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TRADE ACCESSION AND FACILITATION FOR AFGHANISTAN

FINAL REPORT

Contract No. 306-C-00-09-00529-00
Contract No. AID-EEM-I-00-07-00008
Order No. AID-306-TO-12-00010

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ACRONYMS

ACCI	Afghanistan Chamber of Commerce & Industries
ACD	Afghanistan Customs Department
ANSA	Afghan National Standards Authority
APTTA	Afghanistan-Pakistan Transit Trade Agreement
BCP	border crossing point
BMM	Border Management Model
CBTA	Cross-Border Transport Agreement
CHAMP	Commercial Horticulture and Agricultural Marketing Project
EPAA	Export Promotion Agency of Afghanistan
ICD	inland clearance depot
IMF	International Monetary Fund
KIA	Kabul International Airport
MAIL	Ministry of Agriculture, Irrigation and Livestock
MOU	memorandum of understanding
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Area
SATIS	SAARC Agreement on Trade in Services
SPS	sanitary and phytosanitary
TAFA	Trade Accession and Facilitation for Afghanistan
TBT	technical barriers to trade
TIR	<i>Transports Internationaux Routiers</i>
TSC	trade service center
WTO	World Trade Organization

INTRODUCTION

The Trade Accession and Facilitation for Afghanistan (TAFa) project is pleased to present this final report spanning activities from November 18, 2009, through August 31, 2013. USAID, in cooperation with the government of the Islamic Republic of Afghanistan, designed the project to support Afghanistan in strengthening its economy by fulfilling the trade potential of its strategic location on the historic Silk Route.

USAID awarded the TAFa contract in November 2009 to a consortium consisting of Chemonics International Inc., which was the prime implementer, Economic Integration Forum, Inc., Overseas Strategic Consulting, Ltd., and Management Systems International, Inc. TAFa began on November 18, 2009, and ended on November 15, 2012. Building on the foundation of TAFa, USAID awarded the TAFa II contract, which started on November 16, 2012, and ran through August 31, 2013. TAFa II was implemented by a consortium led by Chemonics International with partner Economic Integration Forum.

Like TAFa I, TAFa II supported the Afghan government and the private sector to realize improved trade links and economic integration through three primary components: trade policy liberalization, customs reform, and trade facilitation. Because most TAFa activities transitioned seamlessly into TAFa II, this report covers the activities of both projects and uses “TAFa” when referring to activities of both projects. The objectives of TAFa’s three major components are described briefly below:

Component 1: Trade Policy Liberalization

TAFa’s trade policy liberalization component supported the Afghan government in its complex and lengthy journey toward World Trade Organization (WTO) accession to enable the country to formally join the global marketplace. TAFa also supported Afghanistan in implementing regional trade agreements that allowed the country to take advantage of its proximity to lucrative and large markets in South Asia (e.g., India) and Central Asia. Through trade policy liberalization, the Afghan government and TAFa laid the ground for increased trade and improved economic opportunities for Afghanistan. To advance this work, TAFa built public sector institutional capacity and improved inter-ministerial coordination and public-private sector cooperation and consultation.

Component 2: Customs Reform

TAFa’s customs reform component assisted the Afghanistan Customs Department (ACD), which collects most of the government’s revenue, in modernizing its customs structure and streamlining customs procedures to allow the private sector to get products to market faster and sell them sooner. Through customs reform, TAFa aligned the ACD with international best practices, maximized trade, and increased the Afghan government’s sustainable revenue to reduce its dependence on the international community.

Component 3: Trade Facilitation

TAFA's trade facilitation component worked with the private sector to boost exports of high-value Afghan goods. The component also strengthened relationships among Afghan businesses to share best practices and market data and to forge business ties between Afghanistan and its neighbors in South Asia and Central Asia. Through trade facilitation, TAFA supported the Afghan private sector in identifying and obtaining new business opportunities that boosted the country's exports, improved livelihoods, and led to greater regional integration.

EXECUTIVE SUMMARY

Afghanistan sits at the heart of South and Central Asia, at the meeting point of ancient trade routes known together as the Silk Road. Traders of old travelled with their caravans of silks and spice across the rugged Afghan terrain. Afghans have engaged and profited from trade for centuries.

Trade is a key driver for economic growth. It creates jobs, raises incomes, reduces poverty, spurs investment, and increases government revenue. Trade also builds the economic foundation for true and lasting peace.

From its start in November 2009 through its completion in August 2013, USAID's TAFE project worked to re-build Afghanistan's traditional role as a great trading nation. Hand-in-hand with the Afghan government, TAFE created the foundation for job growth and investment by promoting trade agreements such as the World Trade Organization, Afghanistan-Pakistan Transit Trade Agreement (APTTA), South Asian Free Trade Area (SAFTA), and Cross-Border Transport Agreement (CBTA) that are making Afghan products more competitive abroad, creating jobs, and raising incomes. As a result of TAFE's and the Afghan government's efforts, increased access to new markets in Pakistan, India, and the Central Asian republics resulted in export opportunities for Afghanistan that would stimulate private sector growth.

In partnership with the Afghan government, TAFE also paved the way to cheaper and easier trade. Increased customs revenue allows the government to offer its citizens additional services, and improved customs procedures protect consumers from dangerous or inferior products. TAFE reduced wait times at customs houses and border crossings, enabling freight-forwarders, traders, and truckers to do more business. Clearer rules and procedures allowed businesses to more accurately set prices, assess risks, and allocate resources, allowing them to make the most of market opportunities created by the international and regional trade agreements.

In addition, TAFE supported the Afghan government in reaping the benefits of its geography. Afghanistan sits in the midst of lucrative Central Asian and South Asian countries and is neighbor to two of the world's largest countries, China and India. TAFE worked with Afghan businesses to promote their high-value products, such as the country's award-winning saffron, its unique marble, and its prized fruit and nuts. The project forged links with international buyers spanning the globe to raise awareness of Afghanistan's riches and expand local businesses.

The Afghan government, with the partnership of TAFE, laid the groundwork for a transformation of its trade environment. Following is an overview of TAFE's most significant achievements.

- TAFAs supported Afghanistan's journey toward accession to the WTO, widely recognized as the engine for enabling broad-based reforms and improving national competitiveness.
- As a result of its partnership with TAFAs, the Afghan government made steady progress toward membership in the WTO, participating in its four working party meetings and receiving support from WTO members for a fast-tracked accession that is expected before the end of 2014.
- TAFAs advised the Afghan government on legislative reforms to create a conducive trade and investment regulatory regime that complies with WTO and other internationally accepted rules, principles, and best practices.
- With TAFAs assistance and tireless coordination with relevant ministries, Afghanistan has embarked on major policy, legal, and institutional reforms, consisting of 26 pieces of legislation. Twenty-four have been drafted, of which 17 have been submitted to the Ministry of Justice, and three require only ministerial approval. These cover legislation related to customs reforms; intellectual property (patents, trademarks, copyrights, trade secrets, unfair competition, integrated circuits, industrial designs, plant variety, geographical indications, and trade policy framework); trade remedies (safeguards); legislative procedures and transparency; and licensing, food safety, veterinary, phytosanitary, standards, and technical regulations.
- TAFAs worked with the Afghan government to lay the groundwork for elimination of trade restrictions and import and export policies that are inconsistent with the WTO or are unjustifiable non-tariff barriers, such as import and export approvals at the Ministry of Commerce and Industries; restructuring corporate registration and business licenses; making voluntary the certificate of origin for export; making voluntary export invoice certification at the Afghanistan Chamber of Commerce & Industries (ACCI); making voluntary five export certificates/approves issued by guilds; making voluntary import and export registration; eliminating export measures by the Export Promotion Agency of Afghanistan (EPAA) on used glass, plastics, and coal; and eliminating import prohibitions on table salt, powdered salt, gypsum, anhydride, and plaster.
- TAFAs supported implementation of the SAFTA agreement, which will pave the way for zero tariffs for all exports (except alcohol and tobacco) to India, and zero to 5 percent to Pakistan and five other countries for Afghan exports not on sensitive lists.
- TAFAs assisted the Afghan government in implementing the APTTA, which will allow Afghan trucks to drive directly to huge markets of India and China and seaports at Karachi, Gwadar, and Port Qasem in Pakistan and will allow multiple transit routes for Afghan goods to reach key export markets.

- In partnership with the Afghan government, TAFAs facilitated establishment of the Afghanistan-Pakistan Transit Trade Coordinating Authority to administer and oversee APTTA implementation.
- TAFAs provided extensive training to Afghan government ministries and other stakeholders, reaching 5,698 Afghans (3,926 men and 1,772 women), to build their knowledge of regional trade agreements and WTO accession and to improve their negotiation and analytical skills, as well as their technical capacity to formulate sound trade policies to implement new legislation.
- TAFAs assisted with development of new institutions to support policy-making and implementation, including the WTO Unit and Trade Policy Analysis Unit at the Ministry of Commerce and Industries, and Trade Statistics and Research Unit at the ACD.
- TAFAs assisted in launching and supporting numerous institutional initiatives to properly and effectively implement new laws and WTO requirements, including intellectual property offices at the Ministry of Commerce and Industries and Ministry of Information and Culture and enquiry and notification points at the Afghan National Standards Authority (ANSA) and Ministry of Agriculture, Irrigation and Livestock (MAIL).
- TAFAs laid the groundwork for implementation of the CBTA and regional private sector cooperation and advanced the process toward ratification of the CBTA.
- With TAFAs's support, the ACD streamlined customs procedures at 10 inland clearance depots (ICDs) across Afghanistan, resulting in praise from traders. At six of these ICDs (Herat, Jalalabad, Hairatan, Kabul International Airport (KIA) cargo, Kabul ICD, and Kandahar), TAFAs monetized \$38.2 million dollars in annualized savings with a potential for \$42.9 million if fully implemented.
- As a result of TAFAs's assistance, the government probably fulfilled International Monetary Fund (IMF) benchmarks, by receiving formal approval to embark on an organizational restructuring of the ACD, implementing a risk-based approach to cargo clearance, and further implementation of the Border Management Model (BMM) — a formal partnership between the ACD and the Afghan Border Police — at Torkham and Aqina, and ultimately at Weish.
- TAFAs and the ACD facilitated joint signatures on the memorandum of understanding (MOU) between the ACD and Da Afghanistan Bank and upgraded the central bank's payment clearance system for the electronic payment of customs fees. The ACD is poised to pilot E-pay at the cargo section of KIA, making trade easier by eliminating the need for cash transactions and eliminating opportunities for corruption.

- TAFAs supported Afghanistan in its efforts to implement the *Transports Internationaux Routiers* (TIR) Convention and spread awareness of the system, which will simplify international road transport and boost trade for landlocked Afghanistan.
- TAFAs assisted the ACD in developing and implementing a multi-year strategic plan with a focus on priority areas that have the most potential to increase revenue.
- TAFAs supported the ACD in reorganizing its structure, defining a system — the Salary Improvement Program — for transforming its pay scales and designing and introducing the Workload Indicator for Staffing Needs and the Training Assessment Matrix, effective administrative and training systems to improve performance and build capacity.
- TAFAs designed and developed the concept for the Border Management Model, including drafting of relevant processes and procedures to support the BMM, which creates a formal partnership between the country's two leading border agencies, the ACD and the Afghan Border Police.
- TAFAs introduced an effective risk management strategy at the ACD to facilitate trade by reducing interventions on compliant traders while more effectively targeting non-compliant traders.
- In partnership with the ACD, TAFAs strengthened ACD's national intelligence capacity by establishing a team of well-trained intelligence officers and upgrading ACD's monitoring capabilities through closed-circuit television.
- TAFAs assisted the ACD in obtaining \$4 million from the Asian Development Bank to purchase modern cargo-handling equipment to upgrade facilities at Spin Boldak and other busy border crossing points.
- TAFAs worked with EPAA to create strategies to strengthen the agency, business plans for the saffron and gemstone industries, and branding strategies for a variety of other lucrative products.
- In partnership with the ACCI, TAFAs established trade service centers for exports to assist traders in resolving trade challenges and increasing trade in lucrative sectors.
- In partnership with EPAA and other USAID projects, TAFAs facilitated the participation of Afghan businessmen and businesswomen in international exhibitions in Dubai, Kazakhstan, and Uzbekistan to showcase the country's high-quality products and forge business deals.
- TAFAs trained 1,772 women (nearly a third of 5,698 stakeholders trained) on such topics as economic reporting, marketing, exporting, WTO, APTTA, and SAFTA to build their business capacity and enable them to help build the country's economy.

COMPONENT 1: TRADE POLICY LIBERALIZATION

Since the project's start in late 2009, TAFE worked with the Afghan government to facilitate the country's accession to the WTO and to develop international trade agreements that would boost the country's exports. This component of TAFE supported the government in overhauling trade-related laws to remove barriers to commerce and to align with the WTO's internationally recognized standards. The component also built government capacity to negotiate and implement regional trade agreements to take advantage of Afghanistan's prime position on the famed Silk Road. Through their close and continual partnership in trade policy liberalization, the government and TAFE paved the way to improved economic opportunities for Afghanistan.

World Trade Organization

Afghanistan submitted its application to accede to the WTO in November 2004, and the WTO granted the country observer status in December 2004. Observer status allows an acceding country to observe WTO proceedings without the right to intervene in debate or take part in making decisions.

Afghanistan began making rapid progress toward WTO accession when TAFE started in late 2009. The accession process is lengthy and complex, but it drives broad legal and institutional reforms that improve the business environment and competitiveness. Due to TAFE's assistance over the years, the WTO now supports a fast-track accession for Afghanistan in acknowledgement of the commitment demonstrated by the government and its progress in the necessary trade-related reforms. As a result of TAFE's efforts, Afghanistan aims to accede to the WTO before the end of 2014.

At the start of the project, TAFE embedded expatriate and national staff at the Ministry of Commerce and Industries, which is the government's ministerial focal point for WTO accession. TAFE worked hand-in-hand with the Ministry of Commerce and Industries, as well as a multitude of other Afghan ministries, to lay the foundation for WTO accession by building expertise within the institutions, encouraging partnerships between the private and public sectors, and creating an environment conducive to trade.

What is the WTO?

The WTO, based in Geneva, Switzerland, has 157 members and 27 observer governments. The members account for more than 95 percent of global trade in goods and services.

The WTO was established in 1995, replacing an international organization known as the General Agreement on Tariffs and Trade. The original organization was formed in 1948 when 23 countries signed an agreement to reduce customs tariffs.

The WTO has a broader scope. While the earlier organization regulated trade in merchandise goods, the WTO also covers trade in services, such as telecommunications and banking, and other issues, such as intellectual property rights and government procurement.

The WTO oversees about 29 agreements and understandings that have the status of international legal texts, which must all be accepted as a package in addition to market access concessions and commitments on goods and services.

To begin support for WTO accession and build sustainability beyond the project, TAFE had to create a sound institutional framework for WTO accession negotiations. In late 2009, TAFE began building the capacity of key government employees, particularly at the Ministry of Commerce and Industries, to spearhead the WTO process. Ministry staff lacked the capacity that was crucial for conducting analyses necessary for trade policy decisions or for negotiating international agreements. Through TAFE's daily on-the-job training and regular, targeted seminars, the project assisted with establishment of a WTO Unit and strengthened the ministry's institutional capacities and coordination with other state bodies so government officials could effectively cooperate and navigate the complexities of accession. TAFE was instrumental in establishing in 2010 the ministry's Trade Policy Analysis Unit, which conducts economic impact analysis to inform the ministry in fulfilling its role in formulating trade policies, negotiating international agreements, and implementing policy decisions, and in expanding the ministry's WTO Unit, cultivating a specialization of staff in the unit to cover key WTO areas, such as agriculture, trade policy/non-tariff barriers, services, and intellectual property.

Because WTO accession requires the participation of numerous actors to ensure the required feedback and necessary support, TAFE also helped in furthering inter-ministerial coordination through designating technical focal points for supporting the WTO accession process and participating in relevant legal drafting working groups, sectoral working groups, and negotiation teams. In addition, to build a sound foundation for trade negotiations, TAFE continually improved coordination between the Central Statistics Organization, which is the government's primary statistic organization, and the ACD, which collects import and export data, to reconcile information and publish official records on foreign trade. TAFE supported the ACD in establishing a well-trained statistics unit and in identifying methods to increase its revenue, which makes up more than 50 percent of total Afghan government revenue. The discrepancy level in statistics dropped from 75 percent to less than 30 percent.

WTO accession requires an accession master plan, which is a roadmap that lays out an organized, orderly, and coordinated process for accession. To develop Afghanistan's roadmap, TAFE conducted a systematic diagnostic analysis of Afghanistan's foreign trade regime covering policy, laws, and relevant sublegal acts, and institutions to identify gaps and deficiencies and non-conforming aspects with WTO agreements. As a result, TAFE and the Afghan government produced an accession master plan that detailed the steps for introducing significant reforms and developing the numerous, required WTO accession documents and executing accession steps in an orderly and timely fashion. The accession master plan served as the primary guiding document for the Afghan government's journey toward WTO accession.

Afghanistan needs to bring a number of its trade-related laws to international standards to join the WTO. Although certain concessions are made for least-developed countries such as Afghanistan, WTO members expect full compliance, as well as a solid enforcement infrastructure, before accession in major legal areas related to trade policy. Legislative reforms establish a trade regulatory regime in Afghanistan that is in compliance with internationally accepted rules and principles and best practices.

