



Australian Government

AusAID

Mr Gavin Hayman
6th Floor, Buchanan House
30 Holborn
LONDON EC1N 2HS
UNITED KINGDOM

Dear Mr Hayman

I refer to your joint civil society letter of 11 June 2012, to the Minister for Foreign Affairs, Senator the Hon Bob Carr, regarding the important role of Afghanistan's resource sector, and upcoming Tokyo Cooperation Conference. Your letter has been referred to the Australian Agency for International Development (AusAID) for response. Grateful if you would share this response with the group of International and Afghan civil society organisations working in Afghanistan on these issues.

The Tokyo Conference on Afghanistan will be an important opportunity for the international community to demonstrate its long-term commitment to Afghanistan's social and economic development through to transition in 2014 and beyond.

On 20 May, in the margins of the NATO/ISAF Leaders Summit in Chicago, the Prime Minister announced Australia's intention to increase our aid commitment to Afghanistan from an allocation of \$165 million in 2011-12 up to \$250 million per year by 2015-16, and reaffirmed Australia's intention to continue to support Afghanistan through this decade at least.

Australia recognises the need for the Tokyo Conference to build on the commitments made by the international community at Bonn and the recent Chicago Conference, to support stability and progress in Afghanistan. AusAID is working with other key donors in the lead-up to the Tokyo Conference encouraging donors to make sustained financial commitments to support Afghanistan's social and economic development beyond 2014. This will be critical for supporting Afghan-led efforts to sustain the gains in development, governance and security that the Afghan Government and the international community have fought so hard for since 2001.

Support for the development of the mining and agricultural sectors will be crucial to Afghanistan's long term growth and objectives of self-reliance. We agree there needs to be measurable and time-bound benchmarks and accountability, not just for the extractives industry, but across all the key areas of development and governance through the transformation decade. In this context, Australia will be pushing for a robust mutual accountability framework to be announced at the Tokyo Conference. This framework should establish clear responsibilities and reform benchmarks, and a mechanism for reviewing achievements, by both development partners and the Afghan Government.

Supporting increased capacity of the Afghan Government to address institutional and policy challenges across a range of sectors, including the resource sector, is a fundamental tenet of Australia's aid program to Afghanistan. This is why AusAID funded the World Bank resource

corridor analysis which will be discussed at Tokyo. In October 2011, Prime Minister Gillard launched AusAID's new *Mining for Development Initiative* during the Commonwealth Heads of Government Meeting. This initiative provides the scope for Australia to help Afghanistan maximise the benefits of their resource sector to grow their economy and provide social benefits to their people.

Australia's current assistance to support resource sector reform in Afghanistan is focused on improving governance and the effectiveness of the Afghan Government. Specifically, the Australian Government is strengthening the institutional capacity of the Afghan Ministry of Mines through scholarships and workplace-based fellowships. AusAID is also the leading financial donor to the *Extractive Industries Transparency Initiative (EITI)*, providing AUD17.45 million of support from 2007 to 2015. Through EITI, Australia is supporting Afghanistan's ongoing reconciliation and validation process required to become EITI compliant.

The complexity of the Afghanistan environment necessitates the continual evolution, improvement and reconsideration of the appropriateness and adequacy of the policies and frameworks governing assistance to Afghanistan. This will be particularly true with the changes to the operating environment through transition and beyond. The Australian Government values the unique insights of our partners in Afghanistan who are critical for our continuing support and we look forward to your continued support to ensure the transparent, effective and efficient governance of Afghanistan's resource sector throughout the transformation decade.

I trust this information has been of assistance to you.

Yours sincerely



Nerida Dalton
A/g Assistant Director General
Pakistan and Afghanistan Branch