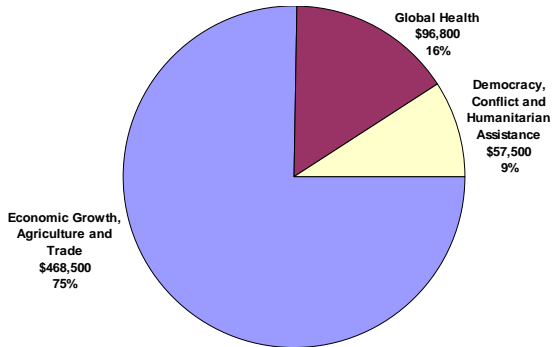
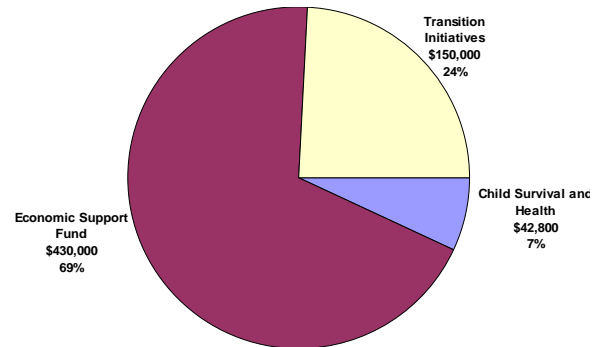


# Afghanistan

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**



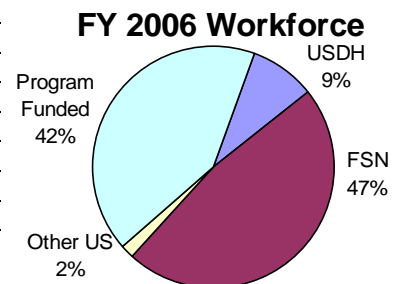
## Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Agriculture and Alternative Livelihoods	306-001	50,500	95,690	
Basic Education and Health	306-002	187,555	70,725	
Infrastructure, Economic Governance & Democracy	306-003	820,818	245,085	
Program Support	306-004	20,507	15,500	48,000
A democratic government with broad participation	306-XXX			40,000
A thriving economy led by the private sector	306-YYY			412,000
A better educated and healthier population	306-ZZZ			122,800
<b>Total (in thousands of dollars)</b>		<b>1,079,380</b>	<b>427,000</b>	<b>622,800</b>

Excludes P.L. 480. See Program Annex.

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	10,501	37,293	9,700
USDH Salaries & Benefits	1,406	2,286	2,335
Program Funds	11,527	11,527	11,527
<b>Total (in thousands of dollars)</b>	<b>23,434</b>	<b>51,106</b>	<b>23,562</b>



Mission Director: Patrick Fine

## Afghanistan

**The Development Challenge:** USAID opened its Mission in Afghanistan in 2002 in response to pressing humanitarian needs confronting the country following the removal of the Taliban regime. Between 2002 and 2004, USAID transitioned from an emergency response to a developmental approach, focusing assistance on sustainable, capacity-building activities that support U.S. interests in a stable, self-sufficient nation. Now, following the first national democratic elections, development support to Afghanistan remains at the center of U.S. strategic national interest. President Bush's National Security Strategy pledges that the United States will provide assistance to "rebuild Afghanistan so that it will never again abuse its people, threaten its neighbors, and provide a haven for terrorists." In support of this pledge, the State Department and USAID have developed a joint strategic plan that specifically provides for continued commitment of assistance to Afghanistan as a priority.

Afghanistan enters its third year since the fall of the Taliban and the end of 23 years of civil war with optimism and hope for a bright future. The most important development in the post-Taliban era occurred this past October with the completion of highly successful Presidential elections in which over eight million people voted, with over 40% of voters being women. The peaceful election was a major statement by the Afghan people that they are ready to choose new leadership that will focus on rebuilding the country. Because Afghanistan is in the front lines of the war on terror, the U.S. Government (USG) and USAID in particular are in a unique position to respond with appropriate programs to create new opportunities for this deserving population. The USAID Mission in Afghanistan plays a key role in the reconstruction and development of the country and works closely with other USG agencies, including the military, on program development and implementation.

Despite remarkable progress in such a short time, much crucial work remains in order to provide Afghans a more stable and productive life and an antidote for terrorism. Many social and economic indicators continue to be the worst or close to worst in the world. The under-five infant mortality rate is 172 per 1,000, and maternal mortality is 1,600 per 100,000. Infectious diseases continue to constrain the ability of many Afghans to contribute to the rebuilding of their society. Malaria and tuberculosis affect thousands of Afghans each year, and Afghanistan is one of five countries that still has the wild polio virus. Many Afghan children, particularly girls, do not have access to education. The agriculture sector, which makes up well over 60% of the Gross Domestic Product (GDP), is hampered by a lack of market access. The growth of poppy threatens the long-term stability of Afghanistan and undermines the legitimate economy. Many obstacles to economic investment and growth remain, and unless friendlier private sector rules and regulations are adopted, the country will not be able to keep up its current rate of GDP growth. In addition, Afghanistan's ruined infrastructure continues to impede economic growth. The rule of law is inconsistent, and local governing bodies employ questionable methods of dealing with crime. NGOs and civil society could contribute significantly more to the country's economic growth.

The most important and continuing constraint to USAID programming, as well as private sector investment, is the security situation. The country remains a high threat post, and security considerations often constrain USAID's ability to implement and monitor projects throughout the country. While the security situation is difficult, USAID believes that the Government of Afghanistan (GOA) and the large majority of the Afghan people appreciate USAID and want the Agency to continue its work.