Exhibit 1. Legislative Action Plan as of July 31, 2013

Legislation/Regulation	Competent Authority	Expected Date of Adoption/Enactment			Status	Translation Submitted to Working Party
		Submission to Cabinet of Ministers	Submission to Parliament	Enactment ¹		
Customs Valuation Agreement – Rules of Origin						
Amendments to 2005 Customs Law	Afghanistan Customs Department	Third quarter 2013	Fourth quarter of 2013	First half of 2014	Review by Ministry of Justice Legal Department has been completed. Draft ready to go to ministry's Legislative Board.	WT/ACC/AFG/22
Procedure on Customs Valuation (including interpretative notes and software and interest charge valuation)	ACD	N/A	N/A	Upon enactment. of amendments to Customs Law	Draft has been prepared and ready for adoption (signing of Minister of Finance). This does not require Cabinet or Parliament. See last column.	WT/ACC/AFG/20
Procedure on Advance Ruling on Binding Decisions (covering advance origin rulings)	ACD	N/A	N/A	Upon enactment. of amendments to Customs Law	Draft has been prepared and ready for adoption (signing of Minister of Finance). This does not require Cabinet or Parliament.	WT/ACC/AFG/20
Technical Barriers to Trade						
Law on Standards and Technical Regulations	Afghan National Standards Authority	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft undergoing further amendments by ANSA.	WT/ACC/AFG/19
Sanitary and Phytosanitary Measures						
Law on Plant Protection and Quarantine	MAIL - Plant Quarantine Directorate	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft at Ministry of Justice being reviewed by the Legal Department.	WT/ACC/AFG/19

¹ Although this is the target, adoption by Parliament depends on its agenda and priorities, which are beyond the control of the Afghan government.

Legislation/Regulation	Competent Authority	Expected Date of Adoption/Enactment			Status	Translation Submitted to Working Party
		Submission to Cabinet of Ministers	Submission to Parliament	Enactment ¹		
Law on Animal Health and Veterinary	MAIL- General Directorate of Animal Health	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft has been prepared. Final review completed by MAIL minister advisor. Draft sent to MAIL deputy minister for forwarding to Ministry of Justice. MAIL deputy minister asked that the draft be expanded to add a chapter on animal quarantine.	WT/ACC/AFG/19
Law on Food Safety	Ministry of Public Health	Second half of 2013	First quarter of 2014	Second quarter of 2014	Two draft versions submitted to Ministry of Justice. Ministry awaiting Ministry of Public Health decision which to consider. Deputy Minister Shinwari to meet minister of public health to push for initial version submitted to WTO.	WT/ACC/AFG/19
Trade-Related Aspects of Intellectual Property Rights						
Procedure Customs Control of Intellectual Property Rights (Intellectual Property Border Enforcement)	ACD	N/A	N/A	Upon enactment. of amendments to Customs Law	Draft has been prepared and ready for adoption (signing of Minister of Finance). This does not require Cabinet or Parliament.	WT/ACC/AFG/20
Amendments to Law on Supporting the Rights of Inventors and Discoverers of April 30, 2009 (Patents Law)	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft at Ministry of Justice being reviewed by the Legal Department (Taqnin).	WT/ACC/AFG/21 WT/ACC/AFG/25 (revised)
Amendments to Law on Trade Marks of September 1, 2009	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Review by Ministry of Justice Legal Department has been completed. Draft ready to go to Ministry of Justice Legislative Board.	WT/ACC/AFG/22 WT/ACC/AFG/25 (revised)

Legislation/Regulation	Competent Authority	Expected Date of Adoption/Enactment			Status	Translation Submitted to Working Party
		Submission to Cabinet of Ministers	Submission to Parliament	Enactment ¹		
Amendments to the Law on Supporting the Right of Authors, Composers, Artists, and Researchers of July 26, 2008 (Copyrights Law)	Ministry of Information and Culture	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft at Ministry of Justice being reviewed by the Legal Department (Taqnin).	WT/ACC/AFG/21
Law on Geographical Indications	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Review by Ministry of Justice Legal Department has been completed. Draft submitted to Ministry of Justice Legislative Board.	WT/ACC/AFG/21
Law on Industrial Designs	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft at Ministry of Justice pending technical review.	WT/ACC/AFG/21
Draft amendments to the Civil Procedure Code (Chapter Three)	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft sent by Ministry of Justice to Supreme Court for its review.	WT/ACC/AFG/7/Add.1
Law on Trade Secrets (undisclosed information)	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft submitted in June 2013 by Ministry of Commerce and Industries to Ministry of Justice, where it is pending technical review.	WT/ACC/AFG/25
Law on Topography of Integrated Circuits	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft submitted in June 2013 by Ministry of Commerce and Industries to Ministry of Justice, where it is pending technical review.	WT/ACC/AFG/25
Law on Unfair Competition	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft at Ministry of Justice pending technical review.	WT/ACC/AFG/25
Regulations on Optical Disks	Ministry of Information and Culture	First quarter of 2014	N/A	Second quarter of 2014	Draft at Ministry of Justice pending technical review.	WT/ACC/AFG/26
Law on Plant Variety Protection	MAIL	First quarter of 2014	Second quarter of 2014	Second half of 2014	Preparation of draft is ongoing at MAIL.	To be submitted to WTO by end of 2013

Legislation/Regulation	Competent Authority	Expected Date of Adoption/Enactment			Status	Translation Submitted to Working Party
		Submission to Cabinet of Ministers	Submission to Parliament	Enactment ¹		
Transparency						
Amendments to Law on Publication and Enforcement of Legislation of 1998	Ministry of Commerce and Industries/Ministry of Justice	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft at Ministry of Justice pending technical review.	WT/ACC/AFG/20
Amendments to the Regulation on Drafting Procedure and Processing of Legal Acts	Ministry of Commerce and Industries/Ministry of Justice	Second half of 2013	N/A	Second quarter of 2014	Draft at Ministry of Justice pending technical review.	WT/ACC/AFG/20
Quantitative Import Restrictions, Including Prohibitions, Quotas, and Licensing Systems						
Law on Foreign Trade in Goods	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft submitted in June 2013 by Ministry of Commerce and Industries to Ministry of Justice, where it is pending technical review.	WT/ACC/AFG/23
Regulations on Import Licensing Procedures	Ministry of Commerce and Industries	Second half of 2013	N/A	Second quarter of 2014	Draft finalized at Ministry of Commerce and Industries to be sent to Ministry of Justice by end of July 2013.	By end of July 2013
Procedure on Customs Storage Fees	ACD	N/A	N/A	First quarter of 2014	Draft to be prepared by the ACD.	By end of September 2013
Draft amendments to the Regulation on Production and Import of Medicines of February 19, 2007 (concerning fees for import permit for pharmaceuticals and medical equipment)	Ministry of Public Health	Second half of 2013	N/A	First quarter of 2014	Draft to be prepared by Ministry of Public Health.	By end of September 2013
Anti-dumping, Countervailing Duties, Safeguard Regimes						
Law on Safeguards	Ministry of Commerce and Industries	Second half of 2013	First quarter of 2014	Second quarter of 2014	Draft submitted in June 2013 by Ministry of Commerce and Industries to Ministry of Justice, where it is pending technical review.	WT/ACC/AFG/23

At the start of the project, TAFE, in coordination with the Ministry of Commerce and Industries, began collecting all laws related to trade policy liberalization. TAFE and the Ministry of Commerce and Industries created a database of relevant laws and translated key pieces of the legislation into English. TAFE and the Ministry of Commerce and Industries then completed a legal analysis for WTO conformity and provided recommendations to bring existing laws and draft laws into full conformity with WTO agreements to enable Afghanistan's accession.

TAFE supported the Afghan government in creating a legislative reform that consisted of 23 pieces of legislation, covering all WTO agreements. Throughout the lifespan of the project, TAFE held 33 WTO-related coordination events for 740 participants (640 men and 100 women) in roundtable discussions, inter-ministerial working groups, and seminars to support the Afghan government in drafting new legislation, revising existing legislation, finalizing legislative documents, and raising awareness of the legislation among stakeholders. Model legislation and provisions, as well as the experience of other countries in implementing reforms for WTO conformity with WTO requirements, were shared. Significant on-the-job training was provided to members of legislative working groups, as well as formal training events that were issue-focused.

During TAFE, the Afghan government sent 22 pieces of draft legislation to the WTO Secretariat for its review, and the project assisted the government in incorporating feedback on some of these official documents in revised drafts, 17 pieces of legislation to the Ministry of Justice, and three requiring only ministerial approvals. TAFE assisted ministries and government institutions, such as MAIL and the ACD, in preparing conformity charts that were attached to these drafts and showed how the legislation fulfilled WTO requirements. The exhibit below outlines the status of 26 pieces of legislation according to Afghanistan's WTO action plan as of July 28, 2013.

Following receipt of a country's application for membership, the WTO establishes a working party to examine the country's accession request and to follow the country's journey to accession. The working party meets periodically at WTO headquarters throughout the applicant country's accession process and is open to all WTO members. The working party allows members to conduct negotiations and reach agreements on the terms of the country joining the WTO. The working party ultimately submits its findings on the applicant country to the WTO General Council, which is the WTO's highest-level decision-making body, for approval.

With TAFE's continual support, Afghanistan had its first working party meeting in January 2011, its second meeting in June 2012, its third meeting in December 2012, and its fourth meeting in July 2013. Overall, WTO member countries, officials, and observer countries considered the working party meetings resounding successes. WTO members repeatedly commended Afghanistan on the high quality of its accession documents and reiterated a desire to fast-track Afghanistan's accession process.

TAFA assisted the Afghan government in submitting the complex documents required to launch the working party meetings, including responses to questions raised by working party members about the state of Afghanistan's trade regime, preparation of market access offers on services and goods imported by Afghanistan, and contributions to formal WTO reports on the progress of accession.

WTO accession involves member countries asking questions and obtaining clarifications on the applicant country's trade policies and institutions to ensure they are in conformity with the WTO. TAFA worked with Afghan government stakeholders to answer four sets of questions from numerous working party members, such as the United States, Japan, Canada, Australia, and Chinese Taipei. Each set of questions contained detailed queries about Afghanistan's trade regime and required in-depth research and timely feedback from ministries and institutions.

TAFA also supported the Afghan government in contributing to WTO reports tracking the country's progress toward accession. With TAFA support, the government contributed to WTO's Factual Summary of Points Raised on Afghanistan, a summary of the country's progress. It was based on Afghanistan's formal replies to questions from working party members, discussions during the first working party meeting, and information in Afghanistan's Memorandum on the Foreign Trade Regime, a document the government submitted in March 2009 that described all aspects of the country's trade and legal regime.

Milestones toward WTO Accession	
November 2004:	The Afghan government submits its application for WTO accession.
December 2004:	The WTO grants Afghanistan observer status.
December 2004:	The WTO establishes a working party for Afghanistan.
March 2009:	The Afghan government submits its memorandum on the foreign trade regime to WTO.
2010:	Afghanistan accelerates progress toward accession with TAFA support. The government develops a legislative reform plan, begins preparing its initial market access offer on goods and services and undertaking necessary institutional reforms.
July 2010:	The government replies to questions of WTO members.
January 2011:	The WTO holds Afghanistan's first working party meeting.
October 2011:	The government replies to questions of WTO members.
June 2012:	The government submits its initial market access offer on services to WTO.
June 2012:	The WTO holds the second working party meeting. The government engages in its first round of bilateral negotiations.
October 2012:	The government replies to questions of WTO members.
November 2012:	The government submits its initial market access offer on goods to the WTO.
December 2012:	The WTO holds Afghanistan's third working party meeting.
March to June 2013:	The government replies to four rounds of questions of WTO members.
April 2013:	The government engages in bilateral negotiations with WTO members on market access for goods and services.
July 2013:	The WTO holds Afghanistan's fourth working party meeting.

As a result of TAFE's support to the Afghan government in preparing the document, the WTO published Afghanistan's Factual Summary in May 2012, much earlier than usual in the accession process; a factual summary is typically only published after an applicant country's third working party meeting. The factual summary served as a basis for negotiations during the second working party meeting.

As a result of TAFE's support to the Afghan government, the WTO turned Afghanistan's factual summary into the Elements of Draft Working Party Report in May 2012. This document served as the basis for Afghanistan's third working party meeting. The Elements of Draft Working Party Report incorporated Afghanistan's Factual Summary, its Memorandum on the Foreign Trade Regime, answers to the latest questions from WTO members, and commitments Afghanistan made to remove WTO inconsistencies. The Elements of the Draft Working Party Report marked another achievement for Afghanistan and another sign of WTO members' desire to fast-track Afghanistan's accession, because the report is usually prepared after the fourth working party meeting. The factual summary evolved into the Draft Working Party Report in June 2013. Afghanistan completed in a little more than a single year a process that takes up to five years for most countries seeking WTO membership.

In addition to preparing documents that enabled the proceedings of the four working party meetings, TAFE worked with the government to develop market access offers that would pave the way for WTO bilateral negotiations on the entry of goods and services into Afghanistan. Market access for goods and services refers to the extent to which an imported good or service can compete in another country with the goods or services made in that country. Market access refers to tariffs in the case of goods, such as agricultural and industrial items, and regulations and conditions in the case of services, such as banking and telecommunications. Acceding countries submit their initial market access offers on goods and services to the WTO for review by its members and then engage in bilateral negotiations to finalize the market access terms.

The process of preparing initial market access offers on goods and services is complicated and lengthy, requiring an in-depth understanding of forms, formalities, and negotiations as well as intense consultations with stakeholders. To facilitate preparation of the initial market access offers on services and goods, TAFE provided extensive training throughout 2012 to assist Afghanistan's public and private stakeholders in understanding the required forms, formalities, and negotiations; WTO agreement; commitments and expectations of other WTO countries; and international trends in a wide array of goods and services. TAFE supported establishment of numerous private-public sector working groups and facilitated their work in formulating initial offers that were well received by WTO members and below the threshold for least-developed countries.

TAFE supported the Ministry of Commerce and Industries in finalizing Afghanistan's initial market access offer on services through on-the-job training, extensive consultations with ministries and the private sector, an observation tour in Nepal, and a three-week workshop for Afghan officials in March 2012. TAFE worked with Afghan

officials during the workshop to complete the initial services offer, including the horizontal section, which contains items that apply across all sectors; and sector-specific sections, which contain items that apply only to a particular service.

As a result of TAFE's efforts, the Afghan government beat its target for submission of the services offer, sending the complex document to the WTO in June 2012 rather than at the end of 2012 as planned. WTO working party members welcomed the coverage and depth of Afghanistan's initial market access offer. Since then, Afghanistan has held four rounds of bilateral market access negotiations on services with the United States and two rounds with all other countries (European Union, Canada, Japan, Chinese Taipei, and Norway) that are interested in services. As a result, Afghanistan has made about 40 improvements to the satisfaction of these countries. The horizontal part of the services offer has been completed, including movement of natural people as it related to intra-corporate transferees, executives, and specialists. Investment restrictions have been eliminated from the offer. Afghanistan has made about 100 commitments, more than the average number of commitments (80) made by developing countries. These include commitments in the following service sectors: banking, insurance, professional services, telecommunications, air transport, environment, courier, construction, education, audiovisual, health, tourism, and travel, and service auxiliary to all modes of transport. Afghanistan achieved in one year what has taken five years on average by other countries. Throughout this process, TAFE provided continual support through providing research and analysis to build confidence for greater liberalization. Negotiations on services were completed with all concerned countries except for final confirmation on two items by the United States and the European Union.

In November 2012, Afghanistan submitted its market access offer on goods after extensive consultations with stakeholders supported by USAID through more than a dozen workshops. The initial offer was well received by working party members, given that it is significantly below the threshold for least-developed countries and that it covered key sectoral initiatives, such as the Information Technology Agreement, Civil Aircraft Agreement, and Chemical Harmonization Agreement. Four rounds of bilateral market accession negotiations have been held with the United States, three rounds with the European Union, Japan, Turkey; and two rounds with Chinese Taipei, Thailand, Canada, and Norway. As of end of June 2013, negotiations on agricultural and non-agricultural goods with Canada, Thailand, Norway, and Chinese Taipei were concluded. Negotiations on non-agricultural goods were completed with the United States and almost completed with the European Union.

Afghanistan has accomplished in eight months what has taken other countries on average eight years to achieve. The most challenging aspects of the goods market access negotiations remain those related to agricultural negotiations with the European Union and the United States and non-agricultural negotiations with Japan. Meetings at the margins of the July 25 working party meeting led to completion of non-agricultural negotiations with Japan and conclusion with the European Union on most agricultural goods except for two items. Discussions via digital video conference were expected in August with the European Union to conclude bilateral negotiations and with the United

States to advance discussions on non-agricultural goods. Negotiations related to non-agricultural goods with the United States were expected to be completed in early September 2013.

Exhibit 2. Bilateral Negotiations with WTO Members

WTO Member	Negotiations on Goods	Negotiations on Services
United States	X	X
Canada	X	X
Chinese Taipei	X	X
European Union	X	X
Japan	X	X
Norway	X	X
Thailand	X	
Turkey	X	

With TAFAs support, the Afghan government also completed the main form for launching agricultural plurilateral negotiations under the WTO, called “WT/ACC/4: Information to be Provided on Domestic Support and Export Subsidies in Agriculture.” The WT/ACC/4 form enables the classification and quantification of agricultural subsidies in the acceding country. To facilitate preparation of the form, TAFAs provided in-depth training throughout 2012 to assist stakeholders in understanding the WTO Agriculture Agreement, the WT/ACC/4 format and related terminology, classification of subsidies, and process of agricultural negotiations. TAFAs conducted multiple seminars with relevant ministries and assisted the Afghan government in finalizing the document, which the Ministry of Commerce and Industries submitted to the WTO Secretariat in October 2012. Given the low level of subsidies in Afghanistan, one plurilateral meeting probably will be sufficient. This first meeting took place at the margins of the fourth working party meeting in July 2013 and was sufficient for agreement on all issues concerning agricultural subsidies. This is another record-breaking achievement where negotiations usually take four to eight rounds. The following countries participated in the meeting: Australia, Brazil, Canada, China, Chinese Taipei, European Union, India, Norway, Turkey, and the United States. These members enthusiastically welcomed the commitments made by Afghanistan, particularly in binding agricultural export subsidies at zero.

