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# Afghanistan Trade and Revenue (ATAR) Project Contract No. AID-OAA-I-12-00035

Quarterly Report

April-June 2014



July 15, 2014

## 1. PROJECT OVERVIEW

Chemonics, with partner Economic Integration Forum (EIF), implements USAID's Afghanistan Trade and Revenue (ATAR) project to support Afghanistan in realizing its full potential in the global trading market.

ATAR, which began Nov. 7, 2013, and will end Nov. 6, 2017, is headquartered in Kabul and has staff in Mazar-i Sharif, Herat, and Jalalabad to support regional customs activities as well as a presence in Tajikistan, the Kyrgyz Republic, and Turkmenistan to strengthen Afghanistan's ties in Central Asia.

ATAR provides assistance to improve the business climate of Afghanistan to enable private investment, enhanced trade, job creation, and fiscal sustainability through the country's critical transition period. Specifically, ATAR is tasked with:

1. Improving the capacity of the Government of the Islamic Republic of Afghanistan (GIROA) to create and implement a liberal policy framework for trade and investment in accordance with international standards;
2. Enhancing integration in the regional and world economy through the promotion of trade and agreements, enhanced governance of corridors, and private-sector linkages throughout South and Central Asia;
3. Strengthening revenue generation for fiscal sustainability and trade facilitation through reforms and anti-corruption measures in customs and taxation.

These objectives are achieved through three ATAR components:

### **Component 1: Support Trade Policy Liberalization**

Component 1 promotes liberalization of Afghanistan's trade regime by supporting its accession to the World Trade Organization (WTO). This support is accomplished by building the necessary capacity and providing technical assistance within the implementing institutions to conduct negotiations, draft legislation, and institute reforms required to improve the trade regime within the region and meet WTO requirements. The policies, laws, and regulations will attract investment and enable the private sector to grow and prosper.

### **Component 2: Facilitate Enhanced Access to Regional Markets**

Under Component 2, ATAR (1) facilitates the development and implementation of regional trade agreements; (2) assists GIROA to support measures needed to implement regional trade agreements; and (3) supports the implementation of the Central Asia Regional Economic Cooperation (CAREC) Corridors 5 and 6 by working with countries such as Uzbekistan, Tajikistan, the Kyrgyz Republic, and Turkmenistan.

### **Component 3: Improved Customs Administration**

Component 3 will enhance GIROA's capacity to generate revenue through implementation of value added tax (VAT), in combination with outreach and enforcement, and improves customs procedures to increase transparency, efficiency, and uniformity in the collection of revenue, performance of core functions, and facilitation of trade.

## **EXECUTIVE SUMMARY**

### **Component 1: Support Trade Policy Liberalization**

#### *Summary of results for the reporting period and key achievements*

ATAR worked with various ministries to encourage them to submit WTO-related draft legislation under their authority to the Ministry of Justice (MOJ) for inclusion in its legislative action plan for 1393<sup>1</sup>. At the end of the quarter, MOJ had included 9 of the remaining 14 laws on Afghanistan's legislative action plan for WTO accession on its agenda. MOJ submitted the agenda to the Council of Ministers, which approved the agenda on May 29.

ATAR conducted on-the-job training and held trainings, workshops, and working group meetings at ministries and government entities to build the capacity of GIROA to implement WTO-related laws. ATAR focused on the draft laws on plant protection and quarantine, food safety, animal health and veterinary public health, and copyrights this quarter.

ATAR supported implementation of a memorandum of understanding (MOU) between the Central Statistics Organization (CSO), Afghanistan Customs Department (ACD), and Export Promotion Agency of Afghanistan (EPAA) to reduce discrepancies in trade statistics. ATAR trained CSO staff on the structure of ACD's statistics, identified a 27 percent discrepancy between data from ACD and data from CSO, and helped CSO find solutions to minimize discrepancies in the next reporting period.

With ATAR support, the Afghan National Standards Authority (ANSA) laid the foundation for the establishment of a certification unit that will ensure products meet specific standards. ATAR trained ANSA in certification and worked with ANSA to develop sector-specific standards committees as well as an action plan, organizational structure, operational manual, fee structure, and conformity assessment marks for the certification unit.

#### *Constraints and critical issues*

Throughout much of the quarter, ATAR's relationship with Ministry of Commerce and Industries (MOCI) was strained; ATAR activities were halted at the ministry and in support of the ministry until a resolution was reached. Due to the challenges with MOCI, ATAR also faced difficulties in working with other ministries on WTO-related activities. Toward the end of the quarter, MOCI and ATAR reached an agreement on several issues, including improved communication for better coordination and responsiveness.

Component 1, as well as the other two ATAR components, faced repeated and long delays due to security restrictions and the presidential election, both of which limited travel of ATAR staff at times.

### **Component 2: Facilitate Enhanced Access to Regional Markets**

On April 21, the Council of Ministers approved the Cross-Border Transport Agreement-Corridor 5 (CBTA-5) between Afghanistan, the Kyrgyz Republic, and Tajikistan. Leading up to the approval, ATAR worked closely with GIROA and provided materials on CBTA-5's benefits to

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<sup>1</sup>The Afghan year 1393 corresponds to March 21, 2014, through March 20, 2015, in the Gregorian calendar.

secure necessary ministerial level approvals and Council of Ministers' approval. Due in part to ATAR's efforts, MOFA submitted the accession protocol to the Kyrgyz Republic on May 5. The CBTA aims to facilitate movement of goods, vehicles, and people along Corridor 5 of the CAREC program, which promotes cooperation and development in Central Asia.

On June 16-18, ATAR conducted a workshop in Bishkek, Kyrgyz Republic, with the WTO Secretariat to present the project's draft assessment on the Kyrgyz Republic's conformity with the WTO's Trade Facilitation Agreement (TFA). Forty-four participants from the public and private sector reviewed the TFA and discussed the state of compliance of the legislative framework and practices in Kyrgyz Republic. The assessment is being finalized with input and feedback from workshop participants.

On June 23-24, ATAR led a forum in Dushanbe, Tajikistan, for business representatives from Afghanistan, Kazakhstan, the Kyrgyz Republic, Pakistan, and Tajikistan. More than 100 traders, company officials, and entrepreneurs – including 15 Afghan men and women – participated. The event enabled South and Central Asian businesspeople to develop relationships, discuss deals, identify trade opportunities and constraints, and visit local companies. Twenty potential deals are under negotiation. Participants also discussed a platform for cooperation among chambers in the region to share trade information and help resolve trade and transit problems. The MOCI Commercial Attaché was instrumental in bringing 10 Afghan traders based in Tajikistan to the event.

ATAR completed a pilot of the Comprehensive Integrated Tariff System (CITS) for the Kyrgyz Republic and presented the system to an inter-agency working group on export promotion and staff of the Kyrgyz Single Window enterprise. With CITS, an Afghan trader can access information on regulatory requirements for products imported into or exported from the Kyrgyz Republic. ATAR began verifying CITS data with Kyrgyz agencies and will assist Kyrgyz customs in loading CITS to its website for public access and developing a process to maintain CITS.

#### *Constraints and critical issues*

Afghan participants in the Dushanbe event faced difficulty in receiving a visa in a timely manner. The delay almost led to postponement of the event and highlighted the importance of ease of travel between South and Central Asian countries to increase trade and investment.

The conflict between the Kyrgyz Republic and Tajikistan regarding the Karamyk border crossing point impeded ATAR's work on customs cooperation. In addition, the Turkmen and Uzbek governments have not yet totally cleared ATAR to proceed with operations in those countries.

### **Component 3: Improved Customs Administration**

#### *Summary of results for the reporting period and key achievements*

ATAR completed a physical review of ACD's implementation of risk management in the regions. ATAR will continue to work with ACD to improve the system so it aligns with ACD's national risk management policy, which is compliant with international standards and regulations. ATAR also delivered risk management training to staff within the risk management unit and central intelligence unit.

ATAR monitored the operation of streamlined import procedures. This included collection and analysis of regional data (through activities such as time release studies), which identified newly added steps that potentially slowed trade or increased opportunities for corruption.

