

# COUNTRY PROGRAMME EVALUATION AFGHANISTAN



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**DEPARTMENT FOR INTERNATIONAL DEVELOPMENT**

Evaluation Report EV696

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## Preface

The evaluation of DFID's country programme in Afghanistan is one of a series commissioned by DFID's Evaluation Department. The studies are intended to improve performance, contribute to lesson learning and inform the development of future strategy at country level. Collectively the CPEs are important in terms of DFID's corporate accountability and enable wider lessons across the organisation to be identified and shared.

This evaluation was carried out by a team of independent international consultants led by ITAD Ltd. The process was managed by Kerstin Hinds, Lynne Henderson and Karen Kiernan of Evaluation Department (EvD). The success of the Evaluation is due to many people and EvD would like to acknowledge the contribution made by the evaluation team itself and thank DFID Afghanistan staff and development partners who engaged with the study.

The evaluation focused on DFID's programme during the period 2002 – December 2007, with updates provided for 2008. The evaluation was conducted in 2008, and included a one week inception phase carried out by EvD and Jon Bennett, the ITAD team leader for this CPE, and three weeks of fieldwork in London, Kabul and Lashkar Gah (Helmand Province) carried out by the consultancy team.

In writing this report, the evaluation team has – at our request – not focussed on UK inter-departmental programmes. For the future, we think it would be worth trying to develop a cross-Whitehall approach for some of our country evaluations. We have done this in the past on our policy related evaluations, for example on HIV and on the conflict pools. It adds complexity to the process and requires the support of a wider range of stakeholders at an early stage, but it would allow us to say more about policy coherence in international development across government. We will explore this further with UK government partners as part of implementing DFID's new evaluation policy.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff during the evaluation process and on communicating findings. Despite this involvement, the country office does not necessarily agree with all the findings of the CPE; the report reflects the views of the independent consultants, and the DFID office's 'management response' can be found at the end of this report.

EvD is encouraged that DFID Afghanistan has been able to use the recommendations of the CPE to inform development of its new country plan. We will be following up on the recommendations to ensure that DFID, in Afghanistan and Corporate Divisions, does give them due consideration.

Nick York

Head of Evaluation Department



## **Acknowledgements**

The team is indebted to all those who generously gave their time and expertise to contribute to the richness of the information gathered. In the UK, we particularly thank Kerstin Hinds and Lynne Henderson at DFID's Evaluation Department for steering the process; and, in Afghanistan, Marshall Elliot and his team, notably Sabir Naziri. Corrie Bell assisted with research and graphs and the team's internal quality assurance was done by Hilary Thornton.

Full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID or of the people consulted.





## Abbreviations

AALP	Afghan Alternative Livelihoods Project
ACBAR	Agency Coordinating Body for Afghan Relief
ACSF	Afghan Civil Society Forum
ADB	Asian Development Bank
ADIDU	Afghan Drugs Inter-Departmental Unit (UK)
AIA	Afghanistan Interim Authority
ANDS	Afghanistan National Development Strategy
ARDS	Afghanistan Reconstruction Development Services
AREU	Afghanistan Research and Evaluation Unit
ARTF	Afghanistan Reconstruction Trust Fund
ASP	Afghanistan Stabilisation Programme (DFID)
CDC	Community Development Council
CHAD	Conflict and Humanitarian Affairs Department (DFID)
CN	Counter-Narcotics
CNTF	Counter-Narcotics Trust Fund
COIN	Counter-Insurgency
CPE	Country Programme Evaluation (DFID)
CSO	Civil Society Organisation
CWA	Consent Winning Activities
DAC	Development Assistance Committee (OECD)
DFID	Department for International Development
DFIDA	DFID Afghanistan
DPA	Development Partnership Arrangement (UK)
EC	European Commission
EUSR	European Union Special Representative
EvD	Evaluation Department of DFID
FCO	Foreign & Commonwealth Office
GCPP	Global Conflict Prevention Pool
GDP	Gross Domestic Product
GoA	Government of Afghanistan
GOF	Global Opportunity Fund
IDP	Internally Displaced Person
IDLG	Independent Directorate of Local Governance
I-ANDS	(Interim) Afghanistan National Development Strategy
HARDP	Helmand Agriculture and Rural Development Programme
HLP	Horticulture and Livestock Project
IARCSC	Independent Administrative Reforms and Civil Service Commission
IDC	International Development Committee
IDLG	Independent Directorate of Local Governance
IMF	International Monetary Fund
IOM	International Organisation for Migration
ISAF	International Security Assistance Force
JCMB	Joint Coordination and Monitoring Board
MAIL	Ministry of Agriculture, Irrigation and Livestock
MCN	Ministry of Counter-Narcotics
MISFA	Microfinance Investment Support Facility for Afghanistan
MOD	Ministry of Defence (UK)
MOI	Ministry of Information

MRRD	Ministry of Rural Rehabilitation and Development
NATO	North Atlantic Treaty Organisation
NDF	National Development Framework
NEEP	National Emergency Employment Programme
NGO	Non-Governmental Organisation
NJP	National Justice Programme
NPP	National Priority Programme
NRAP	National Rural Access Programme
NSID	National Security, International Relations and Development
NSP	National Solidarity Programme
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PAM	Performance Assessment Framework
PAR	Public Administration Reform
PFM	Public Finance Management
PRBS	Poverty Reduction Budget Support
PRR	Priority Restructuring and Reform
PRT	Provincial Reconstruction Team
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
QIP	Quick Impact Project
RALF	Research in Alternative Livelihoods Fund
SAF	Stabilisation Aid Fund
SAIC	Staff Appointed in Country
SCNIAP	Strengthening Counter Narcotics Institutions Afghanistan Project (DFID)
SEPAP	Second Public Administration Programme (DFID)
SSPSRL	Support for Strategic Planning for Sustainable Rural Livelihoods
SSR	Security Sector Reform
SU	Stabilisation Unit (UK)
TA	Technical Assistance
TCAP	Transitional Country Assistance Programme (DFID)
TSP	Target Strategy Paper
UN	United Nations
UNAMA	United Nations Assistance Mission to Afghanistan
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme

## **Executive Summary**

S1 This report is an evaluation of the Department for International Development's (DFID) country programme in Afghanistan from January 2002 to December 2007, commissioned by the Evaluation Department of DFID (EvD) and undertaken by ITAD Limited, an independent consultancy company. The team spent two weeks in London interviewing key stakeholders in Whitehall, and then undertook fieldwork in Kabul and Lashkar Gah (Helmand Province) during April 2008, with these locations reflecting the focus of DFID's Afghanistan programme. This report was then prepared and subject to review and comment by EvD and DFID Afghanistan.

S2 The evaluation period is 2002–2007, with updates provided for 2008. It covers (i) the final year of humanitarian assistance led by DFID's Conflict and Humanitarian Affairs Department (CHAD), (ii) the Transitional Country Assistance Plan (TCAP) and (iii) the 2005/6 Interim Strategy for Afghanistan, which was subsequently extended to 2008.

S3 Afghanistan is a uniquely complex country, socially and politically. The evaluation notes the constraints and pressure that DFID staff are under and the high levels of commitment demonstrated throughout the history of the programme. Where the evaluation identifies problems, these should in no way reflect poorly on the professionalism of those involved; rather, it is an opportunity retrospectively to learn from the strengths and weaknesses of DFID's approach to a volatile and intense environment that offers very few easy answers.

## **Political and Development Context**

S4 Afghanistan is a "fragile state", one of the poorest countries in the world, and is off-track on progress towards all the Millennium Development Goals. Since the foreign intervention to replace the Taliban in 2001, there have been some marked improvements in health and education, and 4.8 million refugees have returned to their homes (though just as many have migrated to Iran and Pakistan). By 2008, protracted conflict in many areas, global price rises in wheat (a staple food) and periodic drought meant that periods of extended emergency could be anticipated.

S5 Economic growth has settled at around 10% per annum and foreign debts have been cancelled. Domestic revenues are only about 8% of Gross Domestic Product (GDP). By contrast, in 2007 illicit opium comprised 47% of GDP. The poppy sector constitutes the largest source of export earnings; its illegal nature not only implies significant lost tax revenue to government but also breeds lawlessness, which undermines economic confidence and social cohesion.

S6 There is visible economic activity and improvement of infrastructure in many parts of the country, yet persistent unemployment and high levels of corruption underline the need for international commitment to long-term, balanced development and good governance in Afghanistan for many years to come. In a rare national

opinion survey undertaken in 2008<sup>1</sup>, two-thirds of Afghan respondents gave a positive assessment of the performance of central government, although the proportion of those saying that the government is doing a bad job has almost doubled since 2007. The government's performance is judged most positively with respect to the provision of education and healthcare, but least positively in the economic arena and in combating corruption.

S7 Following the defeat of the Taliban government, the December 2001 Bonn Agreement saw a collective determination by donors to lend maximum support to the new interim government. Within three years, there were successful presidential and parliamentary elections – supported by DFID – with a high turnout. Political stability, however, remains precarious. By originating in a foreign military intervention, the state building effort in post-Taliban Afghanistan became perceived by many Afghans as tied to the power of foreign troops and capital. This has challenged the legitimacy of the state and lent credence to the propaganda of the insurgency. Levels of insurgency increased from 2006 onwards.

S8 Total annual Overseas Development Assistance (ODA) to Afghanistan more than doubled during the period 2002–2006, from \$1.3 billion to just under \$3 billion. This brings the total since 2002 to almost \$11 billion. Only about one-third of development expenditures are controlled by the Government, with most of USA funds being off-budget.

S9 Afghanistan receives a low proportion of aid per capita; due to its poor absorptive capacity, by 2006 the country had spent only 23% of what it had been granted for the development budget since 2001. Moreover, levels of aid effectiveness have drawn some criticism. Recent evidence suggests that for every \$100 spent only \$20 actually reaches Afghan recipients. Between 15 and 30% of aid money is spent on security for aid agencies, and 85% of products, services and human resources used by agencies are imported and provide few jobs for Afghan workers<sup>2</sup>.

S10 The 2006 London Conference launched the Afghanistan Compact; this and the Interim Afghanistan National Development Strategy (I-ANDS) lays out the framework for international engagement with Afghanistan until 2011 in a number of vital areas: security, governance (including human rights and rule of law), social and economic development and cross-cutting themes such as counter-narcotics (CN), gender equity and anti-corruption. DFID has supported the ANDS process – essentially a Poverty Reduction Strategy Paper (PRSP) for the country – through to its final presentation in 2008.

## **The UK and DFID in Afghanistan**

S11 The UK is one of 36 nations involved in Afghanistan since 2001. Its efforts are coordinated by the Foreign and Commonwealth Office (FCO), DFID and the Ministry of Defence (MOD). Aside from a large UK military expenditure, DFID has

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<sup>1</sup> 'Afghanistan in 2008: A Survey of the Afghan People', The Asia Foundation, October 2008.

<sup>2</sup> Integrity Watch Afghanistan report, reported by Reuters, 9 June 2008, <http://www.alertnet.org/thenews/newsdesk/ISL11201.htm>

the biggest civilian expenditure. On conflict prevention, resolution and dialogue all three departments have, until 2008<sup>3</sup>, accessed a common fund: the Global Conflict Prevention Pool (GCPP). The FCO has an additional portfolio through the Global Opportunity Fund (GOF). The MOD and FCO support security sector reform, and the counter-narcotics strategy is led by the Afghan Drugs Inter-Departmental Unit (ADIDU).

S12 The UK is the third largest development aid donor to Afghanistan, maintaining about 10% of total ODA since 2003, with just over £100 million per year since 2004/5. The majority of funding has been through central government, notably the Afghan Reconstruction Trust Fund (ARTF), which by early 2008 accounted for 47% of DFID's Afghanistan budget.

S13 DFID's assistance since setting up the office in Afghanistan can be traced through four phases:

- 2001–2003 Essentially a limited humanitarian effort – funds through United Nations (UN), International Organisation for Migration (IOM), Red Cross and non-governmental organisations (NGOs) – with longer-term commitments foreseen. At the Tokyo donor conference in 2002, DFID pledged £200 million over five years (2002/3–2007/8), part of a wider \$4.5 billion pledge made by the international community.
- 2003–2005 The Transitional Country Assistance Programme (TCAP) designed as a relatively short-term plan with a long-term strategy, to cover the duration of the Transitional Administration in Afghanistan. It was informed by a government/international agency report 'Securing Afghanistan's future: Accomplishments and the Strategic Path Forward', prepared for the International Conference in Berlin, March 2004. Based on a World Bank assessment that Afghanistan needed \$28 billion over seven years, the UK increased the pledge made at Tokyo to at least £500 million over the same five-year period.
- 2005–2006 Following national elections, the Interim Strategy for Afghanistan 2005/6, a three-pillar programme – state building, economic management and aid effectiveness, and livelihoods. This built upon government ownership and capacity, with upwards of 70% of DFID funds being channelled through the national budget and national programmes. The ANDS (essentially equivalent to a poverty reduction strategy, though also covering security) was under preparation, and understood by DFID to be the ideal mechanism to provide a necessary strategic framework for the long term.
- 2006–2008 The fourth phase of DFID's development strategy was marked by its commitment to the ten-year Development Partnership Arrangement (DPA), under which it announced its commitment to spending £500 million over three years. This phase was characterised by the continuation of the 2005/6 Interim Strategy for Afghanistan coupled with emphasis on supporting the UK's increasing focus on Helmand province.

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<sup>3</sup> This was superseded by the inter-departmental Stabilisation Aid Fund (SAF) in 2008.

- At the International Conference in Support of Afghanistan (Paris, June 2008), the UK announced an additional £613 million for the period 2008–2012/13 which was to be channelled through the Afghan Government<sup>4</sup>. In 2008/09 this included a further £60 million through the Afghanistan Reconstruction Trust Fund (ARTF).

S14 By 2007, there were 58 projects in the DFID Afghanistan portfolio with an aggregate value of about £520 million. The programme was dominated by the World Bank managed ARTF – classified as a DFID “project” – with DFID’s aggregate contribution towards it totalling £317 million funded through the central Treasury Account in Afghanistan<sup>5</sup>. Without the ARTF, other “live” programmes had a total value of £201 million, 11 of which were valued at over £5 million.

## **Relevance of DFID’s Programme**

S15 The TCAP – and, indeed, the subsequent 2005/6 Interim Strategy – was predicated upon several assumptions: first, that the formal political transition process would result in a stable political settlement; second, that conferring legitimacy on the state means building it from the centre first – with a particular emphasis on economic management – then extending to provincial and local levels; and third, that formal institutions (judicial, legislative, banking, private sector) are the pillars of growth.

S16 DFID placed a strong emphasis from the outset on management of the economy. The aim from the start was to create a strong public finance system in order to implement the National Development Framework (NDF) and enable the government of Afghanistan (GoA) to lead the coordination of development activities. The quality of technical assistance (TA) has been high, but there are drawbacks in terms of scope and sustainable results. For example, the “standard package” assistance to the Ministry of Finance has failed to convert ARTF procedures into a regularised budget formulation process at the speed originally envisaged (the closure on the ARTF has been extended twice: from 2006 to 2010 and recently to 2020).

S17 DFID’s assistance to revenue-raising through taxation has been effective and efficient, but DFID did not articulate the strategic challenge of how to foster a “social contract”, a tangible demonstration of representative democracy. If not balanced with clear evidence of benefits elsewhere in the system, taxation alone risks reinforcing public opinions of a predatory state.

S18 DFID’s state building strategy has had a strong focus on technical assistance and capacity development of formal state institutions, particularly in the executive branch of government. Drawing on its long-standing experience in public administration reform (PAR), DFID has helped achieve initial results in the areas of civil service reform. Until recently, relatively little attention was given to developing a political economy and conflict analysis to underpin the strategic choices made. DFID

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<sup>4</sup> <http://www.fco.gov.uk/en/newsroom/latest-news/?view=News&id=3764397>

<sup>5</sup> As the Trust Fund is managed and audited by an independent monitoring agent, no Fiduciary Risk Assessment has been carried out.

has given little attention to accountability issues and the demand side of governance, including the monitoring and advocacy role of civil society and other accountability mechanisms.

S19 Prior to late 2007, the conflict agenda was pursued primarily through the Global Conflict Prevention Pool (GCPP), which had a global budget of approximately £245 million between 2004/5 and 2006/7. Some 46% of this was allocated to Iraq and Afghanistan, and expenditure on these two countries has dwarfed all other GCPP outlays. In Afghanistan, the share of Security Sector Reform (SSR) expenditure within overall investments has decreased from about £12 million in 2004 to almost zero in 2008<sup>6</sup>. This is regrettable in a country that is in the midst of building a new security sector and is facing multiple challenges relating to SSR. The security sector is the one element of the government's ANDS for which a sectoral strategy is still lacking.

S20 In the country as a whole, the UK division of labour, and in particular the FCO lead on rule of law and justice issues, led to a marginalisation of DFID's role on governance, an area in which it has a comparative advantage and experience from other fragile states. Six years on, DFID is now giving renewed attention to the rule of law and justice sector as well as to sub-national governance – an important evolution of its approach to state building since these are major impediments to effective state building in Afghanistan.

S21 The objectives of DFID's livelihoods programme are twofold. Firstly, it is to maximise opportunities for rural Afghans to make a legal living; and secondly, through the stability that derives from increased income and employment, to increase confidence in the state. This means tackling key constraints such as access to markets and credit, labour opportunities and training. From 2006, DFID moved from area-based poverty focused programming through NGOs to increased funding of central government programmes, and a consequent change in approach to pro-poor interventions. There was now an emphasis on funding technical assistance (TA) and capacity building within key ministries such as the Ministry of Rural Rehabilitation and Development (MRRD) and the Ministry of Agriculture, Irrigation and Livestock (MAIL) through, for example, the Support for Strategic Planning for Sustainable Rural Livelihoods (SSPSRL) project. Support here was strategically appropriate, given the importance of the agricultural sector in Afghanistan. Likewise, the National Solidarity Programme (NSP), National Emergency Employment Programme (NEEP) and Microfinance Investment Support Facility for Afghanistan (MISFA) have direct links to poverty alleviation.

S22 But more upstream programming has consequences, not least the fact that the GoA's capacity at national level is limited. Aside from the issue of geographic focus, DFID had a well-balanced rural sector programme in support of the GoA, which included capacity building of ministries plus a good mix of development, infrastructure, poverty reduction and CN-related projects. However, cutting the Badakhshan programme prevented further learning from an interesting initiative.

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<sup>6</sup> Nicola Ball et al, 'Promoting Conflict Prevention through Security Sector Reform: Review of Spending on SSR through the Global Conflict Prevention pool'. May, 2008, PriceWaterhouseCoopers. <http://www.dfid.gov.uk/pubs/files/GCPP-key-messages.pdf>

S23 DFID has a well-established reputation with respect to donor harmonisation and in upholding Paris Declaration principles with government and partners. The early engagement through the ARTF was directly relevant to needs expressed by the Interim Government at that time, and DFID's flexibility and responsiveness were appreciated by government and other donors alike. DFID has conformed well to some of the central tenets of its fragile states policy including long-term engagement, support to donor coordination and the use of innovative aid instruments, although less well in areas such as prioritising governance reforms that will address the causes of fragility.

## **Assessing Risks**

S24 The balance of risks within DFID's Afghanistan portfolio – as assessed in project memoranda and evaluated regularly in output to purpose reviews – moved from low–medium risk in 2004/5 to medium–high risk in 2006/7. This risk inflation has been driven by two factors: firstly, the security situation in Afghanistan; and secondly, the difficulty associated with delivering a well-performing programme given current government capacity constraints in Afghanistan. Programme risk has also been heightened by the political imperative to engage in “difficult” areas. By mid-2007, eight of DFID Afghanistan's 31 live programmes were high risk, with a total value of £110 million, representing 25% of the live portfolio.

S25 Where risk analysis has been weak, this has mainly been due to a lack of robust DFID methodology on differentiation of risk types (macro, fiduciary, capacity, conflict); this impedes accurate assessment. Moreover, there has sometimes been a tendency to express existing weaknesses within the Afghanistan government as programme threatening risks within programme design – and later to express this again as a reason why the programme failed to meet expectations. This avoids the need to identify specific mitigation strategies that should be built into the programme to ensure the risk is dealt with.

S26 The UK's ten-year Development Partnership Arrangement (DPA) with Afghanistan, signed in 2006, committed DFID to furthering its on-budget support (through the ANDS) with the intention of moving towards Poverty Reduction Budget Support (PRBS) on condition that the appropriate administrative, technical and financial systems could be established to support this. Given the fragmented and uncoordinated nature of international aid to Afghanistan, the declaration was both timely and appropriate. However, DFID and the Afghan government do not have a system in place for mutual review and assessment of the commitments (initially £330 million over three years), although this was specified in the agreement. With 80% of DFID's funding being channelled to the Afghan government, this would seem an important element of risk management, as well as being required by the UK's conditionality policy (2005).

## **The UK and DFID in Helmand**

S27 Militarily, the international community moved from peacekeeping to counter-insurgency in 2006; it was at this time that the decision for the UK military to deploy to Helmand was taken.



S28 DFID is committed to a “whole of government” approach, recognising the links between political, security and development issues as reflected in the OECD DAC Fragile States Principles (2007). Maintaining the right balance between this commitment and putting into practice a strategy and portfolio has proved to be a significant challenge. DFID was continually under pressure to demonstrate that it was contributing to the Helmand effort both through its contributions to tri-departmental mechanisms, and through its bilateral programme. To some extent this constrained the choices available to DFID and undermined the coherence of its overall strategy.

S29 It was some time before the UK Government as a whole had a shared vision over the link between security and development and the means to achieve these goals. Pursuing multiple objectives in Helmand was initially problematic because approaches towards counter-insurgency, stabilisation, counter-narcotics, peace and development were not necessarily mutually reinforcing.

S30 DFID’s perception of Quick Impact Projects (QIPs) in Helmand as being “rapidly implemented projects that serve as down payments on promises of political and economic progress” was challenged recently by an independent evaluation commissioned by the Stabilisation Unit<sup>7</sup>. Within the work carried out by the Provincial Reconstruction Team (PRT), (the QIPs in particular), there was dissatisfaction over procurement, construction quality, lack of monitoring and over the role of interpreters. On the positive side, support for police training was well received and DFID support through line ministries (particularly MRRD) was seen as being effective<sup>8</sup>.

S31 Support through the cross-Whitehall GCPP (and subsequently the Stabilisation Aid Fund) provided a funding mechanism that could be used for security spending, including non-ODA spend. In this respect, it protected DFID’s bilateral programme budget from the wider security demands of HMG while opening possibilities for innovative, pro-development, approaches to stabilisation. From 2007, pressure on the DFID bilateral programme to divert funds to Helmand started to reduce due to the increased role proposed for the Stabilisation Aid Fund (SAF).

## **Effectiveness and Efficiency of DFID’s Support**

S32 Staffing of the DFID office in Kabul was limited by the “light footprint” approach agreed by DFID’s top management. This effectively imposed a cap on international staff levels (six) prior to 2006, which meant that the ratio of staff between Kabul and London was 6:9. This was deemed wholly unrealistic by heads of office at that time, given DFID’s delivery objectives. Since then staff ratios have improved, but staff pressure to deliver on HMG priorities has been immense. Security constraints have limited engagement with local and provincial government restricting data gathering and personal knowledge of projects.

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<sup>7</sup> DFID Intranet site report. See also ‘Quick Impact Project Evaluation’ (restricted), Stabilisation Unit, March 2008.

<sup>8</sup> Afghan Perspectives Report: The Provincial Reconstruction Team and Quick Impact Projects, Helmand Province. April 2008. Tribal Liaison Office, Kabul.

S33 The FCO criticised DFID for failing to ensure sufficiently senior staff were present at Whitehall meetings. The evaluation found this to be the case, particularly during the crucial meetings in 2005/6 over the deployment and scope of work expected of UK departments in Helmand. The evaluation is unable to comment on whether a more regular senior DFID representation would have influenced what was essentially a preordained decision over the deployment.

S34 DFID has ensured that thorough independent reviews are carried out for all the large projects in its portfolio, particularly where there have been indications of poor performance. Impact assessment has been difficult, partly due to the weaknesses in project-level results frameworks, but also due to the inherent difficulties of measuring impact in an insecure environment. For example, DFID activities towards developing poverty data sets and strengthening the national statistics function have to date rendered few results. Added to this is the familiar difficulty of measuring impact of capacity building and institutional reform.

S35 DFID's performance management is based on the scores given to projects at purpose and output levels. From 2001 to mid-2006, 74% of DFID Afghanistan projects over £1 million were scored "completely" or "largely" successful. This compares well with the DFID average of 61.8% across all fragile states in the same time period. However, given the dominance of a handful of projects (notably the ARTF), these figures should be treated with caution. If one deducts the ARTF in 2006/7, 48% of the total size/value of the "live" (i.e. ongoing) projects was unlikely to achieve set targets.

S36 Not surprisingly, smaller projects performed better than the larger more complex government-run National Solidarity Programme (NSP), National Emergency Employment Programme (NEEP) and the National Rural Access Programme (NRAP), but even these have shown solid improvement over the past 12–24 months.

S37 Projects under economic management have performed relatively well, notably DFID's timely and effective inputs into the ARTF as the central mechanism for support to the government. The ARTF investment window includes activities in three areas: infrastructure, public sector capacity building and community development. Under the last of these – the sector that has received a majority of funding – are national rural development/service delivery projects such as the National Solidarity Programme (NSP) and Microfinance Investment Support Facility for Afghanistan (MISFA), as well as the provincial Helmand Agriculture and Rural Development Programme (HARDP). These projects would not have been able to get off the ground without DFID's support. Combining core project funding with the use of TA has enabled DFID to maintain flexibility while also providing information to support and influence multilateral agencies.

S38 Within the state building portfolio, the consequences of under-staffing have been apparent. Only 25% of projects achieved high score rates (scores of 1 or 2 in output to purpose reviews) from 2002 to 2006. This was skewed by the Afghanistan Stabilisation Programme (ASP) and Strengthening Counter Narcotics in Afghanistan Project (SCNIAP), the two largest but also worst performing programmes. As part of the ASP, the performance of the Provincial Stabilisation Fund was poor, with only a few projects completed and no progress at all in the area of administrative reform. DFID took appropriate steps to end its support to both ASP and SCNIAP.

S39 Different choices within given resources could have been made. For example, greater priority could have been given earlier to security and justice work, given that the rule of law sector was consistently highlighted as one of the most critical areas for addressing state fragility, and where progress was sorely lacking. This should arguably have been given priority over support to central government institutions, or to counter-narcotics institution building through SCNIAP, where progress depends on wider reform in the justice sector.

S40 Some cross-cutting issues have received relatively little attention in the DFID portfolio. Despite some impressive outputs in the above projects – and notwithstanding the strong gender focus in DFID’s support for elections – the overall integration of gender, human rights and social exclusion issues has been weak throughout the portfolio. There is no mention of gender issues or women’s rights in the TCAP or Interim Strategy, despite the government’s own stated commitments in this area. DFID has, however, made efforts to integrate cross-cutting issues into the ANDS by placing a staff member in the ANDS secretariat since 2006 with this specific brief, though there is little evidence of tangible results.

S41 Efforts to institutionalise counter-narcotics as a cross-cutting issue within government have also had little success. The Ministry of Counter Narcotics has no executive power (or money), only advisory responsibilities. It has suffered from the absence of a minister for a period of a year and then the appointment of weak ministers. DFID has demonstrated strong analysis in the sector, but progress on the Counter -Narcotics Trust Fund (CNTF), for example, has had little government buy-in.

## **Impact and Sustainability**

S42 DFID is keenly aware of the difficulties of assessing and demonstrating impact in the Afghan context. The lack of good national or provincial data and security constraints on access to beneficiaries (for both DFID staff and partners) impedes the measurement of progress or decision making. DFID’s practice of putting its aid funds through common systems adds to the usual problems of attribution in development aid. Evidence of the results of specific inputs in a multi-funded project is therefore often related more to aid effectiveness than to wider developmental impacts. Moreover, in all programmes, security constraints prevent staff monitoring either outputs or impact in any consistent manner.

S43 Progress has been made in building up a more professional, merit-based civil service with DFID support. For example, tangible results can be seen from DFID’s support to coordination, strengthening the Ministry of Finance and helping create an effective public administration while ensuring all assistance is recorded on budget. Early financial and capacity support to ARTF has been exemplary, demonstrating good practice in relation to the Paris Declaration and principles of aid effectiveness in fragile states.

S44 The impact of the ARTF on the government’s legitimacy and ability to deliver, particularly outside Kabul, remains open to question. Capacity in the provinces to deliver services has been largely neglected and budget execution has been highly variable. Whereas the Ministry for Reconstruction and Rural Development (MRRD) spent 71% of its development budget in 2005/6, the Ministry of Interior spent only 32%, education 24%, and agriculture 22%.

