

ANNEX

TOKYO MUTUAL ACCOUNTABILITY FRAMEWORK

(Tokyo Framework)

1. The Afghan Government and the International Community reaffirm their partnership in the economic growth and development of Afghanistan through a process of mutual accountability in achieving mutually decided goals as laid out in this document, hereafter the “Tokyo Framework”. The International Community’s ability to sustain support for Afghanistan depends upon the Afghan Government delivering on its commitments described in the Tokyo Framework. This document establishes an approach based on mutual commitments of the Afghan Government and the International Community to help Afghanistan achieve its development and governance goals based on the International Community’s commitments in the Tokyo Framework. The Tokyo Framework establishes a mechanism to monitor and review commitments on a regular basis.

2. Good governance is essential for strong and sustainable economic development and improved livelihoods of the Afghan people. Recognizing this fact, this accountability framework concretizes the mutual commitments decided in the Kabul Process and reaffirmed at the Bonn Conference by stipulating shared development and governance goals and a mechanism as described in this document to hold parties accountable for achieving them. The goals are consistent with the Afghan Government’s economic and development strategy presented in Towards Self-Reliance.

3. At the December 2011 Bonn Conference, the International Community affirmed the special status of Afghanistan to receive donor assistance from Transition through Transformation in greater measure than similarly situated nations. The Afghan Government and the International Community are bound by their citizens’ expectations for the effective and transparent stewardship of resources.

4. The Afghan Government reaffirms its solemn commitment to strengthen governance, grounded in human rights, the rule of law, and adherence to the Afghan Constitution, and holds it as integral to sustained economic growth and development.

5. Working in partnership with the International Community, the Afghan Government seeks sustained development, economic growth and fiscal sustainability with declining reliance on donor financing as

articulated in Towards Self-Reliance. To fulfill this vision, the Afghan Government has put together the National Priority Programs (NPPs), and, in consultation with International Community, is developing an Aid Management Policy to be endorsed by the Joint Coordination and Monitoring Board (JCMB) by December 2012 to ensure optimal execution and effectiveness of international assistance aligned with national priorities.

6. As Afghanistan enters the Transformation Decade, progress from the past decade in areas that underpin sustained economic growth and development, especially for women and girls, such as education, health and other basic services, as well as strengthened respect for human rights, must continue. Challenges such as vulnerability to natural disasters and humanitarian needs must also be addressed jointly in an effective and appropriate manner in Transition and the Transformation Decade.

7. Successful transition will lead to a decade of Transformation where Afghanistan will build on the benefits of Transition to become an effectively governed and economically, socially progressing country driven by its own national priorities. This requires a paradigm shift in the nature of partnership between the Afghan Government and the International Community, from that of being recipient and donors to owner and partners. The realization of this shift necessitates re-defining the principle, reciprocal commitments and modalities of partnership, which is the purpose of the Tokyo Framework. The Tokyo Conference is the turning point to begin this re-definition in our partnership.

Principles

8. The Tokyo Framework is based on broadly accepted principles of inclusive and sustainable economic growth and development:

- o Governance has a direct bearing on development performance;
- o International assistance aligned with national priority programs enhances efficiency and sustainability of development assistance;
- o International assistance through national budgets can improve national institutional capacities, development performance, and accountability to its citizens;
- o Monitoring of development and governance benchmarks in a transparent manner is a powerful means to enable accountability to the Afghan people, and reinforce reciprocal commitments of donors

and the Afghan Government to improved development performance;

- o Private investment both domestic and foreign is key to sustainable economic growth; and
- o Regional cooperation facilitates the integration of regional economies, thus contributing to the sustainability of development efforts in Afghanistan.

Mutual Commitments

9. The Participants emphasize the importance of the delivery of assistance through adhering to the principles of aid effectiveness, that they cannot continue “business as usual,” and must move from promise to practice. The Tokyo Framework sets out a new reinvigorated development partnership between the Afghan Government and the International Community.