In April, ATAR embedded its national training specialist with the Afghanistan National Customs Academy (ANCA) to collect information on training needs in the regions and develop a training database. By the end of the quarter, ANCA and ATAR had received all of the data from Mazar-i Sharif, 95 percent of the data from Jalalabad, and 80 percent from Herat.

In order to increase ACD's accountability and ensure sustainability, ATAR decided to formalize how it would deliver technical assistance for future activities. This involves the drafting of activity-specific sustainability plans that detail ACD and ATAR objectives, roles, responsibilities, and milestones to ensure ACD is aware of expectations and timelines for the success and sustainability of reform efforts. During the quarter, ATAR developed and drafted this type of plan for training and mentoring for the ACD enforcement directorate.

### *Constraints and critical issues*

ATAR's review of risk management cannot be finalized until the project receives Automated System for Customs Data (ASYCUDA) data from ACD. ATAR has requested the data since February, with the Chief of Party sending a formal email to ACD's Director General in June.

While ATAR advised the Director General to reissue the streamlined customs blueprint to the regions, the blueprint has not yet been distributed. As a result, the regions have resisted ATAR's advice to remove redundant procedures in clearing imports.

ATAR revised its work plan earlier in the year to refocus project resources to directly support VAT implementation at ACD; ATAR has requested USAID's approval on the revision.

While ATAR pushed for E-Pay implementation, a new World Bank project at Da Afghanistan Bank (DAB) may delay E-pay up to 18 months. DAB may be convinced to move ahead with an interim solution if ACD commits to moving ahead expeditiously. ATAR is awaiting feedback as USAID works with the Deputy Minister of Finance to obtain this commitment.

ACD's customs reform manager left his post in April. ATAR's national deputy customs reform manager and an expatriate short-term consultant have been providing guidance until the arrival of the new manager in July.

## 2. ACTIVITY IMPLEMENTATION

### 2.1 Indicator/Activity Performance:

ATAR surpassed annual targets for seven of its indicators during the quarter, specifically in the areas of WTO-related institutional reforms and draft legislation as well as in consultation and support to the private sector. The highlights include:

Indicator number 11 - The project beat its annual target for WTO-related institutional reforms, initiating six reforms during the quarter. ATAR supported the establishment of five committees led by ANSA that are charged with developing national sector-specific standards that meet international principles. ATAR also developed CITS for the Kyrgyz Republic, increasing transparency called for by WTO by creating a tool that will allow traders to access information on regulatory requirements for products imported into or exported from the Kyrgyz Republic.

Indicator number 12 - ATAR beat its annual target of draft legislative items prepared at the ministerial level by working closely with the Ministry of Public Health (MOPH) during the quarter to draft six regulations related to implementation of the food safety law.

Indicator number 13 - The project surpassed its annual target of 12 public events to discuss trade and business policy matters with stakeholders, the public, and the private sector by holding 23 such events during the quarter and 37 since the project start in November 2013.

Indicator number 14 - ATAR beat its annual target of consultative processes with the private sector by holding four events during the quarter, including a consultative group with representatives of chambers from Afghanistan, the Kyrgyz Republic, Pakistan, and Tajikistan at its Dushanbe business-to-business event, a consultative meeting with the Kabul Chamber of Commerce and Industries (KCCI) regarding customs valuation, a working group for food safety regulations, and consultations regarding changes to fees for the import of pharmaceuticals and medical equipment. The project total is seven consultative processes.

Indicator number 19 - ATAR met its annual target of three launched or signed initiatives on regional integration, including working with GIROA to launch a transit and transport agreement with Azerbaijan, enabling the signing of a mutual assistance agreement on customs between customs in Afghanistan and Tajikistan, and supporting approval of CBTA-5 by the Council of Ministers.

Indicator number 20 - The project passed its annual target of number of firms receiving capacity building with export promotion courses in Afghanistan, the Kyrgyz Republic, and Tajikistan and the participation of more than 100 companies from Central and South Asia in the Dushanbe business-to-business event.

Indicator number 35 - The project beat its annual target of training events held to improve the trade and investment environment by providing 22 such trainings during the quarter and 42 such trainings since the project start in November 2013.

Indicator number 36 - ATAR beat its annual target of 1,500 person hours of training in trade and investment capacity building, by providing 4,654 persons hours of training during the quarter and 5,721 since the project start.

Gender - ATAR promotes the involvement of Afghan women from the public and private sector in its activities whenever possible. For example, 20 percent of the participants in ATAR training events this quarter were women. Three of the fifteen participants in the Dushanbe business-to-business event were Afghan businesswomen.

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
<b>Project Purpose: Business climate strengthened to enable private investment, enhanced trade, job creation, and fiscal sustainability through the critical transition period and continuing into the Transformational Decade</b>											
1	Growth in trade volume (import, exports, transit) overall/per border crossing	Outcome/ Impact Required by Prime Contract	Country, per border crossing; commodity group; month, quarter; percent; and actual amount	GIROA	Annual	\$9.3 billion in 1391 excluding transit (CSO)	\$9.2 billion in 1392 excluding transit (CSO)	\$9.2 billion in 1392 excluding transit (CSO)	Tracking only	Tracking only	Trade volume is defined as the licit trade value of goods and services brought into Afghanistan (import), the value of Afghan goods and services sold in the foreign country or countries (export) and value of goods imported to Afghanistan from a country and exported to another country (transit). <b>Note:</b> Total volume of trade in 1392 was \$9.2 billion based on CSO data, which included import (\$8.7 billion) and export (\$515 million).
2	Value of gross domestic product (GDP)	Outcome/ Impact USAID requested indicator	By sector	CSO, World Bank	Annual	\$21 billion in 1391(CSO)	\$21.2 billion in 1392 (CSO)	\$21.2 billion in 1392 (CSO)	Tracking only	Tracking only	Value of GDP represents the total value of all goods and services produced in Afghanistan in a year. <b>Note:</b> Based on a CSO report, the total value of Afghanistan's GDP in 1392 was \$21.2 billion.
3	Ratio of foreign trade in GDP	Outcome/ Impact USAID requested indicator	By sector, import and export	CSO, World Bank	Annual	Import 39%, Export 6% in 2012 (World Bank)	Import 47% Export 6% 2013 (World Bank)	Import 47% Export 6% 2013 (World Bank report)	Tracking only	Tracking only	This indicator captures the percentage of foreign trade (import and export) in the GDP of Afghanistan.

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
4	Value of goods imported to the United States taking advantage of Generalized System of Preferences (GSP)	Outcome/ Impact Required by Prime Contract	Commodity group; month, quarter	ACD and CSO	Annual	\$123,500 (1391)	Will be reported next quarter	Will be reported next quarter	Tracking only	Tracking only	The U.S. GSP is a program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 5,000 products when imported from one of 126 designated beneficiary countries.
5	Value of exports	Outcome/ Impact USAID requested indicator	Product, countries	GIROA	Annual	ACD = \$307 million in 1391 CSO = \$414.5 million in 1391	\$515 million in 1392 (CSO)	\$515 million in 1392 (CSO)	Tracking only	Tracking only	Value of export here refers to the total value of Afghan licit goods and services sold in the foreign country or countries. <b>Note:</b> Based on CSO data, the total value of exports in 1392 is \$515 million. <b>Disaggregation by Country:</b> Pakistan = \$198 million India = \$102 million Iran = \$42 million Turkey = \$35 million UAE = \$26 million Iraq = \$23 million China= \$20 million Turkmenistan = \$14 million Netherlands= \$12 million Germany= \$9 million Others = \$34 million