S45 DFID nevertheless has an extremely good track record on aid effectiveness issues in Afghanistan. Pledges have translated to disbursements very quickly, and DFID has provided procurement capacity to facilitate rapid and transparent utilisation of donor resources. Rapid, high-quality, early TA to the telecoms sector contributed to high levels of investment and mobile phone usage.

S46 Corruption remains a fundamental challenge. DFID has contributed incremental improvements through, for example, the Tax Administration Reform Project, but the problem is more profound. Justice institutions remain the least developed among formal oversight organisations.

S47 The state building portfolio may have focused too much on building technical capacity, primarily in Kabul, while downplaying issues of political legitimacy, especially at the local level. DFID's crucial support to the elections in 2004/5 contributed to the political transition process that was necessary to establish the core institutions of the state. However, sustainable impact is impaired by the inability of the government to establish national unity linked to political settlement; this cannot be addressed by the kind of technical and financial support provided by DFID to date.

S48 Public administration reform has been bolstered through the DFID-supported Second Public Administration Programme (SEPAP) project, and DFID has added significant technical value throughout. However, progress towards the objective of improving government capacity at central and local levels with strengthened links between them was limited. Improving government leadership on PAR with increased on-budget donor support has also proved elusive. The World Bank lead in this sector, and its relatively larger resources, brings into question the continuing need for DFID's support to PAR beyond 2008.

S49 Nonetheless, there is evidence that the National Solidarity Programme (NSP), to which DFID has contributed substantial funding has contributed to enhancing state legitimacy. To date, the programme had led to the election of over 15,000 Community Development Councils (CDCs), and the financing of over 17,000 projects. \$244 million has also been disbursed in grants to the communities<sup>9</sup>.

S50 Opium poppy cultivation in Afghanistan rose for the second successive year in 2007, to 193,000 hectares, driven by growing cultivation in the south, south west, and, to a lesser extent, the east. Cultivation in Helmand rose by 48%. In 2008, the country's overall poppy cultivation fell by 19% to 157,000 hectares, but in Helmand (the single largest producing province) it remained the same as 2007<sup>10</sup>. Many experts suggest caution over attributing this to the counter-narcotics strategies of the international community; the reductions in total cultivation are largely due to economic (high wheat prices) and environmental (drought) factors, and could easily be reversed<sup>11</sup>. In

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<sup>9</sup> DFID Portfolio Review, 2007.

<sup>10</sup> Afghanistan Opium Survey, November 2008, United Nations Office on Drugs and Crime (UNODC).

<sup>11</sup> 'Counter-Narcotics in Afghanistan: The Failure of Success?', Afghan Research and Evaluation Unit (AREU), briefing paper (David Mansfield & Adam Pain), Decembr 2008.

Afghanistan's 34 provinces, 18 are now poppy free as opposed to just 6 in 2006<sup>12</sup>. But there is an asymmetry between the expectations of donors and government for rapid changes in the opium economy, and the ground reality. Counter-narcotics (CN) efforts are a combination of economic development, provision of social services, and better governance and the rule of law – in other words, massive sustained financial commitment, political vision and stamina<sup>13</sup>.

S51 By its own admission, the UK has had greater success in restructuring the police force and criminal justice institutions around CN than it has in actually reducing production through promoting alternative livelihoods<sup>14</sup>. The political economy of opium poppy cultivation in Badakhshan<sup>15</sup> and Nangarhar provinces<sup>16</sup>, for instance, shows the contribution to sustained reduction of poppy growing made by combining CN policies implemented by local government with multi-faceted NGO programmes that cover livelihoods, social development, particularly with a focus on women and girls, and capacity building. Programmes such as Afghan Alternative Livelihoods Project (AALP) and Research in Alternative Livelihoods Fund (RALF) have also made valuable contributions to producing alternatives to poppy.

S52 Technical Assistance (TA) does not automatically equate to capacity development, even if training is included. Without an explicit analysis of the incentives and disincentives for reform provided by TA, DFID has not been able to weigh up the value-added of TA compared to other aid instruments. Looking at the broader canvas of massive TA inputs by all donors – \$1.6 billion since 2002 – the impact has been questioned<sup>17</sup>.

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<sup>12</sup> <http://www.fco.gov.uk/en/fco-in-action/uk-in-afghanistan/Counter-Narcotics/afghanistan-CN-FAQ>.

<sup>13</sup> The 2008 NAO report notes that “by June 2007 the United Nations Development Programme had received £21.2 million, approved projects of £11.45 million but only £0.68 million had been disbursed. Overall progress on reducing poppy cultivation has been disappointing.”

<sup>14</sup> See, for example, British Embassy Kabul reports on <http://www.britishembassy.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1079976715832>

<sup>15</sup> Saltmarshe, D. ‘Integrated Rural Rehabilitation to Improve Livelihoods and Curb Poppy Production’, evaluation report for DFID, June 2006.

<sup>16</sup> Mansfield, D. ‘Water Management, Livestock and the Opium Economy: Resurgence and Reductions: Explanations for Changing Levels of Opium Poppy Cultivation in Nangarhar and Ghor in 2006–07’, AREU, May 2008.

<sup>17</sup> Michailor, S. ‘Review of Technical Assistance and Capacity Building in Afghanistan’, April 2007.

## Recommendations

### For DFID Afghanistan:

- Now may be the time to reconsider whether Public Administration Reform (PAR) should be the central plank of DFID's state building programme. It is unclear whether DFID continues to have a comparative advantage on PAR if a strong lead from the World Bank (WB) is in place. DFID should develop a clear analysis and argument for its continued support to PAR if this is to remain central to the state building portfolio.
- Significantly greater attention to rule of law and justice is warranted. Support to National Justice Programme (NJP) has been very positive; DFID has a comparative advantage in relation to other donors. Traditional justice systems will need to be considered, though with caution in respect of human rights issues. DFID should draw on its experience in other fragile states. Options to gradually extend the reach of formal systems into communities (e.g. community paralegals) should be considered.
- The National Solidarity Programme (NSP) overall is a "high-risk, high-return" success story. However, the governance dimension of Community Development Councils (CDCs) is complex and NSP has not yet demonstrated its impact on local governance. The future role of CDCs within sub-national governance needs careful consideration, while ensuring that the social capital built up through NSP to date is used effectively. New support for UN Habitat's work on urban CDCs and links with municipalities offers opportunity for learning about their interplay with formal governance structures. DFID should develop a clear strategic view on the role of CDCs in sub-national governance. This needs to be linked to the generation of policy regarding the development of provincial structures: the provincial and district assemblies and the role of line ministries.
- DFID has not fully explored the value of engaging more fully with Afghan civil society, including improved relationships with NGOs as intermediaries. More attention should be given to corruption and accountability mechanisms (including the role of NGOs and Civil Society Organisations (CSOs) in monitoring and advocacy).
- DFID (and other donors) have not fully used the accumulated expertise NGOs have in maximising farm-related income opportunities, employing a country-wide approach to reduce vulnerabilities to poverty and offering alternatives to narcotics production. DFID should place greater emphasis on the issue of investment in agriculture, including an integrated "value chain" approach to agriculture that addresses issues of land, water, credit management and labour.
- Assumptions around gender and human rights, and the corresponding dialogue with Afghans including Afghan women in leadership positions have not been fully explored. This is not about having a new "women's rights" programme, but about ensuring effective integration into future

programmes, building on successful examples such as DFID's support to the elections. DFID should seek opportunities to support Afghans to lead appropriate, culturally sensitive approaches to improve the treatment of women in Afghanistan.

- The DAC Fragile States Principles could usefully stimulate discussion on the importance of shared analysis among donors of context and causes of fragility; “do no harm” issues in relation to state building; the need for greater attention to social inclusion, gender and human rights issues; and the risks of bilateral aid allocations leading to “pockets of exclusion” within Afghanistan. DFID is already engaged in a useful debate around these principles. DFID should continue to use the principles to further donor dialogue around aid effectiveness issues and challenges in Afghanistan.
- The UK's ten-year Development Partnership Arrangement (DPA) with Afghanistan requires a mutual review and assessment of the commitments (initial tranche of £330 million over three years, signed in 2006). DFID should ensure that adequate monitoring and review processes are in place for the DPA in line with similar commitments elsewhere in the world.

### **For DFID Globally:**

- Understanding the political economy and state building context of fragile states required early investment in robust analysis. DFID Afghanistan undertook such analysis in 2008, but perhaps this should have been earlier. DFID should ensure that programmes are framed within an early understanding of conflict dynamics, state legitimacy and political settlement in advance of more technocratic issues.
- The devolution of DFID's offices to country level has consequences and the right balance of staff between London and Afghanistan was not always met. There needs to be greater senior management realism regarding the scale of the challenge – and what DFID needs to deliver effectively – in a high-profile protracted conflict arena. In this regard, DFID should ensure consistent senior management engagement at Whitehall level, and ensure that staff ratios and skill mix between London and the country are sufficient.
- TA does not automatically equate to capacity development, even if on-the-job training is included. The transition from multi-donor trust fund to general budget support requires longer-term capacity building. The creation of professional cadres needed by both the public and private sector should involve supporting further education and private professional training bodies in addition to civil service training on the job.
- In view of the overwhelming size of the informal sector in developing countries (let alone post-conflict developing countries), private sector development is unlikely to begin in the Ministry of Commerce. On the other hand, as demonstrated by MISFA, rapid development of a small-scale financial sector is possible even in difficult post-conflict conditions. DFID should do more to consolidate and deepen its understanding and experience of private sector development in the particular conditions of post-conflict economies.

- The debate over appropriate resources required to meet targets set by framework agreements such as the 2006 Afghanistan Compact has not been effective; thus there has not been a clear understanding among donors of resource levels needed in each sector, and of the relationship between these sectors. For the UK, underpinning all interventions should be a shared cross-departmental consensus on the scale of investment needed to meet the challenge; this should then inform the influencing strategy pursued by DFID vis-à-vis other donors.
- DFID's comparative advantage on governance issues within HMG has not been given sufficient recognition in Afghanistan. DFID should advocate its role on governance, and ensure that the division of labour agreed in future HMG strategies recognises governance as a central element of economic and social development.
- The division of labour agreed among donors in Afghanistan was driven largely by political bargaining among donor countries. As a result, the security and justice sector – arguably the most crucial sector – has performed badly. DFID should develop effective ways of communicating lessons learned at ministerial level and try to ensure that these lessons inform engagement in other fragile states in future.
- There is as yet no proven relationship between stabilisation and longer-term development demonstrated in Helmand. Delivering assistance in ways that will have a developmental impact on the lives of Afghans requires longer time-frames, specialised expertise and sophisticated forms of interaction with target beneficiaries. The context of HMG's military and political engagement in Afghanistan made it particularly difficult to assess the relevance and appropriateness of DFID's strategic choices against the standard evaluation criteria for a development programme. Consideration should be given by DFID, with other government departments, to the most suitable way of evaluating DFID programmes operating in such a context in future, including whether a joint HMG evaluation framework should be developed.



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## 1. Introduction

- 1.1 Against a background of a substantial increase in resources and a focus on poverty reduction and achievement of Millennium Development Goals (MDGs), DFID has adopted a policy of decentralisation in order to achieve greater relevance, responsiveness and impact for its aid resources. DFID's office in Afghanistan, first established in late 2001, has been able to design and implement programmes of humanitarian and development assistance with increasing delegated authority. Like most offices, it has been subject to the policy of "more with less", though, as a fragile state, Afghanistan has to some extent been protected from the stringent staff cuts imposed elsewhere. The huge challenges and opportunities of Afghanistan – and the substantial resources committed by all Whitehall departments – place DFID at the very centre of a debate over how best to engage in an ever-changing fragile state arena while increasing the effectiveness of the aid budget and learning lessons to improve delivery performance and impact.
- 1.2 The Evaluation Department of DFID (EvD) has contracted the company ITAD Ltd to undertake a series of Country Programme Evaluations (CPEs) from 2007 to 2009 with the aim of assessing the relevance, efficiency, effectiveness, impact and sustainability of DFID assistance at country level. Each CPE takes a five-year perspective; in the case of Afghanistan, the focus is 2002–end 2007 with updates provided for 2008. The Afghanistan CPE looks at development performance within the context of post-war reconstruction, periodic environmental crises and, in some parts of the country, protracted conflict. The evaluation also covers a period when DFID was obliged to form part of an increasingly comprehensive cross-Whitehall approach to counter-insurgency and counter-narcotics, and when there were substantial UK troop commitments on the ground as part of the North Atlantic Treaty Organisation (NATO)/International Security Assistance Force (ISAF) engagement.

## Methodology

- 1.3 The evaluation is timed to fit in with the end of an interim Country Assistance Plan (CAP) cycle, and at a time when the new Country Plan (CP) is under preparation. It gives greater emphasis to strategy and policy than to project-specific issues. In the case of Afghanistan, security constraints meant that time and travel in country were restricted, so the team was reduced accordingly. The exercise was conducted in four stages. An initial five-day inception period was undertaken by the team leader and DFID Evaluation Department in London (with video contact with Kabul) in late March/early April 2008. This was to collect documentation, conduct initial interviews and to adjust the evaluation approach to issues raised by key stakeholders.
- 1.4 An inception note was issued to summarise the work at this point (see Terms of Reference (TOR) in Annex 1). For the second stage, the full evaluation team of five consultants spent one week in London interviewing DFID, Foreign & Commonwealth Office (FCO) and Ministry of Defence (MOD) staff overseeing the Afghanistan programme, as well as some independent academics and non-governmental organisations (NGOs). The third stage was a one-week field visit

to Kabul by a team of four independent consultants, with two of them staying a further week in Helmand Province and Kabul in April 2008. The fourth stage was again a four-day period of London interviews followed by initial feedback of key findings to the country office. A summary list of persons consulted is given in Annex 2. The exercise was guided by a matrix of pertinent questions (presented in Annex 3). The main report was then drafted by the team leader and circulated for comment and report finalisation.

- 1.5 As far as possible, the evaluation has used DFID's own criteria of "success" of programmes and projects, citing the reviews and PRISM scores obtained throughout the period. On some of the major issues (the UK's Helmand policy, counter-narcotics and civil society, for instance) the challenges inherent in such a volatile and changing environment – and the fact that, for confidentiality reasons, most of the respondents cannot be named or directly cited – the evaluation exercises its own judgment based on a summation of "prevailing views" over the five year period, as well as the long-term Afghanistan experience of the evaluation team itself. The evaluation acknowledges, however, that such judgements, though evidence-based, cannot be definitive, and should therefore be treated as a contribution to an ongoing debate.

## **Limitations**

- 1.6 The Afghanistan CPE is a complex evaluation model given the political events, the growth of the office over time, regional priorities and DFID's obligations towards alignment with UK government objectives in the country. This latter issue made it particularly difficult to evaluate the relevance and appropriateness of DFID's strategic choices, given these were in many instances constrained by the context of the HMG strategy. Consideration should be given in future to the most effective way of evaluating DFID programmes operating in such a context.
- 1.7 The timeline of events (Annex 4) provides an outline of the environment in which DFID operated. The CPE was subject to the same constraints as all DFID staff coming under Duty of Care obligations that restricted movement in the country. In Helmand, for instance, during fieldwork the team was subject to "lock down" in the Provincial Reconstruction Team (PRT), with all meetings being held inside the military camp. Even in Kabul, DFID pools all vehicles with the Embassy, and external meetings required prearrangement of an armed protection team to accompany the consultants. DFID documents for the five-year period were fairly comprehensive. Given the sensitivities surrounding the UK government's engagement with Afghanistan, some documentation was graded confidential or higher and therefore could not be quoted by the CPE team. Although this has placed limits on the team's ability to explain or to appreciate the background to certain programme decisions, much of the overriding strategic context is well known and within the public realm.
- 1.8 No primary data collection or commissioned studies were undertaken, and the limited extent to which the team has been able independently to verify the evidence needs to be borne in mind when reading the report. A final constraint was the absence of some staff due to "breather breaks" – after every six weeks in post, staff take two weeks home leave, meaning that at any one time only about 75% of staff are in situ.

## **Report Structure**

- 1.9 The CPE report is structured as follows: Chapter 2 describes the country context in Afghanistan, the level of development assistance and DFID's own history of assistance since 2001. Chapter 3 then looks at DFID's strategy over the period: its relevance, its alignment with corporate policy and with the government of Afghanistan (GoA) and other partners, how risk was assessed, and how it expected to use the resources available. This leads to a review of the programme's effectiveness and efficiency in Chapter 4, where the different projects, instruments and levels of staff engagement are examined. In so far as documented evidence is available or the views of informants can be triangulated, the contribution of these different interventions to broader strategy objectives and key policy themes are also addressed. Chapter 5 examines the extent to which medium-term impact of DFID's support can be ascertained, while placing the results in the context of Afghanistan's overall development progress for the period under review. In Chapter 6, conclusions are drawn regarding DFID's strengths and weaknesses, and a set of lessons and recommendations are presented that may guide future assistance in Afghanistan and be of use for DFID globally. A final chapter 7 is a management response provided by DFID Afghanistan. This discussed any areas where they agree or disagree with the independent country programme evaluation.
- 1.10 Afghanistan is a uniquely complex country, socially and politically. DFID staff have worked often beyond the call of duty and under stress. Where the evaluation identifies problems, these should in no way reflect poorly on the commitment and professionalism of those involved; rather, it is an opportunity retrospectively to learn from the strengths and weaknesses of DFID's approach to a volatile and intense environment that offers very few easy answers.





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## 2. Context

- 2.1 This section presents an overview of the situation in Afghanistan during the period of the evaluation in order to provide the context for DFID's assistance. It also describes the pattern of development and emergency aid provided to Afghanistan from 2002 to 2008, and summarises DFID's support within that.

### Socio-economic Context

- 2.2 Afghanistan is one of the poorest countries in the world and is off-track in progress towards all the Millennium Development Goals<sup>18</sup>. Over half the population live on less than US\$1 a day<sup>19</sup>. The 2005 United Nations Development Programme (UNDP) Human Development Index ranks Afghanistan as 173 out of 178 countries listed; life expectancy is 47 years; 25% of all children die before their fifth birthday – 600 children every day. The maternal mortality rate is the second highest in the world.
- 2.3 Some progress has been made since the removal of the Taliban government in 2001. The new currency has proved stable; the number of functioning health clinics has increased by 60%; and over five million children are back in school – one third of them girls<sup>20</sup>. Over 13,000 primary and secondary schools have been reconstructed. The process of achieving quality education is going to be much slower than simply increasing the numbers; nevertheless, nearly 1,500 people are receiving teacher training, a third of teachers are women; and 1.2 million illiterate people are participating in literacy courses.
- 2.4 Since 2001, 72 new hospitals and clinics have been built. UN agencies, in coordination with the Afghan Ministry of Public Health, have administered 16 million vaccinations against childhood diseases, saving an estimated 30,000 lives. Programmes of water chlorination and well reconstruction are tackling water-borne diseases across the country<sup>21</sup>. Infant mortality rates dropped from around 165 per 1,000 live births in 2001 to about 135 per 1,000 in 2006<sup>22</sup>, and 40,000 fewer infants are dying each year compared with during Taliban rule.
- 2.5 Since 2001, over 4.8 million refugees have returned to their homes. However, the number of returning refugees has been offset by the fact that Afghans continue to migrate to Pakistan and Iran in search of work. As a result, the Afghan populations in Pakistan and Iran are not significantly less than they were in 2002.

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<sup>18</sup> International Development Committee (IDC) 'Reconstructing Afghanistan: Fourth Report of Session 2007–08', House of Commons, February 2008.

<sup>19</sup> Ibid.

<sup>20</sup> DFID 'Interim Strategy for Afghanistan', 2005/6.

<sup>21</sup> DFID 'Afghanistan 5 year script', November 2006.

<sup>22</sup> DFID 'Afghanistan Factsheet', 2007.

- 2.6 Almost 45% of Afghanistan's population is under 15 years of age – only the Gaza Strip and a few African states have a similar age structure. In 2006, the population numbered just over 31 million, with enormous increases in urban areas; by 2015, it is set to reach 35.5 million, by 2025, 45 million. Thus, each year over 500,000 additional people join the queue for food, housing, jobs and medical care. By March 2008, the price of wheat flour had risen 100% since the previous year, and the UN World Food Programme anticipated a steep increase in the number of Afghans – 2.5 million currently – in need of emergency food aid<sup>23</sup>.
- 2.7 When DFID opened an office in Afghanistan for the first time in late 2001, Afghanistan was a country ravaged by war and natural disasters. Agricultural production had been heavily affected by drought. Afghanistan had never had more than minimal industry and this had effectively ceased to function. The majority of skilled professionals had left the country, and government services had ceased, resulting in a dramatic decline in social indicators. Total (non-opium) GDP at this point is estimated to have been only about \$4 billion. In reassessing the situation in Afghanistan at the beginning of 2002, the international community also took serious account of the fact that the country had been affected by a major drought since 1999 and that the anticipated large-scale return of refugees from Pakistan and Iran would place a significant strain on an already fragile economy. Afghanistan therefore met many of the criteria for what were termed “fragile” or “failed” states.
- 2.8 Economic growth has been estimated at 29% in 2002, 16% in 2003 and 8% in 2004<sup>24</sup>. As is common in post-conflict economies, the early growth path settled at about 10% over the next three years. In 2002, Afghanistan's debt to the International Monetary Fund (IMF) and Asian Development Bank (ADB) stood at about \$18 million. With an early grant of £12.7 million, DFID was able to pay off these arrears in 2003. This was only a fraction of the total foreign debt. The vast majority (80–90%) was bilateral debt owed to Russia and to Arab countries – this also was written off by them in 2003.
- 2.9 The government is gradually improving its own revenue base, through customs and taxation. The share of public sector operating expenditures financed by domestic revenues rose rapidly to 67% by 2006, though it has fallen back since as the increase in the size of the government budget has exceeded the rate of increase in revenue collection. The government's Medium Term Fiscal Framework projects domestic revenues to reach 10% of GDP and fully fund operating costs by 2011.
- 2.10 A factor that tends to reduce government accountability, sustainability and the overall coherence of the reconstruction effort is the low proportion of the national budget that is currently centrally controlled by the government. Only one-third (\$1.03 billion) of the total budget in 2005 was directly managed by the Ministry of Finance (this is referred to as the “core budget” and includes both external aid and government revenues); the other two-thirds of expenditure

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<sup>23</sup> IRIN Asia, 2 May 2008, <http://www.irinnews.org/report.aspx?ReportID=78019>.

<sup>24</sup> ARTF Review.

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passed through an “external budget” – through private contractors and NGOs. A majority of this off-budget spending is from United States Agency for International Development (USAID) funds<sup>25</sup>.

- 2.11 Meanwhile, economic development is jeopardised further by the recovery of opium production in the insecure southern provinces. Afghanistan is now the largest producer in the world of illicit opium; it dominates the Afghan economy comprising almost half of GDP<sup>26</sup>. The poppy sector constitutes the largest source of export earnings. Its illegal nature not only implies significant lost tax revenue to government but also breeds lawlessness, which undermines economic confidence and social cohesion.
- 2.12 The greatest future growth potential lies in exploitation of gas and mineral resources, and of transit trade, primarily between Iran and Pakistan<sup>27</sup>. Continued recovery and expansion in agriculture will bring the broadest-based growth.

## Political Context

- 2.13 The US-led military intervention in Afghanistan of October 2001 was broadly supported by the international community, as was the Bonn Agreement of December 2001, which set out a road map for a democratic process. Most donors also showed a collective determination to lend maximum support to the new interim government. The willingness to strengthen the Afghan governmental infrastructure was a reversal of the previous policy of DFID and most other donors in relation to the Taliban government of 1996–2001.
- 2.14 Through the Bonn Agreement, the international community promised a broad-based and democratic government. In effect, though, they produced a change of regime through a military strategy that handed power to faction leaders. The Afghanistan Interim Authority (AIA) established by the Agreement had a narrow ethnic political base, initially dominated by ethnic Tajiks. Many Pashtuns were excluded from power – a factor that has fed discontent both within and outside the Taliban<sup>28</sup> – and those in power have been reluctant to change this<sup>29</sup>.
- 2.15 The USA’s dominant role as the major donor left the rest of the donor community in a relatively powerless position to influence outcomes. The US-led intervention reinstated the fragmented power dynamics that had characterised the pre-Taliban period of the Mujahidin government of 1992–96, with many of the former Mujahidin commanders and militia leaders re-establishing their previous fiefdoms (giving particular prominence to the Tajiks and the Shura Nazar). Notwithstanding the underpinning that

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<sup>25</sup> 2005/6 figures from ACBAR, May 2006.

<sup>26</sup> Estimate in 2004/5 from UNOCD cited in ANDS 2006.

<sup>27</sup> Science Daily, <http://www.sciencedaily.com/releases/2008/04/080430152025.htm>

<sup>28</sup> Johnson, C. et al, ‘Afghanistan’s Political and Constitutional Development’, Jan 2003.

<sup>29</sup> See, for example, the GCPP evaluation, Afghanistan study, 2004.

international military and political support gave him, the Interim President, Hamid Karzai, therefore had to strike deals with these multiple power holders in order to secure a minimal level of acquiescence to his leadership role. His efforts were rendered more complex by simultaneous deals that the US military initially negotiated with particular power holders in the south of the country in pursuit of its efforts to find high-value targets such as Osama bin Laden. There was a prevailing policy of tactical accommodation and “warlord democratisation”<sup>30</sup>. The policy has led to the re-emergence of what has been characterised as a “rentier state” and the creation of institutions and structures unlikely to be sustainable in the long run<sup>31</sup>.

- 2.16 The counter-terrorism process sat uneasily with state building objectives. The fact that the Afghan state relies almost entirely on external capital and the provision of military support undermines its domestic legitimacy. Thus, the “conversation” between the centre and the periphery is characterised by “hedging” and “spot contracts” rather than durable solutions towards lasting peace<sup>32</sup>. Furthermore, the US practice of working through US contractors to deliver programmes and projects, including the provision of technical assistance, led to reluctance on the part of the US to direct funds through the Afghan government or to give priority to building the capacity of governmental infrastructure.
- 2.17 The presentation by the insurgents of a “puppet” state upheld by the US-led coalition has been used to justify a consistent campaign of terrorism aimed at undermining the new state. To this end, terrorist attacks have been directed at members of the Afghan National Army, the Afghan National Police, government ministers, state officials, aid workers, religious leaders voicing support for the government and personnel working on reconstruction projects. The insurgents also use strategies to intimidate and generate fear within the population<sup>33</sup>. This has compelled the aid community to withdraw its personnel and projects, in particular from large areas of the south, severely constraining the ability of donors to visit project areas for the purpose of monitoring and evaluation.
- 2.18 Whilst there are positive indicators of progress with the completion of the presidential and parliamentary elections, the end of the Bonn process and the signing of the London Afghanistan Compact (January 2006), these gains remain perilously fragile. Nevertheless, the political process culminated in elected institutions of state with a relatively high turnout of voters for the 2004 Presidential elections and the 2005 Parliamentary and Provincial Council

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<sup>30</sup> Rubin, B. ‘Peace Building and State Building in Afghanistan: constructing sovereignty for whose security?’ *Third World Quarterly*, vol. 27, no.1, 2006.

<sup>31</sup> Goodhand, J. and Sedra, M. ‘Afghanistan Peace Conditionalities Study’, Netherlands Institute of International Relations, June 2006.

<sup>32</sup> Suhrke, A. ‘The Limits of State Building: the role of international assistance in Afghanistan’, paper presented to the International Studies Association annual meeting, San Diego, March 2006.

<sup>33</sup> Widespread use of intimidating “night letters” (death threats) to those who cooperate with international forces, and the burning of schools, has been reported by Reuters (for example, Reuters, Khost Province, May 12 2008).

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elections. There is also a fledgling Afghan National Army (ANA), and some 60,000 former combatants have been demobilised, although ensuring successful reintegration and the extension of disarmament programmes to illegal armed groups will require sustained intervention. There is visible economic activity and improvement of infrastructure in many parts of the country, yet persistent unemployment and high levels of corruption underline the need for international commitment to long-term, balanced development and good governance in Afghanistan for many years to come.

- 2.19 A recent study of local perceptions of peace operations suggests that for some communities in Afghanistan, as elsewhere, assistance is welcome regardless of the donor's military identity or political objective<sup>34</sup>. For some non-Taliban aligned communities, accepting and participating in aid projects has become a gesture of defiance against the insurgency. Yet at the same time, the simultaneous US-led intervention in Iraq provided the Taliban with a political foundation on which to draw both resources and recruits from the wider Islamic world on the grounds that Afghanistan was subjugated by a "US-led invasion". Afghanistan thus became a cause célèbre within the global Islamic community, alongside Iraq, Palestine, Lebanon and Chechnya.
- 2.20 In the spring of 2006, the UK, Canada, Denmark and Holland, as key contributors to the International Security Assistance Force (ISAF), decided to join US forces in deploying their forces outside Kabul to the provinces of Helmand, Kandahar and Uruzgan. This provided further justification for a new phase in the insurgency, with their support base already strengthened by public discontent over the search methods used in counter-terrorism operations, the detention of Afghans at Bagram and other US bases, and the high level of civilian casualties generated in air strikes conducted during counter-insurgency operations<sup>35</sup>. The insurgents were also able to draw on public disappointment with the "corrupt" government and police force<sup>36</sup>.
- 2.21 The level of insurgent and terrorist activity increased sharply in 2007. Afghanistan remains roughly divided between the generally more stable west and north, where security problems were linked to factionalism and criminality, and the south and east characterised by an increasingly coordinated insurgency. A worrying trend was the gradual emergence of insurgent activity in the far north-west of the country, an area that had been calm, as well as encroachment by the insurgency into Logar and Wardak provinces, which border Kabul<sup>37</sup>.