**The USAID Program:** USAID/Afghanistan is requesting FY 2005 and FY 2006 funds for three strategic objectives and one program support objective. These objectives are focused on providing support to Afghanistan's transition from a failed state to a stable, productive nation. Areas of support include: economic growth, particularly economic policy and regulation and expanded rural incomes; access to basic health services particularly for women and children; increased access to basic education; and the growth of democratic practice through support to elections, media, and civil society. FY 2005 funds will be used to implement the ongoing programs in agriculture, basic health and education, infrastructure, economic governance and democracy, as described in the FY 2005 Congressional Budget Justification (CBJ). In FY 2005, USAID will also initiate a new program providing alternative livelihoods options to poppy cultivation. The specific activities to be funded by FY 2005 and FY 2006 appropriations are described in more detail in this year's CBJ.

Despite remarkable progress in a short time, much work remains to rebuild the country's social fabric and infrastructure and chart a successful transition to democratic self-rule. Transition Initiatives (TI) funds will provide the necessary resource flexibility to support economic and political transition in Afghanistan, where political and economic conditions remain volatile. USAID requests TI resources in FY 2006 to:

- support economic growth by expanding rural incomes, improving access to economic and social infrastructure, and assisting with economic policy and regulation reforms;
- improve access to basic education;
- provide alternative livelihoods options to poppy cultivation through small business development, public works and infrastructure support, production of competitive agricultural products, and greater public access to credit and financing institutions; and
- strengthen public and private institutions necessary for democratic governance through enhancing capacity within the justice sector, supporting decentralization and local government, and strengthening civil society.

**Other Program Elements:** In addition to the activities described in the CBJ, USAID's Democracy, Conflict and Humanitarian Assistance Bureau (DCHA) provides support to development and humanitarian response programs. During 2004, food for peace support from DCHA was approximately \$49,158,400 and provided 79,330 metric tons of commodities to the United Nations (U.N.) World Food Program for development and humanitarian relief programs. These activities and resources benefited over five million individuals. DCHA provided an additional \$9,896,870 in foreign disaster assistance during FY 2004, including more than \$4.7 million in transitional shelter assistance, approximately \$3.6 million towards winter programs, such as snow clearance and road rehabilitation, and \$1 million for assisted returns of refugees.

Also, in FY 2004, \$22,732,244 from DCHA was used to continue to build citizen confidence in the political development process, empower citizens to address basic community needs, and build an alliance between legitimate government structures and citizens. DCHA's rapid and flexible support for activities central to Afghanistan's transition also helps establish credibility and space for longer-term development assistance.

**Other Donors:** The top three donors are the United States, Japan, and the European Commission with the Government of Afghanistan (GOA) leading overall donor coordination through a system of Consultative Groups (CG). The Minister of Finance leads the core CG, which is composed of high-level representatives of each donor country, as well as representation from U.N. agencies and Afghan ministries. In addition, there are 13 technical CGs that focus on specific areas such as health, education, and economic growth, which are attended by representatives of key donors and ministries for each sector. In coordination with the CG process, the GOA has established the Donor Assistance Database which tracks reconstruction activities by donor and supports the implementation of the National Development Budget.

The Afghanistan Reconstruction Trust Fund (ARTF), administered by the World Bank, provides a consolidated funding mechanism to permit the GOA to fund projects and programs. USAID has contributed \$147 million to the ARTF, including \$89 million in FY 2004. The ARTF provides a convenient mechanism through which USAID can provide support to the GOA, including direct support to recurrent costs such as salaries and operation of key government buildings, as well as special projects and investment programs. As the World Bank manages the ARTF, it meets the USG's criteria for accounting standards and allows USAID to closely monitor the use of U.S. taxpayers' funding for support to the GOA.

In addition to GOA-led coordination meetings, USAID meets directly with donor and U.N. representatives to discuss coordination of development activities. Through regular consultation with key donors, USAID is able to gauge the needs for support in critical sectors, as well as identify areas of unmet need.

## Afghanistan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	48,475	31,000	38,000	42,800
Development Assistance	43,817	148,822	165,800	0
Economic Support Fund	49,675	74,558	223,200	430,000
ESF - Emergency Response Fund	167,000	153,000	0	0
ESF - FY 04 Supplemental	0	672,000	0	0
International Disaster Assistance	60,235	4,742	0	0
PL 480 Title II	46,144	49,158	34,324	0
Transition Initiatives	0	0	0	150,000
<b>Total Program Funds</b>	<b>415,346</b>	<b>1,133,280</b>	<b>461,324</b>	<b>622,800</b>

### STRATEGIC OBJECTIVE SUMMARY

<b>306-001 Agriculture and Alternative Livelihoods</b>				
DA	0	48,500	52,990	0
ESF	0	2,000	42,700	0
IDA	14,285	3,050	0	0
<b>306-002 Basic Education and Health</b>				
CSH	48,475	31,000	38,000	0
DA	0	2,749	32,725	0
ESF	0	9,806	0	0
ESF - FY 04 Supplemental	0	144,000	0	0
IDA	10,000	65	0	0
<b>306-003 Infrastructure, Economic Governance &amp; Democracy</b>				
DA	43,817	92,573	75,085	0
ESF	49,675	60,245	170,000	0
ESF - Emergency Response Fund	167,000	148,000	0	0
ESF - FY 04 Supplemental	0	520,000	0	0
IDA	35,350	974	0	0
<b>306-004 Program Support</b>				
DA	0	5,000	5,000	0
ESF	0	2,507	10,500	40,000
ESF - Emergency Response Fund	0	5,000	0	0
ESF - FY 04 Supplemental	0	8,000	0	0
IDA	600	653	0	0
TI	0	0	0	8,000
<b>306-XXX A democratic government with broad participation</b>				
ESF	0	0	0	15,000
TI	0	0	0	25,000
<b>306-YYY A thriving economy led by the private sector</b>				
ESF	0	0	0	323,000
TI	0	0	0	89,000
<b>306-ZZZ A better educated and healthier population</b>				
CSH	0	0	0	42,800
ESF	0	0	0	52,000
TI	0	0	0	28,000