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
6	Value of imports	Outcome/ Impact USAID requested indicator	Product, countries	GIROA	Annual	ACD = \$7.464 billion in 1391  CSO = \$8.9 billion in 1391	\$8.7 billion in 1392 (CSO)	\$8.7 billion in 1392 (CSO)	Tracking only	Tracking only	Value of import refers to the total value goods or services brought into Afghanistan from another country. Data covers dutiable import only. <b>Note:</b> Based on CSO data, the total value of Afghan imports in 1392 was \$8.7 billion. <b>Disaggregation by Country:</b> Pakistan = \$1.7 billion Iran = \$1.5 billion UAE = \$1.2 billion Turkmenistan = \$640 million Uzbekistan = \$582 million Russia = \$520 million China = \$437 million Kazakhstan = \$324 million India = \$147 million Malaysia = \$122 million Japan = \$84 million Others = \$1.3 billion
7	Change in World Bank's Doing Business ranking, trading across borders indicator	Outcome/ Impact Required by Prime Contract	None	World Bank Doing Business Annual Report	Annual	184 (Doing Business Annual Report 2014)	184	184	Tracking only	Tracking only	The World Bank Doing Business report presents quantitative indicators on business regulations and the protection of property rights compared across 189 economies over time. Afghanistan was ranked 179 out 183 in 2012 and 178 out of 185 countries in 2013. According to the 2014 report, Afghanistan is ranked 184 out of 189 countries
8	Ease of doing business in Afghanistan (World Bank Doing Business report)	Outcome/Impact USAID requested indicator	By sector	World Bank Doing Business Annual Report	Annual	164 (Doing Business Annual Report 2014)	164	164	Tracking only	Tracking only	The World Bank Doing Business report sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. Based on the 2014 report, Afghanistan is ranked 164 out of 189 countries.
<b>PIR 1: Capacity of Afghan government and private sector to formulate and implement liberal policy framework for trade and investment strengthened</b>											

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
9	Percent reduction in discrepancy between CSO and ACD on trade statistics	Outcome/ Impact  USAID requested indicator	None	GIROA	Annual	27%	27% (ACD and CSO report 1392)	27% (ACD and CSO report 1392)	20%	10%	It is crucial to have reliable trade data for policy and planning. ATAR will support ACD and CSO to harmonize trade related data between the two organizations.  <b>Note:</b> Based on trade statistics from ACD and CSO for 1392, the overall discrepancy was 25% (import 27% and export 23%).
<b>PIR1.1: WTO accession process finalized</b>											

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
10	Number of WTO-related legal acts advanced through the legislative process with ATAR support	Output USAID requested indicator	Ministry partner	Project records and MOCI	Quarterly	0	8	1	12	30	<p>Bringing the legal framework in line with the WTO agreements is a pre-condition for becoming a WTO member. This indicator will capture progress made in the legislative process when draft laws (including amendments) and sublegal acts (regulations, orders) move from one stage to another. These stages are: 1) Sponsoring ministry; 2) MOJ; 3) Council of Ministers; 4) Parliament; and 5) President endorsement.</p> <p>The eight legal acts in the project results are:</p> <ol style="list-style-type: none"> <li>1. Plant protection and plant quarantine submitted to the Council of Ministers by MOJ</li> <li>2. Law on animal health and veterinary public health submitted to MOJ by MAIL</li> <li>3. Law on geographical indications submitted to Council of Ministers by MOJ</li> <li>4. The law on trademarks approved by Council of Ministers and submitted to Parliament</li> <li>5. Amendments to the 2005 customs law submitted to Council of Ministers by MOJ</li> <li>6. Amendments to the patents law submitted to Councils of Minister by MOJ</li> <li>7. The procedure on intellectual property border enforcement submitted to the Minister of Finance for signing</li> <li>8. The procedure on intellectual property border enforcement adopted and came into force on April 12, 2014</li> </ol>

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
11	Number of WTO-related institutional reforms supported by ATAR	Outcome/Impact USAID requested indicator	Ministry partner	Project records	Quarterly	0	7	6	4	10	<p>Acceding to the WTO requires the establishment of new institutions or restructuring of existing institutions as well as development of new institutional processes related to customs, trade, and other areas. This indicator captures these types of institutional reforms supported by ATAR in Afghanistan.</p> <p>The reforms reflected in the project's results to date are:</p> <ol style="list-style-type: none"> <li>1. Institutional proposal accepted by MOCI for establishing a Safeguard Unit</li> <li>2. CITS developed for Kyrgyzstan</li> <li>3. Five International Standard Organization (ISO) mirror committees established (1. food; 2. textile and leather; 3. metrology 4: construction, and 5. petroleum products and lubricants)</li> </ol>

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
12	Number of draft legislative items (including regulations, procedures, and amendments) prepared by the Working Group at Ministerial level with ATAR support	Output USAID requested indicator	Ministry partner	Project records and MOCI	Quarterly	0	6	6	4	12	<p>This indicator captures the number of new draft laws and sublegal acts prepared at the Ministerial level (including by working group) with ATAR support. This mainly refers to the first draft finalized at the Ministerial level.</p> <p>The draft legislative items in the results to date are six regulations related to implementation of the food safety law: 1. Operation of the Food Import Control System; 2. Exchange of Information in Food Safety Emergency Situations; 3. Exchange of Information between the GIROA and Exporting Countries Regarding the Rejections of Imported Food; 4. Determining Equivalence of Sanitary Measures; 5. Obtaining a Food Businesses Identification Number; 6. Protection of Privacy</p>
<b>PIR 1.2: WTO implementation process developed and executed</b>											
13	Number of public events held to discuss trade and business policy matters with stakeholders, the public, and the private sector	Output Required by Prime Contract	Province, gender of participants	Project records	Monthly	0	37 (Participants: 337 male and 75 female)	23 (Participants: 190 male and 27 female)	12	60	A public event is defined as an ATAR-led and/or supported trade-related activity such as conference, seminar, trade forum, presentations to university students, trade campaign, presentation to Parliament or Ministries, working group meetings, round table discussions and other trade gathering.

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
14	Number of consultative processes with private sector as a result of U.S. government assistance	Operational Indicator Output Required by Prime Contract	Province, gender of participants	Project records	Quarterly	0	7	4	6	24	<p>Negotiating and implementing agreements requires intense coordination and cooperation among ministries and state bodies as well as with the private sector and civil society. Working groups for consultations on developing trade policies, negotiation strategies, trade procedures, and draft legislation with private sector will be captured under this indicator.</p> <p>The results to date include:</p> <ol style="list-style-type: none"> <li>1. Consultative meeting with fruits and vegetable businesses at CABOC</li> <li>2. Consultative meeting with handicraft, carpet, gemstones and marble businesses at CABOC</li> <li>3. Consultative meeting with women businesses at CABOC</li> <li>4. Consultative group with representatives of chambers from four regional counties (Afghanistan, Kyrgyzstan, Pakistan, Tajikistan) to establish a sustainable mechanism for cooperation across the region</li> <li>5. Consultative meeting with KCCI regarding customs valuation practices</li> <li>6. Working group for development of implementing regulations for food safety law</li> <li>7. Consultations by the MOPH with private sector regarding changes to fees for import of pharmaceuticals and medical equipment</li> </ol>

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
<b>PIR 1.3: Private sector awareness of new opportunities for trade-related business development increased</b>											
15	Number of awareness events held targeting the private sector	Operational Indicator / Output	Gender of participants	Project records	Monthly	0	2	1	8	50	<p>The private sector is the main beneficiary of WTO accession. It is critical to educate the private sector about opportunities resulting from WTO accession and other trade agreements in order to enable necessary adjustments. ATAR will assist MOCI in undertaking a nationwide awareness campaign, including delivery of WTO seminars in key regions targeting the private sector, particularly small to medium enterprises and women-owned businesses</p> <p>Awareness seminars to date include:  1. WTO awareness seminar for MOJ  2. Awareness about regional opportunities (Dushanbe business-to-business event)</p>
16	Number of awareness documents prepared to educate about WTO and regional integration	Operational Indicator / Output USAID requested indicator	Province	Project records	Quarterly	0	2	0	4	10	<p>This indicator will capture any type of awareness material developed with ATAR support in educating the private sector on WTO and other trade opportunities.</p>

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
17	Number of firms that have obtained quality certification in meeting minimum standards as a result of ATAR assistance	Outcome/Impact USAID requested indicator	Type of firm	ANSA	Annual	0	0	0	0	40 (to be achieved in final year)	Certification is when a third party gives written assurance that a product, service, process, personnel, organization, or system conforms to specific standards requirements. During the first three years, ATAR will assist ANSA to establish a certification unit for the first time in Afghanistan and build the capacity of this unit. This unit will be accredited by an external accreditation body and qualified to issue internationally accepted certification.
<b>PIR 1.4: Understanding and support for benefits of WTO and regional and bilateral trade agreements increased</b>											
18	Change in public perception toward trade	Outcome/Impact Required by Prime Contract	Province, gender, age	Perception survey	Annual	To be determined (TBD) from perception survey	TBD from perception survey	TBD from perception survey	10% increase	40% increase	Increased understanding and support of the benefits of regional and bilateral trade agreements and WTO accession are vital. ATAR will conduct a survey to determine knowledge and perceptions among the general population and stakeholders. The survey will be conducted in Year 1 of the project to collect baseline information and annually thereafter targeting the same group
<b>PIR 2: Regional and global integration enhanced</b>											

