

MEMORANDUM OF UNDERSTANDING

ON

DEVELOPMENT COOPERATION

BETWEEN

THE GOVERNMENT OF AUSTRALIA

AND

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF
AFGHANISTAN

2017-2020

This Memorandum of Understanding (MoU) expresses the understandings of the Government of Australia (hereinafter referred to as “Australia”) and the Government of the Islamic Republic of Afghanistan (hereinafter referred to as “Afghanistan”) (“the Partners”) concerning the development cooperation between the two countries and reaffirms the commitments made at the 2016 Brussels Conference on Afghanistan.

1. Objectives and principles

1.1 Building on the Partners’ existing record of cooperation, this MoU reaffirms their shared vision to work together in close cooperation to promote stability and achieve development outcomes for the people of Afghanistan.

1.2 The coordinating authorities for this MoU will be:

- a) for Australia, the Department of Foreign Affairs and Trade, or other authority as nominated in writing to Afghanistan; and
- b) for Afghanistan, the Ministry of Finance, or other authority as nominated in writing to the Australian Ambassador to Afghanistan.

1.3 This MoU will take effect on signature by the Partners and will remain in effect until 31 December 2020.

1.4 This MoU sits under the *Comprehensive Long-term Partnership* between Australia and Afghanistan signed on 20 May 2012 that frames a partnership between the Partners on political affairs, security, development, trade and investment, migration and humanitarian affairs, and cultural and people-to-people links.

1.5 The Partners acknowledge development cooperation will align with Afghanistan’s development priorities including in the *Afghanistan National Peace and Development Framework 2017-2021*, the *Citizens’ Charter* and other National Priority Programs (NPPs).

1.6 At the 2016 Brussels Conference on Afghanistan, Australia reaffirmed its commitment to development cooperation with Afghanistan and to maintain its AUD80 million annual development assistance program to 2020, subject to annual budget appropriations, in accordance with the Australian Government’s aid policy, *An Effective Aid Program for Australia: Making a real difference— Delivering Real Results* and the *Aid Investment Plan for Afghanistan: 2015-16 to 2017-18*, and their successors.

1.7 The Partners acknowledge international arrangements including the *UN Sustainable Development Goals* adopted by Afghanistan, Australia and the broader UN General Assembly in 2015, the *New Deal for Engagement in Fragile States 2011* and the *Busan Partnership for Effective Development Cooperation*.

1.8 This MoU is based on the principles of mutual trust, mutual responsibility and mutual accountability for improved development outcomes. It recognises the *Self-reliance Mutual Accountability Framework 2015* as the guiding compact between Afghanistan and the international community.

2. Partnership priorities

2.1 The Partners have jointly determined three strategic priorities to guide development cooperation under this MoU, as outlined in the *Aid Investment Plan for Afghanistan*:

- a. The **first priority** is to support the Afghan Government to achieve economic growth and institute more effective and accountable governance by:
 - improving service delivery by fighting corruption, and improving public financial management and accountability, and building public service capacity;
 - developing a professional police force that is capable of providing security, and law and order to all Afghans; and
 - supporting economic growth through providing access to high quality technical advice on infrastructure development.

- b. The **second priority** is to empower women and girls by addressing barriers to their social, political and economic participation by:
 - improving support services and advocacy efforts to support prevention of violence against women; and
 - increasing girls' literacy rates.

- c. The **third priority** is to build resilience and support at-risk populations including:
 - strengthening food security and supporting increased agricultural productivity; and
 - meeting the needs of vulnerable populations affected by conflict, displacement and natural disasters by continuing to provide flexible, responsive and coordinated humanitarian assistance across the country.

3. Mutually reinforcing commitments

3.1 Australia confirms its commitment to Afghanistan to:

- provide development assistance to reinforce Afghan leadership and ownership of its development strategies and programs,

including channelling at least 50 per cent of funding through Afghan systems and aligning 80 per cent of assistance to Afghan development priorities, and exploring options to channel a higher share of development assistance through on-budget modalities;

- deliver a jointly-determined program of high quality financial, technical, and policy support to assist Afghanistan to implement development programs;
- ensure that information on Australian aid, including safeguards policies, is publicly available and shared transparently with Afghanistan, including through the Development Assistance Database (DAD) and in accordance with the Afghan Government's Official Development Assistance Data Cycle;
- be transparent in the allocation of funding, including through consultation with Afghanistan, and report transparently on implementation; and
- utilize the Afghan National Technical Assistance (NTA) remuneration policy to harmonize salary scales and allowances of national personnel employed through projects with the compensation system of the Afghan civil service system.

3.2 Afghanistan confirms its commitment to Australia to:

- make tangible progress toward creating a political, social and economic environment that will allow Afghanistan to consolidate peace, security, sustainable development and prosperity, consistent with *Self-Reliance in the Transformation Decade (2015-2024)* and *Afghanistan National Peace and Development Framework*;
- improve security and political stability, including electoral and security sector reforms;
- tackle corruption, improve governance and uphold human rights, especially for women and children;
- improve fiscal sustainability through increasing revenues and pursuing integrity of public expenditure;

- invest in the enabling environment for private sector development and foster inclusive growth; and
- improve development planning and management by streamlining NPPs and effectively coordinating donors.

3.3 Specific allocation and disbursement of Australian ODA funding will be determined by Australia, in consultation with Afghanistan, and dependent on annual budget appropriations. This includes consideration of arrangements to combine Australian grant financing with the resources of other bilateral donors and multilateral institutions. The delivery modalities may take the form of:

- on-budget assistance (such as through the Afghanistan Reconstruction Trust Fund) for national programs and projects delivered by Afghan Government platforms;
- support through international organisations and non-government organisations; and/or
- high quality technical assistance for capacity development.

3.4 Australia's off-budget assistance will be guided by Afghanistan's Aid Management Policy and will be allocated based on priorities outlined in the relevant National Priority Programs. Australia will consult with relevant Afghan Government ministries at each stage of planning, implementation and monitoring. Every effort will be made by the Partners to conclude promptly Financing Arrangements for Australia's off-budget development assistance.

4. Governance and review

4.1 Annual Development Cooperation Dialogues between senior officials from the Partners' governments, reporting to Ministers, will review progress of development cooperation activities and jointly determine new priorities.

4.2 Both Partners commit to discuss any performance concerns and attempt to resolve issues through dialogue.

4.3 This MoU embodies the understandings of the Partners and does not create any legally binding rights or obligations.

4.4 This MoU may be amended in writing as mutually determined by the Partners.

5. Conclusion

5.1 Through this MoU, the Partners affirm the above understandings on development cooperation to work together to ensure Afghanistan progresses toward stability and development for the people of Afghanistan.

5.2 This MoU signed in Canberra on 3/4/2017 equivalent to 14/1/1396 in duplicates each in Dari and English versions, all texts being equally authentic. In case of any divergences of the texts, the English text will prevail.

**On Behalf of the Government of
Australia**

**On Behalf of the Government of the
Islamic Republic of Afghanistan**

Julie Bishop

Minister for Foreign Affairs

Abdul Sattar Murad

Minister of Economy