

Document: EB 2011/102/INF.7
Date: 21 April 2011
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Islamic Republic of Afghanistan Progress report on the country strategic opportunities programme

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Executive Board — 102nd Session
Rome, 10-12 May 2011

For: Information

Abbreviations and acronyms

| | |
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| ANDS | Afghanistan National Development Strategy |
| ARDSS | Agriculture and Rural Development Sector Strategy |
| COSOP | country strategic opportunity programme |
| MAIL | Ministry of Agriculture, Irrigation and Livestock |
| MDG | Millennium Development Goal |
| MRRD | Ministry of Rural Rehabilitation and Development |
| MTR | mid-term review |
| NADF | National Agricultural Development Framework |
| NPP | national priority programme |
| PBAS | performance-based allocation system |
| PSR | project status report |
| RMLSP | Rural Microfinance and Livestock Support Programme |

Islamic Republic of Afghanistan

Progress Report on the country strategic opportunities programme

While it is not a formal requirement to provide country strategic opportunity programme (COSOP) progress reports to the Executive Board, this information note is provided on an exceptional basis given the nature of IFAD's engagement in Afghanistan and the commitment made when the Afghanistan COSOP was discussed at the Executive Board in December 2008.

I. Introduction

A. COSOP parameters

1. The Executive Board approved the current COSOP for Afghanistan in April 2008. The proposed programme had previously been discussed and agreed at a meeting chaired by the Ministry of Rural Rehabilitation and Development (MRRD) and attended by key stakeholders. The COSOP was formulated in close consultation with the Afghan authorities and development partners, and is aimed at supporting and complementing the pro-poor policies and programmes of the Government of Afghanistan and other international and national development partners, as envisaged by the Afghanistan National Development Strategy (ANDS) and in line with the Millennium Development Goals (MDGs).
2. The current COSOP runs for a four-year period, from 2008 to 2012 and is the first that IFAD has developed for Afghanistan. It was one of the first COSOPs to be formulated under IFAD's new results-based process, the design of which involves a mid-term review (MTR) of the results and progress of the COSOP.
3. This MTR was undertaken from 19 to 27 March 2011, approximately half-way through the four-year period. The MTR mission held extensive consultations with key government ministries, donors and other stakeholders.

B. Changes in country context since the COSOSP appraisal

4. Since 2008, the Government has been gaining in capacity and its ability to deliver services at the lowest level. However, significant challenges still remain in establishing the state instruments needed to ensure that custodianship lies fully in the hands of the Afghan people. Key constraints persist in terms of security as insurgency has spread since 2008, competing with the Government for control over previously stable areas. In addition, coordination among donors is still weak. This is now being addressed by the Government through the development of national priority programmes as the main platform of funding for the international community, along with an increase in the percentage of assistance funding being channelled directly through the Government (an increase from 20 per cent to a possible 50 per cent has been discussed). The gap in planning, budgeting and capacity-building between the centre, province and district is finally being addressed through the beginnings of a shift in devolutionary powers and decision-making away from Kabul.
5. Afghanistan is almost the poorest country in the world, ranked by the United Nations at 155 out of 169.¹ It has been affected by a series of conflicts for almost three decades, since the Soviet invasion of 1979. The last official census was conducted in that year, when the population was 15.5 million. Estimates of current

¹ The Real Wealth of Nations - Pathways to Human Development; Human Development Report, [United Nations Development Programme](#) 2010.

population vary between 24 million (Afghan Central Statistical Office, 2006) and 30 million (World Bank, World Development Indicators for 2006), with around 80 per cent of all Afghans living in rural areas. Afghanistan is a young country, where 52 per cent of the population are 17 years of age or younger.² Men account for 54 per cent of the population and women for 46 per cent. Agriculture is the most important sector in terms of employment, with the formal agricultural sector contributing about 36 per cent to GDP and illicit opium production estimated at contributing a further 47 per cent.