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
19	Number of launched or signed initiatives on regional integration	Output USAID requested indicator	Type of initiative	Project records and MOCI	Quarterly	0	3	2	3	8	<p>Afghanistan is interested in deepening and expanding regional integration through new and existing agreements on trade, investment, economic cooperation, transport, and transit. This indicator will capture initiatives such as agreements, memorandums of understanding, and protocols launched or signed with ATAR support.</p> <ol style="list-style-type: none"> <li>1. Transit and Transport Agreement with Azerbaijan launched</li> <li>2. Mutual Assistance Agreement on Customs between Afghanistan and Tajikistan signed</li> <li>3. Protocol of Accession of Afghanistan to the CBTA-5 signed by the Council of Ministers</li> </ol>
20	Number of firms receiving USG capacity building assistance to export	Output USAID requested indicator	Type of firm/ participants/gender	Project Record and EPAA	Monthly	0	244 firms = 27 Afghan businesses, 60 Tajik businesses, 50 Kyrgyz businesses, 107 businesses from Dushanbe business-to-business event	224 firms= 7 Afghan businesses, 60 Tajik businesses, 50 Kyrgyz businesses, 107 businesses from the Dushanbe event	80 firms	400 firms	Capacity building assistance refers to market research, short-term technical assistance to government and/or private-sector beneficiaries, study tours and international trade fairs/exhibitions, exporter training sessions, networking and training supported by ATAR.

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
21	Number of laden vehicles crossing Torqundi, Hairatan, Sher Kan Bandar, Torkham, and Weish in each direction	Outcome/Impact Required by Prime Contract	Per direction	ACD	Annual	(As of 2012) Hairatan: Imports 66,851 Exports 2,734  Torqundi: Imports 43,209 Exports 542  Sher Khan Bandar: Imports 4,050 Exports 16,199  Torkham: Imports 175, 770 Exports: 32,451  Weish: Imports 35,166 Exports 2,167	Will be reported next quarter	Will be reported next quarter	Tracking only	Tracking only	This indicator refers to the number of declarations and number of vehicles paying custom duties.

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
22	Number of interactions between businesses (and other relevant groups) with government entities in the region involving policy reform dialogues	Output USAID requested indicator	N/A	ATAR project records	Annual	0	3	3	6	24	This indicator will capture the number of interactions and dialogues between the businesses and government organizations in the region on policy reform issues.  1. Two trade facilitation workshops in Kyrgyzstan in April and June 2014 2. Session during Dushanbe business-to-business event related to policy reform involving businesses and government representatives
23	Number of customs procedures on transit corridors are harmonized	Output USAID requested indicator	BCP	ATAR project records	Annual	0	0	0	5	20	This indicator will capture the modernization and harmonization of customs rules and procedures with international standards on transit corridors to reduce border crossing costs and delays.
24	Cost to travel 500 KM per 20 ton (\$)	Outcome/Impact USAID requested indicator	Corridor 5 Corridor 6	CAREC Corridor Performance Management and Monitoring (CPMM)	Annual	\$1,580 Corridor 5, \$719 Corridor 6 (2012)	The project will report this indicator once the CPMM report for 2013 is published by ADB.	The project will report this indicator once the CPMM report for 2013 is published by ADB.	Tracking only	Tracking only	The total cost to travel here refers to a cargo truck traveling 500 km per 20 ton of goods. Both official and unofficial payments are included.  <b>Note:</b> Based on the CAREC Program Development Effectiveness Review Report 2012, the cost to travel 500 km per 20 ton is:  Corridor 5 = \$1,580  Corridor 6 = \$719
25	Percentage share of trade with regional partners	Outcome/Impact USAID requested indicator	Country	National statistics of respective countries	Annual	Will be collected during next quarter	Will be reported next quarter	Will be reported next quarter	Tracking only	Tracking only	This indicator will capture the share Afghanistan trade with the regional partners. The regional partners are Pakistan, Tajikistan, Kyrgyzstan, India, Uzbekistan, Turkmenistan and Kazakhstan

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
26	Average cost of crossing borders (\$)	Outcome/Impact USAID requested indicator	Corridor 5 Corridor 6	CPMM	Annual	\$157 (2012)	The project will report this indicator once the CPMM report for 2013 is published by ADB.	The project will report this indicator once the CPMM report for 2013 is published by ADB.	Tracking only	Tracking only	The average of total expenses (\$) to move cargo from an exit point of a country to the entry point of another country. The entry and exit points are typically a primary control center where customs, immigration, and quarantine are done. Both official and unofficial payments are included. This indicator is normalized at 500 km as a basis of unit, so that average cost between long and short corridors is comparable.  <b>Note:</b> Based on the CAREC Program Development Effectiveness Review Report 2012, the average cost of crossing border is \$157.
<b>PIR 3: Revenue generation for fiscal sustainability strengthened through reforms and anti-corruption measures in customs and taxation</b>											
27	Growth in customs revenue (overall and per border crossing)	Outcome/Impact Required by Prime Contract	Per border crossing	ACD	Annual	\$694 million in 1391	\$875 million in 1392	\$875 million in 1392	Tracking only	Tracking only	A customs duty and tax refers to tax on the importation and exportation of goods collected by custom houses. <b>Note:</b> Based on a Ministry of Finance report, the customs revenue in 1392 is Afs 49.4 billion = \$875 million
28	Number of permanent professional positions allocated for women within ACD	Outcome/Impact USAID requested indicator	Gender, age, education level	ACD	Quarterly	77	0	0	100	175	In line with the Tokyo Mutual Accountability Framework and the National Action Plan for Women, ATAR will support ACD in meeting benchmarks related to increasing female participation in elected and appointed bodies at all levels of governance to 30 percent by 2020.
29	Number of female interns completing a six-month internship in ACD	Outcome/Impact USAID requested indicator	Gender, age, education level	ACD	Quarterly	20	0	0	40	100	ATAR will support ACD to implement an internship program at ACD for university women. The internships will be headquarter-based rotational placements for a period of six months.
<b>PIR 3.2: Customs procedures to increase transparency, efficiency, and uniformity in the collection of revenue , performance of core functions, and facilitation of trade improved</b>											

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
30	Average Customs processing time (overall and per border crossing)	Outcome/Impact Required by Prime Contract	Province	ACD	Annual	Herat: 6 hours 17 minutes Hairatan: 3 hours 43 minutes Jalalabad 4 hours 18 minutes Shir Khan Bandar: 2 hours 13 minutes Aquina: 3 hours 21 minutes	Will be reported in next quarter	Will be reported in next quarter	TBD based on number of steps removed	TBD based on number of steps removed	This indicator refers to number of hours required for the custom processing of goods (both import and export at key borders).
31	Number of documents/procedures required to import and export	Outcome/Impact Required by Prime Contract	Import, export	The current source is the World Bank Doing Business report. ACD has not yet confirmed numbers	Annual	10 import 10 export (World Bank Doing Business report 2014)	10 import/ 10 export (World Bank Doing Business report 2014)	10 import/ 10 export (World Bank Doing Business report 2014)	TBD	TBD	The number of documents required for import and export is a key sub-indicator of "Trade across border" indicator of World Bank's Doing Business report. Based on the 2014 report, Afghanistan requires 10 documents for import and 10 for export while the average document required for South Asia is 8 for import and 10 for export.
32	Time to export and import	Outcome/Impact USAID requested Indicator	Import, export	The current source is World Bank's Doing Business report. ACD has not yet confirmed numbers	Annual	85 days import, 81 days export (World Bank Doing Business report 2014)	85 days import, 81 days export (World Bank Doing Business report 2014)	85 days import, 81 days export (World Bank Doing Business report 2014)	TBD	TBD	"Time to export and import" is also a key sub-indicator of "Trade across border" indicator of World Bank's Doing Business report and has a direct effect on Afghanistan ranking. Based on 2014 report, Afghanistan requires 85 days for import and 81 days for export while the average time required for South Asia is 33 days for import and 34 days for export.

