



# Monitoring the Principles for Good International Engagement in Fragile States and Situations

Country Report 1: Islamic Republic of Afghanistan



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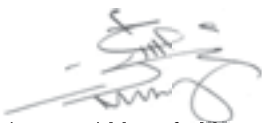
## Foreword

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The effective and principled engagement of the international community in the delivery of aid within Afghanistan is one of the most challenging issues facing the Government and the nation, particularly within the context of a country recovering from the legacy of decades of conflict, and facing an ongoing security problem. In order to best guide this engagement, Afghanistan has developed a central strategy for reaching its development goals which was released on 21 April 2008 as the Afghan National Development Strategy. Despite outlining this approach, of the over \$35 billion of assistance funding that has flowed into the country since 2001, much of it was channeled outside of government oversight, with large sums often not directed at national development priorities. This has created a situation where, regardless of the modality of funding, there is a significant reliance upon donors themselves to provide their support in a manner which is in the best national interest, and in a way that promotes the transparent, sustainable and long-term growth of the country, and equally importantly, avoids creating additional difficulties.

Within the complexity of an Afghan environment which involves a huge range of civilian, military, governmental, civil society and other actors, this is a significant but not insurmountable challenge. It requires the Government of Afghanistan and the international community to work together in partnership to deliver on the best practices identified by the OECD. It also needs the international donor community to commit to adjusting the targeting and objectives of their assistance to match the identified needs, and where possible to also change the mechanisms and management approaches used for its delivery to further reinforce the central role of the Government. Without this, Afghanistan will continue to suffer from the provision of often unco-ordinated and in some cases counter-productive assistance that does not contribute to the Government's overall focus on economic growth.

Assistance also needs to be delivered in a manner which is most suitable for the environment, which focuses on the people's critical requirements where they are, and which builds not only state institutions, but also the populations' confidence in them. Without this, Afghanistan will remain reliant on cast sums of international assistance, and not develop the capacities to manage and execute its own national programmes and policies in support of its recovery. It also needs to be done right, from the very beginning, in order to ensure that support is coherent, sustainable and progressive. The *Principles for Good International Engagement in Fragile States and Situations* provides a road-map to assist in reaching this goal, and this report outlines the progress made by Afghanistan and the international community in that direction, as well as outlining where there is room for improvement. The road that we are on will need continuous monitoring and oversight in order to achieve the defined goal, but the strong and continuing partnership between the Government and people of Afghanistan on one side, and the international community on the other, will ensure long-term success.



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## Acknowledgments

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This Country Report is part of the baseline Fragile States Principles Monitoring Survey (2009), which is supported by the Organisation for Economic Co-operation and Development (OECD).

It was prepared by Ms. Françoise Jacob (Altai Consulting) on the basis of the multi-stakeholder consultation held on 17-18 June 2009 in Kabul, also facilitated by Altai Consulting, under the responsibility of the National Co-ordinator, Mr. Hamid Jalil (Ministry of Finance), supported by the International Focal Point, Mr. Mark Ward (Special Adviser, UNAMA). The Department for International Development (DFID) has also provided additional strategic guidance is provided by through regular meetings of the Advisory Group. Ms. Juana de Catheu (OECD) edited the report and Ms. Maria Zandt (OECD) contributed to the statistical data and annex.

The Government of the Islamic Republic of Afghanistan and the OECD wish to thank all the national and international stakeholders who have contributed to the consultation, including Henri Morand (United Nations Development Programme), Willi Graf (Swiss Development Co-operation), Susanne Schmeidl (Tribal Liaison office), and Shumsa Tahseen (Altai). It is hoped that the findings of this report will help improve the impact of international engagement in Afghanistan.

The baseline round of the Fragile States Principles Monitoring Survey (2009) has produced six Country Reports and a Global Report available on the Survey website: [www.oecd.org/fsprinciples](http://www.oecd.org/fsprinciples). It will be followed by a second round in 2011 to measure progress over time and results will be presented at the 4th High Level Forum on Aid Effectiveness (Seoul, 2011).

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## Acronyms and abbreviations

AACA	Afghan Assistance Co-ordination Authority
ACBAR	Agency Co-ordinating Body for Afghan Relief
ADA	Agricultural Development of Afghanistan
ADF	Afghan Development Forum
ANA	Afghan National Army
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
ARTF	Afghanistan Reconstruction Trust Fund
ASGP	Afghanistan Sub-national Governance Program
CDC	Community Development Council
CERF	Central Emergency Response Fund
CNTF	Counter Narcotics Trust Fund
COAR	Co-ordination of Afghan Relief
DFID	Department for International Development
EC	European Commission
ECHO	European Commission Humanitarian Office
EQUIP	Education Quality Improvement Program
GIRoA	Government of the Islamic Republic of Afghanistan
HAFO	Helping Afghan Farmers Organizations
IARCSC	Independent Administrative Reform and Civil Service Commission
IDLG	Independent Directorate for Local Governance
JCMB	Joint Co-ordination and Monitoring Body
LOTFA	Law and Order Trust Fund for Afghanistan
MAIL	Ministry of Agriculture, Irrigation and Livestock
MOF	Ministry of Finance
MOPW	Ministry of Public Works
MRRD	Ministry of Rural Rehabilitation and Development
MDTF	Multi-Donor Trust Fund
n.a.	not available
NATO	North Atlantic Treaty Organization
NEEP	National Emergency Employment Program
NSP	National Solidarity Programme
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRT	Provincial Reconstruction Team
QIPs	Quick impact projects
UNAMA	United Nations Assistance Mission to Afghanistan
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Support
USAID	United States Agency for International Development
WHO	World Health Organization
3Ds	Defence, diplomacy and development