Mission Director,  
Patrick Fine

## Data Sheet

<b>USAID Mission:</b>	Afghanistan
<b>Program Title:</b>	Agriculture and Alternative Livelihoods
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	306-001
<b>Status:</b>	Last Year of Expenditure 2005
<b>Planned FY 2005 Obligation:</b>	\$52,990,000 DA; \$42,700,000 ESF
<b>Prior Year Unobligated:</b>	\$200,000 ESF
<b>Proposed FY 2006 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2005

**Summary:** In the agriculture sector during FY 2005, USAID/Afghanistan will continue to support activities to enhance food security, increase rural incomes, increase agricultural productivity, and expand alternative livelihoods.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Increase Agricultural Productivity (\$16,290,000 DA; \$200,000 ESF Prior Year Unobligated). USAID will continue the Rebuilding Agricultural Markets Program (RAMP). It will increase productivity of the crop and livestock subsectors and improve management of forests, rangelands, croplands, and watersheds necessary for sustainable agriculture. RAMP will continue funding the rehabilitation and repair of irrigation structures and farm-to-market roads, training in the use of improved seed varieties, and introduction of improved technology. Chemonics is the primary implementer. Subcontractors include United Nations Office of Project Services (UNOPS), United Nations Food and Agriculture Organization, and non-governmental organizations (NGOs). Through the Participating Agency Service Agreement with the U.S. Department of Agriculture, USAID will provide technical assistance in the prevention and cure of veterinary diseases and conservation of selected forest areas, rangelands, and watersheds. Land O' Lakes is the primary partner in support to the dairy industry. USAID will also provide support for immediate drought relief for drought-affected provinces. Contractor: UNOPS.

Increase Participation in Global Trade and Investment (\$3,900,000 DA). In the agriculture sector, RAMP will expand the market for high value crops and work with the government, producers, and trade associations to address import and export requirements. RAMP will also provide technical assistance to the Government in reviewing policies that may be a disincentive to private sector investment in agribusiness. RAMP will continue to link producers, processors, and traders to domestic and international markets and assist in making credit more accessible to micro, small, and medium enterprises. RAMP will also promote the formation of business support organizations to eventually take over marketing and policy advocacy support. The primary partners are the Ministry of Commerce, Bureau of Customs, and agriculture and commercial attaches of importing countries.

Develop and Expand Alternative Development (\$32,800,000 DA; \$42,700,000 ESF). The alternative livelihoods program will be implemented in four provinces: Nangarhar, Helmand, Kandahar, and Badakhshan. The activity will provide rapid start-up cash for work projects and income-generating activities at the household level. A new three-year regional development program will be introduced in these three provinces by April 2005. It will focus on public works and infrastructure, small business development, production of competitive agricultural products, and credit and financing institutions.

**FY 2006 Program:** Congressional Notification for FY 2006 activities in agriculture, food security, and alternative livelihoods development is included in the CBJ under SO 306-YYY.

**Performance and Results:** The majority of Afghans are dependent on agriculture and related businesses for their livelihood. More than two decades of conflict and a prolonged drought, however, have greatly weakened Afghanistan's agricultural system, depressing production and incomes from crops and livestock. The reconstruction of Afghanistan's economy began after the fall of the Taliban

government in 2001. The international community provided new and repaired roads, irrigation systems, and canals, and improved seed, fertilizers, tools, and other inputs, all of which contributed to increased agricultural production. The first two years of USAID's program focused on humanitarian needs and reconstruction. In FY 2004, USAID assistance focused more on improving the competitiveness of Afghan products from farm to market.

The international community can be optimistic about the continued progress in Afghanistan's recovery. The government has undertaken a number of reforms to promote private enterprise as the key vehicle for reestablishing Afghanistan's economy. With these reforms and the inherent entrepreneurial character of Afghans, the transition to a market-based agricultural system is achievable.

Nevertheless, the task ahead to accelerate agricultural growth is immense. A proper analysis of the domestic, regional, and international markets should be conducted to help farmers and agribusiness identify their market niche. In addition, more action is needed on the regulatory side where unnecessary hurdles remain, and shifting to a policy environment that attracts the private sector is an alien concept.

To overcome these challenges, USAID has made efforts to engage the central and local governments and communities in identifying, planning, and implementing projects. Studies have been done on potential markets for selected high value crops (e.g. horticulture crops). Samples of dried fruits have been sent to potential markets, and fresh fruits have been flown to the regional markets (New Delhi and Dubai). USAID is also involved in reviewing policies that may affect private sector-led agribusiness.

Efforts to protect and conserve the country's renewable natural resources are also underway, a particularly important initiative as Afghanistan's rural economy is based on natural resources. Secure land ownership is a critical factor in expanding agriculture-based livelihoods, as confusion over land use creates conflicts over the use of degraded rangelands and overused forests, and depletion of the local water supply. Finally, agricultural production and conservation of natural resources must be balanced so that biodiversity and soils as well as air and water quality are protected.

The growth of poppy production threatens Afghanistan's progress in agricultural reform. As part of a larger U.S. Government counternarcotics strategy, USAID has recently initiated an alternative livelihoods program in the four largest poppy producing provinces - Badakhshan, Nangarhar, Kandahar, and Helmand. Poppy cultivation is a function of farmers' poverty and the absence of good government. USAID is assisting the Government to work through its provincial ministry representatives and its governors to bring legitimate government services to these provinces. The alternative livelihoods program includes public works and infrastructure (roads, irrigation, etc.), small and medium-sized business development, removal of government constraints to owning and operating a business, production of competitive agricultural products, provision of credit and financing, labor intensive cash for work employment opportunities, and income generation programs for households that cannot participate in cash for work programs (e.g. households headed by widows and the disabled).