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<sup>34</sup> Tufts University (2005) cited in BAAG submission to the UK Defence Committee 2007.

<sup>35</sup> See, for example, the AFP report on the meeting between US President George W. Bush and eight Afghan governors in April 2008 in which they told him "a few unpleasant truths about the plight of their country as coalition forces fight terrorists and the Taliban". AFP, April 9 2008.

<sup>36</sup> UN Secretary-General Ban Ki-Moon in his report to the UN Security Council of 27 September 2007.

<sup>37</sup> Report of the UN Secretary-General on Afghanistan, 6 March 2008.

- 2.22 The UK government faced particular challenges in taking on responsibility for Helmand. It represented a major shift from the stabilisation role that UK had hitherto played in the area centred on Mazar-e-Sharif, in which it had effectively contributed to a calming of tensions between two major power holders in that region.
- 2.23 Although the Helmand brief was also one of stabilisation, there was only one local power holder of any significance. Helmand had long been the major centre for opium production and its political dynamics reflected both a relatively weak tribal structure and the strong power base of a particular family connected to the opium trade and to international criminal networks. Helmand accounted for over 50% of the country's opium poppy cultivation in 2007/08 and was also the most important province in terms of heroin processing and trafficking<sup>38</sup>. This created potentially huge obstacles to the complex task of assisting the Afghan authorities to extend and exercise their authority and influence across the country<sup>39</sup>. On the one hand, Helmand had historically maintained a pronounced independence from central government while, on the other, the individuals controlling the drugs trade in the province had very high-level links with officials in both local and national government as well as a *modus vivendi* with the local Chief of Police.
- 2.24 Finally, one of the reasons Afghans can be “hired but not bought” is that they have an acute sense of history and of the relatively brief presence of foreigners; the insurgents and their would-be supporters know there is hardly anything unique to the latest incarnation of “bringing peace and development to Afghanistan”.

## Development Assistance

- 2.25 Following the fall of the Taliban regime in 2001, the international community pledged \$4.5 billion to support the country's recovery in the first five years. Total Overseas Development Assistance (ODA) to Afghanistan more than doubled during the period 2002–2006, from \$1.3 billion to just under \$3 billion, bringing the total to almost \$11 billion. Yet Afghanistan receives a lower aid per capita than most post-conflict nations; and by 2006, due to its low absorptive capacity, the country had only spent 23% of what it has been granted for the development budget<sup>40</sup>. Over 66% of ODA is currently spent outside the government's (non-military/security) budget.
- 2.26 There are some alarming statistics on aid effectiveness in general in Afghanistan. Integrity Watch Afghanistan, for example, reports that for every \$100 spent only \$20 actually reaches Afghan recipients. Aid agency expenditure on their own

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<sup>38</sup> ‘Afghanistan: Opium Winter Rapid Assessment Survey’, February 2008.

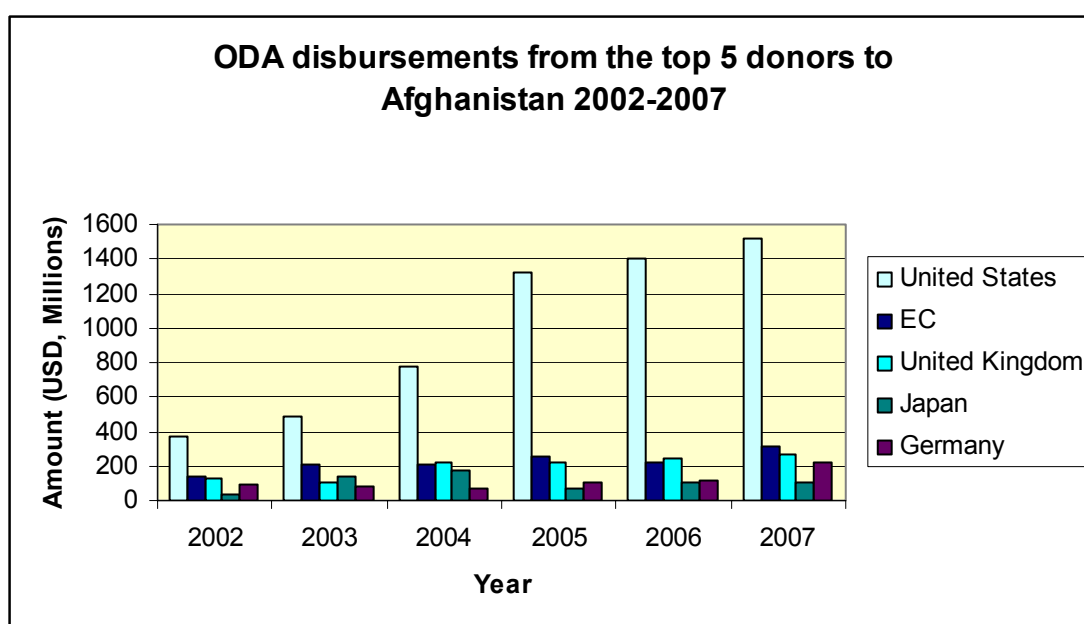
<sup>39</sup> ‘NATO in Afghanistan’, 22 April 2008.

<sup>40</sup> ACBAR ‘Aid Effectiveness in Afghanistan’, 2006.

security ranges from 15% to 30%, and 85% of products, services and human resources used by agencies are imported and provide few jobs for Afghan workers<sup>41</sup>.

- 2.27 Figures suggest that a number of major donors direct a disproportionate share of their funds to the southern provinces where the insurgency is strongest. The problem is that these disparities in aid “are widely regarded as illegitimate or unjust, which undermines confidence in the state”<sup>42</sup>. In 2007/8, the most insecure provinces of Nimroz, Helmand, Zabul, Kandahar and Uruzgan have been allocated more than \$200 per person, whereas many other provinces received less than half this amount, and some, such as Sari Pul or Takhar, are allocated less than one third<sup>43</sup>.

**Figure 1.** ODA Disbursements from the top 5 donors to Afghanistan



- 2.28 Within the top five donors, the US has been the principal donor, accounting for 40% of all development aid to Afghanistan (Figure 1); by 2006 this had risen to 48% – just under \$1,320 million. Overall, the European Commission (EC) is the second largest donor; however, its proportion of total ODA has reduced from 11% in 2002 to 7% in 2006. Averaged across the five-year period, the UK is the third largest donor. In 2002, the ODA from the UK was just over \$130 million (10% of total). In the following years, the UK maintained its proportion of 8–10% of the total, amounting to just over \$200 million by 2006.

<sup>41</sup> Integrity Watch Afghanistan report, reported by Reuters, 9 June 2008, <http://www.alertnet.org/thenews/newsdesk/ISL11201.htm>

<sup>42</sup> ACBAR ‘Aid Effectiveness in Afghanistan’ report by Matt Waldman, March 2008.

<sup>43</sup> Ibid.

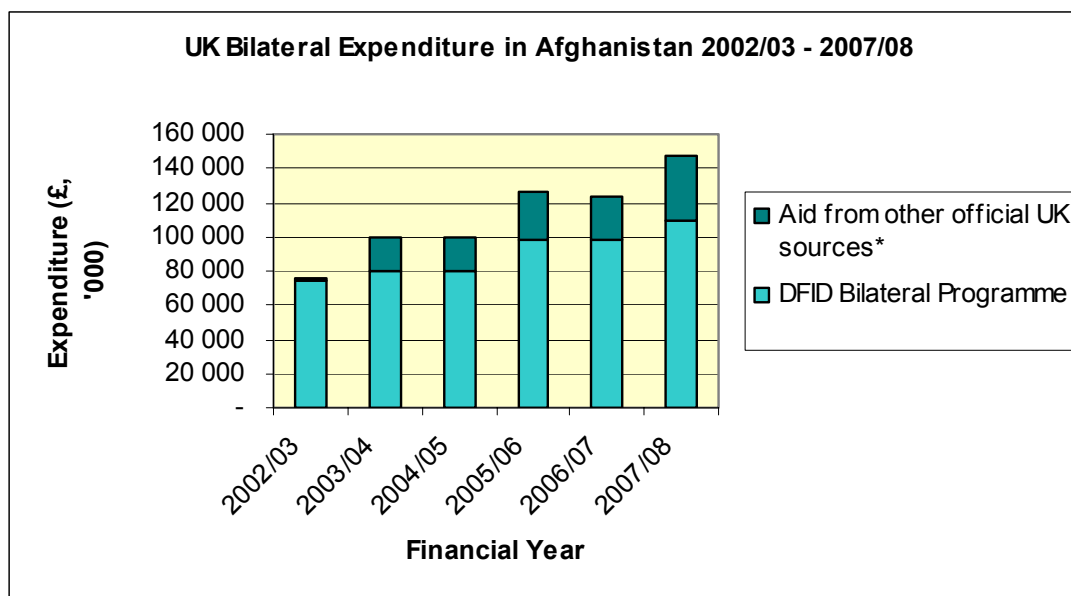
2.29 The 2006 London Conference launched the Afghanistan Compact; this and the subsequent Afghan National Development Strategy (ANDS, published 2008) would lay out the framework for international engagement with Afghanistan until 2011 in a number of vital areas: security, governance (including human rights and rule of law), social and economic development and cross-cutting themes such as counter-narcotics, gender equity, and anti-corruption. A high-level Joint Coordination and Monitoring Board (JCMB), led by the United Nations Assistance Mission in Afghanistan (UNAMA), was established in April 2006 to oversee and support the strategic implementation of the Compact. The JCMB's network of sectoral working groups monitors progress and identifies activities to achieve the Compact's benchmarks. Lending political support to this whole process is a group of key donors, including the US, Italy, UK, Germany, EC and the European Union Special Representative (EUSR), Spain and Japan.

## **DFID in Afghanistan**

2.30 DFID's Conflict and Humanitarian Department (CHAD) set up an office in Kabul in late 2001 and managed the bulk of DFID funding until handing over to the West Asia Desk at the end of March 2003. Initially, DFID took a "light footprint" approach following many years of support through NGOs and the UN. £7 million was spent in 2000/1 and £50 million in 2001/2 on humanitarian assistance; this included support to refugees, immediate reconstruction needs and support to health and education programmes. A large proportion of funds were channelled through multilaterals, primarily the UN.

2.31 DFID allocations increased significantly over the period 2003–2007, settling down to about £100 million in 2006/7. These allocations were complemented by aid from other UK sources of about £20 million per year from 2004 onwards (Figure 2).



**Figure 2.** UK Bilateral Expenditure in Afghanistan 2002/3–2006/7

\* Includes CDC investments, non-DFID debt relief, contributions from other government departments, British Council and Global Conflict Prevention Pool. Source: Statistics in International Development.

2.32 The UK is one of 36 nations involved in Afghanistan since 2001. Its efforts are coordinated by the Foreign and Commonwealth Office (FCO), DFID and the Ministry of Defence (MOD). Aside from military expenditure (estimated at £1.6 billion since 2001<sup>44</sup>), DFID has the largest expenditure. In addition to DFID's development programme, there are three strands to the UK strategy:

- Support to the security environment (MOD and FCO contributions to security sector reform).
- Conflict resolution and prevention dialogue, much of which has come through the (now closed) Global Conflict Prevention Pool (GCPP)<sup>45</sup>, and Global Opportunity Fund (GOF), both administered by FCO.
- Good governance/rule of law, also utilising GCPP and GOF funds, but including the counter-narcotics strategy led by the Afghan Drugs Inter-Departmental Unit (ADIDU).

<sup>44</sup> This is net additional costs incurred over and above planned expenditure on defence. See <http://www.mod.uk/DefenceInternet/FactSheets/OperationsFactsheets/OperationsInAfghanistanBackgroundBriefing2.htm>

<sup>45</sup> The Conflict Prevention Pools (CPPs) were a joint FCO, MOD and DFID mechanism for funding and managing the UK's contribution towards violent conflict prevention and reduction. The Africa Conflict Prevention Pool (ACPP) covered sub-Saharan Africa while the Global Conflict Prevention Pool (GCPP) covered the rest of the world. The CPPs were established in April 2001 and share a joint Public Service Agreement (PSA) target. They were changed in 2008 to a single global Conflict Prevention Pool and a new Stabilisation Aid Fund (SAF).

2.33 DFID's assistance since setting up the office in Afghanistan can be traced through four phases:

- 2001–2003 Essentially a limited humanitarian effort – funds through UN, International Organisation for Migration (IOM), Red Cross and NGOs – with longer-term commitments foreseen. At the Tokyo donor conference in 2002, DFID pledged £200 million over five years (2002/3–2007/8), part of a wider \$4.5 billion pledge made by the international community.
- 2003–2005 The Transitional Country Assistance Programme (TCAP), designed as a relatively short-term plan with a long-term strategy to cover the duration of the Transitional Administration in Afghanistan. It was informed by a government/international agency report “Securing Afghanistan’s future: Accomplishments and the Strategic Path Forward”, prepared for the International Conference in Berlin, March 2004. Based on a World Bank assessment that Afghanistan needed \$28 billion over seven years, the UK increased the pledge made at Tokyo to at least £500 million over the same five-year period.
- 2005–2006 Following national elections, the Interim Strategy for Afghanistan 2005/6, a three-pillar programme – state building; economic management and aid effectiveness; and livelihoods. This built on government ownership and capacity, with upwards of 70% of DFID funds being channelled through the national budget and national programmes. The ANDS (essentially equivalent to a poverty reduction strategy, though also covering security) was published in mid-2008 and was understood by DFID to be the ideal mechanism to provide a necessary strategic framework for the long term.
- 2006–2008 The fourth phase of DFID’s development strategy was marked by its commitment to the ten-year Development Partnership Arrangement (DPA), under which it announced its commitment to spending £500 million over three years. This phase was characterised by the continuation of the 2005/6 Interim Strategy for Afghanistan coupled with emphasis on supporting the UK’s increasing focus on Helmand province.

## Summary Chapter 2

- Afghanistan is off-track on all MDGs. Despite some significant social and economic improvements since 2001, social discontent is on the rise and increasing population and basic food prices may lead to further destabilisation.
- Only about one-third of expenditures are controlled by the Government; with most USA (by far the largest donor) funds being off-budget.
- Economic development is particularly jeopardised by the full recovery of opium production in the insecure southern provinces; illicit opium now comprises 47% of GDP.
- Through the Bonn Agreement of December 2001, most donors showed a collective determination to lend maximum support to the new interim government. Successful presidential and parliamentary elections in 2004/5 saw a high turnout.
- By originating in a foreign military intervention, the state-building effort in post-Taliban Afghanistan became perceived by many Afghans as tied to the power of foreign troops and capital. This has challenged the legitimacy of the state and lent credence to the propaganda of the insurgency. Levels of insurgency increased in 2007 and spread to other areas of the country.
- Helmand had historically maintained a pronounced independence from central government; however, individuals controlling the drugs trade in the province have high-level links at all levels of government.
- Afghanistan receives a low proportion of aid per capita; due to its low absorption capacity, the country had, by 2006, only spent 23% of what it has been granted for the development budget.
- The UK is the third largest donor, maintaining about 10% of the total ODA to Afghanistan since 2003. DFID's programme evolved from an ad hoc humanitarian programme in 2001/2 to a three-pillar programme from 2005 – livelihoods; economic management and aid effectiveness; and state-building – with spending over £100 million, the majority of which has been on-budget support through the GoA.



### **3. Programme Relevance**

- 3.1 This chapter discusses the relevance of DFID's strategic approach and programming to the needs of Afghanistan from 2002 to 2007. It examines how risk was assessed, how choices about aid instruments have been made, and how DFID decided to work with government and other development partners.

#### **Evolution of Strategy**

- 3.2 The evaluation period, 2002–2007 is covered by (i) the final year of DFID's Conflict and Humanitarian Affairs Department (CHAD)-led humanitarian assistance, (ii) the Transitional Country Assistance Plan (TCAP) and (iii) the 2005/6 Interim Strategy for Afghanistan, which was subsequently extended to 2008. The initial priorities identified by CHAD were largely determined by concern to provide ongoing support to those who continued to be affected by the drought of 1998–2002. This led to continued funding for UN World Food Programme (WFP) and the UN High Commission for Refugees (UNHCR), to provide assistance in drought-affected areas and to internally displaced persons (IDPs) and returning refugees.
- 3.3 To focus on humanitarian aid in the first instance was an appropriate response by DFID. By 2003/4, after five years of drought, the annual harvest increased by 80% and DFID moved to a protracted recovery approach, concentrating on longer-term reconstruction and support for government institutions. In the forthcoming Transitional Country Assistance Plan (TCAP) some UN agencies, NGOs and the Red Cross continued to receive significant funding from DFID, mostly for the reintegration of returning refugees and IDPs. However, in the longer term it was assumed that the government's National Solidarity Programme would facilitate improved access to livelihoods for those who continued to be affected by displacement and drought.
- 3.4 The transition in strategies from 2001 is outlined in Table 1. After 2003, the reintegration of refugees and IDPs became a residual element of the humanitarian programme. The Bonn Agreement was an interim arrangement pending the 2004/5 Presidential and Parliamentary elections (which DFID was to support), so this objective also was short-lived. The remaining three objectives of the TCAP evolved into what was to become a three-pillar programme under the 2005/6 Interim Strategy for Afghanistan: state building; economic management and aid effectiveness; and livelihoods. The evaluation will, therefore, concentrate primarily on these three key strands within the DFID programme that effectively provided its framework from 2003 onwards.

**Table 1.** Evolution of objectives within DFID Afghanistan programme

Humanitarian Programme 2001–2003 and support to the Afghan Transitional Authority	Transitional Country Assistance Plan (TCAP), 2003–2005	Interim Strategy for Afghanistan (ISA), 2005/6 (extended to 2008)
<ul style="list-style-type: none"> <li>• Run by CHAD, with humanitarian objectives determined under each funded project;</li> <li>• In 2002/3, approximately 50% of DFID’s funds were spent on humanitarian assistance. The remaining 50% was TA to central ministries, ARTF and some NGO livelihoods programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• An effective development partnership between Afghanistan and the international community;</li> <li>• Implementation of the Bonn Agreement;</li> <li>• An effective central government that re-establishes national unity on the basis of strong institutions. This includes support to central financial institutions and the ARTF;</li> <li>• Enhancement of human security and support to sustainable rural and urban livelihoods;</li> <li>• The reintegration of returned refugees and internally displaced people into communities of their choice.</li> </ul>	<ul style="list-style-type: none"> <li>• Programme based on three pillars, each with its own discrete set of objectives;</li> <li>• State building: to address the weaknesses in state institutions and to help ensure that sustainable development can be financed and delivered;</li> <li>• Economic Management and Aid Effectiveness: to strengthen the public finance system, which is central to the development and implementation of a National Development Strategy;</li> <li>• Alternative Livelihoods: to help reduce dependence on the opium economy and to help regenerate rural economic growth.</li> </ul>

3.5 The adoption of MDGs as genuine targets to direct strategy was not considered appropriate in immediate post-conflict Afghanistan. This was in line with emerging good practice on aid effectiveness in fragile states, which emphasises state building as the central objective. The TCAP – and, indeed, the subsequent 2005/6 Interim Strategy – was predicated upon several assumptions: first, that the formal political transition process led by the UN Special Representative of the Secretary-General (SRSG) Brahimi would result in a stable political settlement; second, that conferring legitimacy on the state means building it from the centre first, then extending to provincial and local levels; and third, that formal institutions (judicial, legislative, banking, private sector) are the pillars of growth.

3.6 Retrospectively, some of these assumptions have been questioned, but it would be disingenuous to suggest they were incorrect at the outset. Afghanistan had not seen a stable government since the 1970s, and the Bonn Agreement presented an

ambitious opportunity to build institutions of governance capable of providing citizens with physical and economic security, a radical change from the factional and conflict-ridden polity that had prevailed for decades. This has led to deep forms of international intervention in the sovereign affairs of the country.

- 3.7 DFID's 2005/6 Interim Strategy retained the above assumptions, and although it was initially only for one year, it was then extended for a further three years pending the completion of the Afghan government's Afghanistan National Development Strategy (ANDS). The ANDS was published in 2008.
- 3.8 After 2006, it became increasingly clear that the materially weak central state was unable to foster the social and political cohesion necessary to build its legitimacy<sup>46</sup>. The insurgency in the south was one manifestation of this; so too was the economic challenge that came from a growing illicit trade across porous Pakistan and Iran borders. Militarily, the international community had moved from peacekeeping to counter-insurgency. As the security of the international mission predominated – and as the political focus of Whitehall shifted to a Helmand-centric view of countering the growing insurgency – DFID found itself less able to focus concertedly on development issues in a conflict environment.
- 3.9 The depiction of Afghanistan as a “post-conflict” country with a stable government at the helm was being increasingly challenged by 2007. DFID had maintained a steadfast strategy for five years based around support for an emerging government and the building of the architecture of a viable state. What remained were a number of broader questions. By financially backing and conferring legitimacy upon Kabul-based central institutions perceived by many as predatory and corrupt, were international donors becoming part of the problem rather than the solution? Sequentially – and in accordance with a much more limited view of what is possible at this stage in Afghanistan's history – should DFID have limited its investment to provincial or district programmes with a more direct impact on poverty reduction? And finally, if the HMG policy in Helmand demands the thorough inclusion of DFID in a civil-military nexus, to what extent does this challenge the coherence of a longer-term development strategy in Afghanistan?

## Strategy alignment with Afghanistan's Priorities

- 3.10 In 2003, the GoA elaborated a strategy for the country's reconstruction through its National Development Framework comprising 12 national programmes. The documents set out outcome targets to be achieved by 2015 to align with the MDG framework. DFID concentrated on a strategy for service delivery that was

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<sup>46</sup> Francis Fukuyama in his 2004 book, *State Building: Governance and World Order in the 21<sup>st</sup> Century*, argues that Afghanistan was *never* a state, and that therefore restoration of statehood is a folly.

perceived as an entry point for triggering longer-term pro-poor social and political change<sup>47</sup>.

- 3.11 The initial phase of DFID's support in 2002/3 included support for capacity building of the Afghan Interim Administration (AIA) and its successor Transitional Government, with a particular focus on the Ministry of Finance. While limited in scope, this was both clear and appropriate at the time, given the emphasis on humanitarian assistance and immediate recovery, and the importance of establishing sound public financial management systems to allow resources to begin to flow through government.
- 3.12 DFID's goals and strategy for its economic management programme remained the same from the TCAP onwards – to support the creation of a strong public finance system in order to implement the National Development Framework (NDF) and to enable the government to lead the coordination of development activities. The key underlying – and now standard – aid effectiveness assumption<sup>48</sup> was that the sustainability of reconstruction programmes started with foreign capital depends on developing the capacity to manage the economy.
- 3.13 This in turn depended on implementation of a fair and effective revenue collection system, a modern annual budget formulation process, and a modern monetary system with currency and other financial operations controlled by the Central Bank<sup>49</sup>. In addition, private sector development was seen as the ultimate source of long-term growth.
- 3.14 DFID's assistance to revenue-raising through taxation has been effective and efficient, but DFID did not articulate the strategic challenge of how to foster a “social contract”, a tangible demonstration of representative democracy. If not balanced with clear evidence of benefits elsewhere in the system, taxation alone risks reinforcing public opinions of a predatory state.
- 3.15 The Afghanistan Reconstruction Trust Fund (ARTF, Box 1) was to become the key mechanism to strengthen the government's ability to coordinate and deliver its own development agenda. Through this, DFID took the strategically appropriate decision to fund government recurrent costs – primarily teachers and other public sector salaries –intending to both revive the public sector and to pump incomes quickly into the economy.

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<sup>47</sup> National Development Framework, Kabul, April 2002 (draft), <http://www.institute-for-afghan-studies.org/Afghan%20Reconstruction/ndf.pdf>

<sup>48</sup> DFID's Support to National Budget in Afghanistan (DFIDA Economic Management Team, January 2007).

<sup>49</sup> DFID Afghanistan Interim Strategy 2005–6.



**Box 1.** Afghanistan Reconstruction Trust Fund (ARTF)

The ARTF is a multi-donor trust fund administered by the World Bank in support of Afghanistan's reconstruction efforts. It has been the donor community's response to the national authorities' strong and consistent request for a single, predictable, accountable source of un-tied funding for the recurrent budget, which is the government's top priority.

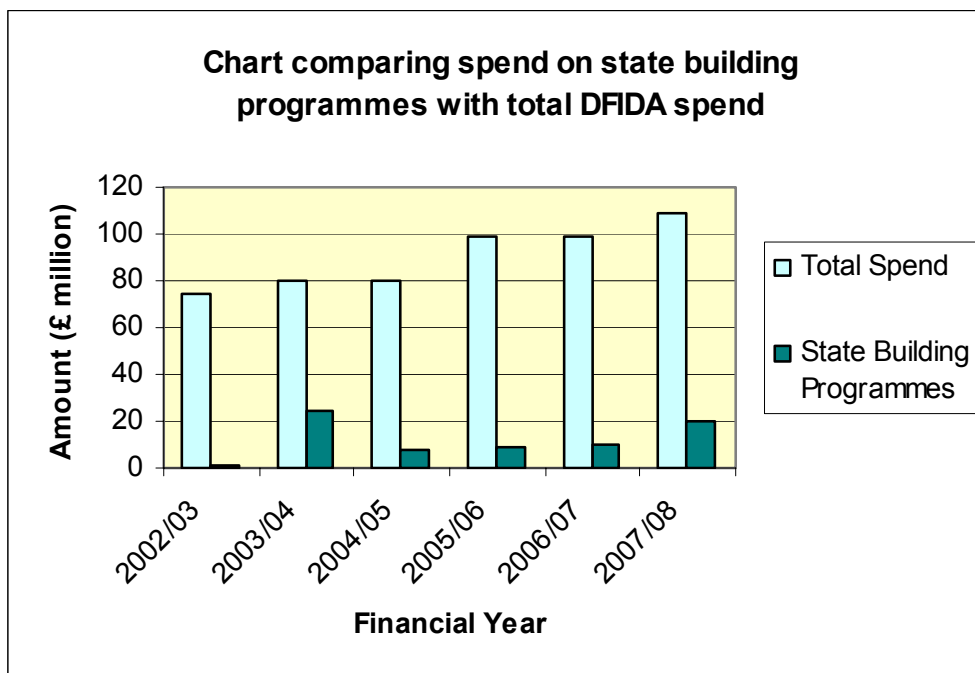
From May 2002, when it was set up, until December 2007, the Fund has disbursed \$2.3 billion from 26 donors. The UK is the largest single donor to the ARTF, with a quarter of all contributions.

The ARTF has two windows: a recurrent and an investment window. Through the recurrent window, the ARTF finances the salaries and wages of over 250,000 non-uniformed civil servants (most of them outside Kabul) plus operation and maintenance expenditures. Through the investment window, the ARTF finances (currently 11) investment projects, all of them national priority programmes (NPP) defined by the government of Afghanistan in their National Development Strategy and approved by a joint donor-government Management Committee. Cumulative approvals for investment projects since 2002 amount to \$600 million.

The government first funds its budget and after an initial review of eligibility by the World Bank's monitoring agent, is refunded from the ARTF. The ARTF does not fund military or security related expenses.

- 3.16 The UK's ten-year Development Partnership Arrangement (DPA) signed in 2006 committed DFID to furthering its on-budget support (through the ANDS) and the intention of moving towards Poverty Reduction Budget Support (PRBS) on condition that the appropriate administrative, technical and financial systems could be established to support this. The DPA was essentially a reiteration of DFID's firm support for the Paris Declaration principles relating to good donor practice and government ownership. Given the fragmented and uncoordinated nature of international aid to Afghanistan, the declaration was both timely and appropriate.
- 3.17 The Interim Strategy 2005/6 defined state building as an explicit pillar for the first time. Support to parliamentary and provincial elections in 2005 marked the end of the Bonn process. DFID continued supporting the technical, supply side of state building through a focused programme on central government capacity building, including public administration reform (PAR), civil service reform and strengthening government administration at national and sub-national levels.
- 3.18 The size of the state building portfolio has been small in comparison to the other two key areas of DFID's programme, less than 8% of the overall programme (Figure 3). Programme choices show a desire to make progress on issues of governance and technical capacity building of state institutions on the one hand, and to contribute to the stabilisation and counter-narcotics efforts of HMG on the other. While these are not mutually exclusive, delivering on these two objectives simultaneously has proved to be a huge challenge given the limited resources available.