## Executive summary

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The Afghanistan Country Report is not an experts' report but rather reflects the findings from dialogue among 50 stakeholders representing both national and international institutions, complemented by interviews and data collection ([www.oecd.org/fsprinciples](http://www.oecd.org/fsprinciples)). It aims to review the implementation of the *Principles on Good International Engagement in Fragile States and Situations*, two years after the *Principles* were endorsed by ministers of the OECD Development Assistance Committee's 23 member countries, and to identify priority areas to improve the collective impact of international engagement. Implementation of the Principles will be reviewed again in 2011.

Afghanistan fits in just about every category of the fragile states classification:

- Deep structural poverty coupled with difficult access to many regions in the country.
- A dysfunctional state compounded by thirty years of war, resulting in a deep disconnection between the state and the population.
- A growing insurgency fuelled by external elements and insufficient economic and employment opportunities.
- An illicit economy that thrives under the various regime changes (reaching about 50% of the GNP at its peak in 2006: United Nations Office on Drugs and Crime, 2008) and fuels local and regional conflicts.
- A high dependency on international aid, in both the development and the security sectors: 65% of recurrent government expenditures are financed from domestic revenue, while 35% comes from foreign aid.

### 1. Main issues

In the review of the Principles, both Afghan and international participants raised three main issues:

- **Should statebuilding be at the centre of all peacebuilding and development efforts** to ensure the overall improvement of the country? Statebuilding was often stressed by the Afghans as a means to reach a better state of development, rather than an objective in itself. Several participants were of the opinion that a lot more attention should be paid to the non executive branches of government, to state/societies relations,<sup>1</sup> to strengthening civil society, and to improving the connection between top-down and bottom-up approaches.<sup>2</sup>
- **What is the impact of foreign military intervention (the coalition forces and the NATO/PRT units) and international development and humanitarian assistance:** Supporting or weakening statebuilding (Principle 3)? Contributing to defusing local tension or to deepening conflict (Principle 4), and to regional discrimination or to strengthening sub national governance (Principles 6 and 10)? Do they favour short term actions at the expense of coherent long term sustainable engagement (Principle 9)?
- **Which clear and coherent criteria need to be developed for a phased exit strategy**, particularly in the security arena? This question was raised several times by government and non-government actors, as a significant obstacle to a normalisation of the situation. Participants have highlighted the need to establish and to enforce clearer boundaries for military engagement, as well as proper sequencing between a military-backed "aid package" and government led "development activities". Participants from the Afghan military and security establishment have repeatedly asserted the need to increase training support to the Afghan National Army and the Afghan National Police, rather than increase foreign presence.<sup>3</sup>

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1 "There is an urgency to reconnect the government with the people", Minister of Rural Rehabilitation and Development (MRRD) - Interview, May 09.

2 Consistent with OECD definitions, statebuilding is defined here as encompassing both the capacity of the state (executive branch of central and local governments, legislative and judiciary) and its accountability and legitimacy (state-society relations).

3 Interviews (May-June 2009, Kabul): Ministry of Defence, Afghan NGOs.

## 2. Overall results

Application of the *Principles* has been relatively poor in Afghanistan. While the challenging situation faced on the ground partly explains why this is the case, there is significant room to improve the collective impact of international engagement.

**The *Principles* touch on a wide range of sensitive issues** related to the reconstruction in Afghanistan. These include the capacity and reach of the state institutions which remains limited, alignment of donors to local priorities which remains a constant challenge, coordination of aid which is slowly improving and the impact of the foreign military presence which is both positive and negative at the same time. This latter point represents the crux of the challenge in Afghanistan. The foreign military presence has helped restore order and stabilisation. At the same time it creates strong tension at the local level and local militia present themselves as freedom fighters.

**It is well recognised that Afghanistan presents one of the most complex environments for the delivery of short term and long term aid**, as the country engages in a massive combined (re)construction of infrastructure, institutions, and capacity. Much of the Southern and South Eastern part of the country is engulfed in what many call an open conflict, where delivery of humanitarian aid and basic services is strongly restricted by insecurity, threats to local population and operators, and vast military operations. Afghanistan, in contrast with many other countries in fragile situations, has been the focus of intense strategic interest since 2001. The increase in, and diversity of, national and international actors,<sup>4</sup> both at the strategic and operational level, the multiplication of coordination and consultation mechanisms and platforms, and the rapidity at which they succeed one another, continue to make Afghanistan one of the most challenging contexts to understand and in which to operate. The rapid change-over in international staff is one area where donors can and need to do better and contracts of less than one year should not be encouraged.