## US Financing in Thousands of Dollars

Afghanistan

306-001 Agriculture and Alternative Livelihoods	DA	ESF	IDA
<b>Through September 30, 2003</b>			
Obligations	19,638	4,000	36,054
Expenditures	9,335	1,364	392
Unliquidated	10,303	2,636	35,662
<b>Fiscal Year 2004</b>			
Obligations	51,000	1,800	3,050
Expenditures	12,912	0	35,555
<b>Through September 30, 2004</b>			
Obligations	70,638	5,800	39,104
Expenditures	22,247	1,364	35,947
Unliquidated	48,391	4,436	3,157
<b>Prior Year Unobligated Funds</b>			
Obligations	0	200	0
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	52,990	42,700	0
<b>Total Planned Fiscal Year 2005</b>			
Obligations	52,990	42,900	0
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	123,628	48,700	39,104

## Data Sheet

<b>USAID Mission:</b>	Afghanistan
<b>Program Title:</b>	Basic Education and Health
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	306-002
<b>Status:</b>	Last Year of Expenditure 2005
<b>Planned FY 2005 Obligation:</b>	\$38,000,000 CSH; \$32,725,000 DA
<b>Prior Year Unobligated:</b>	\$11,300,000 ESF
<b>Proposed FY 2006 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2005

**Summary:** USAID's FY 2005 education program will increase access to quality education by focusing on teacher training; printing and distributing textbooks; offering accelerated learning; providing technical assistance to the Ministry of Education (MOE); and building and rehabilitating schools. USAID will also establish an American-style university; provide management oversight and administrative support to the National Women's Dormitory in Kabul; and provide technical assistance to the Ministry of Higher Education (MOHE) in support of pre-service teacher education.

During FY 2005, the health program will increase access to the Basic Package of Health Services. USAID will develop the clinical skills of doctors, nurses, and midwives. USAID will also build the technical capacity of the Ministry of Health (MOH), ensuring that policies, guidelines, and protocols are implemented at the provincial and district levels.

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Improve the Quality of Basic Education (\$15,725,000 DA; \$5,550,000 ESF Prior Year Unobligated). During FY 2005, the Afghanistan Primary Education Program (APEP) will continue work in the four project components: radio-based teacher training, accelerated learning classes, production of an additional round of textbooks, and the provision of technical assistance to the MOE. Creative Associates is the primary contractor. Subcontractors include Afghan Women's Educational Center, Afghanistan Development Association, Aguirre International, American Manufacturers Export Group, Children in Crisis, Coordination of Afghan Relief, and others. USAID will also provide support for creation of the International School of Kabul and startup construction costs of Ghazi high school. Contractors are to be determined (TBD).

Expand and Improve Access to Economic and Social Infrastructure (schools and health clinics) (\$10,000,000 CSH; \$17,000,000 DA). USAID will accelerate its schools and clinics construction program. While its regular school and clinic construction program will continue apace, USAID will refurbish hundreds of schools and clinics in FY 2005. Implementing partners are United Nations Office of Project Services, International Organization of Migration, United Methodist Committee on Relief, Shelter for Life, and other subcontractors TBD.

Improve Institutions of Higher Education (\$5,700,000 ESF Prior Year Unobligated). In FY 2005, USAID will provide experts to the MOHE to strengthen teacher education. USAID will also support the National Women's Dormitory, Balkh University, and the creation of the American University of Afghanistan. Creative Associates is the primary contractor.

Build Health Systems Capacity (\$28,000,000 CSH; \$50,000 ESF Prior Year Unobligated). During FY 2005, the Rural Extension of Afghanistan's Community-Based Health Care program (REACH) will continue to develop the capacity of the central and provincial MOH, as well as non-governmental organizations that deliver health services and conduct training. At the central level, REACH will continue to provide technical assistance to the Technical Advisory Group; the Global Fund for Tuberculosis, Malaria and HIV/AIDS; and the MOH's health care financing initiative. REACH will also continue to develop capacity at the central MOH in the implementation of a Health Information System and the



MOH's Human Resource Development Department. Management Sciences for Health is the primary contractor.

**FY 2006 Program:** Congressional Notification for FY 2006 activities in education and health is included in the CBJ under SO 306-ZZZ.

**Performance and Results:** Since the fall of the Taliban, large numbers of students, many returning from outside Afghanistan, have enrolled in school. The rate of enrollment in primary and secondary education has increased to 4.8 million children, more than at any time in Afghanistan's history. Gender disparities have been halved. Despite this progress, enormous challenges remain - only half of all children age seven through thirteen are currently enrolled in school, with girls representing only 34% of enrollment. Retention remains a serious problem with less than half of children enrolled in first grade completing fifth grade. While USAID and other donors have built and/or rehabilitated hundreds of damaged and destroyed schools, the MOE projects the need for more than 3,400 additional schools over the next several years. A related problem is the estimated 1.7 million over-aged children, many out of school, who need to be reached with nonformal accelerated learning programs to bring them up to an appropriate grade level. The problem is most severe for girls, who were denied education under the Taliban.

USAID's APEP initiative is meeting several of these urgent needs: textbook printing and distribution; training teachers to build up their subject knowledge and teaching skills; and the start of accelerated learning programs. In March 2004, APEP expanded accelerated learning from three to 17 provinces; increased the number of radio-based teacher training programs; printed and distributed another year of textbooks; and added a new component of technical assistance to strengthen capacity at the MOE and Ministry of Higher Education.

Overall, the program is achieving and exceeding its objectives. A growing level of cooperation with other international donors in the education sector facilitates better allocation of resources. The MOE has demonstrated an increasing ability to plan and manage its education programs, making it feasible to consider transferring some APEP activities to the MOE by the end of the project.

USAID has also played a significant role in reconstructing a health system badly damaged by over 20 years of war and neglect. Under the USAID-funded REACH project, approximately 4.7 million people now have access to basic health services in 240 facilities in 13 provinces. Five community midwifery training centers have been established, and four Institute of Health Science campuses have been revived. These activities help satisfy the need for skilled female workers who can provide maternal health, labor, and delivery services. REACH has trained over 60 Community Health Worker master trainers who have in turn trained 1,692 people to provide community health education, distribute contraceptives and medicines, and establish a stronger link between health facilities and the communities they serve.