The Afghan delegation had an impressive week (July 22-26, 2013) of WTO negotiations with three major breakthroughs:

- Plurilateral agricultural negotiations completed for agricultural domestic support subsidies and export subsidies
- Bilateral negotiations with Canada on agricultural and non-agricultural goods and services concluded and bilateral protocol signed
- Bilateral negotiations with Japan on non-agricultural goods and services concluded and bilateral protocol signed

As for other bilateral negotiations:

- *Chinese Taipei and Thailand.* Negotiations completed pending formalities in capitals for approving draft protocols prior to signing.
- *Norway.* Negotiations completed, protocol to be signed after summer recess.
- *European Union.* Negotiations on non-agricultural products and services completed pending confirmation of three final items by Brussels. As for agriculture, only two items are pending revised offer from Afghanistan. EU negotiations probably expected to be concluded by mid-August.
- *United States.* Non-agriculture negotiations completed. Services completed pending confirmation of two items by the Washington, D.C. As for agriculture, negotiations to continue during first two weeks of August.
- *Turkey.* List narrowed pending revision by Ankara.

The working party meeting was productive. Afghanistan reconfirmed its commitment to adopt all WTO-related legislation before the date of accession and address WTO-inconsistent measures, including fees. Trade-related investment measures were raised and Afghanistan promised to address this issue at the Parliament where the draft was undergoing changes. The Draft Working Party Report was well received.

Countries were to submit questions in writing to Afghanistan by August 16. Afghanistan to reply as soon as possible in a manner to allow update of the Draft Working Party Report by early September and to allow for the next working party meeting by late September.

Afghanistan committed to conclude all bilaterals by mid-August and to work on consolidating schedules of concessions and commitments for review by members in early September 2013. The target is to have the accession package ready for consideration by members in October 2013 for possible adoption in Bali in December 2013.

More than 30 members attended the meeting and more than 20 delivered statements. Almost all countries called for concluding accession for consideration in Bali. The chairperson indicated that Bali was still within reach for Afghanistan but a lot of work remains. There was no objection during the meeting by any country as far as Bali as the target date.

Beyond coordinating stakeholders, educating them, and enabling consensus on key WTO documents, TAFE supported Afghanistan in demonstrating a commitment to establishing institutional reforms necessary for WTO accession. In 2012 and 2013, TAFE supported Afghanistan in preparing for establishment of national notification and enquiry points that will enable the country to notify WTO members of changes in measures related to technical barriers to trade, food safety, and animal and plant health and to respond to requests for information on such measures.

TAFE held four workshops and working group meetings for 98 participants (84 men and 14 women) on establishing a sanitary and phytosanitary (SPS) enquiry and notification point at the MAIL. Under WTO's Agreement on SPS Measures, a member government is required to notify other countries of new or changed SPS measures and must respond to

requests for information on new or existing measures on SPS regulations, control, and inspection procedures, quarantine treatment, and other topics related to food safety and animal or plant health.

TAFA also held multiple workshops and working group meetings on establishing the Technical Barriers to Trade (TBT) enquiry and notification point at ANSA. Under the WTO Agreement on TBT, a member government is required to notify other countries of new or changed TBT-related measures and must respond to requests for information on new or existing TBT-related measures, such as technical regulations, standards, and conformity assessment procedures.

TAFA also supported the Afghanistan National Standards Authority to build staff capacity and create standards so that Afghan producers provide high-quality products and services that satisfy customers and international regulatory requirements. TAFA worked with ANSA to design a new website for the agency. The website will enable ANSA to provide information on technical issues, technical regulations, conformity assessment procedures, approved national standards, and other issues. In addition, the website will connect ANSA's TBT enquiry and notification point with the WTO's TBT enquiry and notification point and with international and regional standards organizations. TAFA also guided the process for applying for full ISO membership.

With TAFA support, the Afghan government was able to show its progress in establishing the TBT and SPS enquiry and notification points at its third working party meeting in December 2012 and its fourth working party meeting in July 2013. ANSA and MAIL have designated staff to manage the respective notification points, guided by procedural manuals developed with support from TAFA.

TAFA established a sustainable ACD statistics unit to build its capacity to report on trade figures that would assist in WTO negotiations. In addition to multiple, targeted seminars on statistics, tariffs, and economic forecasting, TAFA supported the ACD in designing and publishing annual and quarterly reviews to evaluate revenue, tariff, and trade in Afghan year 1389 (Gregorian calendar: March 21, 2010 - March 20, 2011).

Afghanistan committed in its WTO accession process to apply for membership to the International Plant Protection Convention. The WTO and the International Plant Protection Convention, which sets standards for plant health measures, collaborate on the use of international plant protection standards in the context of the WTO's SPS Agreement. TAFA developed a roadmap to assist Afghanistan in joining the convention, including drafting a letter to be signed by the minister of agriculture, irrigation and livestock requesting that Afghanistan become a member and preparing the government's application. As a result of TAFA support, Afghanistan became in June 2013 the 179th contracting party to the International Plant Protection Convention, an important milestone for the country due to its reliance on agricultural trade.

SNAPSHOT

Speaking the Global Language of Trade

Countries have traded across borders for centuries, but today they are required to adopt a complex coding system that serves as the international language of trade. Afghanistan has adopted the latest changes to that intricate system, enabling the country to continue participating in the global economy.

The system, known as the Harmonized Commodity Description and Coding System, is used by more than 190 countries. More than 98 percent of the world's traded goods — ranging from basic items such as live animals to complicated products such as machinery or medical devices — have a code. The code is used to classify exports and imports and determine the level of duty on imports.



A Kabul shop owner holds a pomegranate, one of Afghanistan's most lucrative exports. Afghanistan has adopted the latest international system for coding exports and imports and for identifying appropriate tariff rates.

The code is updated every five years to take into account new developments such as the trade volume of certain items, technological innovations, and recently introduced chemicals. With all countries involved in global trade required to have the latest coding system, Afghanistan faced the challenge of converting from a system implemented in 2007 to the new 2012 system.

“This system is very important,” said Sarwar Siddiqi, tariff and valuation director of the Afghanistan Customs Department. “It allows us to more efficiently trade with other countries and ensures we charge the correct tariffs on imports.”

With TAFa support, the ACD started work in late 2011 transitioning to the new system. By March 2012, Afghanistan was among the first countries to adopt the system and also tailored the system to meet specific needs. Afghanistan's system has two columns, one for countries such as India and Pakistan that enjoy preferential tariffs under the South Asian Free Trade Area agreement that Afghanistan has signed, and another column for all other countries.

“This was a very complex process. The system has more than 5,000 goods and associated tariffs,” said Mr. Siddiqi. “But we did it, and we can now continue trade with the rest of the world. We have proven we are part of the global marketplace.”

SNAPSHOT

Going Global With his Afghan Mission

After spending years working in Kabul to turn Afghanistan into a global market player, Safir Sahar has taken his mission to the next level. In August 2012, the former USAID project employee began working to promote his country's economic interests as Afghanistan's first commercial attaché in Geneva, home to the World Trade Organization and hundreds of major multinational corporations.

"Afghans will never have political independence unless we have economic and financial independence," said Safir as he began his new job.

In support of his goal of a prosperous Afghanistan, Safir helped lead TAFE as deputy chief of party for more than a year and as TAFE senior trade and customs advisor before that.

At TAFE, Safir served as a senior Afghan negotiator in the finalization of the Afghanistan-Pakistan Transit-Trade Agreement. He celebrated the conclusion of that landmark agreement in Islamabad in the presence of world leaders such as U.S. Secretary of State Hillary Clinton and former Pakistani Prime Minister Yousaf Raza Gilani. Safir was also a driving force at TAFE behind Afghanistan's journey to WTO accession and participated in two key WTO meetings in Geneva to support Afghan officials in their negotiations.



Safir Sahar, former TAFE deputy chief of party, became Afghanistan's first commercial attaché in Geneva.

"TAFE is really helping Afghans build their capacity, and I am one example of that," Safir said. "I have learned a lot."

In July 2012, Safir was appointed by presidential decree as the Afghan government's first commercial attaché to Switzerland. He is also serving as a trade representative to the WTO on behalf of the Afghan government and sees WTO accession as one of his primary goals in his new job.

"WTO accession is vital for our economy," said Safir. "It will open the door to the rest of the world for Afghanistan."

WTO accession requires intensive collaboration among numerous public and private entities. Throughout its more than three-year lifespan, including more than a year with a component entirely focused on broad outreach to the public, TAFa pursued efforts to build knowledge and awareness of the WTO and Afghanistan's accession process to increase coordination and support among the government, the private sector, and the Afghan public. TAFa organized a study tour to the WTO in Geneva for a high-level Afghan delegation in September 2010 and to Nepal, a recent WTO member with many similarities to Afghanistan, in January 2012. TAFa held 357 discussions, roundtables, workshops, and seminars to raise awareness among public and private stakeholders (9,093 participants, including 6,793 men and 2,300 women) of the importance of WTO accession, explain specific aspects of WTO, and present other agreements that help to facilitate trade in Afghanistan.

Regional Integration and Cooperation

During the last three years, TAFa has assisted Afghanistan in at least a dozen key regional integration initiatives. These include

- Ratification and implementation of the South Asian Association for Regional Cooperation (SAARC) SAFTA, including development and execution of the trade liberalization program, reduction of SAFTA sensitive lists, and notification
- Acceptance and ratification of the SAARC Agreement on Trade in Services (SATIS)
- Negotiations and implementation of key aspects of the APTTA
- Diagnostics to expand APTTA to include Tajikistan (Pakistan-Afghanistan-Tajikistan Transit Trade Agreement)
- Negotiations of the Central Asia Regional Economic Cooperation Program CBTA for Corridor 5
- Support toward signing by Kyrgyzstan and ratification of the Accession Protocol of Afghanistan to CBTA by Kyrgyzstan
- Support to facilitate implementation of key aspects of CBTA
- Preparation of transit and transport and trade and transit agreements between Afghanistan and Turkmenistan
- Preparation of trade and transit agreement between Afghanistan and Uzbekistan
- Facilitation of customs mutual assistance agreement between Afghanistan and Tajikistan
- Facilitation of customs mutual assistance agreement between Tajikistan and Kyrgyzstan

Other support was provided in connection with the Economic Cooperation Organization, Aid-for-Trade initiative under the U.N. Special Programme for the Economies of Central Asia, and Regional Economic Cooperation Conference on Afghanistan.

TAFA has completed:

- A gap analysis for implementation of CBTA in Tajikistan
- A gap analysis for implementation of CBTA in Kyrgyzstan
- A feasibility study for joint border controls between Afghanistan and Tajikistan along Corridor 5
- Draft legislation addressing the status of the Karmyk border crossing between Kyrgyzstan and Tajikistan
- Profiling of trade measures in Tajikistan
- Profiling of trade measures in Kyrgyzstan
- Surveying trade and transit fees and taxes in Tajikistan
- Surveying trade and transit fees in Kyrgyzstan
- Identifying and documenting major cross border bottlenecks on the Tajik side with Uzbekistan; development of MOUs between Afghanistan and Tajikistan on electronic exchange of information, cross-border cooperation, harmonization of border hours of operation, simplification of documents and procedures, and confidentiality and protection of information
- A similar MOU between Tajikistan and Kyrgyzstan covering in addition joint border controls
- An MOU for a joint business council between chambers of commerce of Afghanistan, Tajikistan, and Kyrgyzstan
- Development of a system allowing electronic data interchange between Afghanistan and Tajikistan
- Conducting a compliance assessment with standards of the Revised Kyoto Convention for Afghanistan, Kyrgyzstan, and Tajikistan

The MOUs have been well received by customs authorities of all three countries. Tajikistan has agreed to launch implementation of initiatives identified by TAFA to resolve problems hindering cross-border trade. TAFA assisted with development of regulations to facilitate trade and transport under TIR in Tajikistan.

Afghanistan-Pakistan Transit Trade Agreement

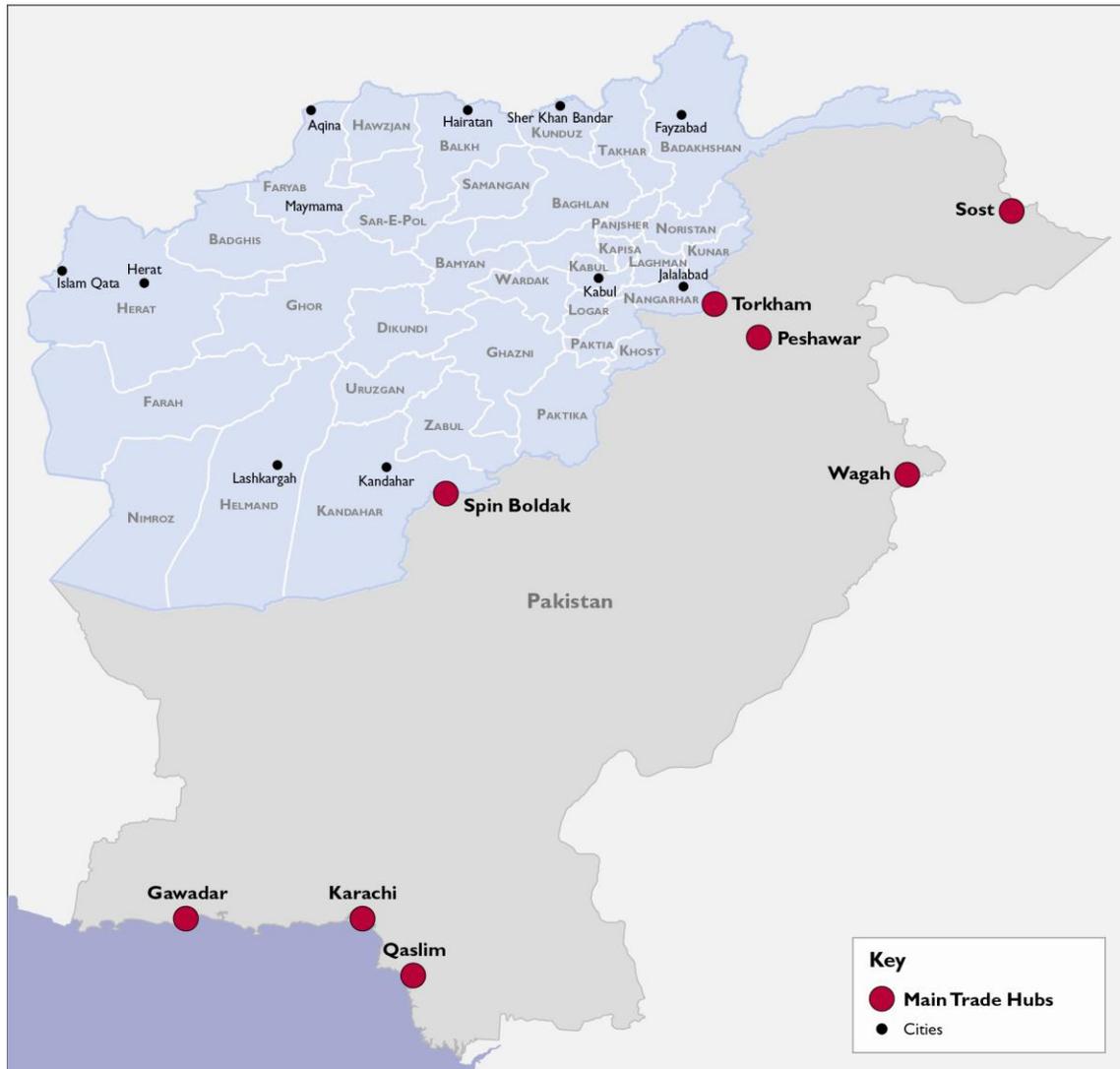
Secure and stable transit and access to the sea are critical for trade and economic development for a landlocked country. For Afghanistan, Pakistan is the most important transit country through which it can have the shortest access to seaports and to the huge markets of India and China.

With significant support from TAFA, the Afghan and Pakistani governments signed the APTTA on October 28, 2010, and the Afghan government ratified the agreement on January 7, 2011. The APTTA replaced an outdated 1965 transit agreement and updated

and improved the joint transit system to reflect current economic conditions, infrastructure, technology, and transport practices.

The increased freedom of transit provided by the APTTA will link Pakistan to the Central Asian countries of Uzbekistan, Tajikistan, Turkmenistan, and beyond. Pakistan will benefit from improved access to raw materials from Central Asia. Similarly, the APTTA links Afghanistan to the world via three Pakistani seaports — Karachi, Qasim, and Gwadar — where Afghan trucks can load goods and return with imports from third countries or Pakistan.

Exhibit 3. Main Trade Hubs under the Afghanistan-Pakistan Transit Trade Agreement



In support of the implementation of the APTTA, TAFa was instrumental in facilitating establishment of the Afghanistan Pakistan Transit Trade Coordinating Authority, which was designed to allow the Pakistani and Afghan governments to resolve issues on the APTTA and oversee its implementation. In partnership with the Ministry of Commerce and Industries, TAFa developed an Afghanistan Pakistan Transit Trade Coordinating Authority inception paper, which was discussed among stakeholders in Afghanistan during a series of roundtables. This discussion resulted in a proposal submitted by Afghanistan to Pakistan, leading to establishment of the authority in February 2011.

Afghanistan finalized the draft rules and forwarded them to Pakistan in June 2011. The Afghanistan Pakistan Transit Trade Coordinating Authority has met three times, in February 2011, June 2011, and October 2012. TAFa supported the Afghan government in these meetings, coordinated with USAID's Pakistan Trade Project on APTTA issues, and provided background materials for facilitating dialogue between the countries. In addition, related sub-working group meetings were convened by the customs administrations of each country and an ad hoc ministerial-level meeting was conducted in September 2011.