6. Only 17 per cent of the population aged 25 and over has attended any type of formal education, with the figure for women being just 6 per cent. Structural violence, including the persistent marginalization of women, is exacerbated by dire levels of poverty.
7. Government revenue is low and international assistance constitutes around 90 per cent of all public expenditure in the country. Gross national income per capita is just US\$1,419. Since 2001 and the ousting of the Taliban regime, much has been achieved: democratic institutions and ministries have been established; significant improvements in health care and immunization have taken place; primary schools, roads and transport infrastructure have been constructed. However, most Afghans still endure conditions of hardship and insecurity, and criminality is now jeopardizing recent progress. In addition there are significant disparities in the geographical distribution of aid with some major donors directing a disproportionate share of their funds to the southern provinces where the insurgency is strongest. Most aid has been directed to Kabul and other urban centres, rather than to rural areas, and agriculture has been under-resourced until very recently.
8. From the IFAD target group viewpoint, the most apparent macroeconomic fact is that consumer price inflation has surged on numerous occasions, driven largely by rising fuel and food prices – a phenomenon that reflects world trends, the cost of transporting goods to and through this landlocked country and the fact that Afghanistan's neighbours have restricted wheat exports. Under these circumstances, agricultural productivity has been fluctuating, but overall has been on the rise.
9. Since 2009, the Ministry of Agriculture, Irrigation and Livestock (MAIL) has been an intrinsic part of an overall multi-ministerial rural development approach that has achieved a convergence between its own institutional requirements and a set of national priority programmes (NPPs) emerging from the Kabul Process.
10. MAIL's own institutional requirements evolved under a leadership change within the Ministry in October 2008. This change prompted the review of the Ministry's structure and programmes in line with the Agriculture and Rural Development Sector Strategy (ARDSS), which was a subset of the priorities of the Afghanistan National Development Strategy (ANDS) priorities. The ARDSS evolved into the Agricultural Master Plan in 2009 and finally into the National Agricultural Development Framework (NADF), the road map for the agricultural sector for the next five years. This evolution was supported by the outputs of the Kabul Process, in which sixteen ministries were engaged in the three development clusters of Agriculture and Rural Development (ARD), Human Resource Development, and Energy and Infrastructure Development, managing in total over 80 per cent of the development budget. The ARD cluster is chaired by the MAIL and comprises the MRRD, Ministry of Energy and Water (MEW) and Ministry of Counter Narcotics. With the overall goal of developing prosperous rural and pastoral communities, four NPPs have been developed and recommended to the international community for support. These programmes are: (i) national water and natural resources development; (ii) national comprehensive agriculture production and market

² The National Risk and Vulnerability Assessment 2005: Afghanistan.

development; (iii) national rural access; and (iv) national strengthening of local institutions.

11. In addition, the subnational governance debate has matured over the last several years and has been finalized under the Independent Directorate of Local Governance (IDLG) and MRRD. Existing district- and community-level mechanisms and representative entities will be rationalized through regulatory improvements and resource transfers to become district and village councils, with a potential clustering of the latter along social and economic lines. Line ministries can then decide how to develop a system of budget-based transfers to communities and the regulations required to ensure transparency and accountability.
12. The security situation in the country has been deteriorating over the last several years, even in the areas originally identified as being stable and therefore selected for initial implementation of the Rural Microfinance and Livestock Support Programme (RMLSP). In 2011, an internationally agreed plan was finalized to begin the phased physical transition of security from the International Security Assistance Force to the Afghan National Security Forces, with the first six provinces being announced in March 2011. All these developments have a significant impact on the Government's ability to deliver services in a secure and stable environment.

II. Summary and relevance of IFAD's COSOP

13. Since the initial COSOP appraisal, significant progress has been made in national policy regarding development, governance and security. The finalization and approval of the Interim Afghanistan National Development Strategy (I-ANDS) to a full-fledged comprehensive development framework in the shape of the ANDS (2008-2013) led to the formulation of sector strategies in 2009. This was followed by the Kabul Process which commenced in the lead up to the Kabul Conference (July 2010) and resulted in a sectoral clustering of Afghan ministries in order to finalize a list of NPPs.