**Figure 3.** Chart comparing spend on state building programmes with total DFIDA spend



3.19 Political economy and conflict analysis were not undertaken, and therefore did not underpin the strategic choices made. A key assumption was that donor support for strengthening central government would, over time, “increase capacity, improve service delivery and thereby help to build political legitimacy throughout the country”<sup>50</sup>. But until recently, DFID has given less attention to accountability issues, the demand side of governance and sub-national governance, which are also essential to broadening state legitimacy.

3.20 The USA dominates assistance to Afghanistan’s security and justice institutions, even where other countries are nominally in the lead. This has largely defined the options for the UK. DFID made significant efforts early on in 2002 to identify opportunities for engagement, and to work with FCO and MOD to support analysis of the sector (broadly defined). Nevertheless, limited resources and staffing, as well as the division of labour agreed among donors (with policing and justice led by Germany and Italy respectively) appears to have been a key factor in DFID’s decision not to prioritise this sector.

<sup>50</sup> Reconstructing Afghanistan: Fourth Report of Session 2007-2008, International Development Committee, House of Commons, February 2008, p.38.

- 3.21 Different choices within given resources could have been made, however. Greater priority could have been given earlier to security and justice work, given that the rule of law sector was consistently highlighted as one of the most critical areas for addressing state fragility, where progress was sorely lacking. This should arguably have been given priority over support to central government institutions, or to counter-narcotics institution building through SCNIAP, where progress depended on wider reform in the justice sector.
- 3.22 More recently, £10.6m has also been committed to the HALO Trust for work on de-mining following the Secretary of State's visit to Afghanistan<sup>51</sup>. While this is located within the state-building portfolio, and represents a significant proportion (20%) of funds spent by the state-building team in 2007/08, it is more difficult to see the strategic value of this programme in relation to state-building.
- 3.23 The Interim Afghanistan National Development Strategy (I-ANDS) and Afghanistan Compact (January 2006) reshaped the governance area, linking it to rule of law and human rights as a sector. DFID did not, however, take the opportunity to redefine its approach in line with this shift. Although DFID's Interim Strategy 2005/6 had separated state building from economic management for the first time, the state building component did not link public administrative reform to rule of law and human rights issues in line with the I-ANDS/Compact sector strategy (beyond small-scale support to security sector reform through the GCPP).
- 3.24 In developing a livelihoods strategy DFID included some extremely useful commissioned research on poppy substitution as well as technical assistance and capacity building work within the key social sector government ministries. As we shall see, the decision to end this work, in part due to the shift of attention towards Helmand, but also to the further concentration of the portfolio around government-led programmes has, in the judgement of the evaluators, led to missed opportunities in further exploring the political and developmental dynamics around the poppy industry.

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<sup>51</sup> HALO Trust Project Concept Note.

**Box 2.** NGOs and DFID's Integrated Rural Rehabilitation to Improve Livelihoods and Curb Poppy Production project

From 2002 to 2006, DFID supported an innovative NGO provincial consortium in Badakhshan and a farmers' development programme in the Hazarajat. Although the programme was primarily focused around livelihoods, it had a strong social dimension, including action on drug addiction. There was a gender component and also work was being undertaken in schools in respect of raising awareness among children, particularly female children, on the social consequences of a drug economy.

The programme placed a strong emphasis on the National Solidarity Programme (NSP) and the development of Community Development Committees (CDCs), so in addition to livelihoods, it had an important institutional dimension. There was also a small output concerned with enterprise development, the utilisation of business development services and revitalisation of the private sector. Finally, there was a capacity building component of technical support to local government.

These and a number of other projects were discontinued in 2006. The stated reasons behind this were high transaction costs, portfolio rationalisation, the desire to channel increased support to the government, and a focus on Helmand. This has left the Livelihoods Programme with a somewhat skewed portfolio in terms of geographic involvement. The decision to increase support to the rural ministries is understandable. Although the FAO Saleh (Hazarajat) programme has been maintained to end-2008, the heavy investment of resources in one highly complex and relatively rich province (Helmand) is less understandable. Risk could be spread by exploring other development agendas such as farmer groups, NGO consortia livelihood programmes, governance/livelihood interface, extending the capacity building of provincial structures, continuation of CN action research and so on. Innovations have been possible in the programmes undertaken but mainstreaming of achievements was cut short by a change in policy. A more rounded, innovation-related, CN-orientated and risk-averse livelihood programme with a measure of geographic spread would have been a natural progression from what was taking place prior to 2005.

The debate relates also to the competence of government delivery mechanisms, as well as to the issue of advocacy (see elsewhere in the report). Where there is political will and sufficient competence, ministries such as the MRRD can deliver programmes with a relatively high measure of success, such as the NSP programme. The evaluation of the poorly performing CNTF points to donor preferences exacerbating weak management capacity, for example, the lack of provincial and thematic prioritisation, poorly formulated projects and slow disbursement procedures<sup>52</sup>.

NGOs and contractors have played a significant role in NSP, MISFA and NRAP and have been instrumental in driving forward programme implementation across a wide range of programmes. Without their contributions, the successes of these large government programmes would be greatly reduced.

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<sup>52</sup> Middlebrook and Miller, 'Review of the Afghanistan Counter Narcotics Trust Fund', 2007.

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## Alignment with HMG priorities

- 3.25 Working relationships between the FCO, MOD and DFID since the UK's re-engagement in the country in 2002 have been helped by the relatively small size of the UK contingent in Kabul (in comparison, for example, with the USA). Close working relations between Embassy staff, British military commanders, and DFID have also helped promote a coherent public face to UK policy in Afghanistan. Despite this, the evaluation found different interpretations by the various HMG Departments on how a number of crucial issues such as counter-narcotics should be addressed.
- 3.26 HMG's primary and more immediate focus on counter-insurgency and counter-terrorism – particularly with the UK's engagement in Helmand since 2006 – presents particular challenges for DFID. HMG has pursued simultaneous multiple objectives – counter-insurgency, counter-narcotics, stabilisation, peace and development – under an assumption that each is mutually reinforcing. This is not necessarily the case. Research points to the fundamental tensions that exist between long-term state building goals and the political short-term imperatives of counter-insurgency and counter-narcotics efforts in Afghanistan to date<sup>53</sup>.
- 3.27 From 2005, there was a rationalisation of DFID's programme driven by the "more for less" approach that saw a reduction in the scope of the portfolio but not in the overall scale of financial support. This coincided with a considerable shift in resources towards Helmand (notably through the Helmand Rural Development Programme) while the wider geographic spread of the programme was curtailed.
- 3.28 HMG political imperatives towards a "comprehensive approach" to counter-insurgency in the south presented particular challenges to the coherence of DFID's overall strategy. Time-bound targets from the Cabinet Office demanded increasing staff resources and time. Initially DFID posted only relatively junior persons to meetings held in London, a situation that was rectified in 2008 by placing one of the two Deputy Heads of Office in London.
- 3.29 DFID's Interim Strategy from 2005/6 onwards was not updated to reflect significant changes in the focus of the portfolio following the Helmand decision. It included reference to DFID's earlier contributions to the political transition process and to Security Sector Reform through the UK's inter-departmental GCPP (see Box 3), but it has become increasingly outdated and does not sufficiently address the connections and tensions between political, security and development objectives.

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<sup>53</sup> Nixon, H. 'Aiding the State? International Assistance and the Statebuilding Paradox in Afghanistan', AREU, April 2007.

*“We are now in a situation in which we are simultaneously trying to pursue quite different objectives that stretch from counter-insurgency, counter-terrorism, counter-narcotics, state building, development, and democratisation. Very few of these issues are logically connected and each one of them could be pursued on its own”*

Turquoise Mountain Foundation submission to UK Defence Committee Report 2007.

## Portfolio Profile

- 3.30 Over the five-year period the key instruments used were TA (relatively low-costs, almost all at central ministry levels), joint-donor trust funds (the ARTF and CNTF, see below), humanitarian and livelihood projects through NGOs and the Red Cross/Crescent, contributions to ongoing UN programmes (mainly humanitarian and livelihoods) and research (surveys and policy).
- 3.31 By 2007, there were 58 projects in the DFID Afghanistan portfolio with an aggregate value of about £520 million. The programme was dominated by the WB-managed Afghanistan Reconstruction Trust Fund (ARTF) – classified as a DFID “project” – with DFID’s aggregate contribution towards it totalling £317 million funded through the central Treasury Account in Afghanistan<sup>54</sup>. Without the ARTF, other “live” programmes had a total value of £201 million, 11 of which were valued at over £5 million.

### **Box 3.** From the Global Conflict Prevention Pool (GCPP) to the Stabilisation Aid Fund (SAF)

The Afghanistan Strategy in the Global Conflict Prevention Pool (GCPP) received ministerial approval in June 2002. The evaluation has not undertaken a review of the GCPP, but notes the widely held view that the lack of clear strategic guidance for GCPP work prior to December 2007 meant that no consistent criteria were applied to funding decisions<sup>55</sup>. Rather, there was a tendency to “shop around” for funding from various windows, with the GCPP often described as “a place of last resort”.

As part of an effort to enhance UK capability to prevent, manage and resolve conflict and to build peace in a strategic and coherent manner, the Comprehensive Spending Review of September 2007 announced the merger of the Africa CPP and the Global CPP into one Conflict Prevention Pool (CPP) and creation of a new fund, the Stabilisation Aid Fund (SAF), for “conflict stabilisation activity in volatile or hostile areas”<sup>56</sup>. £58 million out of a £73 million budget will need to be ODA eligible in 2008/9 and 2009/10, and £108 million out of £123 million in 2010/11.

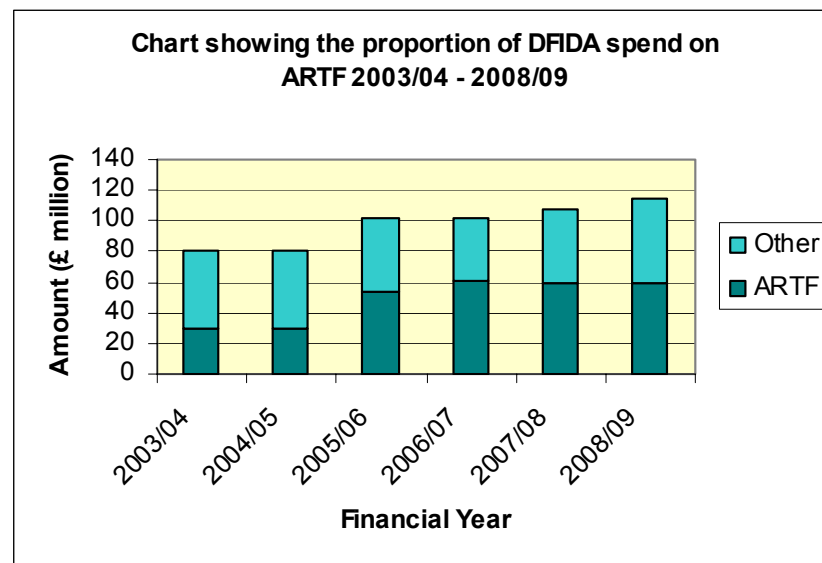
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<sup>54</sup> As the Trust Fund is managed and audited by an independent monitoring agent, no Fiduciary Risk Assessment has been carried out.

<sup>55</sup> The GCPP was evaluated in 2004: Goodhand, J. and Bergne, P. ‘Evaluation of the Conflict Prevention Pools: Afghanistan Case Study’, Bradford University, March 2004.

<sup>56</sup> The SAF “will take on the responsibilities currently handled by the Global Conflict Prevention Pool for civil effect in the operational theatres of Iraq and Afghanistan, allowing the new single Conflict Prevention Pool to refocus on prevention activity in other parts of the world.” HM Treasury, Meeting the aspirations of the British People: 2007 Pre-Budget Report and Comprehensive Spending Review, CM 7227, London: The Stationery Office, October 2007, p.129.

**Figure 4.** Total DFID spend (all programmes) and proportion on ARTF 2003/4–2008/9



- 3.32 Within the economic management portfolio, the financial dominance of the ARTF has increased over the evaluation period (Figure 4). However, since this has been partly driven by the creation of an investment window through which specific development projects could be selected for “preferenced support by donors”<sup>57</sup>, the significance of this rising dominance is not as great as might be first thought. An independent evaluation of the Trust Fund described 85% of the funds (those used to fund recurrent costs) as “de facto budget support”<sup>58</sup>.
- 3.33 DFID’s state building approach and strategic choices from 2003 were shaped by a combination of factors in addition to the assumptions set out above. Firstly, the need to limit the number of sectors in which DFID engaged, in line with requirements set out by the Afghanistan Interim Administration; secondly, the division of labour agreed in HMG that allocated the lead on governance and rule of law to FCO; and thirdly, limited staff resources, which constrained the ability of DFID to adopt a wider range of instruments, partnerships and approaches within the chosen sectors.
- 3.34 Since 2006, DFID’s state building approach has evolved to combine a continued focus on strengthening public administration with more attention to the rule of law, accountability, anti-corruption and sub-national governance issues. The evaluation supports the recent shift in direction of the state building programme,

<sup>57</sup> Multi-donor trust funds are often criticised by donors for restricting their ability to support the better performing projects or to reflect their taxpayers’ preferences for certain uses of their aid money. The ARTF deals with this by allowing donors to “preference” up to 50% of their contributions – i.e. to publicly indicate those NPP investment projects they would like their contribution to go to. DFID has taken advantage of this ability to preference by nominating NSP, MISFA and NRAP for its particular support.

<sup>58</sup> Scanteam, et al, ‘Assessment, Afghanistan Reconstruction Trust Fund’, 2005.

including a renewed focus on the rule of law/justice sector and on sub-national governance – two of the major impediments to effective state building in Afghanistan.

- 3.35 Prior to late 2007, the conflict agenda was pursued primarily through Global Conflict Prevention Pool (GCPP), which had a global budget of approximately £245 million between 2004/5 and 2006/7. Some 46% of this was allocated to Iraq and Afghanistan, and expenditure on these two countries has dwarfed all other GCPP outlays. In Afghanistan, the share of Security Sector Reform (SSR) expenditure in overall investments made through the GCPP has decreased from about £12 million in 2004 to almost zero in 2008<sup>59</sup>. This is a regrettable omission in a country that is in the midst of building a new security sector and is facing multiple challenges relating to SSR. The security sector is the one element of the government's ANDS for which a sectoral strategy is still lacking.
- 3.36 DFID's conflict work has also evolved, including new work on conflict mediation and reconciliation. As late as 2006, the consensus was that the International Security Assistance Force (ISAF) was essentially a peace enforcement operation; only in the last two years has this assumption been challenged by renewed insurgency, with the requirement for DFID's interventions to be "conflict sensitive". This has involved a three-tier approach: (a) influencing donors and ISAF towards the notion that counter-insurgency should now explore political as well as military channels; (b) that the political settlement should also include a renewed emphasis on governance; and (c) that this should include building capacity within civil society (beyond the reach of ISAF and the government) and include investments in local media, for example.
- 3.37 DFID had not had a conflict advisor to pursue this agenda until late 2007, but the evaluation judges that such strategies should have begun much earlier since it is precisely the dearth of conflict analysis and alternative options that has led to HMG tensions outlined in this report.
- 3.38 As the need for humanitarian support diminished in 2003/4, DFID began to develop a livelihoods programme that incorporated at its inception a poppy substitution dimension. This included cross-sectoral programmes such as those in Badakhshan and the Hazarajat (and the HARDP programme from 2006). The TCAP incorporated a strong and quite detailed sustainable livelihoods component that served DFID well from 2003 to 2006.
- 3.39 DFID's Interim Strategy of 2005/6 was less clear in defining alternative livelihoods and, from here onwards, DFID moved away from area-based poverty-focused programming through NGOs and increasingly towards funding TA and capacity building within key ministries (MRRD and MAIL) through, for example, the Support for Strategic Planning for Sustainable Rural Livelihoods (SSPSRL) project. Support here was strategically appropriate, given

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<sup>59</sup> Nicola Ball et al, 'Promoting Conflict Prevention through Security Sector Reform: Review of Spending on SSR through the Global Conflict Prevention pool'. May, 2008, PriceWaterhouseCoopers. <http://www.dfid.gov.uk/pubs/files/GCPP-key-messages.pdf>



the importance of the agricultural sector in Afghanistan. Likewise, the National Solidarity Programme (NSP), National Emergency Employment Programme (NEEP) and Microfinance Investment Support Facility for Afghanistan (MISFA) have direct links to poverty alleviation.

- 3.40 Arguably, the most significant challenge to the more conventional approaches to long-term development has been the counter-narcotics (CN) programme. The dominant USA policy has been one of enforcement, including aerial spraying of crops and prosecution. The UK has so far successfully persuaded the USA to refrain from this in Helmand. Although alternative livelihoods have been explored through household-based approaches to rural livelihoods, little room is left for a holistic approach by donors, one that would take into account socio-economic systems at village, district and provincial levels.

## DFID's programme in Helmand

- 3.41 On the wider counter-insurgency effort in Afghanistan there has, since 2006, been a cross-Government Comprehensive Approach Working Group with participation from the Cabinet Office, FCO, DFID, MOD and the PCRU with the stated objective of 'improved joined-up approaches to civilian-military planning and training'<sup>60</sup>. The Secretary of State himself has recently stated that this comprehensive approach includes the ability to "engage, stabilise and develop" in a seamless continuum ranging from 'kinetic' engagement (counter-insurgency) to Afghan-owned development<sup>61</sup>.
- 3.42 DFID's obligations towards a "stabilisation" agenda has included providing 90% of the Stabilisation Unit (SU) funding. Development Advisors were attached to inter-donor Provincial Reconstruction Team (PRT) in Mazar-e-Sharif, Bamyan and Kandahar since 2003, prior to the UK's lead from 2006 in the PRT Helmand.

### Box 4. DFID Expenditure in Helmand

In 2006/7 DFID spent around £16 million of its £102 million Afghanistan budget in Helmand. This included £4 million of the £6.2 million UK fund for Quick Impact Projects (QIPs) and £10 million for its Helmand Agriculture and Rural Development Programme (HARDP). In 2007/8 DFID spent a further £8.1 million. This included £3 million for HARDP and £3 million for QIPs. The PRT based in Lashkar Gah has now 128 staff. As well as seconded staff, DFID had in place a Development Advisor in the PRT and a liaison officer operating between Kabul and Helmand until June 2008, and now has the liaison officer plus two permanent staff in Helmand and a third post co-funded with Stabilisation Unit.

<sup>60</sup> Ministry of Defence, 'The Comprehensive Approach', Joint Discussion Note 4/05, January 2006.

<sup>61</sup> Speech by International Development Secretary Douglas Alexander: "Afghanistan: From stabilisation to state-building", 17 September 2008, International Institute for Strategic Studies, <http://www.dfid.gov.uk/news/files/Speeches/sos-afghan-statebuilding.asp>

- 3.43 Until 2008 DFID funded Quick Impact Projects (QIPs) delivered by the PRT in Helmand. Within the PRT, DFID is the lead UK Department on development matters, providing £7.2 million since April 2006 to support the implementation of over 296 QIPs. The purpose of QIPs is to reinforce short-term security, provide a stabilising influence through project delivery and support the extension of the government's legitimacy and authority to insecure areas. There are, however, often marked differences in the underlying objectives set for QIPs. The MOD has tended to focus on the role of QIPs in generating "consent" (and therefore force protection) and facilitating "conflict termination". The FCO tended to view them more as instruments of political engagement or strategic communication. DFID focused more on their contribution as "local community-based rapid effect programmes", a bridge to future more sustainable development initiatives<sup>62</sup>.
- 3.44 The cross-Whitehall GCPP, and subsequently the Stabilisation Aid Fund (SAF), provided a funding mechanism that could be used for security spending, including non-ODA spend. In this respect, it protected DFID's budget from the wider security demands of HMG while opening possibilities for innovative, pro-development, approaches to stabilisation. While the DFID "script" shows that £16 million of programme funds was spent in Helmand in 2006/7, much of this was through national programme expenditure (i.e. through national ministry programmes). Staff placements and QIPs funding would account for considerably less. From 2007, pressure on the DFID bilateral programme to divert funds to Helmand started to reduce due to the increased role proposed for the SAF<sup>63</sup>.

## **Approach to Cross-Cutting Themes**

- 3.45 DFID has not had a strategy for integrating the cross-cutting themes of gender, human rights and social exclusion issues into its programme. The Interim Strategy 2005/6 says that "the highest immediate priority is to [...] establish the rule of law within a democratic political system that safeguards human rights", but does not expand on how this might be achieved. There is no mention of gender issues or women's rights in the TCAP or Interim Strategy, despite the government's own commitments in this area (as set out in the Compact and I-ANDS), and the prevalence of serious violations of women's rights in Afghanistan both prior to and since the fall of the Taliban.
- 3.46 DFID has, however, made efforts to integrate cross-cutting issues into the ANDS by placing a staff member in the ANDS secretariat since 2006 with this specific brief. The officer was successful in defining a process whereby these issues might be included, but many issues have been marginalised since they were either inconvenient or politically sensitive. For example, the National Action Plan for Women (NAPWA), which contains specific gender benchmarks for all sectors,

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<sup>62</sup> 'UK Operations in Afghanistan', Defence Committee report to the House of Commons, (No 13), 2007.

<sup>63</sup> DFIDA Performance Framework 2006/7, final out-turn, October 2007.

has still not been ratified by the President as is required. There is no easy answer to this: gender will for a long time be one of the intractable issues to which only incremental improvements can be made; DFID is not alone in its trial and error approach.

- 3.47 Efforts to institutionalise counter-narcotics as a cross-cutting issue have also had little success. The Ministry of Counter Narcotics has no executive power (or money), only advisory responsibilities. It has suffered from the absence of a Minister for a period of a year and then the appointment of weak ministers. CN is perhaps too politically sensitive, probably as a result of opium-related corruption reaching to the highest levels of the government. Respondents argued that a more sensible approach to ensure cross-cutting CN policy would have been to have a commission located in the office of the President.
- 3.48 One consequence of the slow uptake of CN issues in government is the general absence of social exclusion issues – particularly those relating to women and children – here, and, by extension in the DFID portfolio, until very recently. The Afghanistan Alternative Livelihoods Project (AALP), for example, was concerned with ensuring that the ANDS contained an agreed government policy on mainstreaming of counter-narcotics issues in rural development programmes; yet no consideration was given, as reflected in indicators, of how this might relate to women and children or their role in poppy production.

## **Alignment with DFID Corporate Policy**

- 3.49 The initial governance strategy for Afghanistan from 2003 was largely in line with the governance Target Strategy Paper (TSP) with its focus on strengthening state capability and strong emphasis on public financial management<sup>64</sup>. However, the strategy was less in line with the TSP's emphasis on the demand side of governance including the role of civil society, and its emphasis on security and justice, rule of law and conflict issues.
- 3.50 The White Paper in 2006 brought with it a new focus on state responsiveness and accountability alongside capability – set out in further detail in DFID's 2007 governance publication<sup>65</sup>, which emphasised the importance of democratic politics. DFID's approach in Afghanistan has started to evolve in line with these changes, and an analysis of capability, accountability and responsiveness issues was carried out in 2007. It highlighted lack of access to justice and a functioning justice system as a key driver of state fragility.
- 3.51 The Security and Development Strategy (2005) states that DFID will make conflict and security analysis “routine practice”. It was agreed that ten priority countries would take forward implementation of the strategy initially, including Afghanistan. DFID Afghanistan recognises that this has not been undertaken

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<sup>64</sup> DFID ‘Target Strategy Paper: Making Governance Work for the Poor’, 2000.

<sup>65</sup> DFID ‘Governance, Development and Democratic Politics’, 2007.

consistently. Work has started recently on the Understanding Afghanistan project, supported by an enhanced state building programme team (including a conflict adviser). Undoubtedly, DFID would have benefited from such analysis in earlier years; it would also have enhanced DFID's contribution to wider HMG discussions on state building and stabilisation, informing a more grounded view of the longer-term outlook in Afghanistan.

- 3.52 DFID's conditionality policy paper 'Rethinking Conditionality', (March 2005)<sup>66</sup> flags the fact that Transitional Results Matrices are currently being piloted in some fragile states, to help apply the poverty reduction strategy principles of a unified, country-owned plan. As already stated, the direct link to MDGs in Afghanistan was agreed to be inappropriate in the early days. Reducing the risk of funds being misused through weak administration or corruption was very definitely an objective and the primary purpose of the ARTF. The latter's performance assessment framework (PAM, sometimes referred to as PAF) introduced in 2005/6 can be regarded as an early example of the transitional results matrix suggested in the Conditionality Paper.
- 3.53 The Afghanistan programme has conformed well to some of the central tenets of DFID's 2005 policy on working in fragile states. This includes setting realistic expectations, and ensuring long-term engagement through the ten-year Development Partnership Arrangement; and donor coordination and the use of innovative aid instruments (such as the ARTF), where DFID has been instrumental in achievements to date and has supported the government's leadership role.
- 3.54 Elements of the fragile states policy where DFID made less progress include understanding the political economy, where there has been little attention to such analysis until recently. DFID has prioritised its investment in "good enough governance" reforms by focusing on Public Finance Management (PFM) and PAR, and its economic management support has aimed to provide some of the basic skills and tools – the "plumbing" (to quote the Adam Smith Institute) – to develop a consensus around effective policies. However, priorities have not been clearly linked to an analysis of those aspects of state failure with the greater potential to exacerbate fragility<sup>67</sup>. The more recent focus on rule of law and the justice sector was partly a response to governance analysis carried out in 2006 that identified this as a key driver of fragility.
- 3.55 The OECD DAC Fragile States Principles<sup>68</sup> were endorsed in April 2007 – while they post-date much of the evaluation period, they build on many of the central tenets of DFID's 2005 policy. They have not yet informed donor dialogue in Afghanistan, but have the potential to add value by highlighting the importance of shared analysis of context and causes of fragility (Principles 1 and 4); "do no

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<sup>66</sup> DFID 'Partnerships for Poverty Reduction: Rethinking Conditionality', UK Policy Paper, March 2005, <http://www.dfid.gov.uk/pubs/files/conditionality.pdf>

<sup>67</sup> DFID policy, 'Why we need to work more effectively in fragile states', 2005, p.20.

<sup>68</sup> 'Principles for Good International Engagement in Fragile States and Situations', OECD DAC, April 2007, <http://www.oecd.org/dataoecd/61/45/38368714.pdf>

harm” issues in relation to state building (Principles 2 and 3); the need for greater attention to inclusion, gender and human rights issues (Principle 6); and the risks of bilateral aid allocations leading to “pockets of exclusion” within Afghanistan (Principle 10).

## Management of Risks

- 3.56 In all major programmes, risk factors are discussed both internally and with partners, written into project memoranda and reviewed regularly in output to purpose annual reviews. The balance of risks within the Afghanistan portfolio has moved from low–medium risk in 2004/5 to medium–high risk in 2006/7. By 2008, the overall fiduciary risk assessment for public finance management (PFM), corruption and taking into account the activities of the ARTF Monitoring Agency, was assessed as high<sup>69</sup>. Risk inflation has been driven by two factors: firstly, the security situation in Afghanistan; and secondly, the difficulty associated with delivering a well-performing programme given current government capacity constraints in Afghanistan. By mid-2007, eight of DFID Afghanistan’s 31 live programmes were high risk, with a total value of £110 million, representing 25% of the live portfolio. Risk was heavily concentrated in a few large-value programmes.
- 3.57 The security threat is always unpredictable and outside of DFID’s control. There has, however, been a tendency to express existing weaknesses within the Afghanistan government as programme threatening risks within programme design – and later to express this again as a reason why the programme failed to meet expectations. Such tautology ducks the responsibility for identifying specific mitigation strategies that should be built into the programme to ensure the risk is dealt with.
- 3.58 DFID and the Afghan government do not have a system in place for mutual review and assessment of the commitments in the ten-year Development Partnership Agreement (£330 million over three years, signed in 2006), although this was specified in the agreement. With 80% of DFID’s funding being channelled to the Afghan government, this would seem an important element of risk management, as well as being required by the UK’s conditionality policy (2005).
- 3.59 In the absence of a DFID methodology on differentiation of risk types (macro, fiduciary, capacity, conflict), we find that, the ostensibly “stable” ARTF has a higher risk category than some of the Helmand projects. The lack of differentiation is only one factor. The political imperative to engage in “difficult” areas (bolstered by the proportionality principle of using other agency programme documents) has meant that some projects were not thoroughly scrutinised. For example, DFID staff recognise that limited access and security constraints impaired appropriate design or management of some projects in Helmand. DFID funded 300 new wells in the province, but did not carry out a

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<sup>69</sup> Fiduciary Risk Assessment for DFID Afghanistan, July 2008.

geological survey because of the security situation. The area is prone to drought, the water table has subsequently lowered and some of the wells have run dry<sup>70</sup>. Factors such as the absence of the rule of law, patronage systems, the fragile political settlement and corruption did not feature in DFID’s risk analysis in the Interim Strategy, despite each having been cited frequently as major factors that continue to undermine state legitimacy and authority<sup>71</sup>.