South Asian Free Trade Area Agreement

On January 7, 2011, the same day the APTTA was ratified, Afghan President Hamid Karzai ratified SAFTA, and the agreement came into effect on August 7, 2011. SAFTA is a regional free trade agreement by Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. These countries form SAARC. The South Asian nations are among Afghanistan's most critical trading partners; Pakistan and India alone account for 52 percent of Afghanistan's exports. The agreement provided Afghan producers with greater and more consistent access to SAFTA countries' markets and provided consumers with greater access to affordable, imported products.

To support SAFTA ratification and implementation, TAFa conducted a variety of activities, including measuring the potential benefits of SAFTA, reaching out to Parliament and decision-makers about SAFTA, and introducing SAFTA to traders, government employees, and journalists who could relay the information to the public.

In 2010, TAFa estimated that the reduction of India's sensitive list could reduce expenses for Afghan exporters by \$15 million a year. One quarter of Afghanistan's exports go to India. Fruit, nuts, and raisins make up more than 95 percent of the exports. With India's trade liberalization efforts, Afghanistan's fruit and nut exports to India could rise by 13 percent and raisin exports could increase more than 20 percent. SAFTA implementation has the potential of increasing exports by 20 percent (or \$33 million), which would increase the country's gross domestic product by 1.2 percent (\$165 million) annually. In 2010 and 2011, Afghanistan's fertile northern grape fields were affected by a crop disease, followed by an unusually high rainfall that led to a fall in crop yields for grapes and a resulting decrease in grape exports by \$40 million. However, in 2012, Afghanistan's exports to India rose about 50 percent (or \$30 million) from 2011.

Under SAFTA, India is providing duty-free access to all Afghan exports except alcohol and tobacco. SAFTA is paving the way for 0 to 5 percent tariffs to the South Asian members for all Afghan exports not on the countries' sensitive lists, which are lists of products of special interest to the member countries that are exempt from low SAFTA tariffs. To aid in the economic development of certain countries, the members can have different lists for least-developed countries, which include Afghanistan, Bangladesh, Bhutan, the Maldives, and Nepal; and non-least-developed countries, which are India, Pakistan, and Sri Lanka.

The new sensitive lists for SAARC countries came into effect in January 2012, leading to greater liberalization of trade among the countries. India reduced its sensitive list for Afghanistan and other least-developed countries by almost 95 percent, from 480 items to 25 tobacco and alcohol products, making all of Afghanistan's exports to India duty-free. TATA assisted Afghanistan in reducing its sensitive list by 20 percent for trading under SAFTA.

South Asian Agreement on Trade in Service

With TATA support, Afghanistan became a signatory of SATIS in April 2010, and the Afghan government ratified the agreement in September 2012. SATIS focuses on trade in services among SAARC members.

TATA worked with the Ministry of Commerce and Industries to promote the need for SATIS ratification and held multiple meetings to educate stakeholders on SATIS and its benefits. TATA completed preparation of an analytical paper on SATIS that highlighted potential benefits. The Ministry of Commerce and Industries used the paper to develop talking points and policy notes to advance ratification of SATIS and educate stakeholders about SATIS and its importance.

Cross-Border Transit Agreement

TATA worked to strengthen trade relationships between Afghanistan and the Central Asian Republics. In November 2011, Afghanistan signed the CBTA with Kyrgyzstan and Tajikistan under the framework of the Central Asia Regional Economic Cooperation Program. The program includes Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

TATA provided guidance and support in the Afghan government's membership in CBTA, including highlighting its benefits, summarizing the requirements for implementing the agreement, and advising on the most appropriate instrument for accession to this agreement. The CBTA aims to facilitate movement of goods, vehicles, and people along Corridor 5 of the Central Asia Regional Economic Cooperation Program, which promotes cooperation and development in Central Asia.

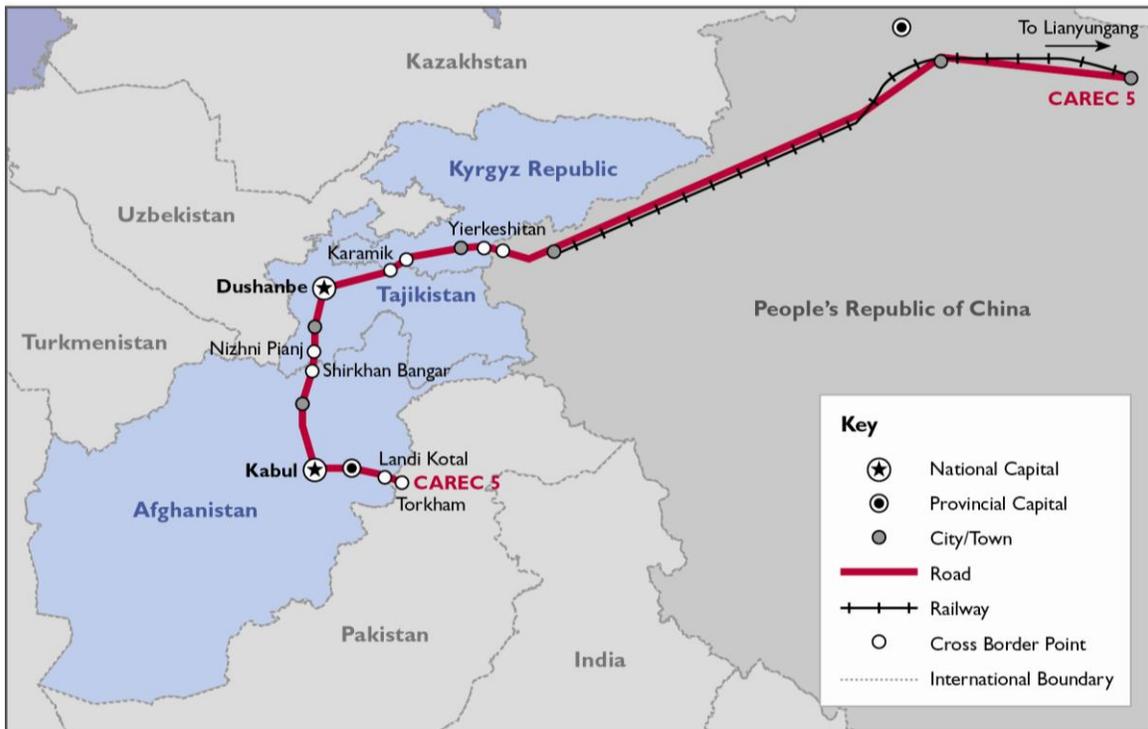
Afghanistan submitted the draft transit and transport agreement to Turkmenistan in April 2013 and intends to submit the trade and transit agreement to Uzbekistan in July 2013.

Afghanistan has started informal consultations with Tajikistan on the Pakistan-Afghanistan-Tajikistan Transit Trade Agreement.

With the support of TAFE, Kyrgyzstan is signing the Protocol of Accession of Afghanistan to the CBTA Corridor 5. The next steps are the signing of the Russian version by Afghanistan and Tajikistan and ratification by all three countries. The coming into force of the agreement will automatically eliminate a number of barriers, including movement of trucks across borders without need for transshipment. It will also enable the launching of reforms called for by the CBTA, the ground/preparatory work for many of which has been completed by TAFE as indicated above.

Starting from Torkham, Afghanistan, at the border of Pakistan, the corridor goes through Jalalabad to Kabul, Kunduz, and Shir Khan Bandar. It passes through Kurgan Tyube, Dushanbe, and Karamik from the border crossing of Nizhni Pianj in Tajikistan. It also runs to the border of China via Kyrgyzstan's Karamik, Sary Tash, and Irkeshtam.

Exhibit 4. Central Asia Regional Economic Cooperation Program Corridor 5



The CBTA gives participating countries access to streamlined customs inspections protocols and reduced obligations, such as the need to transfer shipments between vehicles at border crossings. Although Tajikistan and Afghanistan had signed Afghanistan's protocol of accession to the CBTA in 2011, Kyrgyzstan had to complete internal approval procedures before signing Afghanistan's protocol of accession.

In November 2012, TAFE embedded project staff in Tajikistan and Kyrgyzstan to work with the Kyrgyz and Tajik governments to implement the CBTA among the three

countries. TAFE worked consistently with the Kyrgyz government to address questions on Afghanistan's protocol of accession and to revive the approval process for the protocol. As a result of months of TAFE's efforts, the Kyrgyz Cabinet of Ministers completed the approval process for Afghanistan's protocol on accession, and the Kyrgyz prime minister signed an order on May 31 authorizing the Kyrgyz minister of transport to sign the protocol. Following the signing, TAFE will facilitate a re-signing by Tajikistan and Afghanistan of the Russian version of the protocol, which was edited to comply with the English version.

TAFE completed a gap analysis for Tajikistan and Kyrgyzstan describing the current status and prioritized actions required to implement the CBTA. To implement the CBTA, TAFE assisted in preparing and promoting draft amendments on a change in the status of the Karamyk border crossing point (BCP) between Tajikistan and Kyrgyzstan from bilateral to international. TAFE submitted the amendments for review to the Kyrgyz Ministry of Economy. This is a key issue for implementation of the CBTA and will enable third-country transits across the border. TAFE also worked on facilitating joint border controls between Tajikistan and Kyrgyzstan at the Karamyk BCP.

TAFE facilitated discussions on an MOU drafted by TAFE on information exchange and harmonization between the Afghan and Tajik customs departments. The MOU will establish a basis for enabling development of an information exchange mechanism such as electronic data exchange. TAFE also submitted a draft mutual assistance agreement on customs cooperation between Afghanistan and Tajikistan to the ACD, which supported the document. The mutual assistance agreement is awaiting meetings between heads of customs, tentatively scheduled in September 2013.

In May 2013, TAFE completed an assessment of compliance of the Tajik and Kyrgyz customs codes with the Revised Kyoto Convention, an international convention that addresses simplification and harmonization of customs procedures. The customs laws of Afghanistan, Kyrgyzstan, and Tajikistan have varying degrees of adherence to the Revised Kyoto Convention, and the first step to implementing customs reforms for the three countries is ensuring adherence to the convention.

According to TAFE's assessment, the customs law of Kyrgyzstan and Tajikistan are largely compliant with general standards of the revised Kyoto Convention. Afghanistan's customs legislation, however, needs improvements to comply with the Revised Kyoto Convention. The report offered recommendations for improvement of the customs legislation of the respective customs administrations as necessary.

In support of CBTA implementation, TAFE completed a feasibility study for establishing a joint border post between Tajikistan and Afghanistan at the Shirhan Bandar-Nijni Pyange BCP. In partnership with the ACD and Tajik customs, TAFE collected information about equipment, such as scanners, on both sides of the border to make recommendations to share and maximize use of available equipment by both countries. In coordination with Tajik customs authorities, TAFE also compiled a catalogue of all trade procedures in Tajikistan, including required steps and documents, fees, and time required

so that Tajik Customs can post these schedules, as well as a phone number for complaints, at border crossing and clearance points. TAFa worked with Afghan and Tajik traders to prepare a note highlighting the top six problems and possible solutions for traders in Tajikistan and recommendations to address these problems.

In an effort to promote transit and trade with its other neighboring countries in Central Asia, TAFa assisted the Afghan government in preparing an initial draft transit and trade agreement, as well as a transit and transport agreement, between Afghanistan and Turkmenistan and a draft trade and transit agreement between Afghanistan and Uzbekistan. These agreements were based on CBTA in response to mutual interest in closer trade relations and facilitation of trade and transit. The Afghan government shared the draft agreements with Turkmenistan in April 2013 for launching negotiations. Afghanistan plans to submit in August 2013 the draft agreement on trade and transit with Uzbekistan to that country for consideration.

TAFa also conducted an in-depth analysis between transport routes to and from Afghanistan to link with Europe and the Mediterranean basin. According to TAFa's analysis, Turkmenistan is the best transit option to link Afghanistan to Europe and the Mediterranean. Turkmenistan is Afghanistan's most efficient route to European markets, according to an analysis by TAFa. Analysis excluded the Iran-Turkey route, which could be equally competitive.

Transport Corridor Europe-Caucasus Asia

The Transport Corridor Europe-Caucasus-Asia is an EU-funded technical assistance program for development of the transport corridor between Europe and Asia across the Black Sea region, Caucasus, and Central Asia. Throughout the second half of 2012, TAFa facilitated the process of the Afghan government joining the program. The Afghan embassy in Azerbaijan, which is the program's depositary, worked with the Ministry of Foreign Affairs of Azerbaijan to secure a non-objection from Iran, the only country that has not provided its non-objection to Afghanistan joining. Once Iran's non-objection is secured, Afghanistan will be able to join in September 2013. The program's secretariat in Baku, Azerbaijan, has indicated it is optimistic that this will happen.

COMPONENT II. CUSTOMS REFORM

Since the project's start in late 2009, TAFAs customs reform component assisted the ACD in developing and implementing a strategic plan aimed at boosting revenue collection, reducing corruption, and facilitating trade. Customs revenue accounts for almost 50 percent of all government revenue and is essential for Afghanistan's economic growth. Increased trade and increased sustainable revenue are key to reducing the Afghan government's financial dependence on the international community.

The ACD's management team had been aware that customs reforms were needed, but the officials lacked experience of international best practices. With expatriate and national staff embedded at the ACD in Kabul headquarters and in Hairatan, Jalalabad, and Herat, TAFAs continually guided the ACD through development of plans designed to improve customs activities and increase revenue while facilitating trade. In collaboration with a variety of donors, TAFAs helped develop and implement a wide-ranging set of reform initiatives to reduce the time and cost of trading across Afghanistan's borders and to improve controls and revenue.

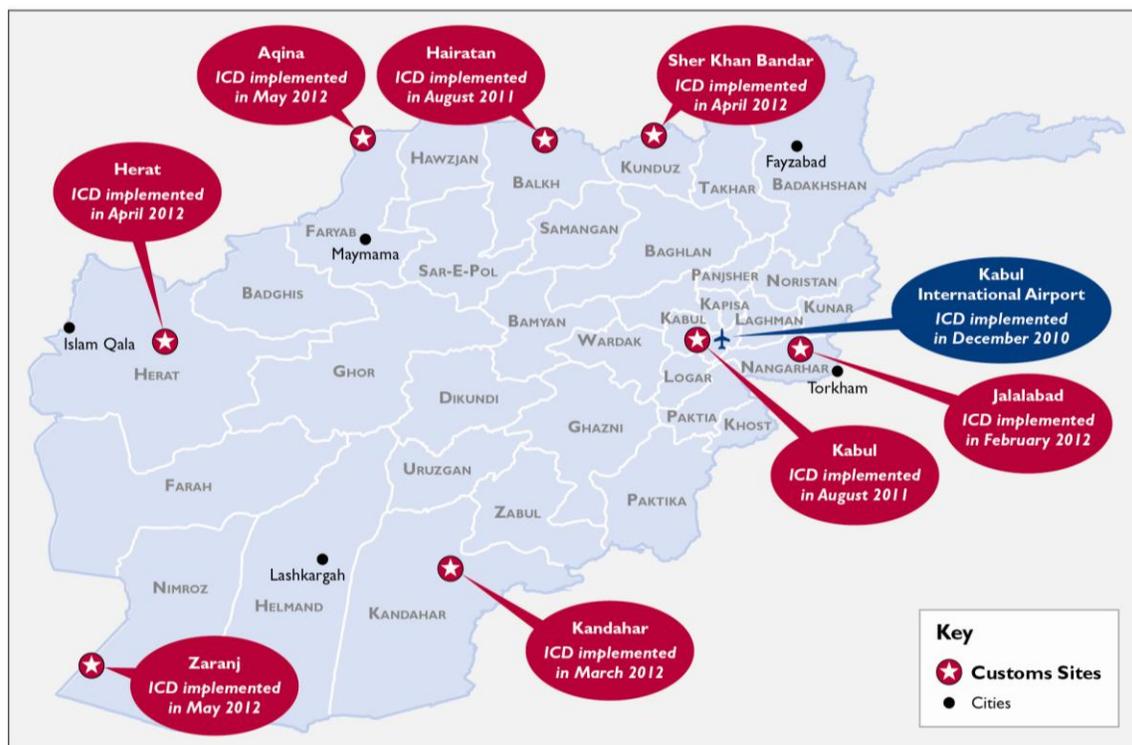
Streamlined Customs Procedures

Streamlining customs procedures increases the speed of international trade, allows the private sector to get products to market faster and, in turn, sell them sooner and reinvest more quickly; this leads to more revenue for the government and creates more jobs. Streamlining customs procedures was one of TAFAs main objectives of TAFAs and is a key component of Afghanistan's economic growth.

TAFAs worked with the ACD to streamline the country's customs clearance procedures during the lifespan of the project. TAFAs began the process with a diagnostic review of the clearance processes for imports at the Kabul ICD, which is an inland customs location where cargo, in particular containers, is cleared by Customs. Together, TAFAs and the ACD identified redundant steps that needed to be removed from the clearance processes and created a timeframe for incremental implementation of the remedies. The solutions resulted in a blueprint for import clearance procedures, which the ACD authorized for national implementation in May 2012, and the blueprint was initially implemented at the Aquina, Khost, and Zaranj ICDs.

In partnership with the ACD, TAFAs streamlined customs procedures at Afghanistan's seven additional ICDs that operate the Automated System for Customs Data (for a total of 10 ICDs across Afghanistan), including Kabul International Airport in December 2010, the Kabul ICD and the Hairatan ICD in August 2011, the Jalalabad ICD in February 2012, the Kandahar ICD in March 2012, and the Herat and Sher Khan Bandar ICDs in April 2012. Throughout the process, TAFAs briefed traders, trade representatives, and Customs officers at each site to ensure that they had a thorough understanding of the benefits of the reforms.