REACH has provided a considerable amount of technical assistance and support to the MOH. In the area of human resource development, REACH has assisted the MOH in developing human resource policies on certification and registration of health workers as well as facility accreditation. In addition, the MOH now has a health information system that tracks service statistics and provides data that will help monitor and evaluate health system performance at the site, district, provincial, and national levels. REACH has played a key role in assisting the MOH to develop and rollout new and revised health policies in health financing, essential drug use, hospital management, and a behavior change communication policy. At the provincial level, REACH has assisted provincial health offices in a planning process that helps the provincial officials implement national policy directives, assess health needs, and conduct human resource and financial projections. The REACH information, education, and communications (IEC) advisor has helped the MOH IEC department to produce IEC materials to be used by community health workers as well as clinic staff.

## US Financing in Thousands of Dollars

Afghanistan

306-002 Basic Education and Health	CSH	DA	ESF	IDA
<b>Through September 30, 2003</b>				
Obligations	52,045	9,030	8,240	19,610
Expenditures	2,869	58	0	15,222
Unliquidated	49,176	8,972	8,240	4,388
<b>Fiscal Year 2004</b>				
Obligations	34,679	3,849	146,025	2,144
Expenditures	36,733	10,562	38,712	9,671
<b>Through September 30, 2004</b>				
Obligations	86,724	12,879	154,265	21,754
Expenditures	39,602	10,620	38,712	24,893
Unliquidated	47,122	2,259	115,553	-3,139
<b>Prior Year Unobligated Funds</b>				
Obligations	0	0	11,300	0
<b>Planned Fiscal Year 2005 NOA</b>				
Obligations	38,000	32,725	0	0
<b>Total Planned Fiscal Year 2005</b>				
Obligations	38,000	32,725	11,300	0
<b>Proposed Fiscal Year 2006 NOA</b>				
Obligations	0	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	124,724	45,604	165,565	21,754

## Data Sheet

<b>USAID Mission:</b>	Afghanistan
<b>Program Title:</b>	Infrastructure, Economic Governance & Democracy
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	306-003
<b>Status:</b>	Last Year of Expenditure 2005
<b>Planned FY 2005 Obligation:</b>	\$75,085,000 DA; \$170,000,000 ESF
<b>Prior Year Unobligated:</b>	\$17,507,000 ESF
<b>Proposed FY 2006 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2005

**Summary:** In FY 2005, USAID/Afghanistan will continue its critical work in infrastructure, economic governance, and democracy. USAID will focus on promoting free and fair parliamentary elections, strengthening democratic institutions, improving economic policy and governance, and expanding economic and social infrastructure.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Promote and Support Free and Fair Elections (\$14,850,000 DA; \$22,000,000 ESF). USAID will contribute funding to the United Nations and logistical support, through the Asia Foundation and Global Risk Strategies, for the upcoming parliamentary elections.

Strengthen Democratic National Governance Institutions (\$7,000,000 ESF; \$5,060,000 ESF Prior Year Unobligated). USAID will continue its initiatives in courthouse construction/rehabilitation; court administration; training of lawyers and judges; capacity building in legislative drafting; and public education designed to acquaint citizens with their legal system and rights and promote a demand for rule of law. New activities in FY 2005 include publication and distribution of statutes to all courthouses, investigation of linkages between formal and informal justice systems, and planning for the establishment of a law school at Kabul University. The principal contractor is Checchi and Company. Management Sciences International is the sub-contractor.

Improve Economic Policy and Governance (\$18,435,000 DA; \$497,000 ESF Prior Year Unobligated). USAID will work with the central bank to strengthen monetary control and bank supervision and with the Ministry of Finance to strengthen budget formulation and tax administration, especially customs. In the Ministry of Commerce, USAID will support improved licensing and regulatory procedures and the development of a strengthened regulatory environment for civil aviation. Funding will also be provided to the Afghan Reconstruction Trust Fund to support the recurrent and development budgets of the Government of Afghanistan.

Expand and Improve Access to Economic and Social Infrastructure (\$41,800,000 DA; \$141,000,000 ESF; \$11,950,000 ESF Prior Year Unobligated). USAID will finalize the rehabilitation of a water supply dam in Faryab province and continue to support the road system. USAID will also continue its work in the power sector, procuring fuel for existing power plants. USAID will provide support to internally displaced persons through provision of shelter assistance. Contractor is to be determined. USAID will also provide support for development of small infrastructure projects through implementation of grants managed by Provincial Reconstruction Teams (\$2,548,000 Prior Year Unobligated ESF).

**FY 2006 Program:** Congressional Notification for FY 2006 activities in democracy and governance is included in the CBJ under 306-XXX. Congressional Notification for FY 2006 activities in economic growth and infrastructure is included in the CBJ under 306-YYY.

**Performance and Results:** USAID has played a major role in all three areas of this Strategic Objective. In infrastructure, work continues on the Kabul-Kandahar-Herat highway. Work has begun on five major provincial roads and several urban and district center roads. Power has been maintained not only in

Kabul but also in the politically important cities of Kandahar, Lashkar Gah, and Qalat. The most significant achievement of the year was the successful Presidential election and the conclusion of the transitional period. Finally, USAID took the lead in reforming Afghanistan's customs system - a key source of revenue for the central government. While customs revenue is at half the target for the current Afghan fiscal year, USAID expects a significant amount of revenue to be collected in the fourth quarter, based on historical trends.

