRD, and by the slow building of capacities. In addition to that authority is being delegated in a speed that is too slow considering the overall progress of the programme.

Recording of Lessons Learned

The experience in decentralization of NABDP is extensive, but is often too weakly recorded. The programme is looking forward to improve its learning and knowledge systems, and starting the improvement of recording its experiences and lessons learned.

6. Financial Status

Provisional Financial Status and Utilisation

Table 1: Contribution Overview [Year 2002 – Year 2008]

Donor	Contributions		Contribution Balance
	Committed	Received	
Belgium	17,904,509	11,285,220	6,619,289
CIDA	25,071,235	22,574,609	2,496,626
Italy	5,767,087	5,767,087	-
Japan	42,284,864	42,284,864	-
Norway	2,880,099	1,880,099	1,000,000
UK	1,562,500	1,562,500	-
UNHCR	4,574,496	4,574,496	-
USA	18,165,309	18,165,309	-
UNDP	3,189,381	3,189,381	-
Netherlands	2,100,000	-	2,100,000
Total	123,499,480	111,283,565	12,215,915

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Table 2: Funding Status (as of the end of the year 2006)

Donor	Received	Expenditures			Project Balance	Earmarked	Available Funding (as of 1 Jan 2007)	Remarks
		Period Prior to the Reporting Year 2006	Reporting Year 2006 Only	Total				
Belgium	11,285,220	853,499	2,931,270	3,784,768	7,500,452		5,863,728	
CIDA	22,574,609	7,580,226	4,385,730	11,965,956	10,608,654	Earmarked	8,726,809	
Italy	5,767,087	5,460,827	107,673	5,568,500	198,587		198,587	
Japan	42,284,864	1,205,738	2,820,569	4,026,307	38,258,557		38,212,273	Including DIAG
Norway	1,880,099	-	-	-	1,880,099	Earmarked	1,880,099	
UK	1,562,500	1,548,032	50	1,548,082	14,418		14,418	
UNHCR	4,574,496	2,396,241	1,214,893	3,611,134	963,362		963,362	
USA	18,165,309	4,963,844	6,333,284	11,297,128	6,868,181	Earmarked	6,868,181	Excluding PRT
UNDP	3,189,381	2,729,516	218,731	2,948,247	241,134		241,134	
Total	111,283,565	26,737,923	18,012,199	44,750,122	66,533,443	0	62,968,590	

Financial Utilisation

Table 3: Annual Expenditure by Activity [1 January – 31 December]

Activity	Budget (Year)	Expenditures	Balance	Delivery Rate
Economic Regeneration	2,040,900	208,081	1,832,819	10%
Capacity Building	3,073,232	4,897,262	(1,824,031)	159%
Immediate Recovery Projects	7,832,226	3,451,822	4,380,404	44%
Programme Management	1,679,712	3,219,400	(1,539,689)	192%
Community Development	1,270,223	572,959	697,264	45%
ILAP Kandahar	4,385,965	-	4,385,965	0%
DIAG	15,000,000	-	15,000,000	0%
Programme Management DEX	1,833,988	739,381	1,094,607	40%
UNHCR WatSan	1,081,610	1,184,038	(102,428)	109%
UNHCR Reintegration	33,170	35,531	(2,362)	107%
IDP Project (UNDP TTF)	221,679	90,391	131,287	41%
USAID WatSan	5,535,142	3,613,333	1,921,809	65%
	43,987,846	18,012,199	25,975,647	41%