#	Indicator	Indicator Type	Dis-aggregation	Data Source	Timing	Baseline	Project achievements to date (Nov. 2013-June 2014)	Project achievements for quarter (April- for June 2014)	Year 1 Target	Life-of-Project Target	Notes
33	Number of customs systems in line with international best practices adopted	Outcome/Impact USAID requested indicator	ICD	ATAR project records	Annual	0	0	0	6	15	Systems refer to valuation, risk management, E-Pay, appeals, simplified import procedures, and the national hotline.
34	Number of risk management procedures adopted at customs depots	Outcome/Impact USAID requested indicator	ICD	ATAR project records	Annual	0	0	0	4	10	A procedure refers to risk awareness self-assessments, risk profiling, risk registers, and management controls as part of roll-out of risk management.
<b>Cross – Component Indicators</b>											
35	Number of USG-supported training events held that related to improving the trade and investment environment, number of participants, and person days of training	Operational indicator Output Required by Prime Contract	Gender, Topic	Project training records	Monthly	0	42 trainings  658 participants including 524 male and 134 female <sup>2</sup>  817 persons days of training	22 trainings  411 participants including 332 male and 79 female <sup>3</sup>  665 persons days of training	30 trainings/ 300 participants	120 trainings/ 1,200 participants	Training is defined as an ATAR-led training activity related to improving the trade environment. "Training" refers to an activity that takes place in Afghanistan or another country that is intended for providing knowledge on a specific topic and to build technical capacity and skills. This indicator captures trainings and seminars and is reported by training type, target group, gender, and person days of training.
36	Person hours of training completed in trade and investment capacity building supported by USG assistance	Output USAID requested indicator	Province, Gender	Project records	Monthly	0	5,721 (male 4,443 and female 1,278) <sup>4</sup>	4,654 (male 3,557 and female 1,097) <sup>5</sup>	1,500	6,000	This indicator captures person hours of training. Person hour refers to number of hours of training completed by an individual. If training is for two hours and 20 people participate, the person hours of training will be 40.

<sup>2</sup> The participant number will increase upon the receipt of the participant list for nine of the training events.

<sup>3</sup> The participant number will increase upon the receipt of the participant list for nine of the training events.

<sup>4</sup> The person hours of training will increase upon the receipt of the participant list for nine of the training events.

<sup>5</sup> The person hours of training will increase upon the receipt of the participant list for nine of the training events.

## 2.2 Key Activities Accomplished during the Quarter:

(See Annex A for a USAID's AfghanInfo report for supplemental information on ATAR activities.)

### Component 1: Support Trade Policy Liberalization

- Worked with ministries to ensure they requested MOJ to include WTO-related draft laws within their authority in MOJ's 1393 legislative action plan.
- Worked at MOJ on a consistent basis to provide rapid turnaround to MOJ queries and comments on draft legislation. (See Annex B for status of Afghanistan's legislative action plan for WTO accession.)
- Held seminars and roundtables at MOPH to support the food regulations working group in developing draft procedures in support of the food safety law.
- Worked with the Ministry of Agriculture, Irrigation and Livestock's (MAIL) plant protection and quarantine department to explain the plant protection and quarantine regulation and obtain participants' input on procedures drafted to support the regulation.
- Worked with MAIL's animal health department to discuss draft regulations and procedures in support of the law on animal health and veterinary public health.
- Assisted MAIL's veterinary department in drafting the veterinary medicinal products act to ensure WTO consistency and held two working group meetings in support of the act.
- Completed a training-for-trainers course on the WTO customs valuation agreement on April 14-16, delivering the full program of 24 lessons.
- Conducted an intellectual property legal training on April 13-14 for prosecutors, defense attorneys, and members of the Ministry of Information and Culture's (MOIC) copyright office, including female attorneys.
- Conducted a copyright training on April 15 for participants from the April 13-14 training as well as judges and other participants of an ATAR intellectual property legal training held in June 2013.
- Conducted a training on June 25 at MOIC to raise awareness of copyrights for about 45 authors, professors, intellectuals, and government officials in Kabul.
- Held a workshop on April 27 to train ANSA on conformity assessment and certification and assisted ANSA in creating an organizational structure, guidelines, operation manual, fee structures, and conformity assessment marks for a certification unit that ANSA will establish.
- Supported the establishment of five committees led by ANSA that will develop national sector-specific standards based on internationally accepted principles.
- Prepared recommendations for establishing a standards training institute within ANSA to deliver training on standards to ministries/state bodies and the private sector.
- Trained CSO staff on the structure of ACD trade statistics and identified discrepancies between data from CSO and ACD as well as possible solutions to reduce discrepancies.
- Assisted the ACD valuation department on the integration of valuation data into the ASYCUDA World database.
- Supported ACD in installing an updated version of the Tariff and Valuation Management Tool (TARVAL) and gave on-the-job training to ACD on TARVAL functionalities.
- Supported ACD in adding a new mechanism in TARVAL that will allow ACD to respond to requests regarding differences in the database from one period to another.
- Supported ACD in an analysis of the draft Afghan Customs Tariff 2014 compared to the Harmonized System 2012 Edition, an international document used as the basis for countries' tariffs.

- Assisted KCCI in conducting a workshop on May 7 on problems and solutions regarding customs valuation practices for KCCI, ACD's valuation department, and ten traders.
- Assisted ACD's tariff department on an annual revision of Afghanistan's tariff schedule and application of tariff rates for South Asian Free Trade Area agreement signatories.
- Conducted copyright awareness training on June 24 in partnership with MOIC for 45 participants, including professors, academics, and government officials, to support the implementation of intellectual property legislation.
- Conducted a workshop on WTO TFA at MOCI on June 24-25 for more than 50 government officials, brokers, and trade representatives.

## **Component 2: Facilitate Enhanced Access to Regional Markets**

- Supported Afghanistan's participation in the Central Asian Business Opportunities Conference (CABOC) on April 14-16 by holding roundtables prior to the event and supporting logistical, security, and technical preparations.
- Supported EPAA in developing a cost-competitiveness analysis for six Afghan products, including fresh and dried fruit and spices, for select countries in Central Asia.
- Held meetings in Kabul with transporters and traders on problems faced by Afghan fruit traders on both sides of Wagah, the border crossing between Pakistan and India, and began work to address the issues with counterparts and other stakeholders.
- Worked with the Ministry of Transport and Civil Aviation and the Ministry of Foreign Affairs to promote approval of CBTA-5 between Afghanistan, Tajikistan, and the Kyrgyz Republic. Due in part to ATAR's efforts, the Council of Ministers approved the CBTA-5 on April 21.
- Held meetings with transport operators and the Afghanistan Association of Freight Forwarding Companies (AAFFCO) in Kabul as well as stakeholders in the Kyrgyz Republic and Tajikistan on efforts to implement the Transports Internationaux Routiers (TIR) Convention.
- Presented the customs-to-customs electronic data interchange system on April 1-2 for the Kyrgyz Republic's customs department to allow transmission of trade and transit information between in Afghanistan, the Kyrgyz Republic, and Tajikistan.
- Conducted a presentation on April 7-8 on the provisions of the WTO TFA for representatives of the Kyrgyz Republic's Ministry of Economy, State Customs Service, Chamber of Commerce and Industries, customs brokers, and transport operators.
- Conducted a three-day course on export development on May 26-28 for 18 producers, suppliers, and trade association representatives in the Kyrgyz Republic.
- Conducted a seminar in cooperation with the Kyrgyz Chamber of Commerce and Industries on May 30 regarding import and export opportunities between the Kyrgyz Republic, Pakistan, and Afghanistan for about 27 trade and company representatives.
- Developed and piloted CITS, which will allow greater access to information regarding import and export trade and transit regulations, in the Kyrgyz Republic.
- Developed a concept paper at the request of Kyrgyz customs on the introduction of an electronic system for managing law enforcement in customs.
- Completed an initial assessment on the Kyrgyz Republic and the WTO TFA and held a joint event with the WTO Secretariat to formerly present the assessment to the Kyrgyz government on June 16-18.
- In partnership with Tajikistan's veterinary services agency, improved the draft "Agreement on Cooperation and Mutual Assistance in Veterinary Affairs" between Tajikistan and Afghanistan to protect against diseases of animals and animal products.