A. Strategic objectives

14. The COSOP deals with pervasive rural poverty in a war-torn country marked by hardships, inequalities and socio-economic disadvantages. It defines IFAD's potential role for strategic alliances and partnerships, thus providing a platform for dialogue and coordination with the Government and other international and local stakeholders. It is flexible, envisaging yearly reviews to adapt to the fragile process of state-building, peace-keeping, reconciliation and post-conflict reconstruction.
15. The COSOP's overarching objective is to reduce gender disparities and increase the social and economic status of vulnerable and marginalized communities. Its specific objectives are: (i) strengthening the capacity of local development institutions, private entrepreneurs and local government agencies for local-level planning, enterprise development and economic growth; (ii) increasing access to rural-focused financial services; and (iii) enhancing the assets, skills and productivity of rural households.
16. While the security situation remains fluid and the country portfolio is still maturing, IFAD will need, in the short to medium term, to reduce its geographical spread to develop a more integrated and complementary operational modality conducive to cofunding with other donors. Simultaneously, there should be an acknowledgement that there are geographical areas more deserving of IFAD investments, but that security still presents a challenge, even to major national programmes.

B. Relevance of COSOP

17. Taking into account the plethora of changes, the amendments since 2008, and the evolution at the policy and institutional levels, combined with interventions working towards stabilization of security across the country, the COSOP still falls broadly within the relevant policy frameworks and guidelines of the Government.

18. The COSOP also fits well under the overarching goal of the IFAD Strategic Framework (2011-2015) and is fully supportive of the four objectives: (i) a strengthened and more resilient natural resource and economic asset base for poor rural women and men; (ii) enhanced access to a range of services for poor rural women and men; (iii) strengthened capabilities (of both individual rural poor men and women and their organizations) to take advantage of new opportunities; and (iv) improved institutional and policy environments for the rural economies in which IFAD operates.

C. Partnerships and policy

19. Implementation of the RMLSP took advantage of valuable partnerships with key international NGOs at a time when the Government was still unable to achieve full coverage of service delivery. In implementing RMLSP, IFAD has found increasing opportunities to work directly with the Minister for Agriculture and to reach coordination and programme-based decisions within the MAIL. So far, the key policy issues identified include: the reforms required to build the general capacity of provincial and district-level MAIL staff; improvements needed in agricultural extension and livestock support; and legal framework required to permit microfinance institutions to mobilize savings from the rural communities.

D. Portfolio management and lending framework

20. The COSOP highlights where portfolio management could be improved, for example: (i) better project design to limit potential for misspending project funds; (ii) more implementation support to improve the poverty and gender focus; and (iii) the generation of more useful monitoring and evaluation (M&E) data. The PBAS allocation for Afghanistan was US\$26.9 million for 2007-2009. The current PBAS cycle makes US\$29.7 million available for a new project.

III. Progress with implementation

A. Impact of recent changes on COSOP objectives

21. The COSOP's overarching objective of reducing gender disparities and increasing the social and economic status of vulnerable and marginalized communities remains aligned at the strategic and policy levels. However, this goal and its specific objectives will require minor amendments and clarifications to ensure alignment with recent developments and guidelines within the agriculture and rural development sector.
22. **Overarching objective: Reduce gender disparities and increase the social and economic status of vulnerable and marginalized communities.** This overall goal remains in line with the Government's national (i.e. ANDS), sectoral (i.e. ARDSS) and ministerial (i.e. NADF) priorities, all of which have highlighted a clear need to reduce gender and ethnic disparities. In all the interventions that IFAD will continue to support in the country, investments will be primarily focused on women and on strategic opportunities to enhance their productivity and socio-economic status. Women have been left far behind in Afghanistan as a result of years of seclusion, discrimination and violence.
23. The NADF promotes the integration of gender into agricultural projects through means such as promoting rural poultry development, dairy production, horticulture, seed production, food processing, bee-keeping; obtaining the support of community representatives; involving women and men; demonstrating women's contribution to agriculture; recognizing the diversity in women's situations; strengthening women's business skills; working with women staff; and using agriculture programming that integrates a variety of activities such as literacy and numeracy, technical skills for income generation and food production, simple business skills (market analysis, book-keeping), and health and nutrition education. The combination of these activities enhances women's self-confidence and thus their capacity to take decisions and be proactive in supporting their family and community.