Exhibit 5. Customs Sites with Streamlined Customs Procedures



TFA monetized the benefits of the new procedures at six ICDs: Jalalabad, Herat, Hairatan, KIA, Kandahar, and Kabul ICD. TFA estimated that Afghan traders and the government have saved \$38.2 million with the streamlining procedures at the six sites alone. TFA monitored compliance with the national blueprint, discovered that compliance was lacking in some locations, and reported gaps in compliance to ACD headquarters. Full compliance at the six monetized ICDs would increase savings to \$42.9 million.

Exhibit 6. Monetized Benefits of Streamlined Procedures at Six Inland Clearance Depots

Location	Actually Implemented	If Fully Implemented	Number of Steps Removed	
			Recommended	Actually Removed
Jalalabad	\$20,200,847	\$24,994,902	18	13
Herat	\$10,250,000	\$13,300,000	12	9
Hairatan	\$2,122,714	\$2,181,415	14	13
KIA	\$800,326	\$816,880	13	12
Kandahar	\$1,135,358	\$1,666,118	13	9
Kabul ICD	\$3,696,634	Not yet analyzed	10	7
Totals	\$38,205,877	\$42,959,315		

In partnership with the ACD, TFA continually monitored implementation of the streamlined clearance procedures and reported instances of non-compliance to top management for further action. TFA also developed two templates that allowed the ACD to check that the ICDs were adhering to the blueprint for streamlined procedures.

Customs Intelligence Measures

One of the keys to customs reform is the intelligent use of resources to empower administrations to facilitate trade while retaining appropriate levels of compliance. For managers to make the correct decisions on resource allocation, they must be fully informed of the risks. The previous intelligence team at ACD headquarters had no basic knowledge of intelligence management and was unable to analyze risk information. TAFa undertook a comprehensive assessment of current capacities and produced a report outlining necessary changes. As a result, two new units were developed, the Operational Intelligence Unit and the Central Intelligence Unit. The Operational Intelligence Unit deals with all informant-based intelligence. As a result, the ACD, with support from the NATO Training Mission-Afghanistan and the Ministry of Interior National Targeting and Exploitation Center, created a modern intelligence facility at ACD headquarters. Through a partnership with the NATO Training Mission-Afghanistan, TAFa assisted in securing more than \$200,000 of computer equipment and software for use by the Central Intelligence Unit. TAFa ensured that data-mining software and residential training courses on intelligence and data mining were included with the equipment. As well, TAFa secured ACD staff residential training at the Police National Intelligence College managed by the Ministry of Interior, and all new intelligence staff were security checked and polygraph tested.

SNAPSHOT

Traders Benefit from Customs Reforms

Afghan traders in Herat are applauding major steps by the ACD to streamline customs procedures along the border. The traders said more efficient import and export procedures were speeding trade, decreasing costs, and enabling them to pass on lower costs to Afghan consumers.

“This has had a positive impact on our business,” said Ahmad Wali, a shareholder of Etemad Co. Ltd., which imports tires from China and Japan and blankets from China and South Korea. “Before, we were required to spend a lot of time and money on customs clearance. Now within a few hours, Customs is releasing our containers, which is a big step toward more and cheaper imports into Afghanistan.”

The streamlined efforts in Herat are part of the ACD’s nationwide effort to transform clearance procedures from a lengthy, bureaucratic process that ties up exports and imports to an efficient, modern process that will boost trade, increase customs revenue, and strengthen Afghanistan’s economy.

In support of this effort, the ACD has created a blueprint to standardize customs procedures at inland clearance depots. With TAFE support, the ACD has rolled out the blueprint at the Jalalabad ICD, Kandahar ICD, Kabul International Airport, Kabul ICD, Hairatan ICD, Sher Khan Bandar ICD and most recently at the Herat ICD. Mr. Wali is not the only trader in Herat seeing the benefits just two months after implementation.

Haji Abdul Rahman, owner of Bashiri Co. Ltd., echoed that sentiment. Bashiri imports oil and generators from the United Arab Emirates, United Kingdom, Italy, and China. He said that his company had endured lengthy, expensive delays at the border, forcing the company to pass on the costs to Afghan customers to keep afloat.

“Now we will import more and more products, which will increase government revenue because we will pay more customs and taxes to the government,” said Haji Rahman. “Meanwhile, we can sell our products to the Afghan people at a better price.”



Haji Abdul Rahman, owner of a company that imports generators and oil, said customs reforms were decreasing costs, allowing him to give his customers better prices.

TAFA also assisted with installation of wall monitors at the National Control Unit, which TAFA helped to establish in early 2012. The primary objective of the unit is to monitor closed-circuit television cameras at Kabul ICD and within the headquarters building. In the future, the National Control Unit can be connected to passive compliance systems, such as a network of national closed-circuit television cameras and an automated number plate recognition system, if the ACD is able to secure a funding source. By placing a screen in the public foyer, ACD headquarters staff and the public can see that ACD management is making progress in its capacity to manage remote customs locations and revenue collection.

During recent years, Afghanistan has experienced a significant increase in imports and exports, resulting in trade growth and sustainable revenue generation. Existing ACD policy dictated that all imports and exports be subjected to a physical examination or checks of accompanying documents. In terms of trade facilitation, this approach led to delays in the time it took to process goods for declaration, resulting in unnecessary burdens to the trade through increased operating costs. Furthermore, applying the same level of control to all importers and exporters did not encourage voluntary compliance.

In early 2012, and with the assistance of TAFA, the ACD began transitioning to a more systematic approach to determining which consignments should be selected for further scrutiny. This shift in operating procedure was also advocated by the IMF, who had imposed a benchmark requiring the ACD to implement risk management at one major clearance location by July 2012.

The concept of risk management, particularly allowing goods to be released without examination, was a fundamental shift in the way the ACD had conducted its business. Initially, there was significant resistance to this concept, but after an extensive program



An ACD employee works with an automated system to use a risk-based approach for clearing imports at KIA. The system selected a customs declaration for the Red Lane, which required a physical examination of the import before clearance.

of training and up-skilling by TAFE, the ACD accepted the need for risk management and began to support it. This included acceptance that there would be certain risks associated with balancing facilitation against control. To mitigate those risks, TAFE worked with the ACD to develop the necessary policies, procedures, and mechanisms for selecting high-risk consignments. This would be primarily achieved through creation of risk profiles that would target certain parameters, such as traders, customs brokers, commodities, regimes, or points of origin. These profiles would be subsequently entered in the Automated System for Customs Data, and consignments identified and selected for intervention at an automated level. Removing the human element from determining which goods should be examined removes the need for arbitrary and unnecessary examinations, because only goods identified as the highest risk are automatically selected.

The ACD accepted the risks associated with targeting consignments in this way and the potential for misuse by corrupt officials. To mitigate those opportunities, all risk management decisions, strategies, and risk profiles have to be approved by the ACD Risk Management Committee based at its headquarters. The committee was developed and supported by TAFE and consists of senior-level ACD officials, including the Director General. This approach ensures accountability and results in the risk management process being fully auditable and transparent.

To ensure risk management is implemented and undertaken in a standardized way at all Customs locations, TAFE assisted the ACD in drafting a comprehensive National Risk Management Policy that clearly outlines associated processes and procedures. This document complies with relevant international best practices, including those documented in key World Customs Organization instruments such as the Revised Kyoto Convention on Customs Control and the SAFE Framework of Standards.

In June 2012, TAFE assisted the ACD in implementing risk management at Kabul International Airport (cargo), and the associated IMF benchmark was met. More than 20 percent of goods are now processed through this location without any examination. TAFE has since met with traders and customs brokers on multiple occasions at KIA, and all are fully supportive of risk management. They understand that if they follow the rules, their goods will be processed quicker. Conversely, if they try and flout the regulations, their goods will be consistently selected for thorough examinations.

The ACD made important progress in moving toward sharing critical data with partner agencies. With the assistance of TAFE, the ACD drafted a data-sharing MOU with the Afghan Revenue Department. This agreement has resulted in both agencies regularly sharing information in support of achieving Afghan government objectives.

A key element of any risk management strategy is ensuring that the results of all goods intercepted for examination are properly recorded in a timely manner. Previously, the ACD did not operate any kind of computerized system for recording this type of enforcement-related information, such as seizures of illegal goods, under-valuation of declarations, or general intelligence. Historically, these kinds of systems, if centralized,

are a major resource that allows customs authorities to identify and target risk. To fill this gap, TAFa, in partnership with the ACD and the NATO Training Mission-Afghanistan, developed two different encrypted, web-based systems: the National Customs Interception and Seizure database and the Afghan Customs Intelligence Database. Both systems are user-friendly and available in Dari, Pashto, and English. The servers that support these systems are centralized and housed in secure, bombproof bunkers located outside of the ACD. This ensures that all information is securely stored and centrally accessible by any computer that has access to the Internet. These databases also allow officials to attach documents and images, such as copies of fake invoices or photographs of concealments. The National Customs Interception and Seizure database has been rolled out at Jalalabad ICD and KIA cargo. Five staff at each location have received full training on how to use the system. The interception and seizure database was also rolled out at Kabul ICD in July 2013, and there are about 200 records in the system. The ACD will continue rolling this system out nationally. The Afghan Customs Intelligence database has been rolled out to intelligence staff at Customs headquarters.

The ACD recognizes that the public and traders also have an important role to play in assisting Afghanistan in protecting its borders and helping to tackle crime and revenue loss. In mid-2013, and with the assistance of TAFa, the ACD implemented the National Anti-Smuggling Hotline. This hotline is supported by one national contact number and e-mail address. All calls and e-mails are directed to encrypted information technology equipment that records incoming information. This data is then recorded in the Afghan Customs Intelligence Database and analyzed by the Central Intelligence Unit. Where necessary, any identified risk is then targeted as part of the overall ACD risk management policy.

As well as computerized systems, the ACD also recognized the need to provide officers with a standardized document for manually recording their day-to-day activities, including recording any interactions with the public. In partnership with TAFa, the ACD designed and developed the pocket note book. This small notebook can easily fit in an officer's pocket and has a unique serial number. TAFa delivered training to the ACD and developed associated classroom training material for use of pocket note book, which is delivered by officers in the enforcement division. To date, more than 125 enforcement officers have received training and use the note books.

In addition to redundant customs procedures, the ACD lacked appropriate equipment and trained personnel at its ICDs and BCPs. As a result, a critical TAFa activity in 2010 was to evaluate the equipment needs at the Spin Boldak BCP and assist in procuring equipment that would facilitate trade. TAFa supported the ACD in obtaining \$4 million from the Asian Development Bank to purchase equipment for the Spin Boldak BCP by assisting the ACD in writing a formal procurement action plan. The Spin Boldak BCP, located on Afghanistan's border with Pakistan, handles 700 trucks per day that bring vital imports to Afghan consumers and allow exports of lucrative Afghan products.

Electronic Payment of Customs Debts

TAFA began working in 2012 to develop a plan to enable traders to make electronic payment of customs duties and taxes. All Afghanistan's customs duties and taxes were paid in cash. These duties and taxes account for half of the government's revenue collection. In practice, this means a trader or broker must arrange for the relevant amount of cash to be paid into the branch of Da Afghanistan Bank, Afghanistan's central bank, at the same location that is processing the declaration. This literally mean a bag of cash is taken to the regional location. Electronic payment of customs debts facilitates trade, streamlines the process of declaring goods, reduces opportunities for corruption, assists the banking sector by enabling money to remain in the banking system longer, and reduces the government's overhead costs.

E-pay, as the concept will be known publicly as it expands across the nation, will allow traders to pay customs debts electronically through their accounts at their commercial bank or with cash over the counter at any commercial bank in Afghanistan. The bank will then remit the payment to the ACD account, which is held at the central bank.

TAFA worked with the ACD and the central bank to obtain formal approval of standard operating procedures that would enable the electronic payment of customs duties. TAFA contracted an Indian software company to upgrade the Afghanistan Clearing and Settlement System, a national system used by the banking industry in to send and receive payments between commercial banks and the DAB, to enable the electronic payment. In tandem, TAFA began training banking and ACD staff on the new process, provided laptops to allow the ACD to access the Afghanistan Clearing and Settlement System, finalized and printed publicity posters, and identified companies to pilot the system. With TAFA support, the ACD undertook a number of meetings with traders to explain how E-pay could be used for easier payment of customs debts. All traders who attended indicated a keen interest in using this service.

To ensure manageable implementation, TAFA, in partnership with the ACD, prepared to pilot the project at KIA in July 2013 with about 15 of the largest traders at KIA. Although the pilot did not begin during TAFA, the project provided the ACD with the necessary information, tools — including recent installation and testing of an automated payment clearing and settlement system — and templates, so the ACD can effectively implement the E-pay pilot and roll out the program nationally without TAFA assistance. KIA represented a prime location due to its accessibility and its high import traffic. In 2012, nearly 10,000 transactions, totaling more than \$13.5 million, were processed through KIA.

In an effort that complemented electronic payment of customs debts by facilitating clearance procedures and trade, TAFA and the ACD worked on a Comprehensive Integrated Tariff System for the ACD that will serve as an online, expanded version of ACD's Customs Tariff Book. The Comprehensive Integrated Tariff System will result in web-based, up-to-date tariff information being available to all Customs officers and traders. The integrated system will supplement tariff information with information on regulatory requirements, taxes, fees, prohibitions, restrictions, the legal framework for a particular good, and legislative requirements of such entities as the Ministry of Public

Health, MAIL, and ANSA. Users will be able to search the system by keyword or commodity classification code.

Most modern customs administrations use a comprehensive integrated tariff system. It will speed up processes at the borders and inland customs stations and help promote compliance by the trading community. Registered users will automatically be notified of changes applied to a certain list of commodity codes, agreements with a specific country, or a general modification of the services. Users will also be able to download electronic copies of related documents.

Customs Management

After decades of isolation for Afghanistan, the ACD had to restructure its organization to help revive trade and attract investment in the country. The restructuring was also necessary for the government to reach critical IMF benchmarks, as well as bring in additional revenue for the country, reduce opportunities for corruption, and align with international best practices for customs.

The ACD, which collects about \$1 billion in customs and other revenue each year, employs roughly 200 staff at its Kabul headquarters and more than 2,000 staff at BCPs and ICDs. The headquarters, serving as the engine for the ACD as a whole, had too many staff in some areas and too few in others and units that no longer met ACD's evolving needs. In light of its importance, the ACD incorporated restructuring into its strategic plan, and the IMF made approval of the restructuring a benchmark that would facilitate continued support to Afghanistan. In coordination with other donors such as the United Nations, TAFSA supported the ACD through organizational restructuring and strategic management plans designed to improve customs activities and increase revenue while facilitating trade.

TAFSA began working with the ACD in 2011 to revamp its outdated structure to maximize its performance and boost its revenue potential. In partnership with the ACD, TAFSA formulated a plan that established units to address contemporary customs needs, creating 87 posts, 34 of which were back-filled by redundant or underused employees.

With the ACD vital to the government's budget, the plan required approvals from a presidential committee and the Independent Administrative Reform and Civil Service Commission, which governs and approves structural reform in Afghanistan's civil service. After a lengthy and complex process, President's Karzai's committee gave its approval in December 2011, and the commission gave its approval in April 2012.

The commission's approval came after 12 months of intense activity by TAFSA to assist the ACD in achieving this milestone. The restructuring probably met the IMF benchmark and will represent a comprehensive restructuring of an Afghan government department. It follows two restructuring attempts by prior projects that failed to be approved.

TAFSA supported the ACD in beginning the process of implementing the plan in October 2012 with advertisements for the additional positions called for under the restructuring.

TAFAs played a pivotal role in development of job descriptions to fill vacancies under the restructuring and of more accurate descriptions of existing positions. Many job descriptions were outdated, vague, and irrelevant to the task being performed.

In partnership with the ACD, TAFAs also led an initiative to identify remuneration solutions by completing an organizational chart and a living working wage survey in July 2011. Proper remuneration for Customs professionals is important on multiple levels. First, keeping employees motivated and engaged in their responsibilities increases the chances they will work quickly and at a high level, thus creating more revenue for the government. More important, Customs professionals are in a unique position that allows for secondary income through bribes and smuggling. Removing a motivator for those behaviors is important for the ACD and is an international best practice for customs organizations.

To determine wage needs for Customs officers, TAFAs developed a survey for distribution at multiple Customs locations throughout the country. The response rate was strong, with about 80 percent of surveys returned. Survey tabulations indicated that Customs officers' monthly expenditures on essential goods and services were four to five times their monthly wage.

To reduce the gap between officers' income and expenses, TAFAs developed a salary improvement proposal for a percentage of ACD revenue to be paid into a Customs trust fund. If revenue exceeds the target, extra funds can be distributed as performance bonuses and education allowances. Recognizing its potential to motivate employees and stem corruption, Afghanistan's Independent Joint Anti-Corruption Monitoring and Evaluation Committee supported the proposal, which is under review by the finance minister.

To build the capacity of ACD employees, the ACD and TAFAs jointly conducted an assessment to determine where shortfalls in experience and abilities existed and to determine the best possible training plan. TAFAs conducted targeted training on risk management, strategic planning, resource management, and training assessments for ACD managers and staff and worked in partnership with ACD counterparts so they could continue the training after the project.

To complement the restructuring efforts, TAFAs conducted a gender and age analysis of the ACD to determine how many women were employed and how many employees were near retirement. TAFAs worked with the ACD to increase the number of female recruits. As a result of TAFAs' efforts, 20 female university graduate students began internships in February 2013 under ACD's new internship program for women. The women began six-month internships that enabled them to work in the different components of the ACD and pave the way for possible permanent positions in the agency.

The women received training at the ACD that covered topics including risk management, information security, customs procedures, transit, legislation, and tariff rates. During their internships, the women rotated among the three main directorates of the ACD to gain a full understanding of Customs activities. TAFAs identified the university students in partnership with USAID's Women in Government internship program.