- 3.60 Table 2 shows performance against risk categories for all live projects in 2007/8. DFID’s review process (often undertaken externally) provides a scoring of 1 to 4 (with 1 and 2 being on target, but 3 and 4 requiring review).
- 3.61 The risk analysis underpinning individual programmes has been mixed, and weak in relation to the two large state building programmes that have performed very poorly – the £20 million Afghanistan Stabilisation Programme (ASP) and the £12.7 million Strengthening Counter Narcotics in Afghanistan Project (SCNIAP). At the approval stage of ASP, DFID recognised that the risks and political profile were high, but considered that these had been adequately addressed (including fiduciary risks) and an acceptable mitigation strategy developed. The significant risks of disbursing the full allocation of £20 million in one tranche at the outset were not considered, and risks in relation to the capacity and will of the Ministry of Interior were not set out in programme documentation.

**Table 2.** Summary of Ratings for Risk and Performance for DFIDA projects 2007/8

	Performance						
		1	2	3	4	Not given	Total
Risk	High	1	1	4	1	7	14
	Medium		11	4	1	18	34
	Low					2	2
	Not given					8	8
	Total	1	12	8	2	35	58

- 3.62 During design of SCNIAP, the risks identified included the “killer risk” (high likelihood, high impact) that a technical assistance project of this nature would not be able to achieve its purpose given the huge profits involved in the drugs

<sup>70</sup> NAO report ‘Operating in Insecure Environments’, September 2008, National Audit Office, UK.

<sup>71</sup> See, for example, the GCPP evaluation (Afghanistan study), 2004.

trade, the power of the narco-mafia and its strong influence on government. However, the risk analysis suggested the alternative was “to do nothing”. Mitigating steps identified were, for example, lobbying the Afghan government to take action against members of the government involved in the narcotics trade; and supporting reform of the rule of law and justice sector (including the MOI (Ministry of Information), police, judiciary, etc.). The latter would have required a significant shift in DFID strategy and priorities (one which has only taken place recently).

- 3.63 Risk analysis underpinning the more recent programmes in the state building portfolio has been more consistent and robust, reflecting an improvement in this aspect of programme design and a willingness to learn lessons from past experience.
- 3.64 There was little evidence from DFID Afghanistan Livelihoods Unit data that risks were being adequately monitored, managed and reported on. The type of response that would be expected if there was active risk management would be changes in the log frame and modification of the risk factors or improvements in mitigation approaches. This was rarely seen to occur, although there have been positive changes in the last two years.

## Approach to Partnerships

- 3.65 In general terms, DFID has gained a well-founded reputation as being a trustworthy and professional partner for both government and donors. Influence was primarily by “being there” and in leading by example; combining consistency of purpose with responsiveness in funding and actions; providing good quality consultants; and liaison between other donors. As the situation has developed, DFID Afghanistan (DFIDA) has taken policy decisions that have seen the enhancement of some relationships at the expense of others, notably a diminishing link with Afghan civil society.
- 3.66 *Government.* DFID has developed a strong relationship with the Afghan government at the central level. It has gained a well-deserved reputation for responsiveness, flexibility, predictability and political maturity in this relationship, and has prioritised responding to the government’s most urgent priorities where possible, particularly in the early phase through rapid TA inputs, support to national programmes, and a fairly rapid move away from reactive, emergency forms of assistance. DFID has taken a proactive approach in its engagement with the government, and has demonstrated innovation and an appetite for risk that has been appreciated by the government given the very fragile environment. The government has been appreciative of DFID’s position in relation to the ARTF as the largest contributing donor, which has influenced the Netherlands and Nordic countries to increase the percentage of their development assistance channelled through the budget, and is gradually having an incremental impact on the US.
- 3.67 DFID’s engagement with provincial and local government has been limited, largely due to staffing and security constraints that make travel and interaction outside Kabul so difficult. The lack of a clear framework for sub-national governance has meant that entry points for programmatic engagement at the sub-national level have been very limited, and DFID has chosen to engage on

these issues from the central level (e.g. through ASP and more recently the Independent Directorate of Local Governance, IDLG). Though appropriate, it has meant that DFID relies heavily on secondary sources to develop its own understanding of sub-national governance issues.

- 3.68 *Donors.* DFID took a relevant decision to be a lead player in donor harmonisation in view of the quite weak coordination among donors throughout the five-year period. In particular, DFID took a high profile lead in supporting the ARTF, but underpinned this by analytical collaboration with the World Bank and IMF, thus complementing financial leadership with intellectual rigour.
- 3.69 Through the ARTF, DFID was also able to demonstrate its commitment to donor harmonisation and to influence other donors accordingly. Yet the unbalancing presence of the USA, the lack of autonomy of USAID, and the ineffectiveness of UNAMA (and other UN agencies) has made this something of an elusive target. Over time, DFID and other donors began to work around the UN and there is some evidence of influence over USAID over on-budget support for Afghanistan. On CN policy, the UK Government (led by ADIDU) has made substantial efforts (and achieved success) in influencing the USA against using punitive approaches to poppy reduction (aerial spraying).
- 3.70 DFID's partnership with the World Bank has been strengthened not only through the ARTF but also on the PAR and capacity building of government programmes. This has included strategic support to enhance the World Bank's technical capacity (e.g. by providing seconded staff to work on PAR, and more recently funding for a World Bank post on sub-national governance).
- 3.71 On economic issues, DFID could have exerted more influence on some of its partners, in particular the IMF. DFID's March 2005 paper, 'Fighting Poverty to build a safer World: A strategy for security and development' argues that the IMF should be pushed to incorporate assessments of conflict issues into its lending programmes. The IMF had only a one-person Resident Rep's office in Kabul and was very dependent on DFID for quality, on-the-ground, reporting and support. While most economists interviewed by the CPE team felt strongly that DFID was indeed influential with the IMF, the fact that the IMF programme in Afghanistan is very similar to any other in a post-conflict country and that the important and obvious potential links between taxation and state building are not explored in any project documentation suggests that opportunities to push the frontiers in this particular area were not fully exploited.
- 3.72 *The UN.* DFID provided humanitarian support through WFP during 2003 and also to the UNHCR winter fund of the same year. From 2004, it responded to appeals to assist with refugee and IDP return (UNHCR and IOM) and to the Afghan drought appeal. At a more strategic level, it provided support to monitor food security. As time progressed, there was disappointment with UNAMA leadership and the UN. The UNDP management of the CNTF was one example of what was perceived as poor UN performance.
- 3.73 DFID's attempts to establish pooled funding arrangements through multilateral agencies have not always been effective. For example, the Support to the Centre of Government (SCoG) programme was originally envisaged as a multi-donor pooled funding arrangement managed by UNDP. By early 2008, DFID and



USAID remained the only contributing donors, and UNDP has not added significant value to the project's management and impact, sub-contracting most of the project's outputs to the main TA provider.

- 3.74 *Civil society.* Neither the TCAP nor the Interim Strategy has any specific programmatic approach to supporting civil society. The evaluation would argue that this lack of focus on Afghan civil society has, in turn, limited its work on social exclusion, human rights and women's empowerment. This was despite some useful early partnerships with a small number of NGOs through its support to the elections in 2004/5<sup>72</sup>.
- 3.75 The International Development Committee (IDC) in their recent enquiry recommended that DFID should help "to establish a robust civil society capable of holding the government to account"<sup>73</sup>. The largest ARTF-funded GoA projects are in fact delivered through NGOs, but the GoA has determinedly treated NGOs purely as service deliverers on a par with contractors. Some NGOs have moved from a focus on service delivery to an advocacy and policy-influencing role, but have found it difficult to access donor funds for this. This is particularly important at the sub-national level where NGOs tend to have integrated programmes rather than stand-alone projects. Significant tensions exist between the Afghan government and NGOs, and DFID, along with other donors, may have shied away from supporting NGOs due either to lack of resources or to obligations towards alignment with government policy.

## Results Focus

- 3.76 The performance monitoring frameworks attached to the TCAP and the Interim Strategy were robust and sufficient to capture progress at the country strategy level. While some indicators inevitably point to process rather than impact, they provide a clear picture of what DFID's efforts were set to achieve. Through output to purpose reviews (OPRs) DFID appears to have monitored the indicators in a balanced and realistic manner, and has used the frameworks effectively to highlight areas where progress is still needed.
- 3.77 In the economic management portfolio in the earlier part of the five-year span, donor actions were aimed at getting funds flowing – the process of agreeing and identifying objectives, establishing and ensuring funding streams, and ensuring a degree of coordination. Results were therefore primarily measured in these terms. Only at the beginning of 2006 did donors, prompted by the decision to go beyond recurrent funding to investment funding in the ARTF, begin to think about measuring impact. DFID has tended to rely on the World Bank for regular reviews of the ARTF, though DFID strongly promoted the performance

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<sup>72</sup> DFID support to the elections in 2004/5 included funds for the Afghan Civil Society Forum and Swiss Peace to provide civic education.

<sup>73</sup> IDC 'Reconstructing Afghanistan', February 2008.

assessment framework for the ARTF, an important advance in donor monitoring. However, it does not yet move beyond outputs to outcome/impacts.

- 3.78 Results frameworks for programmes within the state building portfolio have been mixed in quality, with notable improvements and greater consistency in the design of the newer programmes. Monitoring and review have generally been regular and robust, and DFID has ensured that thorough, independent reviews are carried out, particularly where there have been indications of poor performance. Impact assessment has been difficult in almost all programmes, partly due to the weaknesses in project-level results frameworks, but also due to the inherent difficulties of measuring impact in an insecure environment. Added to this is the notorious difficulty of measuring impact of capacity building and institutional reform.
- 3.79 In the livelihoods sector, it was not until 2006 that reviews could be seen to be regularly taking place. By and large, project memoranda and log frames had a robust results focus. In the early area-based livelihoods work, the indicators were too input-oriented, and qualitative achievements were not adequately picked up. With increasing amounts of resources being spent through the ARTF, monitoring and reporting shifted to the coordinating agency and indicators and reporting inevitably tended to be of a more general and aggregated nature.

## Summary Chapter 3

- DFID’s initial funding of humanitarian programmes – livelihoods for returning refugees and drought mitigation – was an appropriate response.
- The decision of DFID to inject the major part of its funding (between 70–80% since 2004) through the government was an appropriate response to the depleted character of the state infrastructure. Its major programmes were primarily presented as peace dividend reconstruction assistance rather than as an effort towards MDG achievement.
- DFID’s assistance to revenue-raising through taxation failed to take account of the political importance of the “social contract” (to foster representative democracy). If not balanced with clear evidence of benefits elsewhere in the system, revenue-raising may simply confirm public opinions of a predatory state and work against improving government legitimacy.
- Political economy and conflict analysis were not undertaken until 2008, and therefore did not underpin the strategic choices made. Little attention has been given to accountability issues and the demand side of governance. DFID could arguably have played an important, supporting role earlier on the rule of law and justice sector reform.
- The loss of the Badakhshan programme took away a qualitative dimension of the livelihoods portfolio and inhibited the potential for a more system-wide approach towards alternative livelihoods. Nevertheless, it showed the value of a consortia approach to reducing donor transaction costs.
- In DFID’s risk analysis there has been a tendency to express existing weaknesses within the Afghanistan government as programme threatening risks within programme design – and later to express this again as a reason why the programme failed to meet expectations. Such tautology ducks the responsibility for identifying specific mitigation strategies that should be built into the programme to ensure the risk is dealt with.
- DFID’s risk analysis lacks a robust methodology and therefore is not consistent across the five-year period; the deficiencies were notably in poorly performing projects such as SCNIAP and ASP.
- DFID has channelled QIPs money through pooled sources such as the GCPP and SAF that opened possibilities for innovative, pro-development, approaches to stabilisation.
- DFID has a well-established reputation with respect to donor harmonisation and in upholding Paris Declaration principles with government and partners.
- DFID has largely complied with emerging principles for working effectively in fragile states, although there has been room for improvement in areas such as context analysis, attention to “do no harm” issues and focusing on non-discrimination and inclusion.
- A lack of focus on Afghan civil society has limited DFID’s work on social exclusion, human rights and women’s empowerment.
- Until 2006, programme results focused on the processes rather than impacts, perhaps understandable given that government capacities and institutions were being built from a very low base. There has been much improvement in log frames since then. Access and security continue to inhibit access to programme sites and testing of results.



## 4. Programme Effectiveness and Efficiency

- 4.1 This chapter reviews the three main pillars of the Afghanistan programme, the extent to which DFID's strategy has been effective at delivering results and whether aid resources have been used efficiently. It also discusses efficiency issues with respect to the DFID Afghanistan office.

### Delivery on Strategy

- 4.2 DFID's early flexibility, timeliness and the scale of its support for humanitarian programmes undertaken by UN, NGOs and the Red Cross/Crescent led to the settlement of returning refugees and IDPs. Though not a large component of the portfolio in recent years, the "watching brief" is retained and 10% of the 2007/8 overall spend was on humanitarian support.
- 4.3 The strategy from 2003 onwards saw some important results. Through its economic management support strategy DFID can take some credit for the fact that IMF revenue collection targets were met for five years and a Poverty Reducing Growth Facility (PRGF) has consequently been kept on track. A new currency was introduced and the Central Bank was re-established. An independent Public Expenditure and Financial Accountability (PEFA) by the World Bank found Afghanistan systems comparable to middle-income country standards<sup>74</sup>.
- 4.4 Continued support for the ARTF has proven strategically important with significant results (see Chapter 5). However, activities towards developing poverty data sets and strengthening the national statistics function did not materialise. Private sector led growth and sustainable increase in trade was intended for support but the form this took was poorly defined. This is hardly surprising when the DFID Interim Strategy 2005/6 confesses there is "little consensus on what will drive growth in the medium term".
- 4.5 With its state building work, DFID's support to the 2004/5 presidential, parliamentary and provincial elections ensured that they were carried out effectively, thus fulfilling one of the key pledges within the Bonn Agreement. The support to the ARTF promoted an effective development partnership between Afghanistan and the international community, which was to continue in subsequent years. The TCAP also began the process of strong and largely effective support to line ministries, assisting their restructure and helping them attract and manage increased budget allocations.
- 4.6 The three-pillar 2005/6 Interim Strategy (extended to 2008) consolidated gains made in the previous two years. There were some significant achievements through individual programmes such as the Second Public Administration Programme (SEPAP). However, a key objective of the state building pillar –

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<sup>74</sup> World Bank, Public Expenditure and Financial Accountability Assessment, 2008.

improved government capacity at central and local levels with strengthened links between them – was not achieved. Improving government leadership on public administration reform (PAR) with increased on-budget donor support has also proved elusive.

- 4.7 DFID’s livelihoods programme has seen improvements over time in the quality of management systems and reporting, with no major divergences between objectives and outcomes. DFID’s Livelihoods Unit has developed an increasingly sophisticated debate about the extent to which growth should be pro-poor; one notable success has been the National Solidarity Programme (NSP, see Box 5). The Interim Strategy recognised, however, that the government’s capacity to meet basic social needs and embark on the process of poverty eradication could take up to 12 years.

### **Box 5. National Solidarity Programme**

The NSP objectives were twofold: i) to strengthen local governance with an emphasis on inclusive participation, and ii) to build confidence by demonstrating that the new government was capable of delivering a “peace dividend”. The NSP was delivered through the Ministry of Rural Rehabilitation and Development (MRRD) using ARTF resources. Community Development Committees (CDCs) were supported through contractors and NGOs. By the end of Phase II in 2010, it is intended that 90% of rural communities will have received a single block grant.

Since its inception in September 2003, the NSP has covered 193 districts in all 34 provinces in Afghanistan, reaching 22,500 rural communities (10.5 million people) and establishing 10,000 CDCs. A World Bank survey<sup>75</sup> identifies significant evidence of increased public confidence in the system of government, improved community relations, improved state–civil society relations and the empowerment of CDCs. Block grant disbursements to CDCs amounted to \$166.1 million by early 2008. These have been spent on more than 4,000 sub-projects including access to basic services such as power, roads, drinking and irrigation water, and education.

The NSP represents a major development success in post-Taliban Afghanistan. However, there are some concerns that the approach allows for the possibility of “elite capture” by peripheral actors adept at using the right language to attract funds. CDCs are expected to act as local governance structures that override pre-existing arrangements. CDC capacities remain low, as do their inclusiveness and sustainability. Extreme poverty and widespread illiteracy, in conjunction with social pressures, continue to constrain the development of village-level civil society<sup>76</sup>.

DFID’s support to the NSP from its inception has been critical to its continuation and growth. In 2007, it front-loaded contributions to NSP for three years to cover a funding gap. Moreover, DFID’s Afghan staff have provided valuable institutional memory and continuity in the office’s relationship with NSP. In the view of the evaluators, DFID’s unobtrusive yet consistent and responsive support has been a major factor in the success of NSP.

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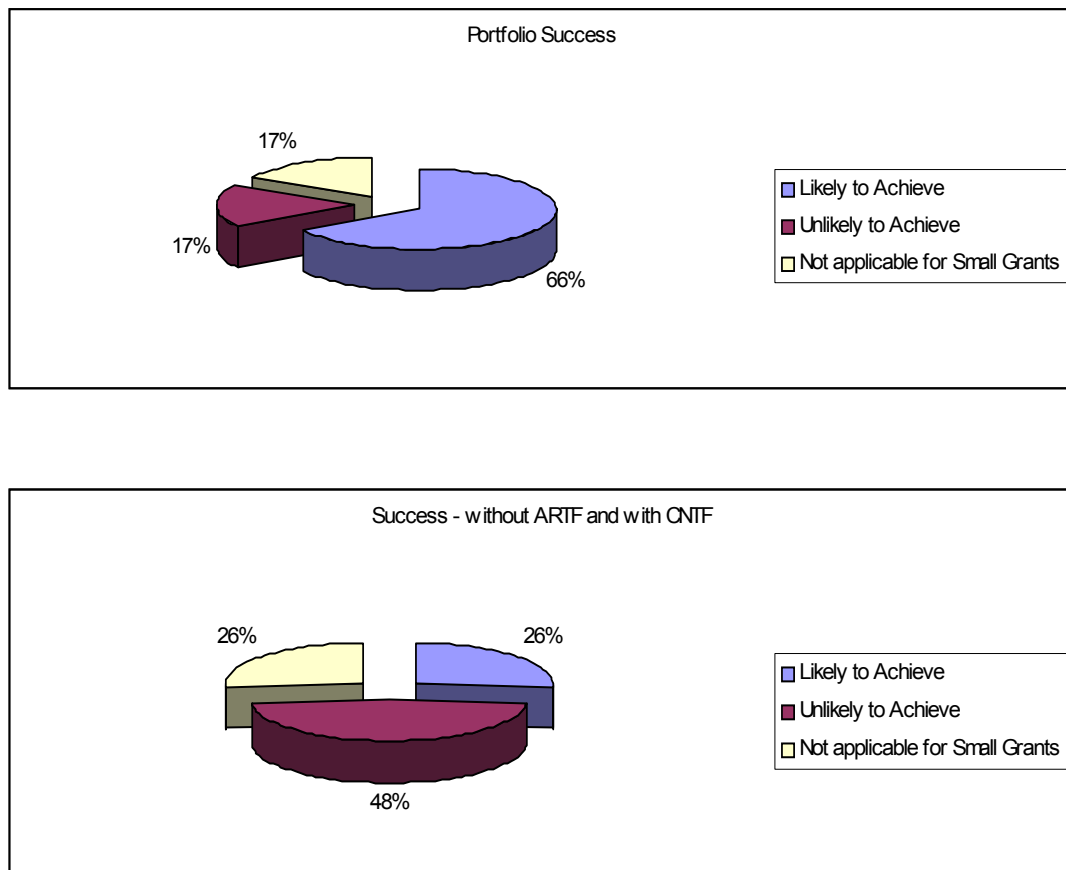
<sup>75</sup> World Bank, Implementation Completion and Results Report, 2007.

<sup>76</sup> Guillon, R. and Anderson, B. ‘Spreading democracy? Sub-contracting responsibility? A Critical Analysis of Local Governance and Development Projects within the Broader Context of State-Building in Northeast Afghanistan’.

## Measuring Results in the DFID portfolio

- 4.8 DFID’s performance management is based on the scores given to projects at purpose and output levels. If a project largely or wholly meets its objectives, it is scored 1 or 2. A project in need of amendment would score 3 (or sometimes 4), whereas a project requiring either major revision or closure would be 4 or 5. Scoring data has been collected from Project Completion Reports and Annual Reviews.
- 4.9 From 2001 to mid-2006, 74% of DFID Afghanistan projects over £1 million were scored “completely” or “largely” successful. This compares well with the DFID average of 61.8% across all fragile states in the same time period. However, given the dominance of a handful of projects (notably the ARTF), these figures should be treated with caution. If one deducts the ARTF, in 2006/7, 48% of the total size/value of the live (i.e. ongoing) projects were unlikely to achieve set targets (Figure 5).

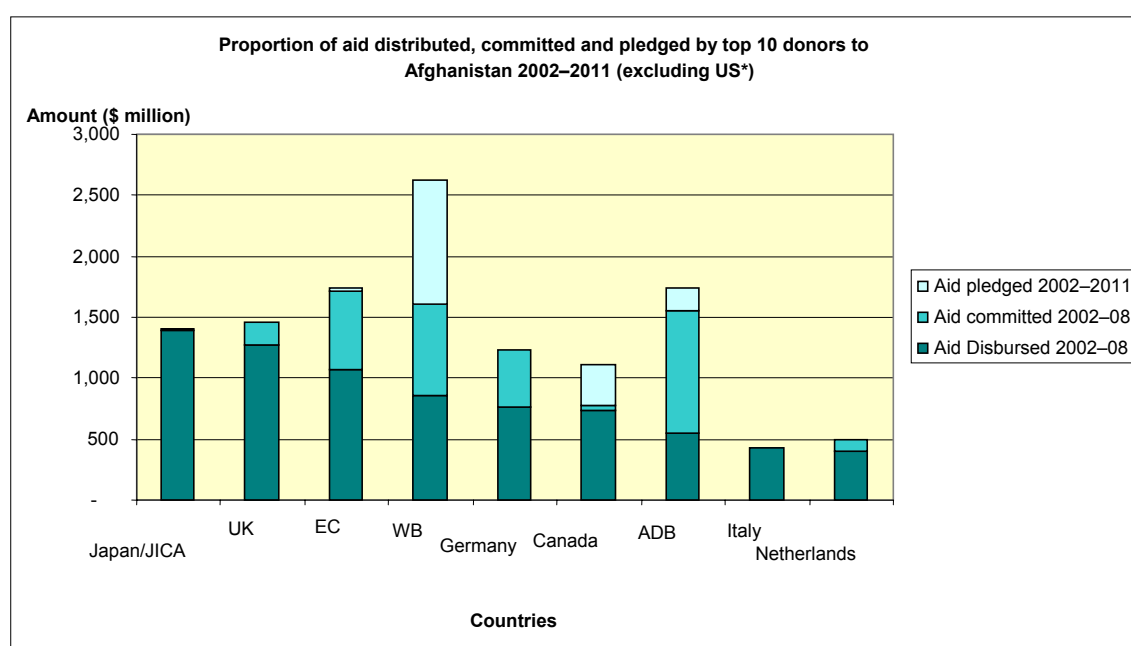
**Figure 5.** Portfolio Score Ratings 2006/7



- 4.10 Not surprisingly, smaller projects performed better than the larger more complex government-run National Solidarity Programme (NSP), National Emergency Employment Programme (NEEP) and the National Rural Access Programme (NRAP), but even these have shown solid improvement over the past 12–24 months.

4.11 A more harmonised approach from donors is a challenge DFID has confronted from the outset of its Afghanistan programme. In general, there have been increasingly high transaction costs within a number of key ministries in attempting to coordinate the numerous donors that provide assistance. The continual proliferation of small to medium-sized bilateral initiatives often duplicate each other and use different reporting frameworks, financial years, and accounting mechanisms. Moreover, many donors (the UK being among the honourable exceptions) have failed to translate pledges into actual commitments and disbursements (see Figure 6).

**Figure 6.** Proportion of aid distributed, committed and pledged by top ten donors to Afghanistan 2002–2011



\*USA figures: \$22,800,000 pledged (2002–11), of which \$10,400,000 committed and \$5,023,000 disbursed (2002–2008).

4.12 One way of addressing this has been DFID’s timely and effective inputs into the ARTF as the central mechanism for support to government economic management. The ARTF investment window includes activities in three areas: infrastructure, public sector capacity building and community development. Under the last of these – the sector that has received a majority of funding – are national rural development/service delivery projects such as the NSP and MISFA, as well as the provincial HARDP programme in Helmand. These projects would not have been able to get off the ground without DFID’s support. Combining core project funding with the use of TA has enabled DFID to maintain flexibility while also providing information to support and influence multilateral agencies.

4.13 Preferencing in ARTF allowed DFID to legitimately claim its funds were going to rapid impact projects in the wider community whilst still supporting government systems via the ARTF. Technical assistance to the Ministry of Finance also (in theory) backs up the capacity development aim of linking ARTF procedures into a longer-term planning and budgeting process.



- 4.14 DFID's practice of putting its aid funds through common systems adds to the usual problems of attribution in development aid. Evidence of the results of specific inputs in a multi-funded project is therefore often related more to aid effectiveness than to wider developmental impacts. Moreover, in all programmes, security constraints prevent staff monitoring either outputs or impact in any consistent manner.
- 4.15 In the state building portfolio, by 2006, the overall success rate (scores of 1 or 2 in reviews) was 25%. The value for money<sup>77</sup> was only 4.5%. To a large extent, this was skewed by two of the largest programmes in the portfolio – the Afghan Stabilisation Programme (ASP) and the Strengthening Counter Narcotics in Afghanistan Project (SCNIAP) – both of which scored very poorly on all aspects. The ASP fell far short of achieving its purpose (Box 6); for example at completion, training had only been provided to 639 trainees against a target of 14,423; the performance of the Provincial Stabilisation Fund had been poor, with only 22 projects complete and only 14 provincial development plans prepared; there had been no progress at all in the area of administrative reform; and arrangements for district infrastructure had been unsatisfactory. After withdrawing from the ASP, DFID has worked on identifying alternative means of supporting the Afghan government's efforts to improve sub-national governance, including initial support for the Independent Directorate of Local Governance (IDLG).
- 4.16 The Strengthening Counter Narcotics in Afghanistan Project (SCNIAP) was confounded by significant capacity problems within the MCN, and the SCNIAP steering committee was reported never to have met during the year in which DFID was supporting the project. The programme was transferred to the British Embassy in 2007.
- 4.17 Other projects within the state-building portfolio have had better results. Public administration reform (PAR) in Afghanistan has been focused on the most fundamental elements of building government systems (in this sense it can be seen as reconstruction, rather than reform). The Second Public Administration Programme (SEPAP) is the longest-running programme within DFID's state building portfolio. Although the mid-term review recorded that there were initial problems with lack of capacity and weak technical skills in some areas, the programme has managed to adapt and keep pace with changes in the government PAR agenda and DFID has added significant technical value.

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<sup>77</sup> DFID's Quarterly Management Report (2008) states that Value for Money (VfM) takes the commitment value for those projects and programmes (of £1 million or more) that were scored in the last two years as 1 or 2 and divides this by the total commitment of all projects and programmes scored 1 to 5 over the same period.

**Box 6.** Afghanistan Stabilisation Programme

The Afghanistan Stabilisation Programme (ASP) is a national programme that was designed in 2004 to “establish basic security and good governance in the district and provinces of Afghanistan”. Its purpose was to reverse the deteriorating security situation in many areas of the country by delivering visible benefits to provinces and districts. The programme was highly ambitious and high risk, but, with no alternatives on the table, DFID made a single payment of £20 million directly to the government in support of the Governance and Reconstruction component of the programme in March 2004, and was the first major donor to provide support. The component included training, establishment of a Provincial Stabilisation Fund (\$2.5 million for reconstruction projects in each province), administrative reform and district infrastructure. The Minister of Interior was responsible for delivery.

Since its inception, ASP was criticised extensively by donor and external commentators for its poor performance. DFID’s 2005 review showed programme weaknesses including poor outreach to the regions, slow progress, lack of transparency and accountability and poor coordination and consultation with stakeholders. The review warned of “potentially catastrophic consequences” if institutional weaknesses were not quickly addressed.

Despite these shortcomings, the ASP was given a second chance and, with strong endorsement from President Karzai, DFID continued to support it. But by the end of 2006, there was little evidence of tangible benefits on the ground. In March 2007, DFID’s support ended and it was agreed that the unspent balance of funds would be reallocated to NSP. A recent commentator concluded that ASP has been “disastrous” and “assailed by multiple political and administrative problems”<sup>78</sup>.