24. In recognition of the difficult context, IFAD-funded projects will continue to support specific activities in which women have traditionally played a key role such as the management of small livestock and subsequent off-take and products. In addition, an integrated package of services for women will be developed in collaboration with key partners. IFAD-funded projects will also target neglected and vulnerable communities, such as the nomadic Kuchi, who have suffered as a result of the closure of many traditional routes and the prolonged drought that has destroyed most of their livestock. This transhumant community is in real danger of losing its traditional way of life and is in urgent need of assistance.
25. **Strategic objective 1: Strengthen capacity for local-level planning, enterprise development and economic growth.** Though still relevant in the piloting as opposed to the replication of key interventions, less emphasis should be placed upon a phased approach. Bearing in mind the current constitutional changes in subnational governance (i.e. formation of village and district councils) and that several national programmes are focusing on institution-building and support to local-level planning, a continued multi-ministerial approach should be taken with the ministries identified in the original COSOP.
26. This objective should concentrate on supporting recent developments in strategic direction and capacity-building within the agriculture and rural development sector in Afghanistan. The objective should have a clearer mandate to facilitate and strengthen ministry staff in the IFAD programme area. This will be undertaken through a combination of demand-driven skills-based packages (technical and managerial) and project packages to foster an experiential learning approach.
27. **Strategic objective 2: Increase access to rural-focused financial services.** Although the relevance of this objective remains a valid approach to promoting culturally sensitive and tailored rural credit for rural communities, the current policy environment remains relatively unclear. Existing microfinance institutions still do not have the necessary regulatory framework and support to mitigate against externalities, such as policy changes or reinterpretation of existing by-laws.
28. The recent emphasis on formalizing access to rural credit through government institutions by several ministries, including MAIL, is also beginning to take shape. As such, it will be advisable to adopt a more cautious approach and take stock of the institutional status and any implementation progress within the sector in early 2012, during the MTR of the RMLSP. Based upon findings and progress at that time, a more informed decision could be taken on IFAD investments in the rural microfinance sector for the remaining period of the COSOP and beyond.
29. **Strategic objective 3: Technical support to prioritized community-led productive agricultural investments.** The original objective is very broad and requires greater clarification in terms of detailing IFAD investments. Apart from the change in the title as above, the definition and relationships of this objective are anchored to existing priorities and requirements at community-level and linked with simple and pragmatic inputs. The title change also reflects new and merging needs and national priorities as they begin to take shape as relevant components of proposed NPPs.
30. Following extensive consultation with a full spectrum of stakeholders, there is concurrence on the continued strong focus on livestock activities targeting the most vulnerable, and the support for initiatives to start rural enterprises by capitalizing upon existing initiatives. In addition, a focus on value chains and productive agricultural infrastructure particularly in relation to women, wherever possible, should become the mainstay of this objective.
31. As ministries will be further encouraged to work through provincial authorities and district and village councils, this objective will provide some of the technical, managerial and physical resources required by these bodies to meet the increased

demand for and expectation of service delivery. This would strengthen links with MRRD and allow IFAD to diversify the portfolio across ministries to obviate issues of absorption capacity in MAIL.