10. The Afghan Government and the International Community affirm that a functional democracy based on credible and inclusive elections, a professional and efficient civil service, access to justice and the rule of law are essential to a secure, just, stable and prosperous Afghanistan. Strengthened governance and institutions with a particular focus on the rights of women are prerequisites for strong and sustainable economic growth, employment generation and prosperity for the Afghan people.

Afghanistan Governance and Development Commitments

11. The Afghan Government and the International Community are to monitor performance for five major areas of development and governance according to the modalities described below. A timeline for these indicators is to be developed by the Afghan Government for the next JCMB meeting. The desired goals and initial indicators for each area are stated below.

Representational Democracy and Equitable Elections

Goal: Conduct credible, inclusive and transparent Presidential and Parliamentary elections in 2014 and 2015 according to the Afghan Constitution, in which eligible Afghan citizens, men and women, have the opportunity to participate freely without internal or external interference in accordance with the law.

Indicators:

- o Develop, by early 2013, a comprehensive election timeline through 2015 for electoral preparations and polling dates; and
- o Ensure that a robust electoral architecture is developed in a secure, participatory and transparent manner to enable successful and timely elections.

Governance, Rule of Law and Human Rights

Goal: Improve access to justice for all, in particular women, by ensuring that the Constitution and other fundamental laws are enforced expeditiously, fairly and transparently; ensure that women can fully enjoy their economic, social, civil, political and cultural rights; fight against corruption, including strengthening counter-narcotics efforts; and improve the capacity of state institutions.

Indicators:

- o Ensure respect for human rights for all citizens, in particular for women and children, and allow the Afghanistan Independent Human Rights Commission and civil society organizations to perform their appropriate functions;
- o Demonstrated implementation, with civil society engagement, of both the Elimination of Violence Against Women Law (EVAW), including through services to victims as well as law enforcement, and the implementation of the National Action Plan for Women (NAPWA) on an annual basis; and
- o Enact and enforce the legal framework for fighting corruption including, for example, annual asset declarations of senior public officials including the executive, legislative and judiciary.

Integrity of Public Finance and Commercial Banking

Goal: Improved integrity of public financial management and the commercial banking sector.

Indicators:

- o Implement the government program supported by the International Monetary Fund on schedule; continue to enforce asset recovery and accountability for those responsible for the Kabul Bank crisis; and strengthen banking supervision and reforms through Da Afghanistan Bank;
- o Implement Public Financial Management Action Plan and improve the management of public funds as measured by Public Expenditure and Financial Accountability (PEFA) assessment by 20 percent and raise the transparency of public funds measured by the Open Budget Initiative (OBI) to more than 40 percent; and
- o Implement the recommendations from the Financial Action Task Force Asia Pacific Group regarding anti-money laundering and combating terrorist financing.

Government Revenues, Budget Execution and Sub-National Governance

Goal: Improve the Afghan Government's revenue collection and capacity of line Ministries' to develop and execute budgets accountable to, and incorporating, local needs and preferences.

Indicators:

- o Through more efficient, transparent and accountable customs and tax systems, raise the ratio of revenue collection to GDP from 11 percent to 15 percent by 2016, and to 19 percent by 2025;
- o Improve budget execution to 75 percent by 2017;
- o Enact a legal framework to clarify roles, and responsibilities of government agencies at national, provincial and district levels, in line with the 2010 Sub-National Governance Policy; and
- o Develop a provincial budgeting process that includes provincial input into the relevant Ministries formulation of budget requests, linked to a provincial planning process in which Provincial Councils have their consultative roles.

Inclusive and Sustained Growth and Development

Goal: Achieve inclusive and sustained growth through a focus on human development, food security, private investment, and decent work and employment opportunities and the improvement of ranking in the human development index.