## US Financing in Thousands of Dollars

Afghanistan

306-003 Infrastructure, Economic Governance & Democracy	DA	ESF	FSA	IDA
<b>Through September 30, 2003</b>				
Obligations	5,134	302,127	0	32,710
Expenditures	20	120,159	0	15,111
Unliquidated	5,114	181,968	0	17,599
<b>Fiscal Year 2004</b>				
Obligations	93,173	733,794	5,000	975
Expenditures	38,544	383,859	80	17,417
<b>Through September 30, 2004</b>				
Obligations	98,307	1,035,921	5,000	33,685
Expenditures	38,564	504,018	80	32,528
Unliquidated	59,743	531,903	4,920	1,157
<b>Prior Year Unobligated Funds</b>				
Obligations	0	17,507	0	0
<b>Planned Fiscal Year 2005 NOA</b>				
Obligations	75,085	170,000	0	0
<b>Total Planned Fiscal Year 2005</b>				
Obligations	75,085	187,507	0	0
<b>Proposed Fiscal Year 2006 NOA</b>				
Obligations	0	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	173,392	1,223,428	5,000	33,685

## Data Sheet

<b>USAID Mission:</b>	Afghanistan
<b>Program Title:</b>	Program Support
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	306-004
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$5,000,000 DA; \$10,500,000 ESF
<b>Prior Year Unobligated:</b>	\$3,509,000 ESF
<b>Proposed FY 2006 Obligation:</b>	\$40,000,000 ESF
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** As a part of the new USAID country strategy, the purpose of the program support objective (PSO) is being widened to provide an effective and efficient strategic approach to managing all of the elements that cut across multiple Strategic Objectives (SOs) of the Mission program. For USAID/Afghanistan, these crosscutting elements include:

- Counternarcotics
- Provincial Reconstruction Teams (PRTs)
- Training
- Disarmament, Demobilization, and Reintegration (DDR)
- Information and Communications Technology (ICT)
- Gender

The PSO achieves its impact by identifying opportunities and challenges that are common to two or more SOs but that can't easily be tackled by the operating units acting individually. During the past year, the PSO function (although not formally codified as part of the strategy) has begun to assemble critical parts of a strong, effective PSO including:

- Policy - Critical technical assistance to the Ministry of Communication on privatization
- Drafting the National Telecommunication Policy and Law
- Drafting regulatory procedures, hiring, and training key staff
- Telecommunications access - Grant funding to build out a nation-wide telecommunications and Internet access infrastructure to all 355 of Afghanistan's District capitals
- Development applications and content - Putting modern "hand-held" devices in 27,000 households to build awareness of the national election and contribute to a highly successful Presidential election.

In addition to providing a strategic basis for crosscutting activities, the PSO will continue to be used to manage Mission-wide support activities including training and equipment purchase.

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Expand and Improve Access to Economic and Social Infrastructure (\$5,000,000 DA; \$10,500,000 ESF; \$3,509,000 ESF Prior Year Unobligated). During FY 2005, the PSO will be formally codified within the Mission strategy and will:

- Support DDR process (\$4,000,000 DA) to continue the reintegration of all former combatants in Afghanistan
- Build telecommunications regulatory processes that transparently and actively engage the private sector and other stakeholders
- Build a foundation for a strong workforce familiar with ICT, beginning with the Cisco Academies Alliance
- For the first time, bring telecommunications and Internet access to the people in almost half of Afghanistan's 355 Districts
- Establish hundreds of small, information access businesses throughout these districts
- Pilot the use of modern ICT approaches throughout USAID/Afghanistan's portfolio

-Provide direct support to PRT operations, including equipment, staff, and Quick Impact Project funds.

**FY 2006 Program:** In addition to the amount shown below, USAID plans to use \$8,000,000 of Transition Initiatives funding to support the activities and objectives under this PSO.

Expand and Improve Access to Economic and Social Infrastructure (\$40,000,000 ESF). In FY 2006, USAID will continue the activities begun in FY 2005 and strengthen support in each area. The PSO will be strengthened as USAID/Afghanistan's crosscutting objective, providing support to Mission-wide training and equipment purchase. In addition, the PSO will continue to support crosscutting initiatives including DDR (\$5,000,000 ESF) to complete the reintegration of all former combatants in Afghanistan. Beginning in FY 2006, USAID/Afghanistan will fund all PRT activities and Quick Impact Project funds through this PSO (\$25,000,000 ESF). PRT activities include, but are not limited to, capacity building, customs reform, infrastructure, and irrigation. ICT will also be a part of the PSO, as the mission increases its involvement in the technology sector both inside the Mission and in support to Afghanistan.

**Performance and Results:** USAID has become an integral part of the PRTs, embedding development personnel to provide technical assistance and programmatic support to the predominantly military teams. USAID has integrated gender concerns throughout all of its programming to help alleviate the suffering of women under the brutal and repressive Taliban regime. However, because Afghanistan was a war-torn country, there are still active militias that need to be demobilized, and USAID's role in this process is to reintegrate them into productive livelihoods. Many of these militias have an active role to play in the rampant growth and trade of the opium poppy, and USAID's counternarcotics strategy is to provide alternative livelihoods to poppy growers and transition them to licit crops.

## US Financing in Thousands of Dollars

Afghanistan

306-004 Program Support	DA	ESF	IDA	TI
<b>Through September 30, 2003</b>				
Obligations	0	0	4,645	0
Expenditures	0	0	477	0
Unliquidated	0	0	4,168	0
<b>Fiscal Year 2004</b>				
Obligations	5,038	14,435	654	0
Expenditures	1,032	2,836	294	0
<b>Through September 30, 2004</b>				
Obligations	5,038	14,435	5,299	0
Expenditures	1,032	2,836	771	0
Unliquidated	4,006	11,599	4,528	0
<b>Prior Year Unobligated Funds</b>				
Obligations	0	3,509	0	0
<b>Planned Fiscal Year 2005 NOA</b>				
Obligations	5,000	10,500	0	0
<b>Total Planned Fiscal Year 2005</b>				
Obligations	5,000	14,009	0	0
<b>Proposed Fiscal Year 2006 NOA</b>				
Obligations	0	40,000	0	8,000
Future Obligations	0	0	0	0
Est. Total Cost	10,038	68,444	5,299	8,000



## Data Sheet

<b>USAID Mission:</b>	Afghanistan
<b>Program Title:</b>	A democratic government with broad participation
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	306-XXX
<b>Status:</b>	New in FY 2005
<b>Planned FY 2005 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$15,000,000 ESF
<b>Year of Initial Obligation:</b>	2006
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's program will strengthen the public and private institutions necessary for democratic governance through the provision of technical assistance, training, and small grants. The end result will be a more effective and capable formal justice sector; strengthened elections management and enhanced political processes; credible institutions for good governance; and a viable and effective civil society.