B. Outputs

32. **Rural Microfinance and Livestock Support Programme.** The ANDS cites agriculture as its priority sector, in that it both provides the population (which is continuing to grow albeit at a slower rate) with an adequate and secure supply of food and is the key driver of pro-poor growth. Although designed to fit within the ARDSS, the RMLSP is also well-aligned with the NADF. Its purpose is to provide smallholders, existing livestock owners and those who aspire to own livestock with sustainable access to microfinance, with a focus on women, women-headed households, the "un-creditworthy" and Kuchis. This will be achieved by providing the microfinance services and technical livestock packages required to engage in new, more productive or profitable livestock-based rural enterprises.

IV. Programme performance

A. External factors affecting project performance

33. Afghanistan continues to face a series of constraints that affect the progress of the IFAD portfolio. These constraints are: (i) the fluctuating security situation, which has made it difficult to maintain steady outreach to communities and to undertake monitoring and missions. The targeted provinces selected also because they were stable in terms of insurgency are now affected by these very problems. This will be further exacerbated by the transition of national security from the International Security Assistance Force to the Afghan National Security Force across the country; (ii) ministry staff at the district and provincial levels are still faced with a severe lack of capacity and resources. Although this has been partly addressed through support from project service providers, the knowledge and resource deficit remains a key factor preventing full ownership and coordination of agriculture activities by MAIL at the lowest levels possible; (iii) the formalization of roles and responsibilities in local institutions has been fraught with inconsistencies, which have only recently been cleared up in line with constitutional parameters. The development of district councils and village councils is now under way under the auspices of the Independent Directorate of Local Governance. This new and broader definition of these institutions will assist IFAD in identifying key focal points, inputs and activities to ensure their further legitimization as appropriate development gateways for implementing COSOP objectives.
34. IFAD also faces numerous obstacles in the policy environment. In agriculture alone, there are still some 91 by-laws yet to be enforced in the areas of policy, regulatory frameworks and implementation of best practices. In addition, the microfinance sector has had great difficulty in obtaining exemption from certain taxes and permission to receive savings through depository microfinance institutions. Such issues require due diligence and often a case-by-case approach for the more complex legislative questions which makes their early resolution unlikely.

B. Project performance rating

35. The project status report (PSRs) for the RMLSP gives the project a moderately satisfactory assessment. PSRs rate project performance against a range of criteria. As IFAD has just one project in Afghanistan currently, the performance of the country programme reflects the performance of that project.
36. Based on consultation with key stakeholders and budget availability within IFAD, MAIL strongly recommended that new project design and implementation address immediate and longer-term needs ranging from productive agricultural infrastructure to technical support for MAIL extension staff at provincial and district levels.

C. Portfolio management and project supervision

37. Since 2009, IFAD has undertaken one partial supervision and implementation support mission (8-15 October 2010) for the RMLSP, which focused on component 1 (rural microfinance) and produced 42 detailed recommendations. A full supervision and implementation support mission of the RMLSP was then undertaken from 8 to 31 March 2011. A draft aide-memoire was circulated as part of the wrap-up meeting with MAIL in Kabul and is now undergoing revision and finalization for submission in mid-April 2011. IFAD provides direct project support through the country programme officer located in Islamabad. He also coordinates with the Government and other donors as required, with regular support from the country programme manager (CPM).
38. The IFAD CPM holds twice-yearly portfolio review meetings with the project director to discuss progress and plan future IFAD implementation support. In addition, IFAD holds annual project management workshops for all projects in the Asia-Pacific region where project managers get an opportunity to meet and interact with senior IFAD Management.