With the ACD collecting about half of the government's revenue each year, Customs employees play a crucial role in the economic prosperity of their country. In December 2012, the ACD, with TAFSA support, piloted a modern electronic attendance system at its Kabul headquarters to help ensure that the agency could accurately record the work time of its employees. With USAID support, the ACD began using a biometric attendance reader that allows employees to log their attendance with their fingerprint rather than their signature. The machine also provides managers with an opportunity to review daily electronic attendance reports.

The system marked ACD's ongoing efforts to ensure accountability for the funds that are such an important part of Afghanistan's future. TAFSA trained human resource officers on how to register Customs employees on the biometric attendance reader and how to extract data from the system. The biometric system leaves no room for the inaccurate information that is possible with manual attendance books.

The biometric system had the added benefit of strengthening discipline among Customs employees. Compliance with the system was high, with a reduction in absences, late arrivals, and early departures. Due to its success at ACD's Kabul headquarters, the ACD plans to phase out its manual registration books and intends to roll out the initiative to its regional branches.

In effort to forge a closer partnership between the ACD and the private sector to allow the government agency to share information with traders and the public on its reforms, TAFSA was instrumental in establishing a Customs and Trade Consultative Council that met periodically to serve as a consultative mechanism between the ACD and the private sector to promote effective coordination and increase communications.

Border Management Model

With a 5,500-kilometer border that often snakes through remote and volatile territory, Afghanistan faces the challenge of increasing trade with neighboring countries while preventing illicit activities such as drug trafficking. With the assistance of TAFSA, a partnership between the country's two key border agencies served as a model for border management that contributed to a licit economy.

The BMM is based on international best practices and establishes clear roles and responsibilities for the ACD, which is responsible for cross-border trade, and the Afghan Border Police, which is charged with immigration and national security at the borders. The model also encourages information-sharing between the two entities to stem corruption, smuggling, and other illegal activities. The aim is also to reduce interaction with other agencies operating at the border, thereby facilitating trade through the border.

With the support of TAFSA, other partners including the U.S. embassy's Border Management Task Force, Afghanistan reached its first IMF benchmark on the BMM in June 2011 when the Ministry of Finance, which has oversight of the ACD, and the Ministry of Interior, which has oversight of the Afghan Border Police, signed off on the

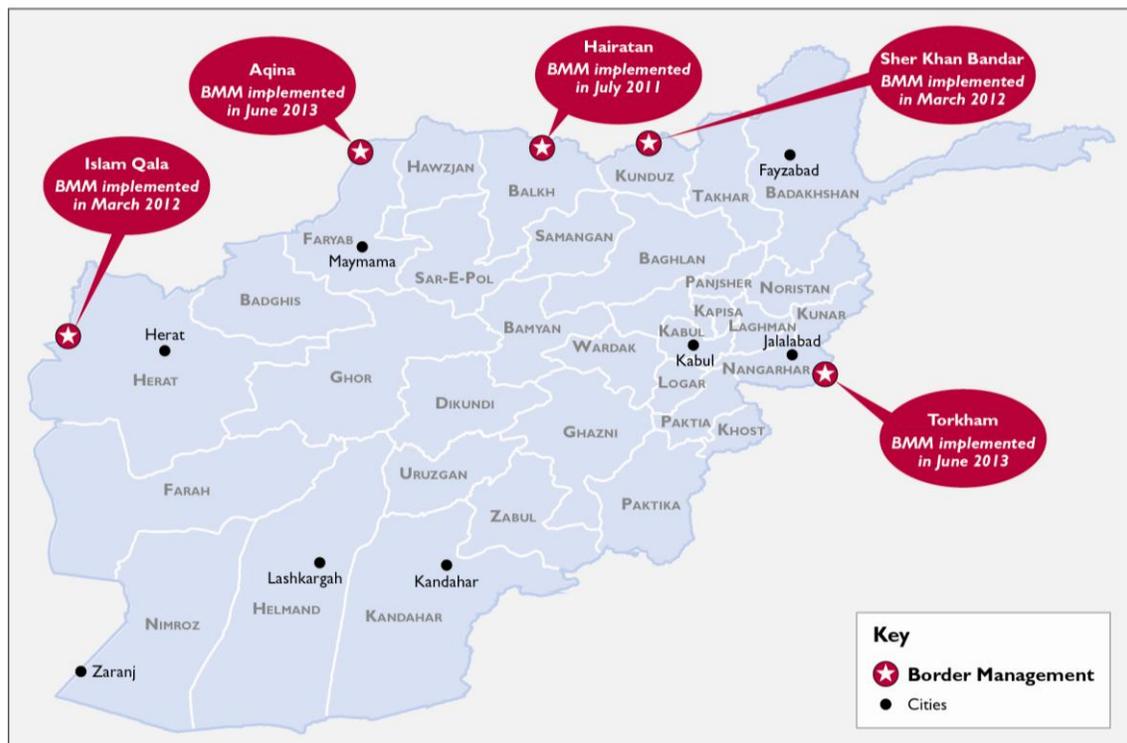
model. With the assistance of TAFE and the Border Management Task Force, the government began piloting the BMM at the BCP at Hairatan, a bustling transport hub on Afghanistan’s border with Uzbekistan, in July 2011. The agencies conduct joint examinations of vehicles, strengthening control of borders and reducing opportunities for corruption and other illegal activities.

With the pilot’s success, Afghanistan met another benchmark by rolling out the model to two additional sites — Sher Khan Bandar on Afghanistan’s border with Tajikistan and Islam Qala on the border with Iran — in March 2012. The government will eventually implement the model nationwide.

The BMM is a key step for a country aiming for economic growth and increased trade in a context of ongoing conflict and porous borders. The model is a two-pronged approach to coordinate the two line ministries, the Ministry of Finance and the Ministry of Interior, operating at the border. Most developed countries use this two-agency solution.

To prepare for rollout to additional sites, TAFE conducted assessments to identify steps required for BMM compliance at Aqina, on Afghanistan’s northern border with Turkmenistan; Torkham, on Afghanistan’s eastern border with Pakistan; and Zaranj, on Afghanistan’s western border with Iran. TAFE assisted the ACD in the rollout to the high-profile BCPs of Torkham and Aqina in June 2013. At Weish, the ACD scheduled rollout for July 2013, but implementation was delayed. TAFE has provided the ACD with all of the necessary information and reporting templates, so it can effectively implement the BMM at Weish without TAFE assistance.

Exhibit 7. Customs Sites with Border Management Model Implemented



COMPONENT III. TRADE FACILITATION

TAFAs trade facilitation component aimed to improve trade by resolving challenges that Afghan traders and transporters faced in importing and exporting goods. At the request of USAID, TAFAs scaled down this component in spring 2012. In addition, at the request of USAID, TAFAs folded activities of its Component 4: Public Outreach into activities of its other three components, particularly Trade Facilitation, in spring 2012.

TAFAs new Component 3 team leader then joined the project in December 2012 and began building the Trade Facilitation Component with a renewed focus on export promotion. The revamped Component 3 focused on increasing exports of Afghan traders and by linking them with new buyers, especially in promising markets of Central Asia and South Asia.

International Exhibitions

TAFAs facilitated Afghanistan’s participation in international exhibitions and business-to-business meetings that enabled Afghan traders in lucrative sectors such as saffron and marble to forge relationships with international buyers and to increase their exports. Saffron and marble are just two of the country’s products known for their superior quality. Its saffron, for example, received first prize for quality among 16 countries at an international competition in December 2012.

In the first such international exhibition organized by the project, TAFAs supported eight Afghan saffron traders in their participation in the Gulfood Exhibition in February 2013 in Dubai, United Arab Emirates, to help them generate deals and boost recognition of Afghanistan’s high-quality saffron. According to TAFAs research, Afghanistan’s saffron industry has the potential to grow from \$10 million to \$100 million in the next 10 years.

The Gulfood Exhibition is the Middle East’s largest business event focusing on the food and drinks industry and brings together thousands of buyers, suppliers, and food enthusiasts from around the world. TAFAs partnered with USAID’s Financial Access for Investing in the Development of Afghanistan project and Commercial Horticulture and Agricultural Marketing Project (CHAMP) to share expenses related to renting space and decorating Afghanistan’s booth at Gulfood. TAFAs, The Financial Access for Investing in the Development of Afghanistan project, and CHAMP invited juice, fresh fruit, and dried fruit and nut traders. In total, 30 Afghan traders in fresh produce, saffron, dried fruit, nuts, juice concentrate, and juice participated.

TAFAs prepared marketing materials, featuring Afghan saffron and other high-quality products, to promote agricultural items at the exhibition. TAFAs traveled to Dubai with the saffron traders and organized about 20 meetings between them and buyers from countries such as Italy, France, Spain, India, Saudi Arabia, United Arab Emirates, and Pakistan. In addition, hundreds of Gulfood participants visited the Afghan pavilion to sample products and discuss deals.

SNAPSHOT

Afghan Saffron: A Recipe for Success

With decades at top restaurants and multiple culinary awards to his name, Thomas Gugler has always known the value of saffron. However, the German-born chef has a new source for the “edible gold,” as he calls it, after creating a gourmet recipe with Afghan saffron.

”The quality of (Afghanistan’s) saffron is extremely good, and the color and smell is amazing,” said Gugler, head chef at the luxury seven-star AlMashfa Hospital in Saudi Arabia and continental director of the World Association of Chefs Societies for Africa and the Middle East. “From now on (I will use) Afghani saffron, because geographically and quality-wise it’s the best.”

Gugler received a saffron sample at the Afghanistan pavilion at Gulfood, a renowned food and hospitality exhibition. USAID organized the participation of Afghan saffron, fruit, and nut traders in the Dubai event. Gugler used the saffron to make a dish he calls Sea Bass Fillet on a Celeriac Scallop Hush with Rice Tabbouleh and Saffron Pumpkin Muslin.

He said interest in saffron, often considered the most expensive spice in the world, has grown. “Consumers are into exotic products which can be costly, but the output is so amazing that the majority of gourmets are willing to spend the money,” he said.

Gugler is not alone in this opinion. Barakatullah Rahmati, head of Afghanistan Red Gold Saffron Co. and one of eight saffron representatives who attended Gulfood, said he was hiring more staff in light of rising demand.

In December 2012, Afghan saffron won first place among 16 countries at an exhibition in France. Now, Afghanistan has won a new fan in Gugler, and the master chef is not surprised.

“Afghanistan is a region which has very rich soil and perfect ground to grow vegetables and fruits,” Gugler said. “It’s only about a proper strategy to export.”



A sauce with Afghan saffron accompanies sea bass in a recipe created by a famed chef after he received a sample of the spice at Gulfood 2013 in Dubai.

TAFa found that there was substantial interest in Afghanistan's saffron due to its excellent quality and organic taste as well as economic sanctions in place on Iran, the world's largest saffron producer. TAFa worked with the Afghan saffron buyers to help pursue deals discussed during Gulfood.

As a result of the contacts made at Gulfood thanks to TAFa's investment of \$15,000, one company, Benazir Saffron Co. signed a contract in May 2013 for 100 kilograms of saffron valued at \$172,500. In April 2013, as a result of Gulfood, Afghanistan Red Gold Saffron Co. signed deals worth almost \$375,000, opened a branch in Dubai, and tripled its long-term staff to prepare for the likelihood of additional lucrative contracts. In addition to the signed deals, several possible deals are under discussion, and world awareness of Afghanistan's superior saffron has increased.

TAFa also supported participation of local fresh fruit, dried fruit, and nut traders in the AgroWorld Exhibition in April 2013 in Tashkent, Uzbekistan, to boost awareness of Afghanistan's high-quality produce and strengthen links with Central Asian republic countries. TAFa partnered with USAID's CHAMP to share expenses related to renting space and decorating Afghanistan's booth. Unfortunately, Afghan traders encountered challenges in obtaining visas to Uzbekistan, and only three of 12 companies (five Afghans total) obtained a visa. TAFa received business cards and samples of dried and fresh fruit and nuts from the other companies to distribute them at the event in their absence. TAFa also recruited Uzbek sales professionals to assist in staffing the Afghan booth and presenting information to potential buyers.

The Afghanistan pavilion at AgroWorld showcased pomegranates, apples, raisins, walnuts, almonds, pistachios, dried apricots, pine nuts, sesame, and other agricultural products. Potential buyers expressed particular interest in the country's pomegranates, green raisins, pistachios, walnuts, and almonds. They praised the organic taste, natural appearance, and unique characteristics of the produce.

Forty-six potential buyers at the exposition expressed interest in possible deals with Afghan traders. Some had imported Afghan produce in the past. The buyers came from China, Georgia, Germany, India, Kazakhstan, Pakistan, Poland, Russia, Ukraine, the United Arab Emirates, and Uzbekistan. They asked about the price of the produce in various seasons, terms of delivery, and terms of payment. Some potential buyers said they were ready to travel to Afghanistan to close the deal. CHAMP will continue working on marketing Afghan products to Eastern and Central Asian countries and will follow up with potential buyers.

In another effort to forge contacts with lucrative countries, TAFa worked with USAID's Regional Economic Cooperation project based in Kazakhstan, to organize two business-to-business events in Almaty, Kazakhstan, in June 2013, and in Kabul, in July 2013. Although the Almaty-based event did not result in any sales, it highlighted important areas that the Regional Economic Cooperation project will target to cultivate an enabling environment for increased Afghan exports to Kazakhstan. A marble processing plant, Spartak-Amal, also planned to visit marble enterprises in Kabul in August 2013, and a

carpet manufacturer, Karavan-Sarai, planned to meet carpet-making companies Hali Weavers and Nejat in September 2013. As a result of the Kabul business-to-business event, according to preliminary results from the Regional Economic Cooperation project, Afghan buyers agreed to import Kazakhstani goods worth more than \$7 million. The trade mission to Kabul included top managers from 14 Kazakhstani companies who visited Kabul to present and promote products and goods made in Kazakhstan and negotiate trade deals with Afghan entrepreneurs. More than 100 Afghan companies attended the trade exchange. Based on preliminary results of the trade negotiations, the Kazakhstani companies will export to Afghanistan armored glass, sunflower oil, pharmaceuticals, flour, macaroni, construction materials, and household chemicals.

Export Promotion Agency of Afghanistan

With the renewed focus of TAFAs Component 3: Trade Facilitation in late 2012, TAFAs worked with EPAA, an executive agency of the Ministry of Commerce and Industries, to build the agency's capacity, with the help of embedded expatriate and national staff. In partnership with EPAA, TAFAs organized a roundtable in 2013 with private sector representatives and high-level government officials, including ministers and deputy ministers, on development of Afghanistan's saffron and marble industries. TAFAs included USAID's Financial Access for Investing in the Development of Afghanistan project, Assistance in Building Afghanistan by Developing Enterprises project, and CHAMP when possible to give Afghan traders wide exposure to the support available to them in growing their businesses.

TAFAs worked with EPAA to support the organization to assess the capacity of its staff and the services the organization offers to exporters. The project prepared an assessment, immediate action plan, and long-term business plan to revive the agency and help it provide maximum support to Afghan businesses. TAFAs also worked with EPAA on an analysis of financial services offered by commercial banks for exporters and how these services could be integrated into EPAA's portfolio of services. The commercial banks expressed a strong interest in working with exporters and could offer services that attract exporters. EPAA prepared a matrix of commercial bank services to help exporters understand the financial services available to them.

SNAPSHOT

Saffron Trader Grows into New Markets

Barakatullah Rahmati had high expectations for his company's participation in the Gulfood Exhibition and he wasn't disappointed. As a result of Gulfood, the chief executive officer of Afghanistan Red Gold Saffron Co. scored initial deals worth almost \$375,000, opened a branch in Dubai, and tripled the company's long-term staff to prepare for the strong likelihood of additional lucrative contracts.

"We've achieved our expectations by expanding our market to more countries and reaching more customers," said Rahmati, one of eight saffron traders who participated in Gulfood with USAID support.

Rahmati and the other traders met with buyers from countries such as Saudi Arabia and France and distributed samples of their high-quality saffron. As a result, Rahmati sent 50 kilograms of saffron worth \$70,000 to a buyer in Spain. He will send another 200 kilograms worth \$290,000 to the Spanish buyer and 10 kilograms worth \$14,450 to an Italian buyer. Those deals are expected to be the first of many.

"(The Spanish buyer was) very satisfied with the quality of the services we provide — fast delivery, good documentation, etc. — and they are satisfied with the quality of the saffron itself," said Rahmati. "It's their desire to continue business, and we are working on a long-term agreement."

In light of the robust demand at Gulfood 2013 and during USAID-organized visits to Dubai's spice market and supermarkets, Rahmati opened a branch in Dubai and boosted his long-term staff from 12 to 35. He also increased short-term staff — those involved in harvesting and processing — from 250 to 600.

With the help of Gulfood, Afghanistan Red Gold Saffron has positioned itself to take advantage of an industry poised to take off.



A potential buyer takes in the aroma of Afghan saffron at Gulfood 2013 in Dubai. Afghanistan Red Gold Saffron, which participated in the exhibition with USAID support, has entered new markets and tripled its staff in light of demand.

Transports Internationaux Routiers Convention

Through the lifespan of the project, TAFE supported the Afghan government in implementing the TIR Convention, is an international customs transit system that makes it easier for goods to move across the roads of member countries. The TIR system allows customs-sealed vehicles and freight containers to transit countries without border checks and covers customs duties and taxes that may become due through an international guarantee.

TIR was established in 1975 and Afghanistan joined in 1976, but Afghanistan has not been recently active in the system. The TIR Convention will provide significant added value to Afghanistan, because it is a landlocked country and four of its border countries — Iran, Turkmenistan, Uzbekistan, and Tajikistan — are active under the convention.