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Donors	Activity	Budget (Year)	Expenditures	Balance	Delivery Rate	Notes
UNHCR	UNHCR Water Supply	1,050,107	1,184,038	- 133,931		
	UNHCR Reintegration	32,204	35,531	- 3,328		
	GMS*	32,469	-	32,469		1
Sub Total (UNHCR)		1,114,780	1,219,570	- 104,789	109%	
Belgium	Economic Regeneration	15,000	-	15,000		
	Capacity Building	560,672	579,926	- 19,254		
	Immediate Recovery Project	3,491,824	1,766,953	1,724,871		
	Programme Management	110,000	243,801	- 133,801		
	Community Development	252,343	251,489	854		
	Programme Management DEX	497,365.74	63,923	433,443		
	GMS*	147,816	-	147,816		1
Sub Total (Belgium)		5,075,021	2,906,092	2,168,930	57%	
Japan	Economic Regeneration	1,827,000	207,952	1,619,048		
	Capacity Building	960,070	1,204,739	- 244,669		
	Immediate Recovery Project	281,730	120,684	161,046		
	Programme Management	200,000	1,312,245	- 1,112,245		
	Programme Management DEX	36,000	-	36,000		
	GMS*	943,912	-	943,912		1
Sub Total (Japan)		4,248,712	2,845,620	1,403,092	67%	
USA	Economic Regeneration	102,000	-	102,000		
	Capacity Building	714,638	1,049,710	- 335,072		
	Immediate Recovery Project	81,347	36,589	44,758		
	Programme Management	539,952	920,121	- 380,169		
	Community Development	762,200	321,452	440,748		
	USAID Water Supply	5,370,943	3,613,333	1,757,610		
	Programme Management DEX	627,880	387,546	240,334		
GMS*	305,600	-	305,600		1	
Sub Total (USA)		8,504,560	6,328,752	2,175,809	74%	
CIDA	Capacity Building	703,284	2,062,917	- 1,359,633		
	Immediate Recovery Project	3,209,913	1,527,596	1,682,317		
	Programme Management	550,842	612,973	- 62,131		
	Community Development	4,177,110	-	4,177,110		
	Programme Management DEX	451,497	182,227	269,270		
	GMS*	454,131	-	454,131		1
Sub Total (CIDA)		9,546,777	4,385,714	5,161,064	46%	
UK	Programme Management	48	48	-		
	Programme Management DEX	13,987	-	13,987		
	GMS*	435	2	433		1
Sub Total (UK)		14,469	49	14,420	0%	

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Donors	Activity	Budget (Year)	Expenditures	Balance	Delivery Rate	Remarks
UNDP	Programme Management	125,000	128,340	- 3,340		
	UNDP TTF (IDP Project	221,679	90,392	131,287		
	GMS*			-		1
Sub Total (UNDP)		346,679	218,731	127,947	63%	
Japan-DIAG	DIAG Activity	14,285,713	-	14,285,713		
		-		-		
	GMS*	714287	0	714,287		1
Sub Total (Japan DIAG)		15,000,000	-	15,000,000	0%	
Italy	Programme Management	129,804	105,779	24,025		
	Programme Management	212	1,893	- 1,681		
	Activity 3			-		
	GMS*	6832	-	6,832		1
Sub Total (Italy)		136,848	107,672	29,176	79%	
Total		43,987,846	18,012,198	25,975,648	41%	2

NOTE: (1) Only part of the GMS* amount is included in the actual expenditure under each activity and ranges between 3% to 5% on actual

(2) This is a provisional annual report for 2006. The final report will be ready in March 2007

Annexes

List of Annexes

Annex 1	ANDS benchmarks
Annex 2	NABDP Achievements by Province
Annex 3	Donor Sections

Annex 1

#	Target	Indicator	Pre-1385 Base value (current status)	line NABDP achieved 2006
1	By end-2010: Rural development will be enhanced comprehensively for the benefit of 19 million people in over 38,000 villages; this will be achieved through the election of at least a further 14,000 voluntary community development councils in all remaining	# District Development Assemblies established.	0	137
		# District Development plans are formulated and incorporated into provincial development plans annually.	0	137
		% of rural population access to safe drinking water	13.40%	
			27.00%	
			33.09%	
		# of safe water points functioning	103361	
		% of rural population who has access to basic sanitation facilities	0%	
			0%	
			4%	
	# of rural population received hygiene education	5,950,000		
2	By end-2010: Access to safe drinking water will be extended to 90% of villages and sanitation to 50%	# of improved sanitation faculties	582	
			19,078	
		Km of village roads constructed/	0	

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		rehabilitated		
			7,963	
		A rural road maintenance system is established and mainstreamed into annual rural investment plans	0	
		# Villages connected by road to the district centres or major service centres.	5,396	
		% of villages with improved small scale irrigation system	9.4%	
			0.0%	
3	By end-2010: Road connectivity will reach 40% of all villages, increasing access to markets, employment and social services	# of households benefits from these small scale irrigation	450,648	
		# of jerib irrigated through small scale irrigated structures.	0	
		# of rural households receiving services from formal financial institutions	176,069	N/a
			0	N/a
		2. Obtaining 98 % loan repayment rate.	98%	N/a
		% of rural population receiving income through participation in short-term employment generation activities (non-agrarian)	50%	
4	By end-2010: 47% of villages will benefit from small-scale irrigation		0%	
			0%	
			13%	
		# of labour days generated	43,969,980	
5	By end-2010: 800,000 households (22% of all Afghanistan's households) will benefit from improved access to financial services	Establishment of Rural Enterprise Development Program (REDP)	0	2007
		Formulation of the draft Rural Enterprise		2007