### Inputs, Outputs, Activities:

**FY 2005 Program:** This Strategic Objective (SO) is a follow-on to SO 306-003. Congressional Notification for FY 2005 activities in democracy and governance is included in the CBJ under SO 306-003.

**FY 2006 Program:** In addition to the amounts shown below, USAID plans to use \$25,000,000 of Transition Initiatives (TI) funding to support the activities and objectives under this SO.

Improve the Justice Sector and Legal Framework. Using TI funds, USAID will continue its FY 2005 initiatives in courthouse construction/rehabilitation, court administration, training of lawyers and judges, capacity building in legislative drafting, and public education. New programs will include construction of a building for the Kabul University law school, expansion of court administration and public education to more provinces, harmonization and codification of laws, and web-based gazetting of new laws. The principal contractor is Checchi and Company. Management Sciences International is the sub-contractor.

Strengthen Democratic Local Government and Decentralization (\$5,500,000 ESF). USAID will expand on the activities described for FY 2005, moving from one-quarter of the districts and provinces in the nation to two-thirds of the districts and provinces. Principal contractor is to be determined.

Strengthen Democratic National Governance Institutions (\$3,000,000 ESF). USAID will continue to support the development of the national assembly as an effective, democratic, representative branch of government. Training will be provided to elected members and staff of the national assembly. Principal contractor is the State University of New York/Albany. ARD is the sub-contractor.

Strengthen Civil Society (\$3,500,000 ESF). USAID will continue building the capacity of civil society organizations in their advocacy and service delivery functions. Additional small grants will be awarded to qualified organizations. USAID will also assist the government to implement the NGO law if it is enacted. Principal implementing partner is to be determined.

Establish and Ensure Media Freedom and Freedom of Information (\$3,000,000 ESF). USAID will provide training and technical assistance to key media outlets to enable them to operate effectively. Support will also be provided to journalists and editors to improve the quality of news reporting. Principal implementing partner is to be determined.

**Performance and Results:** This new SO builds on the successes in democracy and governance under SO 306-003, which include a peaceful, credible electoral process for President, the development of a new constitution, and the beginning of a formal justice sector.

## US Financing in Thousands of Dollars

Afghanistan

306-XXX A democratic government with broad participation	ESF	TI
<b>Through September 30, 2003</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2004</b>		
Obligations	0	0
Expenditures	0	0
<b>Through September 30, 2004</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	15,000	25,000
Future Obligations	0	0
Est. Total Cost	15,000	25,000

## Data Sheet

<b>USAID Mission:</b>	Afghanistan
<b>Program Title:</b>	A thriving economy led by the private sector
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	306-YYY
<b>Status:</b>	New in FY 2005
<b>Planned FY 2005 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$323,000,000 ESF
<b>Year of Initial Obligation:</b>	2006
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID will continue to increase incomes in Afghanistan by improving economic policy and governance, strengthening the financial sector, developing private enterprises, and enhancing global trade and investment. USAID will support activities to enhance food security, increase rural incomes, and promote alternative sources of income to poppy production. USAID activities will increase productivity from farms to markets and continue infrastructure rehabilitation to further economic growth.

### Inputs, Outputs, Activities:

**FY 2005 Program:** This Strategic Objective (SO) is a follow-on to SO 306-001 and SO 306-003. Congressional Notification for FY 2005 activities in agriculture and trade and investment is included in the CBJ under SO 306-001. Congressional Notification for FY 2005 activities in economic growth and infrastructure is included in the CBJ under SO 306-003.

**FY 2006 Program:** In addition to the amounts shown below, USAID plans to use \$89,000,000 of Transition Initiatives (TI) funding to support the activities and objectives under this SO.

Expand and Improve Access to Economic and Social Infrastructure (\$186,000,000 ESF). USAID will continue to support the road system, the civil aviation sector, rail studies and projects, and ministry capacity building. USAID will continue labor intensive transportation projects, providing employment for former poppy farmers and former combatants. USAID will continue to procure diesel fuel for existing power plants, streamline operations in existing hydro and thermal power plants, provide support for additional thermal power generation in the north, improve the existing electrical power grid, and enhance linkage of major elements in the power generating infrastructure. In addition, USAID will support the development of rural and urban water and sanitation systems, as well as provide support for urban planning initiatives in major urban areas.

Increase Agricultural Productivity (\$3,000,000 ESF). Rebuilding Agricultural Markets Program (RAMP's) FY 2005 activities are scheduled to continue until June 2006. USAID will support an evaluation of the RAMP program early in FY 2006 to evaluate the program's achievements. USAID anticipates a need for a follow-on program, and in the interim, USAID will propose the extension of RAMP to May 2007.

Increase Participation in Global Trade and Investment (\$900,000 ESF). In agriculture, RAMP will evaluate FY 2005 activities and determine which activities should be continued. USAID anticipates that direct support will be given to the business organizations that have been established in FY 2005 in order to build their capacity in servicing their members. In the economic growth sector, program activities will continue to strengthen trade policy and export promotion, support World Trade Organization (WTO) accession, establish national standards and metrics that are consistent with WTO requirements and international best practices, and support conversion to International Financial Reporting Standards.