- In partnership with the UNDP Aid for Trade project and the Sugd Regional Chamber of Commerce and Industry in Tajikistan, delivered a three-day export development course on May 21-23 to develop the capacity of 28 exporters.
- Began supporting the Tajik government in understanding and preparing for implementation of the WTO TFA and began conducting interviews with the State Customs Service and private-sector representatives to collect information on the current situation.
- Led a business-to-business forum in Dushanbe, Tajikistan, on June 23-24 for more than 100 business representatives from Afghanistan, Kazakhstan, the Kyrgyz Republic, Pakistan, and Tajikistan.
- Collated Tajik government trade documents to evaluate of conformity with the United Nations Layout Key for Trade Documents and to itemize and confirm all fees related to cross-border commercial trade.
- Began developing a regional matrix covering Afghanistan, the five Central Asian countries (Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan), India, and Pakistan to highlight export opportunities in one country of potential interest to traders in the other countries.

### **Component 3: Improved Customs Administration**

- Embedded a national training development specialist at ANCA to support customs training.
- Conducted a training needs analysis for the regions and by the end of the quarter received all of the data from Mazar-i Sharif, 95 percent of the data from Jalalabad, and 80 percent from Herat.
- Completed a review of basic training materials for customs officers and began developing an ANCA business and training plan.
- Began development of a database that will house training information for customs officials in Kabul, Mazar-i Sharif, Herat, and Jalalabad.
- Worked with ACD's legal department to ensure consideration of Revised Kyoto Convention standards in documents such as import procedures, guidelines for exemption from customs duties, and procedures for transit of goods.
- Worked with ACD in the regions to bring risk management up to international standards and customs procedures in line with the approved streamlined customs blueprint.
- As a result of ATAR's efforts, five major Inland Clearance Depots (ICDs), specifically Hairatain, Herat, Jalalabad, Kabul International Airport, and Kabul, now regularly complete monthly management reports that serve as a monthly activity report to ACD headquarters.
- Continued to assist ACD in the completion of time release studies that show the time it takes for consignments to clear customs.
- Delivered training on June 8-11 for ACD staff within the risk management unit and central intelligence unit.
- Drafted a training and mentoring plan, including training curriculum and ACD and ATAR roles and responsibilities, for the ACD enforcement directorate.

### **2.3 PLANNED FOR NEXT REPORTING PERIOD:**

#### **Component 1: Support Trade Policy Liberalization**

- Provide support, as requested, for Afghanistan's participation in Afghanistan's fifth Working Party meeting.

- Continue support to advance WTO-related draft legislation particularly regarding customs, copyrights, patents, food safety, veterinary health, standards, fees for the import of medicines, intellectual property border enforcement, customs storage fees, and plant variety.
- Continue building capacity to support the development of implementing procedures and regulations for WTO related laws.
- Continue to assist ANSA in developing conformity assessment documentation, establishing a certification unit at ANSA, and establishing a standards training center.
- Supporting the implementation of the MOU between CSO, ACD, and EPAA on reducing data discrepancies
- Continue capacity building of WTO Trade Policy Unit
- Launch the process of assisting MOCI to transform the WTO unit from pre- to post-accession activities.

### **Component 2: Facilitate Enhanced Access to Regional Markets**

- Continue support related to negotiations, ratification, and implementation of regional initiatives including CBTA, Afghanistan Pakistan Transit-Trade Agreement, and new initiatives with Turkmenistan, Azerbaijan, and Uzbekistan.
- Continue to promote the MOU on border cooperation between Afghanistan and Tajikistan which is a precondition for any customs-to-customs cooperation (including electronic data interchange and border cooperation) between both countries.
- Work in Tajikistan, the Kyrgyz Republic, and Afghanistan on facilitating an MOU between the chambers of commerce and industries of the three countries and on establishing a platform for cooperation.
- Continue work with the Kyrgyz Republic on installing the electronic data interchange system in a test environment and uploading CITS for public access.
- Finalize the WTO TFA assessment in Afghanistan, the Kyrgyz Republic and Tajikistan and launch WTO TFA assessment for Turkmenistan.
- Continue working on a study on identifying goods of interest to regional traders covering Central Asia, Afghanistan, and South Asia.
- Continue support on a post-clearance audit and risk assessment to the State Customs Service in Tajikistan and Kyrgyz Republic.
- Build TIR-related capacity in Afghanistan.

### **Component 3: Improved Customs Administration**

- Await formal approval and/or feedback on the VAT work plan that directly supports ACD.
- Commence support to ACD in reviewing requirements for accession to the Revised Kyoto Convention.
- Continue to work with ACD, DAB, and USAID in efforts to begin implementation of E-Pay.
- Upon receipt of the necessary ASYCUDA data, finalize the national review of risk management implementation in the ACD.
- Undertake a review of the Border Management Model at Aquina, Sher Khan Bandar Hairatan, Islam Qala, Kabul International Airport, and Torkham as well as Zaranj and Spin Boldak, if security allows.
- Draft a sustainability plan for the continued implementation and improvement of risk management as well as other activities, including streamlined procedures, gender reforms, anti-corruption measures, and ANCA.

- Finalize ACD's enforcement training plan and commence development and delivery of all identified training courses at ANCA.
- Work with the ACD to finalize ANCA's business plan.
- Continue regional work with ACD to improve streamlined customs procedures including working with the Director General to instruct the regions to adhere to the national streamlined procedure blueprint.
- Assist ACD in the procurement and installation of automated number plate recognition cameras at Torkham Gate in Nangarhar and support ACD in the development of relevant MOUs with GIROA counterparts.
- Finalize the procurement of identification wallets for enforcement staff and work with ACD to start relevant outreach campaigns.
- Continue to assist ACD in the completion of time release studies at all regional ICDs.
- Assist ACD in undertaking a gender assessment, identifying issues facing females, and supporting ACD with gender awareness training.
- Assist ACD in the completion of an integrity self-assessment in line with World Customs Organization guidelines.
- Support ACD efforts to combat anti-corruption through the introduction of management control records at the headquarters and ICDs.
- Assist the enforcement directorate by undertaking a review of current controls and deployment practices of mobile verification teams.
- Meet with the Director General to discuss creation of a professional standards unit for investigating allegations of officer corruption as well as the creation of an internal audit department to review existing procedures within ACD.

#### 2.4 Lessons learned:

##### Evaluations, Assessments, or Audits:

Completed and/or planned	Major findings/recommendations	Actions taken/planned to be taken
Checchi assessment of ATAR's hiring manual and procedures	The assessment's findings resulted in ATAR revising existing policies to better institutionalize best practices in recruitment and to better document the recruitment process.	The assessment's findings resulted in ATAR revising existing policies to better institutionalize best practices in recruitment and to better document the recruitment process.

At the request of USAID, Checchi International conducted an assessment during the quarter on the project's "Hiring Manual and Procedures - Afghanistan Trade and Revenue (ATAR) project". The assessment team examined the hiring processes of a total of 22 ATAR staff, 19 technical staff who work closely with GIROA counterparts, and three ATAR operations staff. In addition to closely reviewing the recruitment files for the mentioned positions, the assessment team looked at Chemonics and ATAR policy manuals and held interviews with current and former staff to determine whether or not the project had followed its internal policies and best practices.

The assessment's findings resulted in ATAR revising existing policies to better institutionalize best practices in recruitment and to better document the recruitment process. In addition, the assessment led to ATAR's adoption of new practices to improve communications and coordination with key counterparts, and to more actively include them in the assessment of staffing needs and the formulation of position terms of reference.