0

		Development Policy, consultation with key stakeholders and approval		
	2. To retain 98% loan repayment rate.	Development of the draft Rural Enterprise regulatory framework, consultation with the key stakeholders and approval	0	2007
6	By end-2010: Livelihoods of at least 15% of the rural population will be supported through the provision of 91 million labour days.	# of provinces with institutional support centers functioning	0	2007
7	From I-ANDS: By the end of 2010, a policy and regulatory framework will be in place to support the establishments of small and medium rural enterprises (SMEs) and technical support will be provided through the established institutional support in 34 provinces.			

Annexe 2: NABDP Achievements by Province

Province	No. of DDAs established	No. of PDCs established	No. of Projects	Donors
NORTH				
Balkh	14	Yes	3	Japan
Jawzjan			2	
Saripul			2	
Faryab	14	Yes	7	Norway
Samangan			2	
NORTH EAST				
Badakshan			1	
Takhar	17	Yes	3	DIAG
Kunduz	1	Yes	1	
Baghlan			6	
EAST				
Nuristan			0	
Nangarhar			6	Japan
Laghman			4	
Kunar			0	

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SOUTH EAST				
Paktya		Yes	1	
Paktika			1	
Ghazni	19		3	
Khost	13		0	
CENTER				
Parwan			1	
Logar			0	
Wardak			3	
Bamyan			4	Japan
Kabul			19	
Panshir	7	Yes	2	
Daykundi	9	Yes	1	Belgium
Kapisa	2		2	
SOUTH				
Kandahar	17	Yes	22	USA, Canada, Japan
Zabul	11	Yes	1	
Uruzgan	4		14	Netherlands, Belgium
Hilmand	13	Yes	1	
Nimroz			4	Belgium
WEST				
Herat		Yes	2	
Ghor			8	
Farah	7	Yes	0	
Badghis			0	

This list does not include the DEX projects executed by RuWatSan and UNOPS.

Annex 3: Donor Sections

Belgium			
Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
Euro 13.5m (2005-2007)	US\$5,545,429 (for 2005) US\$5,739,796 (for 2006)	Nov. 2004 (EN)	2007

Area of Assistance/ Earmarked:

- Overall support for activities in the areas of Economic Regeneration and Capacity Development
- Sub-projects are being implemented in the provinces of Nimroz, Ghor, Uruzgan and Daykundi

Major Achievements in 2006 Regarding this Contribution:

- Initial studies for the two regions have been conducted
- The contribution is enabling NABDP to respond to the various capacity building needs in the Government (MRRD and other Ministries), as well as to support PDCs (see page 7)
- A study Assessing Strategies for Regional Economic Regeneration was conducted (the inception phase has been completed, a follow-up will follow soon)

- 23 sub-projects have been designed and another 27 have been implemented

Canada			
Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
CAN\$6m	US\$4,958,678	Mar 03	31 July 04
CAN\$6m	US\$5,150,727	Mar 05	31 March 06
CAN\$6m	US\$2,631,579 (CAN\$3m)	Feb 06 (Amend/ext of 2005)	31 March 08

Area of Assistance/ Earmarked:

- Overall (un-earmarked) support for the entire NABDP activities in 2005
- Overall (un-earmarked) support for the entire NABDP activities in 2006

Major Achievements in 2006 Regarding this Contribution:

- The un-earmarked funds to support overall activities of NABDP tremendously helped NABDP and MRRD to implement activities according to the four components, responding to needs of stakeholders in a flexible and prompt manner
- 54 projects were under construction
- 44 projects were under design and procurement

Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
CAN\$6.1m	US\$2,654,867 (CAN\$3m for Amend No.2)	Aug 06 (Amend No.2)	31 March 08
	US\$2,792,793 (CAN\$3.1 for Amend No.3)	Oct 06 (Amend No.3)	31 March 08

Area of Assistance/ Earmarked:

- CAN\$2.7 for 6 quick projects and CAN\$3.4 for each 17 district (\$200k per district)

Major Achievements in 2006 Regarding this Contribution:

- 6 projects were identified and surveyed; their procurement was prepared

Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
CAN\$ 5m	US\$4,385,965	March 05	31 March 07