D. M&E, knowledge management and lesson learning

39. The COSOP states that IFAD will promote effective knowledge management in line with IFAD's knowledge management strategy using several mechanisms. One of these was an annual COSOP review. However, this has not always been possible because of delayed project start-up as a result of contract compliance issues with the service providers and a less than conducive policy environment for the promotion of component 1 (rural microfinance), which prevented key interlocutors from delivering the required services.
40. However, the COSOP MTR has been undertaken and recommends the adoption of an annual review. Although the knowledge management process has been built into the project design, adequately qualified staff have not been identified to inculcate this process into project activities or build upon existing practices elsewhere within the Ministry through the General Directorate of Programmes (GDP) (formally the programme implementation and coordination unit). As such, the RMLSP will be providing a staff member specifically to assist the directorate in adopting IFAD knowledge management practices to facilitate knowledge coordination and dissemination within MAIL.
41. Following extensive consultations with key stakeholders in implementation and monitoring, there was general consensus on the need for greater geographical targeting and more selective design to counter the growing insecurity. In addition, more selective activities to ensure greater sustainability would open up cofinancing opportunities in the same area. Such activities should focus on the "basics" (i.e. community-based productive infrastructure, livestock development, etc.) to enhance their sustainability.
42. The active engagement of IFAD in donor forums has not been possible because of its lack of presence in-country. Many opportunities are available for IFAD to share its regional and in-country experience that could result in policy influence and the discussion of best practices. These forums include the United Nations Country Team, the United Nations food security and agriculture cluster and a variety of donor technical and coordination working groups. With a proposed increase in the IFAD portfolio, the possibility of cultivating an IFAD presence, albeit on a semi-permanent basis, should be given due consideration.
43. Finally, lessons emerging from supervision and the M&E of the IFAD-funded project are being documented and shared with the Country Programme Management Team. In addition to this, it has been recommended that IFAD recruit an international consultant on a short-term contract to assist the GDP in setting up a system with support from the Knowledge Management Unit of the Asia and the

Pacific Division. The staff member assigned by the RMLSP could act as interlocutor and facilitator in this process and ensure that learning is disseminated in line with best practice.

E. Harmonization and alignment

44. IFAD continues to be an active partner within MAIL and participates in the MAIL management meeting, when requested. IFAD is also involved in government/donor harmonization and coordination activities in Afghanistan and maintains partnerships with donors through regular visits when the country presence officer or CPM is in the country. Given the limited portfolio, this level of involvement has been adequate to date but will need to be reconsidered in the light of a possible medium-to-long-term commitment to Afghanistan and the design and implementation of a second project later in 2011, which will double IFAD's activities.
45. IFAD is strongly committed to harmonization and alignment, ensuring that:
 - All existing and planned projects are aligned to the Government's ANDS;
 - Financial support follows existing fiduciary processes and does not run parallel to the existing drawdown mechanism, as determined by the Ministry of Finance;
 - Funding follows government budget execution procedures and national procurement procedures, wherever possible;
 - The project management unit is closely linked to MAIL;
 - Missions are kept to a minimum (only two since 2009) to reduce the administrative burden on the Government.

F. IFAD allocation for Afghanistan

46. Under the current PBAS cycle, US\$29.7 million is available for a new project in Afghanistan.

G. COSOP consultation process

47. In line with the relevant clauses within the COSOP, an IFAD MTR team visited Afghanistan in March 2011. The principle objective was to review the current COSOP design in light of changes in the rural development sphere and exogenous circumstances since 2008. The mission reviewed the current COSOP priorities in juxtaposition with the new IFAD Strategic Framework 2011-2015, the MDGs, the National Plan of Action for Women and recent strategic frameworks such as the ANDS and the NADF along with roadmaps and timelines for NPPs.
48. The mission met with key government officials in the Ministry of Finance; Ministry of Agriculture, Irrigation and Livestock; MRRD; and financial institution agents (MISFA, First Micro Finance Bank, Aga Khan Development Network, Agricultural Development Fund and the Bangladesh Rural Advancement Committee). Meetings were also held with key implementing partners such as the Food and Agriculture Organization of the United Nations (FAO), the Dutch Committee for Afghanistan and the International Center for Agricultural Research in the Dry Areas (ICARDA). In addition, the mission members had extensive meetings with United Nations agencies and representatives of the international donor community – FAO, World Food Programme, Asian Development Bank, Japan International Cooperation Agency and the World Bank – to discuss current areas of investment and possibilities for future cofinancing.
49. A wrap-up meeting was held on 26 March 2011, hosted by the Minister for Agriculture. Participants concurred with the mission's recommendation that minor amendments and clarifications be made to the three COSOP objectives and a further project included within the COSOP period.