Indicators:

- o Ensure adequate resource allocations to achieve Afghanistan's Millennium Development Goal (MDG) targets for health, gender, education, environment and food security and use of MDG indicators to measure progress;
- o Strengthened enabling environment for the private sector, as measured by the World Bank Doing Business Index, including development of an Extractive Industries Development Framework that governs Afghanistan's natural wealth through an accountable, efficient and transparent mechanism which builds upon and surpasses international best practices;
- o Encourage and support regional economic initiatives by leveraging investments in the agriculture sector and resource corridors as primary drivers of growth; and establish Road, Rail and Civil Aviation Institutions; and
- o Take steps necessary to achieve World Trade Organization (WTO) accession by the end of 2014.

International Commitment to Improving Aid Effectiveness

12. The Participants reiterate that the Afghan Government will have special, significant, and continuing but declining fiscal requirements that cannot be met by domestic revenues in the years following Transition as has been estimated by the World Bank and the Afghan Government in preparation for the Tokyo Conference. To help address the budget shortfall, the International Community commits to directing financial support towards Afghanistan's economic development through the Transformation Decade. In this context, in the initial stage of the Transformation Decade, the International Community commits to providing over 16 billion US dollars through 2015, and sustaining support, through 2017, at or near levels of the past decade to respond to the fiscal gap as estimated by the World Bank and the Afghan Government. The International Community welcomes the Afghan strategy, and reaffirms its commitment of aligning 80 percent of aid with the NPPs and channeling at least 50 percent of its development assistance through the national budget of the Afghan Government in accordance with the London and Kabul Communiqués.

13. Participating donors aim to increase the share of their assistance provided via the Afghanistan Reconstruction Trust Fund (ARTF) incentive program, or other mechanisms as requested or agreed by the Afghan Government, to 10 percent by 2014, with a goal of 20 percent of funding through incentive mechanisms by the end of the Transformation Decade. Incentive programs should seek to provide the Afghan Government with more flexible, on-budget funding in conjunction with progress on specific economic development achievements.

14. The International Community commits to taking concrete steps to improve aid delivery consistent with partnership and global aid effectiveness principles, and adhering to the Afghan Government's Aid Management Policy upon completion and endorsement by the JCMB by December 2012. Alignment of donor assistance to Afghan National Priorities is to be determined in reference to specific deliverables outlined by the Afghan Government in the approved NPPs. Donors intend to consult with the Afghan Government to identify appropriate funding modalities for implementing Afghan National Priorities. The Afghan Government may decline any aid financing that is insufficiently aligned with Afghan Government's priorities, has a low return on investment or high transaction costs.

15. The International Community aims to limit the practice of sub-contracting in all specialized and labor-intensive projects to only one vertical level to reduce overhead costs and improve transparency.

Modalities

16. The Afghan Government and the International Community decide to establish a mechanism to monitor their performance of indicators and work plans through an established review process, building on the JCMB process. The Afghan Government, facilitated by the Ministry of Finance and relevant ministries, is responsible for achieving the governance and development indicators specified in the Tokyo Framework. Development partners are responsible for delivering on their aid commitments stated in the Tokyo Declaration and the Tokyo Framework.

17. The Afghan Government and the International Community are to implement the Tokyo Framework according to the modalities outlined below. The Afghan Government and the International Community are to establish a transparent and regular monitoring process, building on a reinvigorated Kabul Process and JCMB, to hold each other accountable for reciprocal commitments.

18. The three elements of the mechanism are:

- o The Standing Committees and Joint Coordination and Monitoring Board (JCMB) to review progress on a regular basis;
- o A Senior Officials Meeting to be held in 2013 and every second year subsequently to review progress and update indicators where needed; and
- o A Ministerial-level Meeting to be held in 2014, and every second year subsequently to review progress, update indicators, assess resource requirements and renew international commitments.

19. The first Ministerial-level Meeting will be co-chaired by Afghanistan and the United Kingdom.

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