Area of Assistance/ Earmarked:

- AL-CRD in Kandahar

Major Achievements in 2006 Regarding this Contribution:

- The project steering committee and provincial coordination committee were established
- Projects proposed by DDAs were forwarded to the PCC

Japan			
Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
US\$1,854,000	US\$1,854,000	April 03	April 04
US\$3,429,000	US\$3,429,000	July 05	Dec 07 (to be extended)

Area of Assistance/ Earmarked:

- A study to assess prospects for economic development was conducted in four regions (North, East, South, Central)

Major Achievements in 2006 Regarding this Contribution:

- The inception phase of the study has been completed and soon a follow up will be conducted

Pledged	Received	Agreement Sign. Date	Agreement Date	Exp. Date
US\$15,000,000	US\$ 15,000,000 (From Counterpart Fund)	Jan 06 (Approval)	March 07 (Expected)	

Area of Assistance/ Earmarked:

- Support for community consultation through DDAs and implement small infrastructure projects in DIAG priority areas.

Major Achievements in 2006 Regarding this Contribution:

- 3 DDAs in Takhar province and 1 DDA in Kapisa province were established
- A project was identified and designed for Farkhar district in Takhar

Pledged	Received	Agreement Signed Date	Agreement Exp. Date
JPY3.2 billion	US\$21,830,414	Aug 06 (EN)	March 07

Area of Assistance/ Earmarked:

- Support for comprehensive rural development in the four provinces (Kandahar, Nangahar, Balkh, Bamyan) through DDA establishment, PDC support and implementation of rural development projects.

Major Achievements in 2006 Regarding this Contribution:

- 14 DDAs in Balkh and 17 DDAs in Kandahar have been established and DDPs were formulated

Norway			
Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
US\$ 1.5m (2006-2008)	US\$566,343.04 (NOK 3.5m, 06)	26 July 2006	2008 (Multi year)
NOK 8.5m (add. fund. 06)	US\$1,313,755	16 Oct 2006	Dec. 2006

Area of Assistance/ Earmarked:

- Support for comprehensive rural development in Faryab Province through the establishment of DDAs, PDC support and implementation of rural development projects

Major Achievements in 2006 Regarding this Contribution:

- In 13 out of 14 districts DDAs have been established
- 12 sub-projects have been identified, surveyed and designed
- A PDC has been established



UNHCR			
Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
US\$ 1,063,475	US \$1,063,475	June 06 (effective from Jan 05)	31 Dec 06

Area of Assistance/ Earmarked:

- Construction of water points and latrines
- Conduction of hygiene training in the areas affected by high influx of returnees
- Support provided to the MRRD Reintegration Unit

Major Achievements in 2006 Regarding this Contribution:

- Construction of 267 water points and 201 latrines has been undertaken
- The Reintegration Unit has continued to play a coordination role in mainstreaming the reintegration issues of returnees into MRRD national development programming and served as the secretariat for the Reintegration Task Force Working Group on support for land allocation initiatives for returnees

USAID Water Supply			
Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
US 10m	US\$ 10m	May 04	31 Jan 07 (Extension has been requested)

Area of Assistance/ Earmarked:

- Construction of water points and latrines and conduction of hygiene training in 13 provinces

Major Achievements in 2006 Regarding this Contribution:

- 2165 water points and 11 piped schemes were constructed & 5 are still in progress
- 541,751 people received hygiene education in 18 provinces
- 8,651 latrines have been constructed
- 33 mechanics trained in 13 provinces
- 2165 caretaker trained in 18 provinces

USAID Alternative Livelihoods			
Pledged	Received	Agreement Sign. Date	Agreement Exp. Date
US\$ 3,165,309	US\$3,165,309	August 05	30 October 07
US\$ 5,000,000	US\$5,000,000	October 06 (Mod. 2)	30 October 07

Area of Assistance/ Earmarked:

- Establishment of DDAs and DDPs in districts of provinces with high poppy cultivation to identify alternative livelihood opportunities
- Support for conflict-affected districts (Panjwai & Zarani) through provision of emergency assistance and implementation of rehabilitation projects

Major Achievements in 2006 Regarding this Contribution:

- 120 DDAs were established and DDPs formulated in high-poppy cultivation areas
- Support to MRRD to procure and distribute the emergency assistance
- Rehabilitation projects were designed or implemented in the affected areas
- 2,000 families profited from emergency aid
- 400 blankets and other food & non-food items were distributed