

**ANNEX A**

23 JANUARY 2002

FROM THE UK DELEGATION

SUBJECT: AFGHANISTAN: RECONSTRUCTION CONFERENCE, 21-22 JANUARY

SUMMARY

1. 61 countries and 21 international organisations attend Ministerial conference on the reconstruction of Afghanistan. \$4.5 billion pledged in total (including UK bilateral commitment of POUND STERLING 200 million over next five years) including \$1.8 billion for 2002. Competent presentation by Afghan Interim Administration stresses need for Afghan ownership of recovery and reconstruction process and promises transparency in financial dealings. Risk of plethora of bilateral programmes, though overlap should be reduced by establishment of data base of donor activities, adoption of comprehensive development framework and the availability of common trust funds.

DETAILS

2. Japan, US, EU and Saudi Arabia co-chaired a Ministerial Conference on the reconstruction of Afghanistan in Tokyo on 21-22 January. Chairman Kasai led a strong AIA delegation. 61 countries attended along with representatives of the World Bank, IMF, Asian Development Bank, Islamic Development Bank and the UN agencies. The Secretary of State for International Development represented the UK.

3. The Chairman of the Afghan Interim Administration (IA), Hamid Karzai, updated the conference on events in Afghanistan and on current and future priorities. A 21-member Commission has been set up to oversee the emergency Loya Jirga process, leading to the establishment of a Transitional Government in 5 months' time. The IA's priorities for the next few months will be to expand emergency assistance programmes in key regions; to implement a local empowerment programme to foster consultative democracy; to address the needs of women; to ensure all children are in school when the new school year begins on 1 March; to begin urban reconstruction; to rebuild agriculture, including eliminating poppy cultivation; to accelerate the mine-clearing programme; to increase security; and to set up a social protection system.

4. Afghan experts are now working on a detailed programme of needs for the medium and long term, building on the preliminary needs assessment jointly prepared by the World Bank, UNDP and Asia Development Bank. This will lead to the drafting of a comprehensive development framework. Karzai expressed a strong desire to work in partnership with the international community, but feared that Afghanistan would falter if international support does not continue (though he also stressed the need for Afghan ownership of the recovery process). In particular he urged donors to make good their pledges to the UNDP trust fund supporting the recurrent costs of the IA. To ensure transparency, a procurement board and monitoring system will be established and expenditure will be subject to international firm of auditors. Minister for Reconstruction Amin Farhang added economic reform (including the revival of the central bank) and the return of Afghan refugees as key priorities.

5. Other speakers re-emphasised many of these themes, notably the requirement for Afghan ownership, for a seamless transition from humanitarian assistance to reconstruction, for the international community to remain engaged for the long haul, and for donor activities to be fully co-ordinated. The UK stressed in particular the need to learn lessons from other failed states [REDACTED] to make rapid progress in security sector reform, to help the IA take over the lead in implementing the needs assessment, to continue to meet immediate humanitarian needs efficiently, to implement quick impact projects to demonstrate that the Bonn process is working, to building up the capacity of the IA to manage its own finances, and to ensure that bilateral donors do not act independently of one another. Japan [REDACTED] reminded the conference that a common trust fund, administered by the World and Asian Development Banks and UNDP with the IA, would be set up soon; that the IA would co-chair the Afghan Implementation Group; that UNDP would create a common database for donor activities; and that a code of conduct would be introduced to prevent distortionary wage structures.

6. The preliminary needs assessment presented to the conference concluded, under its base case scenario, that Afghanistan's funding requirements would amount to \$10.2 billion over the next five years. Donors were invited to make multi-year pledges in response, resulting in a total pledge of \$4.5 billion from 36 countries and institutions, including \$1.8 billion for 2002. [REDACTED] In some cases pledges covered both further humanitarian assistance and reconstruction costs. Those unable to make formal multi-year commitments made clear their intentions to remain engaged for the long term [REDACTED]. The majority of donors (the UK and Netherlands being notable exceptions) indicated their intention to implement bilateral programmes as well as to contribute to the common trust funds.

7. In a side-meeting on donor co-ordination, several donors indicated their intention to work in particular sectors. The UK, Netherlands, Sweden, Denmark and Norway argued that this was premature: what we needed was to help the IA turn the needs assessment into prioritised programmes. Donors should then ensure that those programmes were properly funded, with the common trust funds playing an important role. The IA proposed 5 sectorial, multi-donor missions to take this forward, focusing on the budget, education, water, power and rural development.

8. Security and drug issues were not covered in detail in plenary but were addressed in breakout sessions. The security session is reported separately, not to all. The drugs breakout session, in which [REDACTED] represented Afghanistan, agreed that drugs should be treated as a cross-cutting issue and that the current crop, long term alternatives, farmers' debt, law enforcement and the judiciary all needed to be addressed. All welcomed the IA's prohibition of poppy cultivation, processing and trafficking. The UK stressed the need for rapid institution building, early action against traffickers and quick impact projects to address the problem of the current crop while avoiding perverse incentives that could lead to further cultivation next season. Alternative legal livelihoods need not be agricultural, but did need to be labour-intensive and to address female as well as male labour, and returning refugees.

9. The next donor meetings will be of the Afghanistan Implementation Group in Kabul in March (to be chaired by the IA and to meet quarterly) and then the Afghan Steering Group before the middle of the year.

10. In a special session, the UN presented a more detailed "Immediate and Transitional Assistance Programme" outlining requirements of \$1.33 billion (including \$613m from the Needs Assessment covering quick impact recovery and government recurrent costs and \$736 m for unfunded humanitarian needs). [REDACTED], the Interim Administration, and UN agency heads said that it was critical to meet these urgent requirements to relieve current suffering, assist refugee returns and resettlement, tackle the ongoing drought, repair essential infrastructure and jump start livelihoods.

COMMENT

11. Better than expected. Kasai, and his Finance Minister, made a strong impression in terms of commitment to Bonn, sound economic policies and poverty reduction. Donor financial commitments were substantial and match immediate requirements. Important to ensure pledges are converted into timely disbursement and immediate humanitarian needs continue to be met. Still danger of uncoordinated bilateral actions [REDACTED]. A lot still to do.

END

**ANNEX B**

KABUL TO FCO, 17 APRIL 2002

AFGHANISTAN: FUTURE STRUCTURE OF COUNTER NARCOTICS FORCE

[REDACTED]

Detail

2. Political Counsellor, along with DEA and UNDCP [REDACTED] attended a meeting on 16 April organised by the German Police team here to discuss the future structure of the Afghan Counter Narcotics Force.

The Germans are concentrating their efforts on the existing minimal structure that falls under the Ministry of Interior Criminal Investigation Department. [REDACTED] Discussion also covered the possible future structure of any Afghan CN capability.

3. We reminded the meeting that the Geneva G8 meeting had assigned coordination of the longer-term development of such capability to the UK; [REDACTED]

The Germans welcomed UK participation and were keen to stress that what they were attempting was an immediate project to prevent the April harvest reaching the markets.

[REDACTED]

END