



Administrator's Sustainability Guidance for USAID in Afghanistan June 2011

USAID's engagement with Afghanistan is critical to the success of the President's strategy, and a core element of the U.S. Government's commitment to an enduring partnership with the people and Government of Afghanistan. This guidance aims to ensure that USAID's resources – our people, time, and budget – are closely aligned with both U.S. and Afghan national interests.

USAID's long-term goal is a stable, just Afghanistan on a sustainable trajectory of economic growth. To achieve this, our immediate priority must be to help create the conditions required for a successful and lasting transition. The conditions required for transition to Afghan-led security are basic levels of security and stability, and confidence by the Afghan people that there is positive movement toward capable, inclusive, and pluralistic governance. Without meeting these conditions our long-term goal and lasting development impact will not be possible.

This guidance complements and builds upon previously-issued guidance, including my January 2011 Stabilization Guidance, and the National Security Council guidance following the Annual Pakistan and Afghanistan Review.

This guidance should inform a review, and ongoing monitoring of USAID's engagement in Afghanistan over the next three years to ensure that all USAID's work contributes to:

- Bringing stability to Afghanistan and confidence to the Afghan people in their government, particularly in key terrain districts, through our short- and long-term stabilization efforts;
- Assisting the Afghan people to build more capable, inclusive, and pluralistic governance and society; i.e., a politically inclusive system of governance that provides security and freedom of movement; justice for crimes and peaceful resolution of conflicts; delivery of basic services; and
- Enabling sustainable economic growth and human development, including the creation of an enabling environment for economic growth and public and private sector investment.

A few key foundational investments by USAID will be critical to the future viability of Afghanistan's development endeavor. In order to promote economic growth, and thus contribute to future government revenue streams for the sustainability of both the security transition and key Afghan government functions, USAID will invest in a few high capital investments, high impact programs. These "foundational investments" require significant up-front financial and policy engagement in the start phase, with financial costs and policy engagement tapering off

once systems, institutions, or infrastructure are in place, or the private sector takes over. These investments will best leverage the higher levels of financial resources that we currently have to ensure sustainability of our other investments as well as the security transition in the future.

Core Principles for USAID Engagement

To confirm that our work is focused on achieving the U.S. and Afghan immediate objective of transition, and to ensure that the impact of our work is sustainable and durable beyond 2014, we must examine our programs anew to ensure that each meet all three key principles: (1) increases Afghan ownership and capacity, (2) contributes to stability and confidence, and (3) is effective both programmatically and cost-wise.

Afghan Ownership and Capacity. To help create the conditions for the transition, and for those conditions to be sustainable, USAID programs must increase Afghan ownership, Afghan capacity to manage and lead, and Afghan commitment to sustain. If these characteristics are not present in the programs now, there must be a realistic plan for achieving these in the short-to-medium term.

- USAID’s work should reflect the development priorities of Afghans, and should be endorsed by the Government of the Islamic Republic of Afghanistan (GIROA), or civil society in appropriate cases, and should be at least 80 percent aligned with the Afghan National Development Strategy (ANDS) according to Kabul Conference commitments.
- If our work establishes recurrent costs, then we must determine with our Afghan partners and other donors whether they will have the interest and resources, amongst many competing demands and decreasing resources, to maintain the investment over time, so that it is sustainable.
- In coordination with Afghans and other stakeholders, USAID must ensure that sufficient capacity is being developed and will exist to continue to lead, manage, and implement USAID’s current investments and programs into the future. Where Afghan capacity will take more time to build, or there will need to be continued significant donor support to continue building capacity, such programs must be reviewed to ensure that the programs will remain an Afghan priority in a time when resources may be scarcer.

Contribution to Stability and Confidence. As outlined in my January 2011 *Guidance for Stabilization in Afghanistan and Pakistan*, USAID’s engagement should address the drivers of violence and insurgency, create incentives for the peaceful resolution of conflict, and promote confidence by the Afghan people in the legitimacy of their government and their future.

- In governance, this means expanding access to justice and dispute resolution by working with formal and traditional entities at the provincial and district levels, and supporting pluralistic and inclusive governance by national and local institutions to address drivers of conflict and sources of instability.
- Increased Afghan government and societal capacity to deliver, equitably and accountably, critical social needs and promote economic conditions enhances Afghan confidence in the legitimacy of various levels of government. USAID programs supporting such capacity should be accompanied by programs aimed at improving income and revenue generation; increasing transparency, accountability, and effectiveness in financial management; and providing a foundation for Afghans to increasingly fund development and basic service delivery into the future.
- In terms of geographic focus, USAID programs must contribute to stability and confidence in key terrain districts, as well as contribute to ensuring that the first provinces to transition to Afghan security lead are successful models that inspire the confidence of the Afghan people and thus creates momentum for the more challenging areas.

Cost Effectiveness and Program Effectiveness. As foreign assistance budgets decrease, difficult choices will have to be made between important programs that satisfy both of the above principles. Programs must be reviewed for both program effectiveness (is each program on track to achieve what we intended?), and for cost effectiveness (can we achieve similar results for less money? For example, by using different modalities, or by changing our programming).

Implementation Guidance

To implement this guidance, there are several important next steps:

Program Review, both Immediate and Ongoing. Focus, confine, and limit USAID’s portfolio toward critical priorities to achieve the goals of stability, economic growth, and confidence by the Afghan people that there is positive movement toward capable, inclusive, and pluralistic governance.

- Examine all of USAID/Afghanistan’s projects against the principles of: 1) Afghan ownership and capacity; 2) their contribution to transition and confidence; and 3) cost effectiveness and program effectiveness.
- For every project, estimate all recurrent costs required to maintain the services, infrastructure, and institutions, as well as ongoing capacity building investments that will be required. Develop plans in partnership with GIROA, and other donors to ensure that such costs are priorities and are within budgets in a scarce resource environment.
- Sustainability of USAID’s approach and investments must be paramount.

- For projects that do not align with these principles, or for which there is insufficient commitment to fund or capacitate, recommend whether projects should be modified, ended, or postponed.
- Collaborate with regional platforms on a geographic review and application of the project examination results. This collaboration will begin with the regional platforms where the first transition tranche of two provinces and five municipalities are located.

Analyze and Report. Within 45 days of this guidance, report to USAID/Washington on the initial results of this analysis. It will be important to understand what you will be doing differently as a result of this analysis, and if programs are being ended, postponed, or modified.

Monitor change. Using indicators already collected, and beginning April 30 for the period covering January 2011-March 2011, analyze and report on a quarterly basis regarding:

- Our on-budget assistance progress and targets, as well as GIROA's progress on meeting its commitments;
- The flow of funds nationwide (e.g. pipeline and expenditure rate);
- The geographic allocation of USAID resources at the subnational level, with special emphasis on key terrain districts, areas of interest, and transitioning provinces;
- Our progress toward program outcomes/impacts using dashboards and other tools;
- The security situation, including statistics such as attacks on USAID implementing partners, Afghan government officials, and humanitarian organizations in this area;
- GIROA revenue collection as a percentage of operating expenses;
- Prioritization and funding of programs in the ANDS; and
- Percentage of districts with access to primary education and access to healthcare.

Communications Strategy. Within 45 days of this Guidance being issued, develop a communications strategy regarding USAID's ongoing partnership with Afghanistan. Explain that our focus is to ensure the foundations are in place for continued stability and confidence of the Afghan people in progress toward a more capable, inclusive, and pluralistic governance and society. Engage systematically and regularly with Afghan government, civil society, and media.