### **3 COLLABORATION WITH GIROA, OTHER DONOR PROJECTS, OR OTHER USIAD PROJECTS**

#### **3.1 Links with relevant GIROA ministries:**

ATAR's success is dependent on its close relationship with GIROA, specifically ACD and ministries relevant to Afghanistan's WTO accession. As a result, ATAR worked closely with MAIL, MOJ, MOPH, and MOIC during the quarter, conducting meetings, trainings, and working groups to ensure that government officials were part of decision-making process and had a thorough understanding of WTO activities such as draft laws, regulations, and procedures. In addition, ATAR had staff embedded at ACD to work with customs staff on a daily basis.

The strained relationship with MOCI prevented ATAR from supporting the ministry in its WTO activities during the quarter and made work at other ministries challenging at times. By the end of the quarter, ATAR had resumed a normal working relationship at MOCI.

Although ATAR enjoyed a more productive working relationship with ACD, the uncertainty surrounding the Afghanistan elections resulted in few policy decisions by senior management. Furthermore, the senior management team was overseas for much of the reporting period.

#### **3.2 Links with other donor agencies:**

ATAR held coordination meetings in Central Asia with donor agencies including the United Nations Development Programme (UNDP), the European Union, and the GIZ Trade Facilitation project.

ATAR delivered a three-day export development course in Tajikistan on May 26-28 in partnership with the UNDP Aid for Trade project and the Sugd Regional Chamber of Commerce and Industry.

ATAR partnered with the Tajikistan Chamber of Commerce and Industries, KCCI, the Kyrgyzstan Chamber of Commerce, and the Pakistan Afghanistan Joint Chamber of Commerce and Industries to organize the Dushanbe event on June 23-24. The event was co-funded by the UNDP Aid for Trade project and sponsored by the Tajikistan Ministry of Economic Development and Trade.

Where possible, ATAR continues to coordinate with other implementing partners at ACD, including UNOPS, UNCTAD and the World Bank. However, these partner agencies often do not respond to ATAR's requests for information sharing.

#### **3.3 List and discuss links with other USAID projects:**

ATAR worked with USAID's Commercial Horticulture and Agriculture Marketing Project (CHAMP) to determine challenges facing fruit traders at Wagah during the quarter.

ATAR also supported Afghanistan's participation in CABOC, which was organized by USAID's Pakistan Trade Project (PTP) to enable Central and South Asian businesses to exchange information, establish relationships, and meet government officials.

ATAR will be co-locating with USAID's Regional Economic Cooperation (REC) project at the Chemonics' office in Tashkent, Uzbekistan. An action plan for joint activities has been developed and agreed with USAID.

ATAR provided support to USAID's Macro Economic Project (MEP) in organizing the Astana Trade Policy Conference: Expanding Central and South Asia's Regional Trade on July 1-2. Four speakers from ATAR will participate. ATAR is also coordinating activities with USAID's REFORMA project in Kyrgyzstan.

## **5. MANAGEMENT AND ADMINISTRATIVE ISSUES**

**3.4 Personnel:** ATAR's Chief of Party Sarah Meyer left post on April 27, 2014, and was replaced by Francois Pepin on April 17, 2014. Peter Bennet, ATAR's Customs Reform Manager, left post on April 18, 2014, and will be replaced by Chris Lawson who will arrive in-country on/about July 21, 2014.

**3.5 Adaption of the activity:** No major changes to the project's statement of work were made during the reporting period.

**3.6 Modifications and Amendments:** No modifications or amendments to the ATAR contract were made during the reporting period.

## ANNEX A: AFGHAN INFO ACTIVITY REPORT

AFGHAN INFO ACTIVITY REPORT							
Project Component	Activity Description	Target of Activity	Expected Outcome of Activity	Date of Activity	Location of Information		
					Province	District	Village
C1: Trade Liberalization	Seminar on exchange of information between countries on notification of rejection of food imports	Form the basis for a ministerial procedure being developed by the Food Regulations Working Group	To complete work on draft documents of exchange of information between exporting countries regarding the rejection of imported food	9-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Food regulation working group	Draft procedure on the operation of the food import control system	To complete the draft procedure on the operation of the food import control system	9-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Food regulation working group	Draft procedure on the operation of the food import control system	To complete the draft procedure on the operation of the food import control system	13-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Intellectual property legal training	Prosecutors, defense attorneys and members of MOIC	Implementation of law on copyright and intellectual property rights	13-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	MOPH food regulations working group	Review of document on exchange of information	To improve document on exchange of information	20-Apr-14	Kabul	Kabul	Kabul

C1: Trade Liberalization	Veterinary control of import and export regulation working group	Overview of regulation the discussion on the articles of first chapter	To improve the article of first chapter	20-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Plant protection and quarantine regulation roundtable	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	21-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Plant protection and quarantine regulation roundtable	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	22-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	MOPH food regulations working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	27-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Plant protection and quarantine regulation working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	27-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Plant protection and quarantine regulation working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	29-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Training workshop on conformation assessment and certification	Train ANSA staff	To build capacity of ANSA to deliver training on standards and their application to private sector and other ministries	27-Apr-14	Kabul	Kabul	Kabul

C1: Trade Liberalization	Training of trainees on customs valuation	Train trainers on WTO Customs Valuation Agreement	Prepared for implementation of customs law	14-Apr-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Plant protection and quarantine regulation working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	4-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Plant protection and quarantine regulation working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	6-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Food regulation working group	Draft procedure on the operation of the food import control system	To complete the draft procedure on the operation of the food import control system	7-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Copyright awareness training	Prosecutors, defense attorneys and members of MOIC	Implementation of law on copyright and intellectual property rights	7-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Veterinary control of import and export regulation working group	Overview of regulation the discussion on the articles of first chapter	To improve the article of first chapter	10-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Veterinary control of import and export regulation working group	Overview of regulation the discussion on the articles of first chapter	To improve the article of first chapter	18-May-14	Kabul	Kabul	Kabul

C1: Trade Liberalization	Training workshop on conformation assessment and certification	Train ANSA staff	ANSA deliver training on standards and their application to private sector and other ministries	5-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Custom Valuation Workshop	To collect traders feedback regarding customs valuation in Afghanistan, Pakistan and CAR	To improve customs valuation	7-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	MOPH food regulations working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	21-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Roundtable meeting on food law	MOPH staff	Discussion of comments on food law	26-May-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	MOPH food regulations working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	28-May-14	Kabul	Kabul	Kabul
C2: Regional Markets	Trade relations with Afghanistan - potential opportunities seminar in Dushanbe, Tajikistan	Tajik exporters	To develop exports	21-May-14	Dushanbe	Dushanbe	Dushanbe
C1: Trade Liberalization	MOPH food regulations working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	4-Jun-14	Kabul	Kabul	Kabul

C1: Trade Liberalization	Seminar on principles and guidelines for exchange of Information in food safety emergency situation	MOPH staff	Guidelines for exchange of information in food safety	17-Jun-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Copyright awareness for authors	Prosecutors, defense attorneys and members of MOIC	Implementation of law on copyright and intellectual property rights	18-Jun-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	MOPH food regulations working group	Review plant protection and quarantine regulation	To improve the draft regulation on plant protection and quarantine	18-Jun-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	Copyright awareness for authors	Prosecutors, defense attorneys and members of MOIC	Implementation of law on copyright and intellectual property rights	25-Jun-14	Kabul	Kabul	Kabul
C1: Trade Liberalization	WTO Trade Facilitation Agreement Workshop	Train MOCI staff on WTO TFA	To enable the MOCI to better negotiate on trade facilitation agreement with WOT member countries	24-Jun-14	Kabul	Kabul	Kabul

C2: Regional Markets	Multilateral Business to Business Forum Afghanistan, Kyrgyzstan, Pakistan, Tajikistan	Business to Business forum Afghanistan Kyrgyzstan, Pakistan and Tajikistan	The B2B forum achieved positive results, primarily by establishing a platform for potential business opportunities in each country, and secondly by creating a business-dialogue environment for entrepreneurs to explore the regional opportunities.	23-Jun-14	Dushanbe	Dushanbe	Dushanbe
C2: Regional Markets	WTO TFA Implementation and review	Discussion on WTO TFA	Identify the gaps between the rules of the WTO TFA and the current situation	16-18 June 14	Bishkek	Bishkek	Bishkek