V. Priorities for IFAD in the remainder of the COSOP period

A. Investment priorities

50. The investment priorities of the current COSOP, which are set forth in the three main objectives, still remain broadly in line with the rural development sector framework of Afghanistan. The RMLSP is using a very interesting and innovative capacity-building model focusing on young professionals. It entails providing eight young graduates (including one woman) from local universities (faculties of veterinary medicine, animal science and agronomy) the opportunity to collaborate in the programme's field activities. The graduates are extremely motivated and regularly report back to RMLSP management, providing an independent assessment of beneficiaries' needs, programme implementation constraints and the quality of the actions undertaken. This initiative was commended by the mission as a valuable opportunity to support young Afghan professionals in building their capacity to operate at field level within the context of an international development programme. It was recommended that IFAD formalize this model for replication within MAIL and all corporate-supported investment projects, where possible.

B. Management priorities

51. The upcoming MTR of the RMLSP will provide an opportunity to review the overall design, particularly with respect to the feasibility of the microfinance component. In addition, the MTR will be able to assess the impact of the recommendations of the recent supervision mission. These recommendations will also greatly influence the design of the proposed new project.

C. Pipeline projects

52. The next project will build on lessons learned about the need for greater geographical focus and responsiveness to the needs expressed by beneficiaries and partners. With the current PBAS (2010-2012) allowance of US\$29.7 million, the project should be structured around interlinked elements anchored to basic service delivery and beneficiary needs. Hence, based upon the articulated priorities of communities through community development plans (facilitated by the national solidarity programme), the new project could provide support packages ranging from basic productive agricultural infrastructure to training packages to facilitate the transfer of knowledge between district-level extension workers and communities or farmer's groups.

D. Key considerations for pipeline project design

53. There remains strong consensus that the targeting strategy for beneficiaries should continue focusing on small communities in remote areas deriving their entire living from farming and livestock and be inclusive of woman-headed households and marginalized communities. However, with the recent developments in local governance and group formalization at the community level, there is now greater clarity on the most appropriate terms of engagement and inclusion of grass-roots institutions, private entrepreneurs, local NGOs, and provincial and district-level MAIL staff.
54. A dichotomy still remains regarding the planned geographical coverage of a new project. Specific needs have been highlighted in the west of Afghanistan while a greater emphasis may also be required on provinces in the central highlands to compensate for poor coverage due to either insecurity or remoteness of access. In addition, early successes and potential complementarities in the existing area of project operation should also receive due attention.
55. However, such a decision needs to be weighed against the strategic choice to be made by IFAD either to focus its work on the neglected areas of Afghanistan where there is little donor investment, or to seek and capitalize upon synergies and

complementarity with activities being undertaken by donors in IFAD's original target areas.

VI. Conclusion

56. The current IFAD COSOP is well-aligned with the ANDS, as are current and planned projects. The next IFAD COSOP is likely to be formulated in 2012 and will need to take into account key events and issues on the immediate horizon such as the possible completion of the transition of security from international to national security forces scheduled for 2014. In addition, the NPPs emerging from the Kabul Process will be in their first cycle of implementation and review. Much will be learned from this process as the Government attempts to undertake a "whole-of-government" approach to service delivery. Both of these factors will heavily impact upon the overall stabilization of security within the country, creating an enabling environment within which access and service provision can take place.
57. Within the scope of subnational governance, the district development assemblies and community development councils are evolving into district councils and village councils respectively. The formalizing of existing social development mechanisms into civil service platforms at the lowest level will entail realignment by all donors to ensure coherence with their priority sectors and geographical locations.
58. In Afghanistan, IFAD has aligned sectoral priorities well, but still needs to review its geographical specificity. The new project design foreseen in 2011 will examine this aspect, taking into consideration also the comparative advantage of the service providers available and the possibilities of cofinancing with other donors.