Several lessons emerge: (i) the purpose set for the programme was poorly defined and over-ambitious in its aim; it was conceived as a response to the deteriorating security situation without a realistic sense of what could be achieved; (ii) delivering at the sub-national level in the absence of a clear and effective framework for sub-national governance proved to be highly problematic; (iii) transferring full resources available (\$36.6 million, totalling 77% of donor funding) for the programme at the outset meant that DFID took on huge risk exposure and lost the ability to leverage this resource in relation to effective performance; (ii) failure to comply with DFID best practice in terms of programme design (including development of a log frame) meant that progress was difficult to monitor and assess, particularly at purpose level; and (iii) the risk analysis set out at the project’s approval stage was weak and mitigation steps proved to be insufficient.

4.18 By the end of 2006, DFID’s internal review of SEPAP concluded that “mixed progress” had been achieved in Priority Restructuring and Reform (PRR) of key ministries. Important achievements included reform of the Finance and Rural Development ministries where political leadership has been strong. The Independent Administrative Reforms and Civil Service Commission (IARCSC)

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<sup>78</sup> Lister, S. ‘Understanding State-building and Local Government in Afghanistan’, May 2007 (Crisis States Research Centre Working Paper).

had developed merit-based and transparent recruitment procedures, including a new Independent Appointments Board (IAB) for senior grades. However, recruitment had not always been transparent. Greater support for the IARCSC was needed to support their leadership in an ambitious and complex area<sup>79</sup>.

- 4.19 Central reform of government agencies has seen good progress, especially the Cabinet Secretariat and the Chief of Staff's office in the Office of the President. Progress on PRR across the Office of the President is well advanced, and was supported through additional TA inputs from DFID.
- 4.20 In 2005/6, almost £45 million was spent on the livelihoods sector, a tenfold increase on the previous year. £20 million was contributed over three years to the government's Micro-Finance Investment Support Facility of Afghanistan (MISFA), which gives small loans of around £100 to the poor. Nearly 75% of those receiving loans are women. So far, over £83 million worth of small loans have been given to about 243,000 Afghans, to help shopkeepers, tailors, farmers, builders and others.
- 4.21 TA and capacity building within key ministries has seen some important results. In 2005, the Ministry of Agriculture, Irrigation and Livestock (MAIL) was reported to be able to spend only 13% of its budget. By 2007, this had increased to 60% of its budget.
- 4.22 In supporting coordination at central level, DFID has brought donors together to form a technical working group to develop and gain funding for the Ministry of Rural Reconstruction and Development (MRRD) Afghanistan Rural Enterprise Development Programme currently being formulated. DFID has also been active in the Alternative Livelihood working group in the Ministry of Counter-Narcotics (MCN). It has been successful in setting three high-level CN-relevant mainstreaming indicators, and has pushed hard for regular donor meetings on NRAP and the Horticulture and Livestock Project (HLP).
- 4.23 DFID support to rural reconstruction programmes has been an effective use of resources. DFID gave £18 million in 2005/6 to the National Rural Access Programme (NRAP), which has generated over 15.8 million days of labour. Around 9500km of rural roads have been built or repaired, as well as schools, health clinics and water schemes. DFID also provided £17 million over three years to support the NSP (see Box 5). £10 million was given to the Helmand Agricultural and Rural Development Programme (HARDP) in 2006, which has so far completed over 200 wells and most of 50km of road; with a further 700 wells and 200km of road under construction.

## **Delivery on Gender Issues**

- 4.24 In DFID's support to elections, detailed attention was given to gender issues during design, implementation and review of projects. For example, within the civic education programme that DFID supported prior to the 2004 presidential

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<sup>79</sup> DFID Annual Review, 2006.

elections, 137 of the 412 civic education trainers were women, and training of Afghan election staff included gender issues; 14,500 audio tapes distributed were specifically designed to encourage female participation in the affairs of Afghanistan; 531,501 women were reached through the civic education process preceding the 2004 presidential elections, against a target of 328,800. As a result, 41% of registered voters were women.

- 4.25 The integration of gender or social exclusion issues at state institutional levels has been less impressive. Apart from small-scale support to the Ministry of Women's Affairs<sup>80</sup>, there is little evidence to suggest that DFID's programme has given attention to the integration of women into the PAR process more widely, or that it has made efforts to align with the government's commitment to greater participation of women professionals at all levels of the civil service<sup>81</sup>, including through affirmative action policies<sup>82</sup>.
- 4.26 In the livelihoods portfolio, the NSP and MISFA both had a fairly strong focus on the role of women. It was stated, for example, that up to 75% of the MISFA (micro-credit) programme was focused on women. But neither this nor the NSP project memoranda had indicators for how to report impact on women<sup>83</sup>.

## **Working with other UK Departments**

- 4.27 Much effort has been put into working relationships between the MOD, FCO and DFID in Kabul and Helmand and these were generally reported as positive and constructive. A great deal of effort was expended on cross-Whitehall discussions to explain the rationale, objectives and ways of working of each department to the others. One difficulty frequently cited is the turnover of staff, demanding constant briefings, some of which are missed.
- 4.28 In the initial three years (2001–2004) effective working between DFID, FCO and the MOD was impaired by not co-locating DFID with the Embassy in Kabul, and improvements in post-2005 liaison when all departments were co-located bear this out. A core task of the new Stabilisation Unit is to draw lessons from previous operations on effective inter-departmental working.
- 4.29 DFID has established a close and effective working relationship with the Governance and Political sections of the Embassy in Kabul. The MOD led on security; FCO led on governance, rule of law and human rights; and DFID led on economic and social development. However, this meant that DFID could not easily draw on its global experience on core governance work, notably in the security and justice sector.

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<sup>80</sup> SEPAP Project Memorandum.

<sup>81</sup> I-ANDS, p.129.

<sup>82</sup> President Karzai's website.

<sup>83</sup> The Microfinance Investment Support Facility for Afghanistan (MISFA) Programme Memorandum, 2005.

- 4.30 In counter-narcotics, DFID worked closely with other government departments through the Afghan Drugs Inter-Departmental Unit (ADIDU), formed in 2004. ADIDU was created to bring about a coordinated multi-faceted approach to CN in Afghanistan. Between 2005 and 2008, ADIDU was allocated £130 million, of which DFID contributed about half out of its core budget (i.e. not the Afghanistan budget itself), earmarked for livelihoods. The lion's share of the budget (about £44 million per year) went towards government policing, judiciary and prosecution services around CN. In addition to funding, DFID has provided strong support to ADIDU through seconding staff to the unit.
- 4.31 A perennial challenge within the CN strategy has been whether an alternative livelihoods support can be offered following poppy eradication. The UK's view is that this creates perverse incentives for farmers to grow more poppies if such support is the reward. Moreover, as ADIDU staff have argued, if the sole response capacity resides with weak government entities such as the MCN, then DFID should consider supporting more immediate and effective agents (NGOs or contractors, for instance) to undertake this work while sustainable government institutions are still being built. It should be noted that DFIDA is providing valuable support to the mainstreaming of CN approaches in MAIL and MRRD. In addition, the research and dissemination undertaken by RALF and linked to AREU has produced positive results. The recent 'Economic Incentives' policy document brings together six years of CN research and experience of diversified livelihoods.

## **DFID staff time, numbers and efficiency**

- 4.32 Since opening the DFID office in Kabul, one of the key constraints to programme efficiency has been the difficulty in recruiting staff for Afghanistan, even more so in finding staff willing to live in the provinces<sup>84</sup>. An inappropriate level of staffing for the ambitious scale of the Afghanistan programme is a key theme that underpins many of the findings of this evaluation.
- 4.33 Until 2006, there was not an efficient distribution of staff between Kabul and London given DFID's delivery objectives. The "light footprint" approach agreed by DFID's top management effectively imposed a "cap" on international staff levels (6), which meant that the ratio between Kabul and London was 6:9, deemed wholly unrealistic by Heads of Office at that time. There had also been a high Staff Appointed in Country (SAIC) turnover throughout the five-year period. The TCAP review of 2004/5 reported significant problems with staffing

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<sup>84</sup> The NAO (2008) report notes that "In 2005 and 2006 there were 3.4 applications per vacancy in insecure countries, compared with 4.2 in secure countries over the same period. In early 2007 the number of applications fell to only 1.7 per vacancy in insecure countries. In 2005/6 over a third of posts for Afghanistan and Iraq – where non-local staff cannot bring their spouse or family – had no applicants."

levels given the high level of demands on the office. It has been difficult for such a small team to maintain the depth of programme engagement necessary to continually influence strategic direction.

- 4.34 By the end of the evaluation period, staffing levels had increased (even as the security situation has deteriorated), and the length of time that staff were choosing to stay in Afghanistan had also increased, with more staying for up to 18 months. In early 2008, there were 38.5 staff members (19 UK staff in Kabul, 2 UK staff in Helmand, 3.5 in London, 3 secondees to World Bank and other UK departments, and 11 SAIC). The pressures on the office were still immense, particularly due to the continued high level of political interest in the programme.
- 4.35 Support to capacity building of state institutions requires a high level of staff and advisory capacity. The evaluation found that the staffing made available to deliver on DFID's state building and governance strategy fell far short of what was needed to deliver on expectations at ministerial level and in HMG. A full-time governance adviser was not in place in Kabul until mid-2006. Taking breather breaks into account, there has been an equivalent of three full-time staff responsible for delivering on the state building agenda, which the evaluation finds insufficient.
- 4.36 The shift away from multiple projects and the focus on Helmand from 2005/6 began a period of particular pressure on staff. Security went through a marked decline that resulted in the shift of the DFID office to the Embassy compound and increased restrictions on staff movement. Ensuring the security of DFID partners also became a major constraint to programme quality. Meanwhile, a constant element of staff activity has been responding at short notice to questions from Whitehall and Westminster.
- 4.37 Poor and intermittent service delivery of Quest and other IT systems to DFID Afghanistan has made it more difficult for the team to deliver on its objectives, and has contributed to long working hours.

## Summary Chapter 4

- Projects under economic management have been undertaken efficiently. Creating an effective development partnership between Afghanistan and the international community, particularly with respect to the ARTF, has been largely achieved. However, projects through trust funds tend to score better on aid effectiveness than on development impacts. Activities towards developing poverty data sets and strengthening the national statistics function did not materialise.
- There have been successes in DFID-supported elections, restructuring priority line ministries and in initial steps towards tackling corruption. Latterly, there has also been some progress in donor coordination around the process of restructuring the justice sector. Public administration reform (PAR) has also had some success through the SEPAP project, and DFID has added significant technical value throughout.
- Yet some of the weakest projects have been in the state building portfolio. The ASP and SCNIAP were the largest, but also the worst performing programmes. Within ASP, the performance of the Provincial Stabilisation Fund was poor, with only a few projects completed and no progress at all in the area of administrative reform. Efforts to improve government capacity at central and local levels and strengthen links between them have not produced good results; indicators of progress on the functioning of government at provincial level (including Helmand) were not met.
- Despite strong analysis, DFID has not been able to make much progress on counter-narcotics. The CNTF has had little government buy-in.
- TA and capacity building within key ministries has seen some important results in the livelihoods sector; notably in the MAIL. Risk-spread and learning through alternative livelihoods projects (rural development, business development services, marketing, trade development, etc.) could have been improved by retaining some elements within the livelihoods programme in areas other than Helmand.
- Despite some impressive outputs in programmes such as MISFA and NSP, integration of gender and social exclusion issues has been weak throughout the portfolio. Environmental issues were covered at project level only.
- Prior to 2006 there was not an efficient distribution of staff between Kabul and London given DFID's delivery objectives; since then, staff ratios have improved, but staff pressure to deliver on HMG priorities has been immense.





## **5. Programme Impact and Sustainability**

5.1 In this section, we discuss the impact the programme has had on improving governance and security in Afghanistan. Impact would usually relate to progress on MDGs for poverty, health, education, etc., but since the DFID programme objectives were explicitly not about poverty reduction, we discuss here the sustainability of the various programme elements, and the extent to which DFID has added to national capacity.

### **Improving Governance**

5.2 DFID is keenly aware of the difficulties of assessing and demonstrating impact in the Afghan context. The lack of good national or provincial data and security constraints on access to beneficiaries (for both DFID staff and partners) impedes the measurement of progress or decision making. DFID Afghanistan recognises the importance of sharing the burden of monitoring with other donors and has also begun exploring increased use of national staff and independent consultants to carry out monitoring missions.

5.3 Early research pointed to the specific implications of aid effectiveness for long-term peace building and security, highlighting the value of DFID's support to coordination, strengthening the Ministry of Finance and helping create an effective public administration while ensuring all assistance is recorded on budget<sup>85</sup>. Nevertheless, it is difficult to assess the collective impact of DFID's interventions on high-level goals such as state building, peace building and security.

5.4 At a programmatic impact level, however, the economic management portfolio has contributed discernible results. The ARTF has been in line with best practice principles for structuring and managing trust funds in post-conflict situations, and DFID's support is in accordance with the Paris Declaration's principles regarding Ownership, Alignment, Harmonisation and Mutual Accountability for donor funding<sup>86</sup>. Since May 2002, the ARTF has mobilised \$2.4 billion from 28 donors through government systems. Around 85% of all disbursement out of ARTF has funded government's recurrent costs including around 50% of the government's total wage bill since 2002/3. The ARTF supports salaries of about 220,000 civil servants each month, over half of whom are outside Kabul.

5.5 However, the impact of the ARTF on the government's legitimacy and ability to deliver, particularly outside Kabul, remains open to question. Capacity in the provinces to deliver services has been largely neglected. Budget execution is therefore highly variable. Whereas the Ministry for Reconstruction and Rural Development (MRRD) spent 71% of its development budget in 2005/6, the

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<sup>85</sup> Johnson, C. et al, 'Afghanistan's Political and Constitutional Development', Jan 2003.

<sup>86</sup> Scanteam First ARTF Evaluation, March 2005.

Ministry of Interior spent only 32%, education 24%, and agriculture 22%. In April 2007, Afghanistan Research and Evaluation Unit (AREU) research showed that “very little of the non-salary Ordinary Budget had been spent outside Kabul, meaning that provincial and district-level civil servants have had few funds to carry out their duties. This has caused government support to drop among provincial civil servants and residents of rural areas.”<sup>87</sup>.

- 5.6 More broadly, some progress has been made in building up a more professional, merit-based civil service with DFID’s support<sup>88</sup>. The Priority Reform and Restructuring (PRR) process allowed staff in key departments to be placed on an elevated pay scale for a fixed term in exchange for restructuring. By March 2007, new job descriptions had been written for over 43,000 positions, and 7,800 of these had been filled through the new “merit-based” selection process. The World Bank reports that there is “little doubt” that ministries that have undergone a serious PRR process, such as the Ministry of Public Health and the Ministry of Rural Rehabilitation and Development, have benefited in terms of higher pay and better performance<sup>89</sup>.
- 5.7 In state building, DFID made important contributions to marked improvements in public administration reform. The early provision of technical assistance to create a database to address the problem of “ghost workers” enabled the Ministry of Finance to engage in transparent discussions with ministries on budgetary claims. The Ministry of Defence staff figure was reduced from 400,000 to 8,000 as a result of this support.
- 5.8 DFID’s support to the elections in 2004/5 contributed to the political transition process that was necessary to establish the core institutions of the state, including Afghanistan’s first democratically elected parliament in over 30 years. The Presidential elections in 2004 and the Parliamentary and Provincial Council elections of 2005 both saw high turnouts at the polls: 70% of the 11 million registered voters voted in 2004, 51.5% of the 12.5 million registered voted in 2005. The election was viewed as free, fair and transparent by nearly all parties concerned, and took place with little violence or disruption. All major ethnic and religious groups won representation in parliament, in addition to the strong showing by women.
- 5.9 PAR reforms to date have failed to enhance the legitimacy of a state still viewed by many as corrupt, inefficient and a vehicle for patronage and inter-group competition; and that patronage remains a dominant element in the recruitment of staff<sup>90</sup>. Public accountability is the least advanced element of Afghanistan’s PAR strategy, with formal oversight institutions, notably on justice, being slow to develop. The current role of Afghan NGOs/CSOs is more that of project

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<sup>87</sup> Nixon, H. ‘Aiding the State? International Assistance and the State-building paradox in Afghanistan’, AREU, April 2007.

<sup>88</sup> World Bank ‘Afghanistan – Building an Effective State: Priorities for Public Administration Reform’, January 2008.

<sup>89</sup> Ibid.

<sup>90</sup> Lister, R. ‘Moving Forward? Assessing Public Administration Reform in Afghanistan’, Sept 2006.

implementer than defender of public accountability, and by 2006 only two NGOs were monitoring government performance and working on integrity issues<sup>91</sup>.

- 5.10 Through its earlier work, DFID was able to demonstrate the value of working with civil society, but this was not sustained. For example, the Afghan Civil Society Forum (ACSF) was able to reach insecure areas where UN civic educators were unable to reach, and to work successfully with local mullahs and communities to encourage people to vote. The ACSF Project Completion Report noted that “over and over again, it showed that those NGOs with good links to leaders (traditional and religious) had better access to communities (including women) and could cope better in insecure environments”.
- 5.11 In the livelihoods portfolio there is evidence that the National Solidarity Programme (NSP), to which DFID has contributed substantial funding has contributed to enhancing state legitimacy. To date, the programme had led to the election of over 15,000 Community Development Councils (CDCs), and the financing of over 17,000 projects. \$244 million has also been disbursed in grants to the communities<sup>92</sup>.
- 5.12 The creation of CDCs have “introduced a dramatic change in the development resources available to many communities in the country, and where these resources have been converted to successful sub-projects, the acceptance and legitimacy of the programme, and by extension the government, has been expanded.”<sup>93</sup>. There are some outstanding problems with delayed disbursements of block grants and the consequences (political as well as developmental) of removing the possibility of second block grants to CDCs has not been fully appreciated<sup>94</sup>.

## **Improving Security**

- 5.13 Evidence suggests that insecurity and criminality are on the increase and threaten to jeopardise the developmental progress made since 2001<sup>95</sup>. Confidence in the government, particularly in its ability to provide rule of law and a fair judicial system, is very low. Central government does not enjoy full support from all regions and social groups, and is itself fragile and deeply factionalised<sup>96</sup>.

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<sup>91</sup> Ibid.

<sup>92</sup> DFID Portfolio Review, 2007.

<sup>93</sup> Nixon, H. ‘The Changing Face of Local Governance: Community Development Councils in Afghanistan’, AREU, Feb 2008.

<sup>94</sup> Nixon, H. ‘The Changing Face of Local Governance’.

<sup>95</sup> ACBAR ‘Aid Effectiveness in Afghanistan’ report by Matt Waldman, March 2008.

<sup>96</sup> British and Irish Agencies Afghanistan Group (BAAG), evidence submitted to the International Development Committee, sent on 23 April 2008.

- 5.14 With high levels of insecurity in Helmand in particular, farmers continue to turn to poppy as the crop most certain to provide a financial return; and if they move to wheat because of international price rises, this may not be directly to do with success in the CN strategy<sup>97</sup>. Integrating CN with counter-insurgency may thus be a flawed approach – there are linkages between the poppy industry and insurgents, but the political economy is far more complex than this.
- 5.15 DFID’s perception of QIPs in Helmand as being “rapidly implemented projects that serve as down payments on promises of political and economic progress – buying time for a government to establish its own capacity to deliver public services.... supporting and cementing political settlements between populations and their government at local levels”<sup>98</sup> has been challenged by an independent evaluation. The Tribal Liaison Office (TLO), commissioned by the Stabilisation Unit, undertook a focal group(s) assessment of local Afghan perceptions and reached rather different conclusions. Within the work carried out by the PRT (the QIPs in particular), there was dissatisfaction over procurement, construction quality, lack of monitoring and over the role of interpreters. From 2008, the UK no longer funded QIPs<sup>99</sup>. Outside of QIPS, on the credit side, support for police training was well received and that DFID support through line ministries (particularly MRRD) was seen as being effective<sup>100</sup>.

## **Capacity Building, Technical Assistance and Corruption**

- 5.16 According to a 2006 OECD survey, very little of the technical assistance provided by donors was through coordinated programmes consistent with the government’s strategy, and just one-third of donor analytical work was undertaken jointly<sup>101</sup>. The lasting capacity building impact of massive TA inputs – \$1.6 billion – is doubtful<sup>102</sup>, and there are commonly held views that the capacity building objective of TA in Afghanistan has remained largely an empty concept<sup>103</sup>.
- 5.17 TA does not automatically equate to capacity development, even if training is included. DFID’s TA inputs are recognised as high quality in comparison to other donors, and DFID has made progress in guiding how TA should be used

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<sup>97</sup> The evaluation notes that, leaving aside the purely financial incentive of poppy cultivation, farmers sell their produce at the farm gate, thus avoiding the necessity of travelling through roadblocks to reach a market.

<sup>98</sup> DFID Intranet site report. See also ‘Quick Impact Project Evaluation’ (restricted), Stabilisation Unit, March 2008.

<sup>99</sup> From 2008, the overall framework for civil-military activities in Southern Afghanistan is provided by the Helmand Road Map (HRM).

<sup>100</sup> Afghan Perspectives Report: The Provincial Reconstruction Team and Quick Impact Projects, Helmand Province. April 2008. Tribal Liaison Office, Kabul.

<sup>101</sup> 2006 Survey on Monitoring the Paris Declaration: Afghanistan, OECD.

<sup>102</sup> Minister of Finance speaking at WB annual meeting, 2006.

<sup>103</sup> Michailor, S. ‘Review of Technical Assistance and Capacity Building in Afghanistan’, April 2007.

within government. However, DFID does not appear to have weighed up the value-added of TA compared to other aid instruments for achieving state building objectives, or to have carried out explicit analysis of the incentives and disincentives for reform provided by TA. This is particularly in relation to sustainable capacity building where there is often a high risk of temporary capacity substitution rather than skills transfer or sustainable reform. Research suggests that TA in Afghanistan is currently a “gap-filling option with little lasting impact in terms of capacity building. Given the magnitude of its overall cost, there is a sense of the significant opportunity cost for the country<sup>104</sup>.”

- 5.18 TA projects in DFID’s economic management portfolio have had mixed results. They were set up to strengthen the policy environment through capacity building and introducing “good budgeting principles that focus on achieving service delivery, [including] unified current and capital budgets based on available resources allocated to priority programmes<sup>105</sup>”.
- 5.19 Annual estimates of recurrent and investment budgets have been produced but institutional arrangements are not wholly transparent; bureaucratically correct procedures and decisions are invariably hampered by ministers’ political agendas. There have also been problems with disbursement of NSP funds through the ARTF. By early 2008, NGOs were owed \$13 million that should have been released six months previously. The fact that the deadline for ARTF integration into the national budget has now been extended twice (from 2006 to 2010 and now to 2020) can be interpreted as evidence that progress on improving the policy environment has been limited.
- 5.20 DFID has been acutely aware that tackling corruption at all levels of government is an arduous challenge. The purpose of the Tax Administration Reform project was to develop a “professional [tax] administration that is supported and trusted by business and the community [with] a transparent system of rights, responsibilities and safeguards within tax collection<sup>106</sup>”. New tax laws have been enacted, and, to this extent, the legislative basis for a sound and transparent tax system has been put in place. However, the extent of corruption and its reduction has not been measured by the project<sup>107</sup>. Furthermore, DFID project staff were concerned that other (mostly US-funded) actions on corruption in the public sector have been conducted in a punitive fashion that runs the risk of undermining progress in the DFID project.

## **Counter-Narcotics**

- 5.21 Opium poppy cultivation in Afghanistan rose for the second successive year in 2007, to 193,000 hectares, driven by growing cultivation in the south, south west, and, to a lesser extent, the east. Cultivation in Helmand rose by 48%.

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<sup>104</sup> Ibid.

<sup>105</sup> DFID ‘Capacity Building in State Institutions’, March 2005.

<sup>106</sup> Ibid.

<sup>107</sup> Afghanistan is ranked 172 out of 180 in Transparency International’s corruption perception index.

There is some good news, though. In 2008, the country's overall poppy cultivation fell by 19% to 157,000 hectares, but in Helmand (the single largest producing province) it remained the same as 2007<sup>108</sup>. Many experts suggest caution over attributing this to the counter-narcotics strategies of the international community; the reductions in total cultivation are largely due to economic (high wheat prices) and environmental (drought) factors, and could easily be reversed<sup>109</sup>. In Afghanistan's 34 provinces, 18 are now poppy free as opposed to just 6 in 2006<sup>110</sup>. Sustainable reductions in poppy cultivation can only be achieved with improved security, economic growth and governance rather than a set of limited activities around counter-narcotics<sup>111</sup>.

5.22 As we have seen, in 2006 DFID shifted its resources away from integrated rural livelihoods in Badakhshan. The evaluation found some evidence to suggest that reductions in development activity in the area have resulted in greater instability in these original pilot areas, with local power holders becoming more belligerent. The political economy of opium poppy cultivation in Badakhshan is such that sustained reduction of poppy growing is seen only where local government administrations actively implement CN policy in conjunction with a multi-faceted NGO programme that cover livelihoods, social development, particularly with a focus on women and girls, and capacity building<sup>112</sup>. It is interesting to note that similar conclusions have been drawn from Nangarhar Province<sup>113</sup>.

5.23 The UK is a designated "partner nation on counter-narcotics", supporting the Afghan Government to implement the National Drug Control Strategy (NDCS). By its own admission, the UK has had greater success in restructuring the police force and criminal justice institutions around CN than it has in actually reducing production through promoting alternative livelihoods<sup>114</sup>. There is an asymmetry between the expectations of donors and government for rapid changes in the opium economy and the ground reality that would suggest a far longer period of time to see the opium economy dwindle. Quick-impact

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<sup>108</sup> Afghanistan Opium Survey, November 2008, United Nations Office on Drugs and Crime (UNODC).

<sup>109</sup> 'Counter-Narcotics in Afghanistan: The Failure of Success?', Afghan Research and Evaluation Unit (AREU), briefing paper (David Mansfield & Adam Pain), December 2008.

<sup>110</sup> <http://www.fco.gov.uk/en/fco-in-action/uk-in-afghanistan/Counter-Narcotics/afghanistan-CN-FAQ>.

<sup>111</sup> AREU, *ibid*.

<sup>112</sup> Saltmarsh, D. 'Integrated Rural Rehabilitation to Improve Livelihoods and Curb Poppy Production', evaluation report for DFID, June 2006.

<sup>113</sup> Mansfield, D. 'Water Management, Livestock and the Opium Economy: Resurgence and Reductions: Explanations for Changing Levels of Opium Poppy Cultivation in Nangarhar and Ghor in 2006-07', AREU, May 2008.

<sup>114</sup> See, for example, British Embassy Kabul reports on <http://www.britishembassy.gov.uk/servlet/Servlet?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1079976715832>

projects have had very limited sustainable results. Effective CN efforts are a combination of economic development, provision of social services, and better governance and the rule of law – in other words, massive sustained financial commitment, political vision and stamina<sup>115</sup>.

## **Gains in aid effectiveness**

- 5.24 DFID has an extremely good track record on aid effectiveness issues in Afghanistan, widely recognised by other donors, government, civil society and implementing partners. It added value early on through timely support to the Afghanistan Assistance Coordination Authority (AACA), which allowed the Afghan Transitional Authority to take a strong lead on donor coordination from 2002, and also helped provide procurement capacity to facilitate rapid and transparent utilisation of donor resources. Within the state building strategy, DFID has shown leadership and positive influence on other donors, leading to improved impact on the ground. For example, during the elections in 2004/5, DFID's responsiveness, leadership and early commitment to the process allowed the work of planning, registration and civic education to start on time, and put pressure on other donors to commit the necessary resources.
- 5.25 DFID is aware that the debate over appropriate resources required to meet targets set by framework agreements such as the Afghanistan Compact has not been effective. Huge sums have been spent on for-profit, private contracting firms and consultants and there has not been a clear understanding among donors of resource levels needed in each sector, and of the relationship between these sectors. As stated in Chapter 2, Afghanistan's aid per capita is remarkably low, yet total foreign aid accounts for 90% of public expenditure in Afghanistan<sup>116</sup>. The dilemma for all donors, including DFID, is that almost 50% of the country – mainly the most-needy rural areas – is inaccessible to foreign aid workers and the situation is getting worse<sup>117</sup>.
- 5.26 In a context where some two-thirds of foreign assistance bypasses the Afghan government budget, thereby undermining efforts to build effective state institutions, DFID's decision to channel the vast majority of its resources to government has undoubtedly been correct, and the gains made by the Afghan government as a result of the funding flows through ARTF can be largely credited to DFID's leadership role and influence in securing donor support. \$800 million was spent on development activities through government systems in 2006/7, compared to only \$400 million in 2005, highlighting improvements in government systems as well as increased donor flows to government.

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<sup>115</sup> Summary: 'Afghanistan: Economic Incentives and Development Initiatives to Reduce Opium Production', The World Bank and DFID, February 2008.

<sup>116</sup> Oxfam International, [http://www.oxfam.org/en/news/2008/pr080325\\_donors\\_failing\\_afghanistan](http://www.oxfam.org/en/news/2008/pr080325_donors_failing_afghanistan).

<sup>117</sup> The Times, 5 December 2007, reported on a "leaked" UN map that showed the extent to which aid organisations have withdrawn services since 2005 from many areas of Afghanistan.