To review progress on implementing the TIR Convention in Afghanistan, TAFE participated in a conference in Herat in February 2012 organized by the Economic Cooperation Organization, which consists of Afghanistan and nine other countries, and the International Road Transport Union, which implements the TIR system under a U.N. mandate. Conference participants included Afghan officials, representatives from the Economic Cooperation Organization and the International Road Transport Union, and delegations from Economic Cooperation Organization members such as Kyrgyzstan and Tajikistan.

At the conference, TAFE gave a presentation on TIR activities in Afghanistan on behalf of the Ministry of Transport and Civil Aviation. Participants offered new deadlines and target dates for activities outlined in an action plan for TIR. The meeting resulted in an updated version of the TIR action plan — the Review of Action Plan for the Reactivation of the TIR System in Afghanistan: Progress to Date, Ways Forward — known as the Herat Review.

To support activation of the TIR system, TAFE developed a document for establishment of a national authorization committee that will select transport companies authorized to use TIR carnets, which is a single, harmonized transit document that reduces customs formalities at the borders. TAFE also developed a questionnaire for selection and admission of carnet holders to the TIR system. The Ministry of Transport and Civil Aviation can use the information provided in the questionnaire to evaluate and select transport companies and introduce them to ACCI, which will issue the carnets.

In an effort to educate stakeholders on the TIR Convention, TAFE held three workshops — in Kabul, Mazar-i Sharif, and Herat — for the public and private sectors throughout 2012 in cooperation with the Ministry of Transport and Civil Aviation. At the workshops, TAFE gave in-depth presentations explaining TIR's history, Afghanistan's progress in implementing the convention, benefits of the convention for Afghanistan, and components of the TIR system.

In July 2012, TAFE attended a meeting on the TIR Convention in Geneva — with officials from the Ministry of Transport and Civil Aviation, the ACD, and ACCI — at the

International Road Transport Union headquarters, on behalf of Afghanistan. Participants reviewed the TIR action plan for Afghanistan and the country's progress on implementing the system.

TAFA continually provided technical assistance to ACD staff to provide a list of Customs offices approved for performing TIR operations and to identify the Customs point of departure, destination, and points en route, in addition to working time with corresponding Custom offices of neighboring countries. The assistance also included specifications of the Customs stamp to be provided to the International Road Transport Union.

Trade Service Centers

Afghanistan has a rich history of trade, with its prime location on the famed Silk Road, but Afghan traders faced the challenge of navigating a landscape of international agreements and export rules before they could reap the profits of their country's produce, handicrafts, and other goods. In partnership with the ACCI, TAFA opened four trade service centers (TSCs) in Kabul, Jalalabad, Kandahar, and Mazar-i Sharif.

The centers were staffed by TAFA trade experts and located in ACCI buildings. The TSCs offered workshops and one-on-one consultations to help traders boost sales and exports. The centers also assisted Afghan businesses in creating business profiles posted on ACCI's TSC website so they could market products and expand their customer base. The TSCs offer trade updates via messages over mobile phones, market data such as up-to-date information on the lowest tariff rates, and access to trade experts and officials.

In addition to training and consultations, during 2012, TAFA developed a comprehensive website at <http://tsc-acci.org.af> in Dari, Pashto, and English to support the TSCs and provide up-to-date information on trade issues. The website provides detailed information on regional trade agreements, the WTO, market data, and import and export procedures. The site also provides an opportunity for local traders and exporters to place their business profiles on the site to showcase their products and expand their markets.



The Afghan pavilion showcased goods on display by the 30 Afghan traders participating in the Gulfood Exhibition in February 2013. The exhibition, in Dubai, was a collaborative effort by three USAID projects: CHAMP, the Financial Access for Investing in the Development of Afghanistan project, and TAFA. The pavilion, featuring photos of high-value products such as saffron, pomegranates, and apples, attracted hundreds of visitors.

TAFA's TSCs organized trade circles on an almost weekly basis for businesspeople and companies. The trade circles allowed participants to learn about export markets and build on each other's exporting ideas. The trade circles assisted those who want to start exporting find buyers for their products outside of Afghanistan. They also provided the TSCs with an opportunity to learn about challenges facing Afghan traders and provide advice on resolving those issues. The trade circles included, for example, businesswomen in Kabul, textile manufacturers in Jalalabad, female traders in Balkh, and dried and fresh fruit exporters in Kandahar. The TSCs also held workshops and other training events explain trade issues — such as SAFTA, APTTA, and marketing — to traders. They also held one-on-one consultations with businesspeople to help them expand their businesses. In the latter half of 2012, TAFA began working with the ACCI to hand over the TSCs and the website to the organization. The ACCI assumed full ownership of the TSCs and the website in November 2013.

SNAPSHOT

Afghan Women Go for Global Markets

Kubra Rasuli has ambitious plans to reach an international market for her products. This goal brought her to the Ministry of Woman’s Affairs, where TAFa conducted a series of training events on regional trade agreements, marketing, and customer service.

In 2004, Kubra was the only Afghan woman who opened a shop in the Baghee Zanana, or women’s garden, in Kabul. She started her business with 10 dresses and now runs two handicraft shops, a restaurant, and a vegetable market. Her business provides jobs for more than 45 women.

“Three sessions of the training on marketing and customer service contributed to the rapid development of my business,” she said, adding that it helped her understand the importance of providing high-quality service to customers. “Being trained by TAFa, I started training my employees, too, and soon achieved significant results.”

The number of customers to her shop doubled after the training. “I needed to hire 12 more women tailors. Since my business has grown successfully, I have gained significant trust among partners and banks,” she said. “They never refuse to give a loan or deliver raw materials on credit.”

TAFa helped the ministry encourage women to do business. In cooperation with the Afghanistan Association of Woman Traders and Afghan Women’s Business Federation, TAFa organized 22 workshops in Mazari Sharif, Herat, and Kabul. Nearly 1,000 women from private companies and NGOs participated. At trade service centers in Kabul, Jalalabad, and Kandahar, the project held workshops on selling abroad. A service center website allows women to promote their products globally.

Leila Arab Shahi, head of Nilab Co., which sells carpets and handicrafts, thinks e-trading is a powerful tool. “Before, we had no chance to exhibit our products, now we learn how to do it online and sell our products to a wider market.”



Nasima Mavlazada, a shopkeeper in the Baghee Zanana and member of the Association of Woman Traders, holds a jacket with a tag that reads “Made in AWRC” (Afghan Women’s Resource Center).

Economic Journalism

To increase public understanding and support for trade expansion and liberalization, TAFa worked to strengthen the capacity of Afghan journalists to understand and accurately report on trade and economic news. TAFa signed an agreement in February 2012 to support the Economic Press Club, which the project created in 2010 to improve the country's trade and economic reporting. The agreement with TAFa allowed the Kabul-based club to benefit from financial and technical assistance, including development of its website, design and production of marketing materials, and logistics support for its events.

With TAFa's support, the Economic Press Club arranged for local journalists to visit sites of economic importance or to participate in interviews with influential people from the public and private sectors for in-depth, trade-related stories. The events included a review of outcomes from the second Bonn Conference, a tour of marble factories, an interview with the head of EPAA, and a tour of carpet producers and exporters in Kabul.

TAFa also arranged journalist visits to economically strategic sites outside of Kabul. The project supported tours of the Aqina Customs House, a busy facility on the border with oil-rich Turkmenistan; the Jalquduq gas production facility in Jawzjan Province in northern Afghanistan; industrial parks in Herat and Kandahar; and the newly constructed railway station at Hairatan. TAFa also organized interviews for local news media with prominent government and private sector representatives so they could educate the public on trade and provide important information on trade developments.

CROSSCUTTING ISSUES

TAFA worked to build the capacity of marginalized groups, such as youth and women, so that they improved their knowledge of trade issues and helped contribute to Afghanistan's economy. Although TAFA included women and youth in its project-wide efforts when possible, it also conducted targeted activities to build the capacity of the two groups.

Women

In late 2011, TAFA completed the first in-depth gender study on trade issues, called *Afghan Women Go to (The Global) Market: An Analysis of Women's Participation in Trade and Business*. The study is available in Dari, Pashto, and English and is the result of information compiled by TAFA during a series of workshops in late 2010 in Kabul, Nangarhar, Herat, and Balkh to consult women in business.

The report showed that most of the challenges facing Afghan women are the same issues faced by men who are starting a business, but the degree of difficulty encountered by women is compounded by their socio-cultural limitations and their lower status in society. It classified interventions into six categories:

- *Information campaign.* Awareness-raising to change public perception on women's participation in local and international trade, orientation sessions to encourage women to venture in international trade.
- *Capacity building.* Information on starting a business, business-related training for female business owners, skills training for workers, scholarship grants.
- *Improve access to resources.* Information on where and how to get loans, increasing access to loans, common facilities (business center, production area, equipment and transport, cooperative store, trading center/area, day care center), access to high-quality raw materials.
- *Increase access to domestic and international markets.* Access to market information; local and international trade exhibits; and information and communication technology tools.
- *Strengthen women's links/networks for trade.* Functional/local women's business organizations, umbrella organization for women in trade, ensure women's participation in trade policy consultations and negotiations.
- *Continue government efforts to simplify doing business.* Ease the application for or renewal of business licenses, ease importing/exporting, make available a schedule of taxes, implement the National Action Plan for Women of Afghanistan.

TAFA shared the report with USAID and Afghan ministries and organizations and worked to implement the interventions throughout the project lifespan, including the six-month internship program for women that it helped to begin at the ACD in February 2013.

Throughout the project, TAFA delivered 16 workshops focusing on supporting women’s capacity development (824 participants, 762 women and 62 men) to help them start a business or grow an existing business. As part of its efforts to give businesswomen the skills to compete in today’s marketplace, TAFA conducted marketing seminars that taught women the fundamentals of marketing, ways to compete with imports from other countries, methods to identify new buyers for their products, import and export procedures, and how to file corporate taxes.

Youth

TAFA began an internship program in October 2011 to help university students studying economics or business gain professional experience that would help them land permanent jobs that will contribute to the growth of Afghanistan. TAFA partnered with the *Association Internationale des Etudiants en Sciences Economiques et Commerciales*, a French youth organization that operates in Afghanistan, and identified interns to work in its components and earn a stipend and a daily transportation allowance.

As of October 2012, TAFA had five interns, including three women and two men. Since the start of the program in October 2011, TAFA hired 19 interns, 11 women and eight men. Through TAFA’s support, seven of the interns have obtained full-time jobs with different organizations.

Exhibit 8. Kabul University Interns at TAFA

TAFAs sectors	Total Since Activity Start in October 2011		
	Total	Women	Men
Component 1	12	4	8
Component 2	6	3	3
Component 3	3	1	2
Crosscutting issues (gender and youth)	7	3	4
Administrative (finance and human resources)	2	2	0
Total	30	13	17

In September 2012, TAFA worked with Kabul University to begin a new internship program to place students at ministries and related organizations. The program enables the students to fulfill academic requirements and get practical experience in economics, trade, or business. TAFA placed three interns at the Ministry of Commerce and Industries’ Afghanistan Central Business Registry, three at the ACCI, and three at ANSA in October 2012.

Exhibit 9. Kabul University Interns at Ministries or Trade-Related Organizations

Ministries and Trade-Related Organizations	Total Since Activity Start in September 2012		
	Total	Women	Men
Afghanistan Central Business Registry	3	1	2
Afghanistan National Standards Authority	3	2	1
Afghanistan Chamber of Commerce & Industries	3	1	2
Total	9	4	5

SNAPSHOT

Building Business, Breaking Barriers

When Rabia Maryam moved her silk processing company from the secrecy of her home to a public market after the Taliban fell, she faced the challenges of growing her business amid pervasive gender stereotypes. “At the start, people said to me, ‘Women and business? It can’t be done,’” she said.

She proved them wrong, and her company, Rabia Maryam Handicrafts Co., grew to generate \$50,000 in gross annual sales and to export in small quantities to the United States, Germany, and Mexico. However, Maryam, showing her entrepreneurial spirit, wasn’t satisfied and sought training to increase her profits. She got in touch with the Balkh Women’s Affairs Directorate, which offers training for local businesswomen, with TAFE support. TAFE trained Maryam and other women on customer service and marketing, as well as Afghanistan’s regional trade agreements with countries such as Pakistan and India.



Rabia Maryam, the owner of Rabia Maryam Handicrafts Co., displays silk products at her shop in Balkh Province.

Maryam shared TAFE’s training with her seven female employees, and, together, they are putting their newfound knowledge to work. She and her staff are creating a label for her products so that her silk scarves and apparel will carry her company’s name and increase her exposure. They are also researching their customer base so they can offer better customer service and products tailored to customer needs.

“Now, I produce my products according to my customers’ wishes, and my customers keep coming back to me,” Maryam said.

Maryam is also eyeing exports to regional markets, especially Tajikistan, after learning how to find international buyers and about opportunities arising from Afghanistan’s trade agreements. With her increased knowledge and confidence, she is confident she is gaining the skills that will make her business even more competitive.

“The training has taught me to market my products better and to listen to my customers, and it has made me aware of other export opportunities out there,” she said. “I know I can grow my business with knowledge like this.”

LESSONS LEARNED

Embedding advisors in director's offices. Toward the end of 2012 and in consultation with the ACD, TAFa began embedding its advisors in the offices of senior-level directors. Embedding advisors in this way resulted in day-to-day skills transfer and provided the directors with an easily accessible technical expert to discuss any issues. In the future, this approach should be instituted at the earliest stage of the project. This will include working with the ACD in efforts to have advisors embedded in all senior directors' offices.

Regular reporting of key activities to the Ministry of Finance. Although TAFa kept senior officials at the ACD regularly apprised of progress, in early 2013, this message was not being communicated to the Ministry of Finance. As a result, the finance minister was not aware of many key activities that TAFa was working on in partnership with the ACD. In the future, the implementers of the CARAVAN project should confirm that the results of its robust reporting mechanisms are routinely transmitted to key stakeholders so they receive regular briefings on project progress.

Coordinating with other donor projects. When possible, the project attempted to avoid duplication of efforts for key activities. On occasion, TAFa was made aware that other donor projects had been tasked to undertake similar technical activities with counterparts. To prevent such duplication in the future, there needs to be closer coordination among donor agencies. This should be undertaken by senior project personnel from all relevant donor projects and result in a written agreement that clearly delineates areas of responsibility. This document should be formulated in consultation with Afghan counterparts.

Reporting of delays to the director general. TAFa endeavored to develop all key activities in consultation with director- and director-general-level partners at relevant government agencies. Due to the nature of this consultative process, and the number of officials involved, a number of activities were subjected to significant delays. In the future, any unjustified delays caused by government staff will be reported to the director general at an earlier stage. This will ensure that all activities are pushed forward as quickly as possible while minimizing opportunities for unnecessary delays caused by staff.

Expatriate oversight visits to the regions. TAFa maintained local national advisors at a number of key regional Customs locations. These advisors provided day-to-day technical support to mid-level managers and directors and undertook regular reviews of implementations to ensure there were no issues. Under CARAVAN, local advisors should be supported by more regular oversight visits to ensure necessary support and to convey a clear message to the ACD that local advisors have the full support of international colleagues.

SUMMARY OF RESULTS

TAFAs tracked and measured changes in specific indicators over the life of the project. The following table includes data collected from the beginning of the TAFAs contract in November 2009 through its conclusion in August 2013. The indicators were selected for their direct relevance to the project's three technical components and intermediate results: trade policy liberalized, customs reforms instituted, and trade facilitation strengthened. Progress toward these intermediate results directly contributes to TAFAs's overall project objective and USAID's strategic objectives, as follows:

TAFAs II Project Objective: Improved trade environment for Afghanistan, fostering increased investment, export, and market-based employment opportunities

USAID Afghanistan AO4: A developed business climate that enables private investment, job creation, and financial independence

USAID OEGI Afghanistan Mission PMP IR 4.2 addressed: Policy, legal, and regulatory framework for key economic development sectors

USAID OEGI Afghanistan Mission PMP Sub-IR 4.2.2 addressed: Trade regime reformed

Note: The Afghan year has historically not followed the Gregorian calendar (January 1 to December 31) used in many countries. The Afghan year begins on March 21 and ends on March 20 of each Gregorian calendar year. Afghan years referenced in this report include 1389, which corresponds to March 21, 2010, to March 20, 2011; Afghan year 1390, which corresponds to March 21, 2011, to March 20, 2012; Afghan year 1391, which corresponds to March 21, 2012, to March 20, 2013; and Afghan year 1392, which corresponds to March 21, 2013, to March 20, 2014.