## ANNEX B: WTO LEGISLATIVE ACTION CHART

AFGHANISTAN'S LEGISLATIVE TRACKING CHART FOR WTO ACCESSION							
Highlighted rows denote areas of active ATAR support during the quarter.							
No.	Legislation	Responsible Ministry	Responsible ATAR Employee	Details	Stage: Stage 1-Sponsoring Ministry Stage 2-Ministry of Justice Stage 3-Council of Ministers Stage 4-Lower House of Parliament Stage 5-Upper House of Parliament Stage 6-President Stage 7-Entry into Force	ATAR Support	Laws and regulations included on MOJ 1393 agenda (Procedures do not need to be on MOJ agenda)
1	Amendments to the 2005 Customs Law	ACD	Wali Faqirzaad/Brian O'Shea	MOJ submitted the draft to the Council of Ministers in March.	Council of Ministers	Yes	Yes
2	Procedure on Customs Valuation (including interpretative notes and software and interest charge valuation)	ACD	Wali Faqirzaad	The draft has been prepared at ACD and does not need review by MOJ since it is a procedure. The Minister of Finance will adopt the procedure after the draft customs law is adopted.	Sponsoring Ministry	Yes	N/A
3	Procedure on Advance Ruling on Binding Decisions (covering advance origin rulings)	ACD	Wali Faqirzaad	The draft does not need review by MOJ since it is a procedure. The Minister of Finance will adopt the procedure after the draft customs law is adopted.	Sponsoring Ministry	Yes	N/A
4	Law on Standards and Technical Regulations	ANSA	Shahpoor Mehraban	With ATAR support, the ANSA Management Board completed the review at the end of June. ANSA will next submit the draft law to MOJ. ANSA and ATAR are working with MOJ to include	Sponsoring Ministry	Yes	No

				this draft law on MOJ's agenda for this year.			
5	Law on Plant Protection and Quarantine	MAIL	Siyar Sahar	MOJ submitted the law to the Council of Ministers in May.	Council of Ministers	Yes	Yes
6	Law on Animal Health and Veterinary Public Health	MAIL	Sayed Hashimi	ATAR assisted the MAIL technical team in finalizing the draft law in June. ATAR will assist MAIL staff in presenting the draft to the MAIL Minister, who will then submit the draft to MOJ. MOJ originally did not include the law on its 1393 agenda; however, as a result of ATAR's efforts, MOJ reconsidered and included the law on this year's agenda.	Sponsoring Ministry	Yes	Yes
7	Law on Food Safety	MOPH	Gary Stefan, Nasiba Hussaini	With ATAR support, MAIL finalized and submitted the law to MOJ in 2012. However, MAIL sent a letter in May raising new concerns and requesting MOJ and MOPH to stop working on the draft in order to address those concerns. MAIL has now decided that an independent food control agency be established to implement the law. ATAR and the MAIL technical team will present this option to the MAIL Minister.	Ministry of Justice	Yes	Yes
8	Procedure Customs Control of Intellectual Property Rights (Intellectual Property Border Enforcement)	ACD	Wali Faqirzaad, Polly Maier, Drew Sundberg	The Minister of Finance adopted this procedure on April 12.	Sponsoring Ministry	Yes	N/A
9	Amendments to the Law on Supporting the Rights of Inventors and Discoverers of 31 April 2009 (Patents Law)	MOCI	Wali Faqirzaad, Polly Maier	MOJ submitted the law to the Council of Ministers in March. The Council of Ministers has not yet begun review.	Council of Ministers	Yes	Yes

10	Amendments to the Law on Trade Marks of 1 September 2009	MOCI	Wali Faqirzaad	MOJ submitted the draft to Parliament in April.	Lower House of Parliament	Yes	Yes
11	Amendments to the Law on Supporting the Right of Authors, Composers, Artists, and Researchers of 26 July 2008 (Copyrights Law)	MOIC	Wali Faqirzaad	In June, ATAR assisted MOJ's Executive Board in completing the review of the law. ATAR provided explanations to MOJ as required. MOJ gave the law to ATAR for final review. ATAR finished the review, and the Executive Board submitted the law to the MOJ Minister for his review and submission to the Council of Ministers.	Ministry of Justice	Yes	Yes
12	Law on Geographical Indications	MOCI	Wali Faqirzaad	During the quarter, ATAR provided legal assistance and clarifications to MOJ. MOJ submitted the law to the Council of Ministers.	Council of Ministers	Yes	Yes
13	Law on Industrial Designs	MOCI	Wali Faqirzaad	The draft is at MOJ awaiting review by the relevant legislative department.	Ministry of Justice	Yes	Yes
14	Draft amendments to the Civil Procedure Code (Chapter Three)	MOCI	Wali Faqirzaad	MOJ forwarded the draft to the Supreme Court of Afghanistan for its opinion.	Ministry of Justice	Yes	Yes
15	Law on Trade Secrets (undisclosed information)	MOCI	Sayed Hashimi	The draft is at MOJ awaiting review by the relevant legislative department.	Ministry of Justice	Yes	Yes
16	Law on Topography of Integrated Circuits	MOCI	Sayed Hashimi	The draft is at MOJ awaiting review by the relevant legislative department.	Ministry of Justice	Yes	No
17	Law on Consumer Protection (provisions on Unfair Competition)	MOCI	Sayed Hashimi	The relevant MOJ legislative department completed its review, and the draft law is awaiting submission to the MOJ Executive Board.	Ministry of Justice	Yes	Yes
18	Law on Plant Variety Protection	MAIL	Siyar Sahar	Despite ATAR's requests, MAIL did not submit the draft law to MOJ for inclusion in its 1393 legislative agenda. However, ATAR is working with MOCI to encourage MOJ to include the law on this year's agenda.	Sponsoring Ministry	Yes	No

19	Amendments to the Law on Publication and Enforcement of Legislation of 1998	MOCI/MOJ	Wali Faqirzaad, Drew Sundberg	The MOJ formally agreed in April to include the law in the 1393 legislative agenda. ATAR is working with MOJ to provide clarification on questions and concerns.	Ministry of Justice	Yes	Yes
20	Amendments to the Regulation on Drafting Procedure and Processing of Legal Acts	MOCI/MOJ	Siyar Sahar, Drew Sunberg	The draft is at MOJ under review by the relevant legislative department. ATAR and MOCI are encouraging MOJ to include on this year's agenda.	Ministry of Justice	Yes	No
21	Law on Foreign Trade in Goods	MOCI	Sayed Hashimi, Drew Sundberg	The draft is at MOJ under review by the relevant legislative department.	Ministry of Justice	Yes	Yes
22	Procedure on Import and Export Licensing	MOCI	Drew Sundberg	With ATAR support, MOCI approved and adopted the procedure this quarter.	Sponsoring Ministry	Yes	N/A
23	Procedure on Customs Storage Fees	ACD	Wali Faqirzaad	The draft is being circulated for final review within ACD.	Sponsoring Ministry	Yes	N/A
24	Regulations of production and importation of medicines and medical equipment of 24 February 2007 (concerning fees)	MOPH	Siyar Sahar	During the quarter, ATAR prepared a methodology for fees for import licenses for importers/producers of pharmaceutical products. ATAR and MOCI are encouraging MOJ to include the law on this year's agenda.	Sponsoring Ministry	Yes	No
25	Value Added Tax	MOF	TBD	The Lower House approved the law; the law is now pending approval by the Upper House.	Upper House of Parliament	No	Yes
26	Income Tax Law (concerning unequal treatment of import tax)	MOF	Wali Faqirzaad, Drew Sundberg	The Afghanistan Revenue Department (ARD) indicated the draft was finalized and submitted to MOJ in January. MOJ indicated it has not received the draft.	Sponsoring Ministry	Yes	No
27	Law on Minerals	MOM	None	During the quarter, the Upper House approved the law. The law is now with the President for his approval.	President	No	Yes
28	Law on Safeguards Measures for Domestic Protection	MOCI	Sayed Hashimi, Drew Sundberg	The draft is awaiting review by the relevant MOJ legislative department. MOCI and ATAR are encouraging MOJ to include	Ministry of Justice	Yes	No

				the law on this year's agenda.			
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