## Summary Chapter 5

- Tangible results can be seen from DFID's support to coordination, strengthening the Ministry of Finance and helping create an effective public administration while ensuring all assistance is recorded on budget. Early financial and capacity support to ARTF has been exemplary, demonstrating good practice in relation to the Paris Principles. Progress has been made in building up a more professional, merit-based civil service with DFID support.
- DFID has an extremely good track record on aid effectiveness issues in Afghanistan, recognised by all stakeholders.
- DFID's crucial support to the elections in 2004/5 contributed to the political transition process that was necessary to establish the core institutions of the state.
- Nevertheless, it is difficult to assess the collective impact of DFID's interventions on high-level goals such as state building, peace building and security. Capacity in the provinces to deliver services has been largely neglected. Sustainable impact is impaired by the inability of the government to establish national unity linked to political settlement; this cannot be addressed by the kind of technical support provided by DFID.
- There have been marked improvements in public administration reform (PAR), but there may have been too much focus on building technical capacity, primarily in Kabul, while downplaying issues of political legitimacy, especially at the local level.
- Evidence suggests that insecurity and criminality are on the increase. In Helmand, DFID support for MRRD has been effective to date, and support for police training has been well received. But despite some significant outputs, local perceptions of QIPs have not been positive. Delivering assistance in ways that will have a developmental impact on the lives of Afghans requires longer time-frames, specialised expertise and sophisticated forms of interaction with target beneficiaries. The UK has, since 2008, no longer funded QIPs.
- Despite some very useful DFID TA inputs, notably in the economic management portfolio, TA does not automatically equate to capacity development, even if training is included. DFID has not weighed up the value-added of TA compared to other aid instruments for achieving state building objectives; nor is there an explicit analysis of the incentives and disincentives for reform provided by TA.
- Corruption remains a fundamental challenge. DFID has contributed incremental improvements through, for example, the Tax Administration Reform Project, but the problem is more profound. Justice institutions are the least developed among formal oversight organisations.



## **6. Lessons and Recommendations**

### **Strengths and Weaknesses**

#### **Strengths**

6.1 The evaluation found the following to be the major strengths of DFID in Afghanistan:

- There has been clarity and consistency of objectives; for example in supporting public financial management, enabling donor funds to flow and backing the development of core government functions.
- From the outset, DFID has recognised the importance of long-term aid commitments; for example, DFID was the first to make three-year commitments to ARTF, and to sign a ten-year aid agreement.
- Flexibility and responsiveness in funding has enabled both a rapid response and learning on the job.
- Through investments in livelihoods research, DFID provided cutting edge and innovative development ideas to be nurtured in a complex environment.
- DFID was active in promoting donor coordination and in furthering the Paris agenda on donor harmonisation; it had a proactive engagement with a wide range of stakeholders, and was comfortable in taking a lead where required.
- DFID has maintained strong management structures and procedures throughout the five-year period.
- There has been a high level of technical expertise from DFID; for example, in complementing the leading economic multilateral donors – World Bank and IMF – with flexible bilateral TA while also adopting a position of influence. The high quality of staff and consultants is noted by the government of Afghanistan – “I fired 60 consultants in my time as Minister of Finance, none were from DFID”<sup>118</sup>.
- DFID has demonstrated high levels of commitment under significant pressures. Also staff security and well-being has been taken very seriously.

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<sup>118</sup> CPE interview with former Finance Minister, May 2008.

## **Weaknesses**

6.2 There are also some important weaknesses:

- Political economy analysis was insufficient until recently.
- Some parts of the economic management programme were too narrowly focused on technical issues without appreciating the wider political implications – for example, in tax administration.
- There was too much attention on government functions, fiscal targets, donor flows and fiduciary risk management, and not enough on understanding the real economy in Afghanistan (e.g. economic regions, urbanisation, migration, unemployment) and its trends. For example, an analysis on economic incentives in counter-narcotics was not commissioned until 2007; a continued lack of substance to Private Sector Development (PSD) strategy even though it has been a stated priority since 2002.
- Risk analysis and mitigation has been inconsistent and not linked to analysis.
- Gender, human rights and social exclusion issues were not given enough prominence.
- The relationship with civil society has not been well developed, especially on advocacy.
- There has been an ineffective approach to integrating CN with the wider programme.
- DFID has not been strong on inter-disciplinary working; there has been notable pressure to deliver programmes at the expense of seeking synergy between work streams.
- Several high-profile and high-value programmes, notably within the state building portfolio, have been insufficiently staffed. Continuity across all programme strands has also been affected by the practice of staff taking two-week rest breaks every six weeks.

## **Recommendations**

### **For DFID Afghanistan:**

- Now may be the time to reconsider whether Public Administration Reform (PAR) should be the central plank of DFID's state building programme. It is unclear whether DFID continues to have a comparative advantage on PAR if a strong lead from the World Bank (WB) is in place. DFID should develop a clear analysis and argument for its continued support to PAR if this is to remain central to the state building portfolio.
- Significantly greater attention to rule of law and justice is warranted. Support to National Justice Programme (NJP) has been very positive; DFID has a comparative advantage in relation to other donors. Traditional justice

systems will need to be considered, though with caution in respect of human rights issues. DFID should draw on its experience in other fragile states. Options to gradually extend the reach of formal systems into communities (e.g. community paralegals) should be considered.

- The National Solidarity Programme (NSP) overall is a “high-risk, high-return” success story. However, the governance dimension of Community Development Councils (CDCs) is complex and NSP has not yet demonstrated its impact on local governance. The future role of CDCs within sub-national governance needs careful consideration, while ensuring that the social capital built up through NSP to date is used effectively. New support for UN Habitat’s work on urban CDCs and links with municipalities offers opportunity for learning about their interplay with formal governance structures. DFID should develop a clear strategic view on the role of CDCs in sub-national governance. This needs to be linked to the generation of policy regarding the development of provincial structures: the provincial and district assemblies and the role of line ministries.
- DFID has not fully explored the value of engaging more fully with Afghan civil society, including improved relationships with NGOs as intermediaries. More attention should be given to corruption and accountability mechanisms (including the role of NGOs and Civil Society Organisations (CSOs) in monitoring and advocacy).
- DFID (and other donors) have not fully used the accumulated expertise NGOs have in maximising farm-related income opportunities, employing a country-wide approach to reduce vulnerabilities to poverty and offering alternatives to narcotics production. DFID should place greater emphasis on the issue of investment in agriculture, including an integrated “value chain” approach to agriculture that addresses issues of land, water, credit management and labour.
- Assumptions around gender and human rights, and the corresponding dialogue with Afghans including Afghan women in leadership positions have not been fully explored. This is not about having a new “women’s rights” programme, but about ensuring effective integration into future programmes, building on successful examples such as DFID’s support to the elections. DFID should seek opportunities to support Afghans to lead appropriate, culturally sensitive approaches to improve the treatment of women in Afghanistan.
- The 2007 Development Assistance Committee (OECD DAC) Fragile States Principles could usefully stimulate discussion on the importance of shared analysis among donors of context and causes of fragility; “do no harm” issues in relation to state building; the need for greater attention to social inclusion, gender and human rights issues; and the risks of bilateral aid allocations leading to “pockets of exclusion” within Afghanistan. DFID is already engaged in a useful debate around these principles. DFID should continue to use the principles to further donor dialogue around aid effectiveness issues and challenges in Afghanistan.

- The UK's ten-year Development Partnership Arrangement (DPA) with Afghanistan requires a mutual review and assessment of the commitments (initial tranche of £330 million over three years, signed in 2006). DFID should ensure that adequate monitoring and review processes are in place for the DPA in line with similar commitments elsewhere in the world.

### **For DFID Globally:**

- Understanding the political economy and state building context of fragile states required early investment in robust analysis. DFID Afghanistan undertook such analysis in 2008, but perhaps this should have been earlier. DFID should ensure that programmes are framed within an early understanding of conflict dynamics, state legitimacy and political settlement in advance of more technocratic issues.
- The devolution of DFID's offices to country level has consequences and the right balance of staff between London and Afghanistan was not always met. There needs to be greater senior management realism regarding the scale of the challenge – and what DFID needs to deliver effectively – in a high-profile protracted conflict arena. In this regard, DFID should ensure consistent senior management engagement at Whitehall level, and ensure that staff ratios and skill mix between London and the country are sufficient.
- TA does not automatically equate to capacity development, even if on-the-job training is included. The transition from multi-donor trust fund to general budget support requires longer-term capacity building. The creation of professional cadres needed by both the public and private sector should involve supporting further education and private professional training bodies in addition to civil service training on the job.
- In view of the overwhelming size of the informal sector in developing countries (let alone post-conflict developing countries), private sector development is unlikely to begin in the Ministry of Commerce. On the other hand, as demonstrated by MISFA, rapid development of a small-scale financial sector is possible even in difficult post-conflict conditions. DFID should do more to consolidate and deepen its understanding and experience of private sector development in the particular conditions of post-conflict economies.
- The debate over appropriate resources required to meet targets set by framework agreements such as the 2006 Afghanistan Compact has not been effective; thus there has not been a clear understanding among donors of resource levels needed in each sector, and of the relationship between these sectors. For the UK, underpinning all interventions should be a shared cross-departmental consensus on the scale of investment needed to meet the challenge; this should then inform the influencing strategy pursued by DFID vis-à-vis other donors.
- DFID's comparative advantage on governance issues within HMG has not been given sufficient recognition in Afghanistan. DFID should advocate its role on governance, and ensure that the division of labour agreed in future HMG strategies recognises governance as a central element of economic and social development.

- The division of labour agreed among donors in Afghanistan was driven largely by political bargaining among donor countries. As a result, the security and justice sector – arguably the most crucial sector – has performed badly. DFID should develop effective ways of communicating lessons learned at ministerial level and try to ensure that these lessons inform engagement in other fragile states in future.
- There is as yet no proven relationship between stabilisation and longer-term development demonstrated in Helmand. Delivering assistance in ways that will have a developmental impact on the lives of Afghans requires longer time-frames, specialised expertise and sophisticated forms of interaction with target beneficiaries. The context of HMG’s military and political engagement in Afghanistan made it particularly difficult to assess the relevance and appropriateness of DFID’s strategic choices against the standard evaluation criteria for a development programme. Consideration should be given by DFID, with other government departments, to the most suitable way of evaluating DFID programmes operating in such a context in future, including whether a joint HMG evaluation framework should be developed.



## 7. Management Response

7.1 We welcome the report of the Country Programme Evaluation for the period from January 2002 to December 2007. The study was timed well to feed into the development of DFID Afghanistan's new Country Plan and has helped us learn a number of lessons.

7.2 The report notes the challenging context in which the country programme has been delivered. Afghanistan is a conflict-affected, fragile state that is important geo-politically and remains one of the poorest countries in the world. Over the period, the programme has evolved from one of humanitarian response after the overthrow of the Taliban to an integrated, developmental approach as part of a broader HMG strategy both nationally as well as in Helmand.

7.3 **The context has changed since the evaluation period** and it was not possible for the evaluation to take on board some important developments that have taken place both on the Afghan side and in terms of UK strategy. Towards the end of the evaluation field work period, in November 2007, HMG outlined a strategy for engagement, stabilisation and development to help Afghanistan remain a legitimate state. This strategy, and subsequent updates, has helped to transform cross-Whitehall working. Strong relations on the ground with other UK government departments (MoD, FCO) mean that we can deliver on this strategy through the three D's of defence, diplomacy and development.

7.4 As noted in the report, in mid-2008, the Government of Afghanistan published the Afghanistan National Development Strategy (2008-2013). The two strategies together provide an important evolution in the context for DFID's country programme. In addition, ministries highlighted as being unable to deliver now have new and more dynamic ministers, which should help in improving service delivery. Hence, a number of findings are less relevant and some recommendations are now of less value.

7.5 The findings indicate that much of the programme has shown high degrees of relevance, effectiveness and efficiency, impact and sustainability, including in the areas of support to economic management, progress on a more merit-based, professional civil service and local impacts through livelihoods programmes. Also, that DFID behaviour in Afghanistan demonstrates good practice in relation to the Paris Declaration on Aid Effectiveness and principles of aid effectiveness in fragile states. We also note that the evaluation points to areas of the programme that performed less well.

7.6 The report notes **DFID's strong emphasis on the management of the economy**, highlighting the high quality of technical assistance. While progress may have been slower than originally envisaged, it was clearly a prudent decision to extend the life of the ARTF. Together with the GoA and others, we feel that a longer term partnership is needed to maintain progress in a number of important areas supported by the ARTF. An independent evaluation of the ARTF published in August 2008 has

highlighted its value, including in strengthening government systems: “The Monitoring Agent has helped put in place systems and instruments to strengthen Afghanistan's Public Financial Management”<sup>119</sup>. The financial controls built within the ARTF were based on a fiduciary risk assessment agreed with other donors. DFID finalised a Fiduciary Risk Assessment in 2008 to coincide with the preparation of a new country plan.

7.7 The evaluation questions overall the **utility of technical assistance**. Yet, elsewhere, it notes that DFID’s technical assistance made an important contribution to improvements in the functioning of the Ministry of Finance. We agree that technical assistance must in part help build Afghan capacity. We believe that others have much to learn from how DFID has provided technical assistance and that it remains an important aid instrument in fragile states.

7.8 The evaluation questions the **impact of the ARTF on the government’s legitimacy and ability to deliver**. This does not match with how the ARTF has helped the government deliver services, which a more recent survey shows is appreciated by Afghans<sup>120</sup>. It has helped deliver tangible services that have changed the lives of ordinary Afghan families. Around 6 million children are now in school, over a third of them girls – a stark contrast to when it was illegal for girls to go to school. Yet, we also recognise that public opinion also raises concerns around the lack of jobs and income opportunities<sup>121</sup>. This has been taken on board in our new country plan.

7.9 The evaluation notes that attention to **linking taxation with a ‘social contract’** was not articulated. We agree that this is a critical element in building and securing a legitimate state and look to build that within implementation of the new country plan.

7.10 The evaluation notes that the **DFID programme has evolved to have a greater focus on state-building**, as a central plank of strategy, and that DFID has increasingly brought its global experience and leadership in this area to bear. We agree that more work is needed to reach out further to provincial and district governments (though elsewhere the evaluation recognises the excellent work through the National Solidarity Programme to enhance state legitimacy at local levels). DFID intends to support the roll-out of the Government of Afghanistan’s sub-national governance policy. Also, new work is planned on linking informal and formal justice systems in order to enable improved functioning of the informal system. DFID Afghanistan is also intending to expand work on corruption alongside other government departments in the new country plan.

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<sup>119</sup> ARTF External Evaluation, Scanteam, August 2008.

<sup>120</sup> Asia Foundation, 2008.

<sup>121</sup> *ibid.*



7.11 We agree that more emphasis should now be given to **engagement with civil society on corruption and accountability**. This is being taken forward in our new country plan. DFID has continued to strengthen its analysis of the political economy (for example, through a study, 'Understanding Afghanistan', completed in 2008, including a Strategic Conflict Assessment).

7.12 The evaluation is critical of a **shift from area-based development with non-government partners to work on national programmes**. Yet, the evaluation also points out that our area-based development focus in Helmand through national programmes with the Ministry of Reconstruction and Rural Development has been effective. We believe that government visibility is crucial, if it is to retain and build the confidence of its people.

7.13 Building on our experiences, the new country plan will continue to work through national programmes and help ensure they work effectively at local levels and build constructive partnerships with local administrations and non-government partners. We will continue to build on the finding DFID's flexibility allowed a good mix of funding and use of technical assistance.

7.14 The evaluation notes recent falls in **poppy cultivation**. A new initiative to sustain reductions in poppy cultivation is now being developed by the Government of Afghanistan with DFID's support that takes into account lessons from successful and unsuccessful efforts to date.

7.15 The evaluation notes that there was little attention to **cross-cutting issues such as gender**. We now have a Gender Equality Action Plan that helps us address this weakness.

7.16 **We agree there is a paucity of good, reliable data on Afghanistan** and welcome that, within these limitations, DFID's support is regarded as largely effective and efficient. The evaluation recognises that DFID has ensured that thorough independent reviews have been carried out on its programmes, while noting both the security constraints on doing this well in some areas. We agree that it is difficult to assess and demonstrate impact in the Afghan context, given the lack of good national and provincial data and security constraints. We are now working to address data paucity with the Government of Afghanistan and other partners. Internally we are improving our logframes and a new Results team will further improve how we manage for impact and measurement of performance. We are also taking steps to improve monitoring of DFID funded programmes in Helmand.

7.17 The evaluation notes that **working relationships between MoD, FCO and DFID in Kabul and Helmand** were generally positive and constructive, though with concerns about DFID's initial engagement in Helmand. In 2008, DFID has strengthened its engagement in Helmand with a representative located in Helmand supported by a Helmand team. We have also transferred a deputy head position to London to strengthen our engagement across Whitehall on Afghanistan.

7.18 The evaluation notes that **DFID has kept to its commitments**. We take on board the recommendation for mutual reviews with the Government of Afghanistan on progress of the 10-year Development Partnership Agreement. We are now well-placed to do this within the context of a new four-year Country Plan that will focus on state-building, growth and livelihoods, and Helmand, as part of a wider HMG strategy in support of Afghanistan.

Marshall Elliot

Head of Office  
DFID Afghanistan

## **ANNEX 1. TERMS OF REFERENCE**

### **TERMS OF REFERENCE FOR EVALUATION OF DFID COUNTRY PROGRAMMES – 2008/09**

#### **Introduction**

DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Evaluation Department (EvD) carry out four to five Country or Regional Programme Evaluations (CPEs or RPEs) annually. These terms of reference (ToRs) set out the scope of work for the 2008/09 period.

The CPEs provide important accountability and lesson learning functions for DFID. The primary audience for the evaluations is the UK government and DFID senior managers including heads of country offices. All evaluation reports are published externally.

Countries proposed for evaluation in 2008/09 are Afghanistan, Ethiopia, Cambodia, DRC and Sudan. Each evaluation will use the countries' most recent Country Assistance Plan (CAP) or equivalent, and related policy documents. Where the five year evaluation period spans two CAPs, or other strategy documents, the evaluation will relate to both.

While country-led approaches are central to the way that DFID works, socio-political and environmental contexts will influence the progress and form of the development process. The CAPs articulate the country offices' plans for operationalising corporate objectives within the country context, and in most cases they will build upon or reflect the national Poverty Reduction Strategy Paper (PRSP). These plans are therefore the logical starting point for the evaluation.

#### **Overarching objectives**

The main objectives of the country programme evaluations are to assess:

- Country strategy and links to poverty outcomes and DFID's corporate objectives
- Choice of aid instruments
- DFID's role as a development partner
- DFID's success in implementing its country strategy

The CPEs will assess the DFID country programmes in terms of standard criteria although these may be customised to a degree for individual studies. The generic evaluation matrix can be seen at Annex A. It is based on DAC evaluation criteria adapted to take account of the fragile states context and considers:

## *Annex 1 – Terms of Reference*

- The relevance of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives
- The effectiveness of the overall programme in achieving the objectives set out in the country strategy, including DFID's choice of aid instruments, harmonisation with other stakeholders, policy dialogue and influencing
- The efficiency with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments

### **And to the extent possible**

Sustainability – are the reforms/ changes supported by DFID's country programme moving in the right direction and are they likely to be sustained? Has local capacity been built? Has transparency and accountability improved?

Outcome – What did the country programme achieve the objectives set? Did the positive outcomes DFID achieved justify the financial and human resources used in the programme?

Attribution – Given the direction of travel and external factors, overall how far did the country programme make a positive contribution to poverty reduction? How good a development partner was DFID?

The success with which the programmed had mainstreamed the cross-cutting issues of poverty, gender, HIV/AIDS and environment into all of its activities. What were the variables influencing the process of inclusion? What was the impact on the achievement of wider programme objectives?

Ensure that any information collected or evidence produced on multilateral effectiveness in each CPE is highlighted and forwarded to EvD.

### **Methodology, Outputs & Timing**

The consultants will produce one study report and executive summary for each country or region. The report shall be approximately 50-60 pages long (excluding annexes) and will include detailed lessons and recommendations. The evaluation summary (EvSum), should be approximately 4 pages, and will include the response from the relevant DFID office/Department, which EvD will obtain.

The other outputs required from this contract include:

- Inception reports detailing the way in which each individual CPE is to be carried out and showing the customised evaluation matrix.
- A presentation of preliminary findings to country offices before the end of the fieldwork for each study.

- A publishable synthesis report pulling together findings across individual CPEs. In 2008/09 this will cover regional programmes and in 2009/10 it will cover fragile states.

DFID also requires access to the evaluation team's interim evidence summaries, e.g. completed matrices, although it is not expected that these should be of publishable quality.

Each evaluation will involve an 'inception visit' and 'fieldwork mission'. EvD and the consultant team leader will undertake the inception visit. A team of 3-6 consultants will undertake the fieldwork, generally involving up to 3 weeks in country. In some cases the inception phase may be undertaken in the UK and the fieldwork may be organised a little differently given the fragile states focus in this round of countries.

The 'inception visit' has four key objectives:

- i. Ensuring staff in the DFID country office are fully informed about the evaluation, its purpose and how it will work.
- ii. Ensuring country/ regional office staff have an opportunity to feed in key questions they want the evaluation to address and decide whether they wish to undertake self-evaluation as part of the process.
- iii. Determining the exact nature of the individual evaluation and resolving key methodological / practical issues.
- iv. Ensuring the evaluation team has access to all relevant contacts - including all those who have worked in the country/ regional programme over the fieldwork period and all relevant partners.

Between the inception visit and fieldwork the consultants will amend the standard evaluation framework for the study to address any country-specific issues raised during the inception visit. An inception report containing this matrix will be signed off by the country office.

If the DFID country office wishes to undertake self-evaluation they will be encouraged to produce a log-frame for the entire country programme (unless this already exists), detailing the logic of their interacting projects and programmes and assessing what has been achieved. If the country office does not undertake this work and there is not clear guiding framework, the evaluation team will attempt to create a similar log frame as part of the evaluation approach.

EvD will provide supporting documentation relevant to each CPE to the consultants in good time. This will include project documentation and relevant documentation about the design, implementation and monitoring/ evaluation of the country/ regional strategy and individual programmes (but not background policy information). Prior to undertaking fieldwork, the evaluation team need to be familiar with the DFID programme, the country context and the full range of DFID policy papers that are relevant to the country programme.

The consultant is responsible for identifying and engaging a team of consultants appropriate to each country context from within their company/ consortium. The team must have good evaluation skills, understanding of DFID and the local context and ability in the languages of the country. The team should cover all the major sectors of the country programme and if possible should include at least one locally based consultant as a full team member. The consultant is responsible for setting up and planning the main field visit. If EvD wish DFID staff members to accompany the consultant CPE team, additional terms of reference specifying the roles and responsibilities will be developed. The planned consultancy team for each of the CPEs covered in this contract is shown at Annex B; it is recognised that there may yet be some changes to this (due to either DFID or the consultants) – particularly for the studies programmed later in the year.

During the main fieldwork the sector specialists and evaluation team leader will interview DFID staff (current and past) and partners (in government, multilaterals, other donors etc.) about all aspects of the programme over the five year evaluation period – using checklists as appropriate. Web based surveys of staff and other stakeholders (e.g. other donors and NGOs) will also be trialled on a pilot basis. The evaluators will systematically scrutinise the available documentation and supplement this where possible, and then use all evidence gathered to complete the evaluation matrix. One matrix should be completed for each main sector, pillar or thematic area, and the evaluation team leader (and deputy) will use these to compile the final report. Fieldtrips outside the capital city are not a standard part of a CPE but may be used on occasion if applicable. This will be determined during the inception phase for each study.

Before leaving the country the evaluation team should make a presentation to the country office on emerging findings.

Within 4 weeks of the fieldwork finishing a high quality draft report of 40-60 pages (excluding annexes and with an Executive Summary) will be submitted to EvD. Following initial checks within EvD this will be sent to the country office and staff there invited to correct any factual errors and make comments. Although country offices may challenge findings they disagree with, and sometimes have additional information to support a claim, EvD will support the evaluation team to ensure that the report remains a true independent evaluation. A second draft report and evaluation summary will be produced taking account of relevant comments. These will be subject to external quality assurance against the criteria shown at Annex C. It is expected that all draft reports submitted will have been checked for typos, formatting errors and consistency of data presented.

The Synthesis Report (which in 2009 will focus on fragile states), will be guided by a workshop scheduled for around June 2009 and should be completed by October 2009. It is anticipated that there will be a further meeting between the authors and relevant DFID policy leads to discuss emerging recommendations – perhaps after the first draft report has been produced and considered by DFID. This will assist in building ownership for the synthesis report. The report should be finalised within three months of the date of the workshop – including an Evsum; a follow up dissemination event may be required. Note, during 2008 the synthesis report from the last contract will be produced focusing on regional evaluations.

The consultants will work to the strict deadlines set out in Annex 4 and the timeliness of the delivery of reports is of the essence. Any changes to these deliverables must be agreed in advance with EvD. Team composition and timelines will be agreed prior to commencement of each of the country studies, including the necessity of any follow up visit to the country if major issues remain unresolved. The consultancy should start in April 2008.

### **Competence and Expertise Required**

One consultancy organisation or consortium will be appointed to deliver the outputs described above.

A managing consultant with extensive evaluation experience and a track record of managing country/strategic level evaluations will be required to manage the planning and delivery of the CPEs. This individual will be expected to have strong written and oral communications skills as he/she will play a role in communicating lessons learned both to country programme personnel and to a wider DFID audience.

Each CPE should have a named team leader with expertise in evaluation methodology and monitoring and performance management issues. This must include understanding of the complexities of country programme evaluation. The Team Leader must also have up to date knowledge of DFID policies and performance, planning and data systems. Access to our online systems will be provided. Team Leaders will all have CTC security clearance, and for fragile states, this will be increased to SC clearance.

Each CPE team will be made up of a combined skill set covering governance, economics, social and institutional development and human resource management and the number of team members will be appropriate to the country programme. There is not one model that will work for each country/ region being evaluated, so flexibility in team composition is essential. The team members for each country evaluation will need expertise in evaluation methodology and familiarity with development issues in the CPE countries. They should also have up to date knowledge of DFID policies and systems. Relevant experience in cross-cutting issues like gender mainstreaming, HIV and AIDS and the environment. The team should normally include a strong national/regional component.

The consultancy team will have responsibility for:

- maintaining ethical standards in implementing the evaluation
- the timely production of evidence-based conclusions, lessons and recommendations to demanding quality standards
- managing logistics in country, with support from the DFID country office, to the extent mutually agreed in the respective Inception Visit.

### **Reporting and Dissemination**

The consultants will report to the Country Programme Evaluation Team Leader or the Deputy Programme Manager in DFID Evaluation Department.

Reports will be published and distributed, electronically and in hard copy, to a wide ranging internal and external audience. The consultants should be prepared to present their findings to DFID staff and others as appropriate. Specific dissemination arrangements will be determined on completion of each country report and synthesis.

*Evaluation Department March 2008*



<b>ANNEX 2. PERSONS CONSULTED</b>		
Type of Organisation	Numbers consulted	Roles
<b><u>United Kingdom (UK)</u></b>		
Adam Smith International.	Five	Including Directors.
Afghanaid	One	Chairman
Asian Development Bank	One	Principle Governance Specialist
British Agencies Afghanistan Group (BAAG)	Two	Including advisor and programme manager.
Cabinet Office	Two	Afghanistan advisors.
Afghanaid	Three	Including Directors..
Consultants	Three	
DFID (Department for International Development)	Eighteen	Including Permanent Secretary, Director, UN, Conflict and Humanitarian Division, Head of Western Asia Department, Internal Audit and former DFID-Afghanistan personnel
Stabilisation Unit	Three	Including Head of Stabilisation Unit and advisors
FCO (Foreign and Commonwealth Office)	Five	Including Afghanistan Strategy Unit and Afghan Drugs Inter-Departmental Unit (ADIDU) personnel.
Media Support	One	Managing Director.
MOD (Ministry of Defence)	Two	Directorate of Joint Commitments (DJC) and former Head, Helmand Task Force.
Royal Navy, Fleet HQ (Head Quarters)	One	Commandant General.
SOAS (School of Oriental and African studies)	One	Senior Lecturer.
Womankind Worldwide	One	Programme Manager.