Develop and Expand Alternative Development (\$91,500,000 ESF). Based on the lessons learned in the first four provinces, the alternative livelihoods program will expand to an additional three provinces yet to be identified. The activity will continue to support expanding the long-term regional development programs in the ongoing program areas, as well as provide for cash for work and household income

generation as a social safety net. TI funds up to \$28,500,000 will be used to support this activity.

Improve Economic Policy and Governance (\$36,000,000 ESF). Program activities in 2005 will be continued into 2006, including further capacity building in the central bank to strengthen monetary control and bank supervision. USAID will strengthen budget formulation and improve tax administration, especially customs, support licensing and regulatory procedures, and develop a regulatory authority for civil aviation. Funding will also be provided to the Afghan Reconstruction Trust Fund for support to the recurrent and development budgets of the Government of Afghanistan.

Strengthen the Financial Sector's Contribution to Economic Growth (\$2,600,000 ESF). Program activities in 2006 include improving access to credit financial markets through strengthened bank management; providing funds for micro and small and medium enterprise lending; providing funds for venture capital; and supporting the creation of an insurance industry.

Increase Private Sector Growth (\$3,000,000 ESF). USAID/Afghanistan will promote private sector growth through eliminating and simplifying administrative barriers for businesses, establishing property rights and a land titling system, constructing and operating industrial parks, creating an advocacy network, and providing business advisory services.

**Performance and Results:** This new SO builds on the successes achieved to date in these sectors - most notably, the rehabilitation of the Kabul-Kandahar-Herat highway, the expansion of high value crops and extension and transfer of best practices to farmers to increase agricultural productivity, support for business development, and the creation of an environment conducive to private investment.

## US Financing in Thousands of Dollars

Afghanistan

	ESF	TI
306-YYY A thriving economy led by the private sector		
<b>Through September 30, 2003</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2004</b>		
Obligations	0	0
Expenditures	0	0
<b>Through September 30, 2004</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	0
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	0
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	323,000	89,000
Future Obligations	0	0
Est. Total Cost	323,000	89,000

## Data Sheet

<b>USAID Mission:</b>	Afghanistan
<b>Program Title:</b>	A better educated and healthier population
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	306-ZZZ
<b>Status:</b>	New in FY 2005
<b>Planned FY 2005 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$42,800,000 CSH; \$52,000,000 ESF
<b>Year of Initial Obligation:</b>	2006
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** In FY 2006, USAID/Afghanistan will continue its support for quality education and health services, both as a direct provider and increasingly by transferring responsibility for service delivery to the Ministry of Education (MOE) and the Ministry of Health (MOH).

### Inputs, Outputs, Activities:

**FY 2005 Program:** This Strategic Objective (SO) is a follow-on to SO 306-002. Congressional Notification for FY 2005 activities in basic education and health is included in the CBJ under SO 306-002.

**FY 2006 Program:** In addition to the amounts shown below, USAID plans to use \$28,000,000 of Transition Initiatives funding to support the activities and objectives under this SO.

**Education:** As the current projects end, new project(s) will be designed based on the new USAID Education Sector Strategy and will be ready for award in FY 2006 in time to overlap with and build on the Afghanistan Primary Education Program (APEP). The education strategy will consist of three components as described below.

**Improve The Quality of Basic Education (\$20,000,000 ESF).** USAID will support training for teachers and carry out school construction and rehabilitation in partnership with local communities and the MOE.

**Improve Institutions of Higher Education (\$9,000,000 ESF).** USAID will provide training to improve preservice teacher education, faculty training, and some infrastructure improvements. Support will continue for the American University of Afghanistan, as well as provide scholarships for students to study in the United States.

**Improve Quality of Workforce (\$3,000,000 ESF).** The focus will be on teachers who in turn will train communities.

**Build Health Systems Capacity (\$9,350,000 CSH; \$10,000,000 ESF).** USAID may continue to support delivery of the Basic Package of Health Services (BPHS) and fund the Essential Package of Hospital Services. USAID will continue to work with the MOH and NGOs, giving special emphasis to indigenous Afghan organizations.

**Improve Child Survival, Nutrition and Health (\$12,650,000 CSH; \$10,000,000 ESF).** USAID will support the vaccination program and the BPHS. In the private sector, USAID will expand the number of health products available through commercial outlets and establish provider service networks.

**Improve Maternal Health and Nutrition (\$12,000,000 CSH).** Reducing the maternal mortality rate is the number one priority of the MOH and USAID.

**Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$8,800,000 CSH).** USAID will support the information, education, and communication department at the MOH to produce and disseminate reproductive health messages and procure contraceptives, while training service providers.

**Performance and Results:** The education program enrolled 169,716 students in accelerated learning programs in 17 provinces, 55% of which were girls. By the end of the program, these students are expected to reach appropriate grade levels and rejoin mainstream schools. APEP trained 6,819 teachers in accelerated learning techniques with the result that students advanced at the rate of two grades per year. The radio-based teacher training program has broadcast 184 teacher training programs this year, reaching an estimated 25,500 teachers weekly. The Rural Extension of Afghanistan's Community-Based Health Care program (REACH) has trained 1,971 health personnel. Approximately 4,500 health personnel will be trained through both REACH and PSI projects. REACH will make basic health services available to 6,500,000 people, of which approximately 25% will be women of reproductive age and 20% will be children under the age of five. Over \$3.5 million of pharmaceuticals will be distributed by May 2006.

## US Financing in Thousands of Dollars

Afghanistan

306-ZZZ A better educated and healthier population	CSH	ESF	TI
<b>Through September 30, 2003</b>			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
<b>Fiscal Year 2004</b>			
Obligations	0	0	0
Expenditures	0	0	0
<b>Through September 30, 2004</b>			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	0	0	0
<b>Total Planned Fiscal Year 2005</b>			
Obligations	0	0	0
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	42,800	52,000	28,000
Future Obligations	0	0	0
Est. Total Cost	42,800	52,000	28,000