Indicator	Type of Indicator	Baseline		2010		2011		2012		2013		Definition
		Year	Data	Target	Result	Target	Result	Target	Result	Target	Result	
Project Objectives: Improved Trade Environment for Afghanistan, Fostering Increased Investment, Export, and Market-Based Employment Opportunities												
Growth in trade volume	TAFAs I/ TAFAs II	2009	\$5.7 billion	Tracking only	\$7.04 billion in 1389	Tracking only	\$7.8 billion in 1390	Tracking only	\$7.6 billion in 1391	Tracking only	\$1.7 billion in first quarter 1392	Trade volume is defined as the licit trade value of goods and services brought into the country (import) and the value of goods and services sold in the foreign country or countries (export). Calculation: Total value of exports + total value of imports in a year.
Value of export	TAFAs I/ TAFAs II	2009	\$316 million	Tracking only	\$388 million in 1389	Tracking only	\$375 million in 1390	Tracking only	\$318.1 million in 1391	Tracking only	\$76 million in first quarter 1392	Value of exports here refers to the total value of Afghan licit goods and services sold in the foreign country or countries.
Value of imports	TAFAs I/ TAFAs II	2009	\$5.63 billion	Tracking only	\$6.8 billion in 1389	Tracking only	\$7.4 billion in 1390	Tracking only	\$7.25 billion in 1391	Tracking only	\$1.6 billion in first quarter 1392	Value of imports here refers to the total value of goods or services brought into Afghanistan from other countries.
Change in World Bank's Doing Business trade across borders	TAFAs I/ TAFAs II	2009	183	Tracking only	183	179	179	177	178	177	178	The annual World Bank Doing Business report presents quantitative indicators on business regulations and protection of property rights that can be compared across 185 economies over time.
IR 1: Trade Policy Liberalized												
Sub-IR1.1: Improved Government Interagency Coordination to Advance and Implement Consistent Trade and Tariff Policy												
No. of consultative processes with private sector as a result of U.S. government assistance	TAFAs I/ TAFAs II	2009	0	4	7	15	16	10	6	10	17	Negotiating and implementing agreements requires intense coordination and cooperation among ministries and state bodies, as well as with private sector and civil society stakeholders. Working groups (involving public and private sector stakeholders) for consultations on developing trade policies, negotiations strategies, streamlining trade procedures, and on preparing draft legislation were captured under this indicator.
Reduction in discrepancy between the Central Statistics Office and the ACD on trade statistics	TAFAs I/ TAFAs II	2009	60% import 80% export	Decrease 10% import and decrease 20% export	50% import and 60% export meet the target	0	0	10% export 10% import	3% export 15% import	10% export 10% import	Data are not provided by the Central Statistics Office in two quarters of 2013	It is crucial to have reliable trade-related data for policy and planning. TAFAs supported the ACD and Central Statistics Office to harmonize trade-related data between the two organizations. When TAFAs started, the discrepancy between CSO and the ACD on trade-related data was 60% for imports and 80% for exports.

Indicator	Type of Indicator	Baseline		2010		2011		2012		2013		Definition
		Year	Data	Target	Result	Target	Result	Target	Result	Target	Result	
Preparation time of replies to WTO questions decreased	TAFA II	N/A	0	0	0	0	0	2 months	2.5 months	2 months	1 month	Preparation of negotiation documents, particularly replies to questions by WTO members, is a major challenge. It requires significant coordination and cooperation among state bodies. This indicator reflects progress made among ministries and state bodies in resolving issues more quickly and in responding more rapidly to WTO questions through increased coordination and cooperation in formulating trade policies.
Trade-related procedures and fees by ministries and state bodies available online on a single website for traders	TAFA II	N/A	0	0	0	0	0	Yes	Yes	Yes	Yes	Most trade procedures (including required documents) and fees are not publicly available for traders. A comprehensive inventory published on a single website will ensure greater transparency and reduce the cost of trade. This initial step is an indication that ministries are willing to cooperate on publicly sharing information on the implementation of trade policy.
Tariff-setting mechanism involving key stakeholders	TAFA II	N/A	0	0	0	0	0	Yes	Yes	Yes	Yes	Currently, the minister of finance is exclusively in charge of setting tariff rates with no consultation with stakeholders. It is critical to involve other ministries and ensure proper consultations with stakeholders (including the private sector) before the determination of tariff rates. Putting such a mechanism in place will ensure greater cooperation and coordination.
IR 1.2: Assist Afghanistan and Other Countries in the Region in Negotiation and Implementing Bilateral and Regional Trade Agreements and WTO Accession Requirements												
No. of launched or signed initiatives on regional integration	TAFA II	N/A	0	0	0	0	0	0	0	2	0	Afghanistan is interested in deepening and expanding regional integration through negotiating new and joining existing agreements (bilateral and regional) related to trade, investment, economic cooperation, transport, and transit. This indicator captured initiatives (agreements and MOUs) launched (or signed) in this regard during TAFA.
Volume of trade with SAFTA member countries	TAFA II	N/A	0	0	0	0	\$1.9 billion in 1390	5% increasing in trade	\$1.9 billion in 1391	5% increase in trade	\$489 million in first quarter 1392	Trade here refers to export/import of goods and services by SAFTA countries. This indicator covered the increase in value of Afghanistan's trade with SAFTA member countries taking advantage of SAFTA.
Weighted average tariff level with SAFTA countries	TAFA II	N/A	0	0	0	0	0	6.2%	5.8%	6.2%	5.5%	Weighted average tariff is share of total duties collected to total value of import. This indicator measured imports from SAFTA countries by Afghanistan. The lower the tariff, the more imports are coming
No. of sensitive tariff lines of Afghanistan under SAFTA	TAFA II	N/A	0	0	0	0	0	800	850	800	850	Goods on the sensitive list are exempt from free trade agreement with SAFTA countries. Broader, deeper trade liberalization is achieved by reducing the number of goods on the sensitive list. TAFA assisted in reducing the list in 2011-2012 from 1,072 to 857.
No. of WTO working party bilateral and plurilateral meetings held toward accession to WTO	TAFA II	N/A	0	0	0	0	0	8	6	8	8	Holding working party meetings and bilateral/plurilateral negotiations is indicative of progress made toward WTO accession, greater liberalization, and improvement in the policy, legal, and institutional aspects related to Afghanistan's foreign trade regime.
No. of documents submitted to the WTO in support of Afghanistan's accession	TAFA II	N/A	0	0	0	0	0	10	13	10	12	This indicator captured the effort made by Afghanistan to support its WTO accession process. This includes replies to questions/enquiries, conformity charts, notifications, offers and revised offers, special documents, and legislation (including drafts).
No. of WTO-related legal acts advancing through the legislative process	TAFA II	N/A	0	0	0	0	0	10	10	10	15	Bringing the legal framework in line with WTO agreements is a pre-condition for becoming a WTO member. Legal reform in line with WTO requirements will establish a conducive environment for trade and investment, reduce the cost of doing business, and lower opportunities for corrupt practices. It also will provide businesses with guaranteed and rapid access to administrative appeals and judiciary. This indicator captured progress in the legislative process when draft laws (including amendments) and sublegal acts (regulations, orders) move from one stage to another.
No. of draft laws prepared/finalized at ministerial level with TAFA support	TAFA II	N/A	0	0	0	0	0	5	4	5	9	This captured the number of new draft laws and sublegal acts (including amendments) that will be prepared with TAFA assistance.

Indicator	Type of Indicator	Baseline		2010		2011		2012		2013		Definition
		Year	Data	Target	Result	Target	Result	Target	Result	Target	Result	
No. of WTO-related institutional reforms launched with TAFE support	TAFE II	N/A		0	0	0	0	5	4	5	7	Acceding to the WTO requires establishment of new institutions related to customs, trade, sanitary and phytosanitary, technical barriers to trade, and intellectual property. This captured institutional reforms launched by Afghanistan with TAFE support.
IR 2: Customs Reforms Instituted												
Growth in Customs revenue	TAFE I/ TAFE II	2009	\$741 million	Tracking only	\$946 million in 1389	Tracking only	\$993 million in 1390	Tracking only	\$894 million in 1391	Tracking only	\$434 million in first quarter 1392	A customs duty and tax refers to tax on the import and export of goods collected by customs houses.
Sub-IR 2.1: Improved Customs Procedures to Reduce Delays and Costs for Compliance with Customs Requirements												
No. of ICDs adopting customs streamlined procedures	TAFE I/ TAFE II	N/A	0	0	0	0	0	1	0	1	10	Customs streamlined procedure refers to simplification of customs clearance process for imports and exports by eliminating unnecessary steps, procedures, and documents and improving and streamlining clearance procedures.
Customs processing times reduced (overall and at key ICDs)	TAFE I/ TAFE II	2009	8 days	6 days	5 days	3 days	3 days	6 hours	3 hours and 49 min.	6 hours	3 hours and 27 min.	This indicator refers to the number of days required for customs processing of goods (import and export at key borders). It is required by contract, but has been slightly reworded for greater clarity.
No. of steps eliminated at ICDs and BCPs	TAFE I/ TAFE II	N/A						5	0	5	Import 3	Elimination of customs procedures means time and cost savings for exporters. Elimination here refers to when a step is removed from customs procedures and no longer practiced at that ICD or BCP.
Monetized value of reduced steps	TAFE I	N/A	0	0	0	Tracking only	\$3.7 million at Kabul ICD 1.4 million at KIA	Tracking only	\$7.5 million at Hairatan \$24.8 million Jalalabad	Tracking only	\$10.2 million Herat \$1.1 million Kandahar \$0.8 million KIA	TAFE monetized the benefits of streamlined procedures at six ICDs. The dollar values indicate the value of savings of the stops removed that are not aligned with the national blueprint.
No. of ICD locations and key borders monetized	TAFE I	N/A						5	1 Herat	5	3	Monetized value is a financial measurement of a reduced steps, document or procedure.
No. of BCPs where Border Management Model is rolled out	TAFE II	N/A	0	0	0	0	0	Tracking only	3 (Hairatan, Sher Khan Bandar, Islam Qala)	Tracking only	2	The BMM allows for information-sharing between the ACD and the Afghan Border Police and establishes roles and responsibilities for both agencies in the customs and immigration processes.
No. of ICDs adopting risk management system in customs clearances process	TAFE II	N/A	0	0	0	0	0	4	0	4	2	Risk management in the cargo verification process will enhance customs compliance measures without unfairly impeding legitimate traders. This activity started in 2012.
No. of intelligence units established at ICDs	TAFE I	N/A	0	0	0	0	0	4	0	4	0	TAFE reached an agreement with the ACD Enforcement Directorate to identify regional intelligence officers from mobile verification teams in four main locations: Herat, Jalalabad, Mazar, and Kandahar.
No. of intelligence profiles generated by the ACD	TAFE I	N/A	0	0	0	0	0	50	60	80	25	Intelligence profiles are an important tool that aids trade facilitation while ensuring compliance.
No. of permanent professional positions allocated for women at the ACD	TAFE II	N/A	0	0	0	0	0	20	0	20	1	In line with the Tokyo Mutual Accountability Framework and the National Action Plan for Women, TAFE supported the ACD in meeting benchmarks related to increasing female participation in elected and appointed bodies at all levels of governance to 30 percent by 2020.
No. of female interns completing a six-month internship at the ACD	TAFE II	N/A	0	0	0	0	0	20	0	20	20	TAFE partnered with the USAID-funded Women in Government program to implement an internship program at ACD for university women.
Value of goods exported to the United States taking advantage of Generalized System of Preferences	TAFE I	2009	\$1.5 million	Tracking only	0	Tracking only	\$2.2 million	Tracking only	\$4 million	0	0	The Generalized System of Preferences is a scheme where a wide range of industrial and agricultural products originating in certain developing countries are given preferential access to the U.S. market.

Indicator	Type of Indicator	Baseline		2010		2011		2012		2013		Definition
		Year	Data	Target	Result	Target	Result	Target	Result	Target	Result	
No. of new requests, offers, revised offers, or other format text that are submitted by a host country	TAF A I	N/A	0	0	0	0	0	4	10	0	0	A new request, offer, revised offer, or other format text submitted by a host country represents significant progress toward WTO accession. Data were maintained on each type of new request or offer. This indicates progress made in negotiations toward liberalization.
No. of trade-related international agreements and/or MOUs signed	TAF A I	N/A	0	0	2			1	2	0	0	In 2010, Afghanistan signed the APTTA and SAFTA agreements.
Sub IR 2.2: Improved Speed and Efficiency of Transit and Transportation of Goods												
No. of ICDs where e-money payment system introduced	TAF A II	N/A	0	0	0	0	0	4	0	4	0	TAF A implemented solutions to use e-money for automated payment of transit fees and guarantees, to quickly facilitate trade while removing redundant steps for cash payments.
No. of impediments eliminated to cross-border trade with Pakistan and other countries in the region	TAF A II	N/A	0	0	0	0	0	3	0	3	1	USAID and TAF A visited Uzbekistan, Tajikistan, and Pakistan to identify potential regional cooperation, harmonization, and integration. TAF A continued to find impediments to cross-border trade with these countries and suggest solutions for elimination.
No. of Customs and Trade Consultative Council meetings held to provide interaction between private sector, including women-owned business and customs	TAF A II	N/A	0	0	0	0	0	4	1	4	1	The initial council meeting was in December 2012 with ACCI, to confirm the terms of reference for future meetings.
IR 3: Trade Facilitation Strengthened												
Increase in trade with Central Asian republic countries	TAF A II	N/A	0	0	0	0	0	Tracking only	\$1.1 billion in 1391	Tracking only	\$271 million in first quarter 1392	This includes the total value of trade with Uzbekistan, Tajikistan, Kazakhstan, and Turkmenistan.
Sub-IR 3.1: Increased Management Capacity of Private Sector Production and Marketing Enterprises												
Value of export sales increased by project supported firms	TAF A II	N/A						TBD	0	5%	\$673,450	Export sales value based on what is invoiced to the client; value of executed contracts.
No. of firms receiving project-supported capacity building assistance to increase exports	TAF A II	N/A	0	0	0	0	0	TBD	0	20	115	Any firm participating in any export partnership activities.
No. of technical assistance and capacity building activities provided to firms and trade promotion agencies	TAF A II	N/A	0	0	0	0	0	5	1	5	9	Market research, short-term technical assistance to government and/or private sector beneficiaries, study tours and international trade fairs/exhibitions, exporter training sessions.
Sub-IR 3.2: Improved Coordination and Collaboration of Private Sector Engagement through Central and South Asia												
No. of new contracts between local producers and car vendors	TAF A II	N/A	0	0	0	0	0	TBD	0	2	0	Note: TAF A supported participation of Afghan firms in Agro World and the World Food Exhibition on April 3-5, 2013 in Tashkent, Uzbekistan. As a result, more opportunities were created for Afghan producers and Central Asian republic vendors to start business.
No. of TAF A-sponsored activities aimed at engaging Central Asian and Afghan women in the economy	TAF A II	N/A	0	0	0	0	0	TBD	0	3	1	Activities include grants, technical assistance, research papers, business training, trade fairs, and conferences.
No. of regional trade events attended by Afghan firms	TAF A II	N/A	0	0	0	0	0	2	0	2	3	TAF A identified regional trade events in the Central Asian republics that Afghan firms can attend, offering opportunities for networking and identifying possible business partners. These events helped identify new markets for Afghan goods and give Afghan businesses the opportunity to identify the standards they need to compete in the Central Asian republics market.

Indicator	Type of Indicator	Baseline		2010		2011		2012		2013		Definition
		Year	Data	Target	Result	Target	Result	Target	Result	Target	Result	
No. of documents required for import/export	TAFI I	2009	12 export 11 import	0	12 export 11 import	10 import 10 export	10 import 10 export	9 documents for both import and export	10 documents for both import and export	0	0	Based on the World Bank's Doing Business 2010, in Afghanistan 11 documents are required for import and 12 for export. TAFI found that more documents were required for import and export than Doing Business reported. This component worked with government counterparts to come up with a list of document required for import and export. This list was used as the baseline and targets were set accordingly.
No. of trade-related public-private partnership projects developed for government to implement	TAFI I	N/A	0	0	0	0	0	2	0	0	0	There are no specific laws and regulations in Afghanistan that enable public-private partnerships and ensure protection for private investors.
No. of exporters using services of the one-stop shop	TAFI I	N/A	0	0	0	Tracking only	750	1,250	0	0	0	This means the number of exporters that take advantage of one-stop shops. The targets are not cumulative.
No. of licensed freight-forwarders that take part in transport capacity building	TAFI I	2009	0	0	80	40	131	0	0	0	0	Licensed freight-forwarders refers to the number of freight-forwarders registered with the Afghanistan Freight-Forwarding Association.
Cross-Component Indicators												
No. of U.S. government-supported training events held that relate to improving the trade environment	TAFI I	N/A	0	20	21	40	103	33	51	33	39	Training is defined as a TAFI-led training activity that is related to improving the trade environment. It refers to an activity in Afghanistan or another country that is intended for teaching or providing knowledge and information on a specific topic.
No. of person-days of training of key personnel in trade and customs regulation	TAFI I	N/A	0	0	0	1,730	4,080	1,400	1,489	1,400	542	Key personnel are defined as female and male personnel who are targeted for training and receive training. A person-day is a 7-hour day of training received by one person.
No. of public events held to discuss trade and business policy matters with stakeholders and public	TAFI I	N/A	0	50	52	80	84	60	65	30	41	A public event is defined as a TAFI-led and/or -supported trade-related activity such as a conference, seminar, coordination meeting, working group meeting, trade-related fair, roundtable, consultative process, forum, presentation to major gathering of university students, public-private partnership event, launch of trade campaign, presentation to Parliament members or ministries, other key events that stakeholders attended.
No. of new policy, procedures, and management tools developed for the ACD with TAFI technical assistance for management practices	TAFI II	N/A	0	0	0	0	0	10	25	13	12	Policy, procedures, and management tools developed for ACD with TAFI technical assistance for management practices.
No. of vehicles entering/exiting key borders	TAFI I	2009	1,500 per day	Tracking only	0	0	0	0	0	0	0	Definition and methodology is based on the number of declarations by the number of vehicles paying customs duties. The key borders included Hirat, Mazar, Jalalabad, Kandahar, and Nimroz (not including International Security Assistance Force goods).
Public Outreach												
No. of media articles published on trade	TAFI I	2009	26	0	87	100	170	0	0	0	0	This indicator refers to the number of trade-related articles published in daily newspapers.
No. of trade- and customs-related communication campaigns conducted with counterparts	TAFI I	N/A	0	0	0	4	3	0	0	0	0	"Campaigns" refers to major campaigns, such as those to reach stakeholders in provinces on trade agreements.
No. of public information printed materials distributed	TAFI I	N/A	0	0	6,605 copies	11,000	10,355	0	0	0	0	Information and materials printed and distributed to the public.
Change in people's perception toward trade	TAFI I	N/A	91% positive view in trade/knowledge, attitudes, practices survey	0	0	0	0	0	0	0	0	Change here refers to the change in the public's attitude toward trade. The 2010 survey on Afghans' knowledge, attitudes, and practices related to trade and its potential benefits for Afghanistan.