*Annex 2 – Persons Consulted*

<b><u>Afghanistan</u></b>		
Afghan Human Rights Commission	One	Chairperson
Agency Coordinating Body for Afghan Relief (ACBAR)	One	Director.
Afghanistan Development Association (ADA)	Two	Including Deputy Managing Director
Adam Smith International	Five	Including country manager and project personnel.
AIHRC (Afghan Independent Human Rights Commission)	One	Director
Aga Khan Foundation	One	Chief Executive Office, Afghanistan.
Asia Foundation	Two	Including Country Representative
Inkishafee Tarbiawee Markaz (AITM)	One	Director
Afghanistan Research and Evaluation Unit (AREU)	Three	Including director and researcher
British Embassy	Six	Including the Ambassador and 1 <sup>st</sup> Secretaries.
Canadian Embassy	One	1 <sup>st</sup> Secretary
CARE (Christian Action Research and Education)	One	Country Director.
Catholic Relief Services (CRS)	One	Kabul Representative
Civil Service Commission	One	Senior Adviser
Department for International Development (DFID)	Fourteen	Including Head of Office, advisors and programme staff.
Stabilisation Unit	Three	

European Community	One	Programme Manager.
Foreign and Commonwealth Office (FCO)	Two	1 <sup>st</sup> Secretary and Head of Counter Narcotics (CN) team.
Foreign and Commonwealth Office (FCO), Helmand	Three	Including Provincial Reconstruction Team (PRT) and Afghan Drugs Inter-Departmental Unit (ADIDU) personnel
German Embassy	One	1 <sup>st</sup> Secretary.
Government of Afghanistan, Helmand	One	Mayor
GRM International	Two	Advisors
Helping Afghan Farmers Organisation (HAFO)	One	Director
IMF (International Monetary Fund)	Four	Including Senior economists and Kabul resident representative
Japan Embassy	One	1 <sup>st</sup> Secretary
Kabul University	Two	Including Foreign Relations/Cultural Affairs
Ministry of Agriculture, Irrigation and Livestock (MAIL)	One	Director General Alternative Livelihoods
Media Support	One	Deputy Project Manager
Mercy Corps.	Two	Including Programme Co-ordinator and sector specialist
Ministry of Education	One	Minister
Ministry of Finance	One	Project Manager
Microfinance Investment and Support Facility Afghanistan (MIFSA)	One	Managing Director
(MOD) Ministry of Defence	Two	Including Deputy Commander, Task Force Helmland

*Annex 2 – Persons Consulted*

Ministry of Rural Rehabilitation and Development (MRRD)	Three	Including Deputy Minister and programme personnel.
Media Support Partnership Afghanistan (MSPA)	One	Director.
OXFAM	One	Country Director.
Office of Administrative Affairs, Government of Afghanistan	One	Deputy Director General
Office of the President	Two	Senior Adviser and Deputy Chief of Staff
Provincial Reconstruction Team (PRT)	Two	Sector advisors.
Serving Emergency Relief and Vocational Enterprise (SERVE)	Two	Including finance and programme director
Tribal Liaison Office	Two	Including Directors.
Swedish Committee for Afghanistan	One	Country Director
United Nations Assistance Mission in Afghanistan (UNAMA)	Two	Including Deputy Special Representative.
United Nations on Drugs and Crime (UNDOC)	One	Consultant.
United Nations (UN) Habitat	One	Senior Programme Manager.
United Nations Development Programme (UNDP)	Two	Gender specialists
United Nations (UNIFEM)	Six	Including Officer-in-charge and Deputy Director
World Bank	Seven	Including Country Manager, ARTF Coordinator and sector specialists.
16 Air Assault	One	Provincial Reconstruction Team (PRT) Officer.

## ANNEX 3. LIST OF REFERENCE DOCUMENTS

The evaluation team had access to DFID and FCO internal project documents, reviews, papers and correspondence too numerous to list here. Existing key DFID policy documents of relevance to Afghanistan were also referred to. There were also a large number of confidential documents made available to the team leader. The following list of documents is in addition to the huge DFID and FCO literature the team consulted.

### General

Afghanistan Independent Human Rights Commission (2007), *Economic and Social Rights in Afghanistan II*, August 2007.

Astri Suhrke (2008), *The Democratisation of a Dependent State: The Case of Afghanistan*, FRIDE, <http://www.fride.org/publication/340/the-democratisation-of-a-dependent-state-the-case-of-afghanistan>.

Astri Suhrke (2006), *When More is Less: Aiding Statebuilding in Afghanistan*, September 2006: FRIDE (ibid).

British Overseas Agencies Group (2006), *Afghanistan Briefing*, (BOAG): September 2006.

Cammack, D., McLeod, D. et al (2006), *Donors and the 'Fragile States' Agenda: A Survey of Current Thinking and Practice*, ODI: March 2006, UK.

Center for Strategic and International Studies (2007), *Breaking Point – Measuring Progress in Afghanistan*, Washington DC, February 23, 2007.

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Government of Afghanistan (2006) Afghan National Development Strategy (ANDS): An interim strategy for security, governance, economic growth and poverty reduction, GOA: January 2006.

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International Development Committee (2008), *Reconstructing Afghanistan*, Fourth Report of Session 2007-08, House of Commons, London, 14 February 2008.

Jonathan Goodhand & Mark Sedra (2006), *Afghanistan Peace Conditionalities Study*, Netherlands Institute of International Relations, June 2006.

Karp, C. (2006) 'Leading by example: Australia's Reconstruction Task Force and the NGO Civil-Military Relationship in Afghanistan', *Security Challenges*, 2 No 3: p.1-8.

M Suleman & D Copnall (2006), *Independent Review of GCPP Afghanistan*, CA-SDF, April 2006.

Matt Waldman (2008), *Falling Short: Aid Effectiveness in Afghanistan*, ACBAR Advocacy Series: March 2008.

UNDP (2006) Fact Sheet Counter Narcotics Trust fund (CNTF), UNDP: January 2006.

United Nations (2007), Report of the UN Secretary General on Afghanistan: 27 September 2007.

United Nations (2008), Report of the UN Secretary General on Afghanistan: 6 March 2008.

World Bank (2006), Interim Strategy Note for the Islamic Republic of Afghanistan for the Period FY 07-FY 08, Washington, 2006.

### **State-building**

Altai Consulting (2004), *Assessment of NSP Facilitating Partners: Common Final Report* (including appendices on Lessons Learned and Key Recommendations), Kabul, August 2004.

Asta Olesen & Asger Christensen (2007), *Afghanistan – Assessment of the scope for strengthening the role of NSP Community Development Councils in local governance*. Report for the World Bank TA on Public Administration Reform, June 2007.

Chris Berry & Adaeze Igboemeka (2004), *Service Provision in Difficult Environments: Issues arising from DFID support to health sector interventions in Burma, Afghanistan, Nepal*, DFID (unpublished), 2004.

Ghani, A. and Lockhart, C. (2006) *Rethinking Nation-Building*, The Washington Post: 1 January 2006.

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Inger Boesen (2004), *From Subjects to Citizens: Local Participation in the National Solidarity Program*, *Afghanistan Research & Evaluation Unit (AREU) Working Papers*, Kabul, August 2004.

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British and Irish Agencies Afghanistan Group (2007), *Briefing Notes: NGO concerns on the immediate and long term impact of the existing aid policies on front-line livelihoods programmes and essential services in Afghanistan*, 27th February 2007.

Chipeta, S. (2006), *‘Concepts for Community Based Agricultural Service Systems in Afghanistan’*, Support to Strategic Planning for Sustainable Rural Livelihoods – Afghanistan, Danish Agricultural Advisory Service: January 2006.

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Letter from British and Irish Agencies Afghanistan Group to the International Development Committee: 23 April 2008: *Inquiry into Afghanistan*.

Mansfield, D. and Pain, A. (2005) *Alternative Livelihoods: Substance or Slogan*, AREU: October 2005.

World Bank and DFID (2008), *Afghanistan: Economic Incentives and Development Initiatives to Reduce Opium Production*, February 2008.

### **Economic Management**

Government of Afghanistan [Afghanistan Ministry of Finance] (2004) *Financial Report: 4<sup>th</sup> Quarter 1380 – 2<sup>nd</sup> Quarter 1383 [21 January 2002 – 20 September 2004]*, GOA: October 2004.

*Annex 3 – List of Reference Documents*

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Government of Afghanistan [Afghanistan Ministry of Finance] (2006) Summary of International Assistance to Afghanistan, GOA: November 2006.

Ruth Lister (2006), *Moving Forward? Assessing Public Administration Reform in Afghanistan*, Afghanistan Research and Evaluation Unit: September 2006.

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World Bank (2006) Managing public finances for development (Ch. 8 Delivering Services to the Afghan people), World Bank: February 2006.



## ANNEX 4. AFGHANISTAN COUNTRY PROGRAMME EVALUATION MATRIX

Sector: \_\_\_\_\_

EVALUATION CRITERIA	KEY QUESTIONS	Evidence Base to consult (key documents to be identified in inception phase)
(Chapter 1: Introduction and Methods)		
Context (to form Chapter 2 of report: Context: 2002 - 2007)		
Political and post-conflict situation. Key events over period including factors beyond control of development partners, MDG progress (and variation by gender, rural/ urban, ethnic group etc.); progress with peace-building and capable, accountable and responsive state-building. Importance of aid to the country and no. of donors active in area. Key agreements / strategies / reviews that influenced DFID's work.		
Relevance (to form Chapter 3 of report: To what extent was DFID's strategic approach relevant in a fragile states context)		
Overall strategy and areas/sectors selected for intervention	<ol style="list-style-type: none"> <li>1. Throughout the evaluation period and as the context evolved, did DFID have clear and focussed country/ sector strategies that explained the rationale for interventions supported? What were the key underlying assumptions of the programme from 2002, and did these change over time? (eg options considered, analysis done, choices made and why etc.).</li> <li>2. How far were strategies based on a realistic analysis of the country situation, including political economy/conflict analysis? What analysis did the DFID Office undertake, or draw on in developing its strategies and what tools/frameworks did it use? Was it appropriate/sufficient? Did it consider the links between development and conflict? Did it inform strategy?</li> <li>3. Over the period, how far were strategies aligned with development needs and policy priorities of the country, (eg aligned with the the National Development Framework (NDF, April 2002), Securing Afghanistan's Future (SAF, March 2004), and Interim Afghanistan National Development Strategy (I-ANDS, December 2005)? Related to off-track MDGs? In line with peace-building strategy/needs etc.) ?</li> <li>4. How far were strategies aligned with or determined by broader HMG objectives? How were the links between political, security and development objectives addressed?</li> <li>5. To what extent were strategies in line with corporate priorities? (e.g Fragile states policy (2005), Conditionality paper (2005), conflict guidelines, cross-Whitehall working and relevant sector strategies). For example, when key decisions were being made in 2005/06 (over Helmand, and the comprehensive UK approach) was there any disconnect between policy (White Paper, etc) and these decisions?</li> <li>6. Were strategies in line with a focus on state-building and delivering security and justice for the poor – strengthening core functions of the state (e.g. security and justice, revenue mobilisation) and improving accountability and legitimacy?</li> <li>7. Were changes to strategies appropriate given the context or were there too many/ too few adaptations?</li> </ol>	<p>Reference should be made to reputable data and analysis from other agencies, academics, etc.</p> <p>To what extent does the consensus established around the Bonn (2002) and London (2006) agreements - that ISAF was essentially a peace enforcement operation, and that PRTs would help extend the influence of the central government – still hold; and what does this mean for the DFID programme?</p> <p>What are the key papers that would allow consultants to identify appropriate state-building activities and so address question 6?</p>

Annex 4 – Afghanistan Country Programme Evaluation Matrix

Risk Management	<p>8. How systematically did DFID assess the external risks (ie political governance, conflict, economic and fiduciary) and the internal threats to the country strategy? Were regional and international factors assessed? Did DFID consider risk of potentially negative impacts of development assistance on the conflict situation? Were measures taken to minimise these e.g. through tools such as Do No Harm, Peace and Conflict Impact Assessment etc.</p> <p>9. How did DFID address the inherent contradiction between a short-term outlook and approach commensurate with military actions on the ground (particularly in hazardous areas such as Helmand) and a longer term developmental approach? How did DFID adapt itself to a 'stabilisation' agenda? And is there a proven relationship or dependence between stabilisation and longer-term development?</p> <p>10. How comprehensive were plans to minimise the identified risks? What tools were used – e.g. scenario and contingency planning</p>	
Portfolio profile	<p>11. What interventions did DFID support over the evaluation period? Was there an appropriate balance in the size and scope of the chosen portfolio?</p>	Descriptive summaries of the programme should be in a box.
DFID's choice of aid instruments	<p>12. What mix of aid instruments was intended and how did this change over the evaluation period? Was there a sufficient balance between use of long term and shorter term instruments? And between pooled funding, multi-lateral and bi-lateral funding?</p> <p>13. To what extent did choices about aid instruments reflect the political economy and governance / conflict context of the country (e.g. analysis of incentives and disincentives provided by aid and instruments used vis a vis conflict reduction and state building))and DFID policy? Was there an appropriate balance between support through government and non-governmental channels?</p> <p>14. Was funding shifted between instruments, or delayed / suspended? Was this in line with the DPA and other broader HMG policies?</p>	
DFID's partnership working	<p>15. How did DFID approach working with: a) Government (central, provincial, local), b) civil society, c) multi-lateral organisations (WB, UN, EU), d) other bilateral donors? Were there explicit strategies? What was the basis of any influencing agenda? Was the balance among chosen partners appropriate?</p> <p>16. How did DFID work with OGDs – FCO, MoD, Cabinet Office. How and when did a joint HMG strategy emerge? Was there pooled funding / staff / systems? Was security sector work integrated with OGDs?</p> <p>17. To what extent did DFID seek to strengthen harmonisation across the donor community? (was there joint analysis, pooled funding, joint reporting etc?)</p> <p>18. How well did DFID consult with and communicate its aims and objectives to development partners?</p>	

DFID's approach to cross-cutting themes	19. Did DFID have a strategy for mainstreaming cross-cutting issues such as conflict, gender, social exclusion, human rights, HIV/AIDS and environmental protection? (and was this consistent with corporate policy) on these issues?). Was counter-narcotics treated as a cross-cutting issues, and how?	
Level and allocation of resources	20. Were strategies appropriate to the level of resources anticipated? 21. How far did planned spending and use of staff time reflect strategic objectives? Was there an appropriate balance between staffing in London and Kabul? 22. Was geographic coverage too narrow / wide for resources available? 23. Were other donor resources and plans in the country taken into account to avoid over / under – aiding and aid volatility?	A brief outline of the scope/scale of other donor programmes can be used to contrast with the DFID programme.
Results focus	24. How far were DFID's planned interventions sufficiently results-focused and subject to monitoring? (e.g were there results frameworks? Was there a sufficient balance between quantitative and qualitative indicators to fully understand impact?)  25. How far were the results of reviews used to reconsider design/ direction of work,, resources (financial and human) and staff allocation priorities?	PRISM documents
II. Effectiveness and III. Efficiency (Chapter 4: How successful was DFID in terms of engagement in development and delivering results in a time of conflict?)		
Delivering on strategy	26. How far were objectives set out in strategies achieved in practice (CAP performance objectives and other strategic outcomes)? What explains any areas of divergence? 27. How effectively did the country office manage the strategic risks that emerged? To what extent did effective risk analysis assist DFID's engagement through the post-conflict transition?	
Results	28. How far were the objectives and performance indicators for individual DFID interventions achieved? (drawing on data from project reviews and PRISM scores) 29. How did individual DFID programmes function during the different phases of conflict (immediate post-conflict/humanitarian, post-conflict transition, new insurgency etc.)? What explains key successes and failures with regard to programme objectives? What was the role of govt and non govt. actors? 30. Were the choices regarding discontinuing programmes (e.g. in livelihoods) appropriate, given the wider context?	Draw on PCR, AR docs, and comment on validity of scores (if able).
Efficiency	31. Was DFID's actual disbursement in line with expectations and plans? Were there any significant changes or delays? 32. How was staff time spent? (influencing/ policy work, project/ programme work, field work, corporate reporting/ activities, liaising with OGDs and other donors) 33. Was the skill mix and continuity of staff appropriate to the country context and strategy?	Look at staff timelines, skills and issues of continuity.
Aid effectiveness	34. How effective was the mix of aid instruments in achieving objectives? Were the different instruments used in a complementary way? 35. How effective has DFID been in pursuing its development agenda (including peace building) with partners including other parts of the UK Government, the partner country Government, Civil Society, NGOs?	Not to be confused with the 'relevance' section (above). This points to evidence on effectiveness of the choices

Annex 4 – Afghanistan Country Programme Evaluation Matrix

	<p>36. Has DFID operated in accordance with the emerging principles of aid effectiveness in fragile states? [And if not, why not? Have there been the tensions? ]</p> <p>37. How well has DFID communicated its results / lessons/ good practice?</p> <p>38. What methods has DFID used to effectively communicate its programme in the media to an Afghan audience?</p>	actually made.
DFID's delivery on cross-cutting themes	<p>39. How well were issues of conflict, gender, social exclusion, human rights, HIV/AIDS and environmental protection actually integrated across the programme? And the counter-narcotics agenda?</p> <p>40. Were results disaggregated by gender, social group etc. and what does the data show?</p> <p>41. To what extent was DFID's peace-building and state-building work undertaken discretely and to what extent through other aspects of the programme?</p>	
Impact and Sustainability Chapter 5: What impacts has DFID Afghanistan helped to achieve?		
Outcomes and sustainability	<p>42. What is the evidence to support the view that DFID helped contribute to the peace building process and improve the security situation in the country?</p> <p>43. To what extent has the policy and governance environment (eg accountability, action on corruption) been strengthened? Is there evidence to show that TA support is sustainable and renders results?</p> <p>44. What is the evidence to show that DFID has helped contribute to specific development outcomes and PRS achievements? (PSA/ DDP/ direct project/ programme impacts and 'indirect' benefits around policy dialogue)</p> <p>45. Are the development changes or reforms supported by DFID's country programme likely to be sustained / difficult to reverse? Have parallel systems been set up to deliver projects, and if so is there a plan to integrate them into government systems? To what extent has local capacity been built?</p> <p>46. Has DFID added value through gains in aid effectiveness? For example, contributing analysis/ tools/ support on harmonisation?</p>	
What lessons can DFID draw from the evaluation for informing future country, regional or corporate planning and operations?		
Chapter 6: Lessons and recommendations		
Strengths and weaknesses of DFID	<p>47. What are the key strengths demonstrated by the DFID office?</p> <p>48. What are the key weaknesses demonstrated by DFID?</p>	
Lessons	49. What lessons (from positive and negative findings) can be drawn for DFID's future work in the country?	
	50. What lessons can be drawn more widely for DFID and its work in other post-conflict and fragile situations?	

## ANNEX 5. TIMELINE OF KEY EVENTS

Year	Political event	DFID programme
2002	<p>April 2002 Publication of National Development Framework.</p> <p>January 2002 International donors convene International Conference on Reconstruction Assistance to Afghanistan in Tokyo.</p> <p>June 2002 The Emergency Loya Jirga-Hamid Karzai was elected as the President of the ATA.</p> <p>October 2002 A Constitutional Commission of 35 members appointed to draft a constitution.</p> <p>December 2002 First Provincial Reconstruction Team (PRT) established.</p>	<p>British Embassy opens 22 Dec 2001. Emergency phase still dominant.</p> <p>January 2002 Tokyo conference DFID pledges £200m over 5 years (02/03 – 07/08).</p>
2003	<p>Spring 2003 Insurgents commence orchestrated campaign of terrorist attacks on targets associated with state-building and reconstruction processes.</p> <p>June 2003 First suicide attack in Kabul.</p> <p>December 2003 Constitutional Loya Jirga delegates -- 500 Afghan civic leaders -- met in Kabul to debate draft constitution.</p> <p>December 2003 Ring Road stage one, linking Kabul to Kandahar completed, a major rebuilding project sponsored by the U.S., U.K. and Saudi Arabia.</p>	<p>Transitional CAP. Funding of NSP.</p> <p>June 2003 UK leads its first PRT in Mazar-e-Sharif.</p>
2004	<p>March 31 -- April 1, 2004 International Conference on Afghan Reconstruction in Berlin.</p> <p>October 2004 Afghan Presidential election. More than 8.1 million Afghans participated.</p> <p>3-December 2004 Inauguration of Hamid Karzai as democratically-elected President of Afghanistan.</p> <p>“Securing Afghanistan’s Future” launched Prime Minister Afghanistan Drug Action Plan 2004-06.</p>	<p>Berlin Conference, DFID increased its (Tokyo) pledge to at least £500m in the same 5 year period (02/03 – 07/08).</p> <p>DFID programme management devolved to Kabul.</p> <p>Alternative livelihoods strategy (Badakshan – including cash-for-work, Hezarejat).</p> <p>Funding of MISFA.</p> <p>Evaluation of GCPP.</p>

*Annex 5 – Timeline of Key Events*

2005	<p>May 2005 U.S. and Afghanistan formalized Strategic Partnership, reaffirming U.S. long-term commitment to Afghanistan's reconstruction and stabilization.</p> <p>September 2005 National Assembly and Provincial Council elections. More than 6.2 million Afghans vote.</p> <p>December 2005 National Assembly inaugurated in Kabul.</p>	DFID Interim Strategy – 3 pillars (state building/ livelihoods/ economic management).
2006	<p>January 2006 International Conference on Afghanistan in London. Donors commit themselves to support the reconstruction of Afghanistan for a further five years on the basis of the Afghanistan Compact.</p> <p>Publication of Interim Afghanistan National Development Strategy.</p> <p>Summer 2006 ISAF scheduled to expand mission in southern Afghanistan, and increase troop presence.</p>	Shift of emphasis towards central government budget support UK opens/leads Helmand PRT.
2007	<p>August 2007 Opium production soared to a record high.</p>	
2008	<p>March 2008 Launch of ANDS.</p> <p>June 2008 Donors Conference</p>	
2009	<p>March 2009 HIPC deadline</p>	

## ANNEX 6. TABLE SHOWING NET DISBURSEMENTS

Table showing the net disbursements for ODA from the top 20 donors to Afghanistan 2002–2006 (USD, millions)

Year		2002		2003		2004		2005		2006		2007		Total 2002–2007	
	Country	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
1	United States	367.61	28%	485.79	31%	778.29	36%	1318.3	48%	1403.71	47%	1514.28	38%	5,868	40%
2	EC	143.72	11%	208.03	13%	212	10%	256.62	9%	220.9	7%	307.46	8%	1,349	9%
3	United Kingdom	130.8	10%	98.61	6%	224.01	10%	219.92	8%	246.49	8%	268.71	7%	1,189	8%
4	Japan	31.7	2%	134.42	8%	172.52	8%	71.05	3%	107.42	4%	101.01	3%	618	4%
5	Germany	92.57	7%	82.1	5%	75.13	3%	99.23	4%	117.99	4%	217.15	5%	684	5%
6	Netherlands	88.28	7%	77.37	5%	90.31	4%	79.09	3%	87.34	3%	88.82	2%	511	3%
7	Canada	35.81	3%	73.13	5%	56.24	3%	89.47	3%	140.27	5%	345.39	9%	740	5%
8	Norway	60.86	5%	68.78	4%	67.73	3%	59.95	2%	69.68	2%	94.42	2%	421	3%
9	Sweden	27.52	2%	41.88	3%	55.68	3%	44.22	2%	46.42	2%	56.15	1%	272	2%
10	Italy	28.34	2%	38.16	2%	37.31	2%	27.39	1%	32.5	1%	62.04	2%	226	2%
	Other Donors *	106.26	8%	109.76	8%	149.66	12%	172.6	13%	188.3	14%	350.32	9%	1,077	7%
	All Donors, Total	1300.49	100%	1590.7	100%	2171.13	100%	2752.09	100%	2999.76	100%	3951.08	86%	14,765	100%

Source: Data extracted on 30/05/2008 from OECD Stat.

\* Includes the next top ten donors: Turkey, Denmark, Switzerland, Australia, Spain, Finland, France, Korea, Greece &amp; Austria.





## ANNEX 7. ON THE STATE BUILDING PORTFOLIO

### DFID Afghanistan state building portfolio – major projects, 2002–2008

Within the state-building portfolio, early projects included support for the constitutional process, followed by support to the presidential, parliamentary and provincial elections in 2004–5. The elections projects supported planning and implementation, voter registration, civic education and election monitoring activities<sup>122</sup>. DFID contributed £5m to the UK Provincial Reconstruction Teams (PRT) from August 2003, under the Provincial Stabilisation Programme. Its aim was to support the military stabilisation effort, and DFID's contribution was to deploy several Development Advisers (DAs) in a number of PRTs<sup>123</sup>. The focus of the programme changed significantly in 2006 following the shift in UK priorities to Helmand.

DFID's support for Public Administration Reform (PAR) was initiated in October 2003 through the Second Emergency Public Administration Programme (SEPAP), to which DFID committed £1.67m. SEPAP aims to “support the design and implementation of priority reforms and restructuring (PRR) of the Afghan civil service”. Its goal is to achieve a more effective and efficient Government that can perform basic functions (budgeting, policy formulation and basic service delivery). DFID's support for SEPAP has continued throughout the evaluation period, and the programme has evolved as the PAR agenda has become more holistic to include pay and grade reform, capacity-building and sub-national governance.

DFID provided a further £5 million of support to PRR with a specific focus on the Centre of Government institutions from December 2005, including the Office of Administrative Affairs and the Chief of Staff to the President. The project (SCoG) aims to “strengthen institutions at the CoG so they are more agile, transparent and effective in their support to the Office of the President as it strives to achieve its policy objectives”. It includes support for rehabilitation of office facilities, provision of equipment including IT, and reform of administrative, policy and decision-making processes<sup>124</sup>.

The National Solidarity Programme (NSP) with its focus on community empowerment has important relevance to the demand side of local governance. DFID gave early, substantial support to the programme, initially committing £13m, but ultimately totalling £56 million by early 2008. Alongside its primary focus on rural reconstruction, NSP had an important local governance dimension from the outset. Its primary benefit was to be “the empowerment of local communities through the establishment of village level consultative decision making and representative local leadership.” NSP aimed to channel resources through block grants to rural

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<sup>122</sup> Programme titles / purpose statements.

<sup>123</sup> PSP programme update.

<sup>124</sup> Programme memorandum.

communities for investments in reconstruction or development activities planned and managed by the communities themselves. Decisions were to be made through Community Development Councils (CDCs) elected through secret ballot, forming the basis of interaction between communities and local government<sup>125</sup>.

Another national priority program, the Afghanistan Stabilisation Programme, was supported by DFID from 2004. Its purpose was to “establish basic security and good governance in the district and provinces of Afghanistan, through well-sequenced and co-ordinated development interventions focusing on security, governance and reconstruction”. The Governance and Reconstruction component included training, establishment of a Provincial Stabilisation Fund, administrative reform, district infrastructure, and establishment of a programme management unit. DFID made a single payment of £20m directly to the Government in support of this component of the programme in March 2004.

The Strengthening Counter Narcotics in Afghanistan Project (SCNIAP) started in August 2005, and aims to strengthen the government institutions responsible for counter narcotics at central and provincial levels. DFID committed £12.7m, and the programme was delivered as part of the UK’s broader effort on counter-narcotics. Oversight was transferred to the Embassy in Kabul in 2007.

The next phase of DFIDA’s state-building programme aims to support the ANDS in governance, with a focus on capability, accountability and responsiveness, reducing conflict, and supporting justice sector reform<sup>126</sup>. Recent programme commitments that have been made include:

- (i) £4.5m to the Management Capacity Programme, to help recruit additional qualified Afghan staff to line management positions in ministries considered of priority to service delivery and improved budget execution;
- (ii) £3m to the National Justice Programme to help achieve progress in reform of the justice sector, in order to consolidate public trust in the Government, by promoting the rule of law, and safety and personal security for all Afghans<sup>127</sup>.
- (iii) £2.4m for work on Strengthening Municipal and Community Development in Helmand, supporting UN Habitat to achieve infrastructure improvements in up to four districts underpinned by community participation (urban CDCs) and municipality-led planning<sup>128</sup>.

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<sup>125</sup> All from original GoA/WB programme memorandum.

<sup>126</sup> Portfolio review 2007 submission.

<sup>127</sup> Aide memoire ARTF NPP for justice.

<sup>128</sup> Project document February 2008.

- (iv) £1.7m to improve the communication capability of the Office of the Presidential Spokesperson (OPS), on the basis that better use of communications and media is an essential aspect of the Government of Afghanistan’s strategy for countering the Taliban insurgency<sup>129</sup>.
- (v) £1.3m to support the Independent Directorate of Local Governance (IDLG). The project’s purpose is that the “Government of Afghanistan is able to bring stability to key provinces and reach consensus on sub-national policy”. It includes setting up an IDLG provincial advisory team in Helmand to contribute to provincial stabilisation.

A new conflict transformation programme to “ensure that district level political settlements to violent insurgency are negotiated and sustained between the Government of Afghanistan and tribal society in southern Afghanistan” is currently under design.

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<sup>129</sup> Project document February 2008.

## DFID STATEMENT OF PURPOSE

DFID, the Department for International Development: leading the British Government's fight against world poverty. One in six people in the world today, around 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help tackle the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made.

DFID's work forms part of a global promise to:

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

Together, these form the United Nations' eight 'Millennium Development Goals', with a 2015 deadline. Each of these Goals has its own, measurable, targets.

DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of some £5.3 billion in 2006/07. Its headquarters are in London and East Kilbride, near Glasgow.

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