**Specifically, the role of the military as an element of the international engagement influences the response to a wide range of the *Principles***, due both to its involvement in the counter-insurgency campaign and related security activities, as well as in the delivery of humanitarian and development assistance. It could be considered that the scope and scale of this engagement plays a significant role in how donor nations perceive and respond to the *Principles*, particularly those with respect to issues such as local context, Do No Harm, and the recognition of the links between political, security and development objectives. In reality, the Do No Harm principle has been violated repeatedly. However, it is equally true that more harm would have taken place had the international military forces not been present. This leads to a deeper question on how the Do No Harm principle should be applied in an area experiencing combat.

**Afghanistan has seen a wide range of experimental approaches supported by international assistance, and many have succeeded in moving the reconstruction agenda forward.** It took six years and several interim processes and documents<sup>5</sup> to develop a comprehensive development framework such as the Afghanistan National Development Strategy (ANDS), which is receiving increasing support from the donors. Central budget systems are still used cautiously by a limited number of donors, but the share of the World Bank managed Afghanistan Reconstruction Trust Fund (ARTF) in the national recurrent budget is diminishing every year, with an increasing reliability on internal revenue collection.<sup>6</sup> The government institutions, despite slow buy-in into the reform that started in 2003, and recurrent limitations in management practice, are constantly adjusting and seeking to improve their structure and delivery channels, through a slow but steady process of building institutional and individual capacity. That being said, the government faces an endemic corruption challenge, which it now must take on systematically if the fragile peace in Afghanistan is to be sustained.

4 More than 60 donor countries engaged with the government through a range of funding and technical assistance mechanisms.

5 The Afghan Development Forum, the Afghanistan Compact, the Interim-Afghanistan National Development Strategy.

6 However, the investment window of ARTF is increasing.

### 3. Five key principles

During the monitoring exercise, five Principles were pre-eminent, often encapsulating others.

**“Take Context as the Starting Point” (Principle 1) is considered by all as the most central principle, but also crystallised the most divergent perceptions and opinions**, some seeing Afghanistan as a country at war and others seeing the country in post-conflict terms. A unified understanding of context will need to be developed, as without a common understanding of context the approach taken by donors and government can be less than coherent.

**The application of “Do No Harm” (Principle 2) has been violated repeatedly: in terms of security and loss of life and in terms of corruption and the perception of the state.** The need to “Do No Harm” has an impact on all aspects of the reconstruction process: *Security* (reform and training of security forces, long lasting impact of foreign military intervention), *Governance* (support – or lack of it – to national systems, parallel implementation units, and corruption), *Economic* (market distortions on salaries and imports, misguided economic strategies), *Social* (discrimination /exclusion).

**“Statebuilding as the Central Objective” (Principle 3) is generally supported by all participants, but state-society relations are still regarded as the biggest missing link in the reconstruction process.** The international intervention of the past eight years has created both weaknesses and strengths in the legitimacy of the state: *e.g.* shifting or un-coordinated policies; ambivalent impact of the military intervention. The unpredictability of aid, which fluctuates widely from one year to the other, and the limited discretionary funds available to government, contribute to uncertainties in funding the development part of the national budget, and affect the consolidation of the government priorities and reach.

**The Integrated Approach promoted by Principle 5 is an acutely complex issue in Afghanistan, with a range of frictions existing between the three policy communities at the international level.**

- The international response in Afghanistan seems largely to depend on priorities established by donors at HQ, with some donors giving priority to stabilisation, others governance and others humanitarian assistance.
- It is felt by some that the overarching political and development agenda is overly influenced by security and stabilisation objectives in the field, resulting in development actors having to adjust their initiatives based on evolving political agendas (often focusing on anti-terrorism and counter narcotics priorities) rather than a need based development agenda (as outlined in the “whole-of-government” approach of the ANDS). In other words, there is a perception that Defense, Diplomacy and Development (the 3Ds) are not on equal footing, with the political/diplomatic perspective often lacking depth and influence to fill the gap between military activities and development assistance. Participants have highlighted the need to establish and to enforce clearer boundaries for military engagement, as well as proper sequencing between the military-backed “aid package” and government-led “development activities”.

**“Align to Local Priorities” (Principle 7) is increasingly being applied.** There appears to be increasing awareness of the need to support and use the national frameworks such as the ANDS more extensively in order to understand needs and assess priorities; and use national systems to channel funds, and allocate funding according to national priorities. Concern remains however as to the degree to which PRTs are aligning their civilian activities to local development plans.

### 4. Recommendations

**For the international community:**

- Engage more directly with Afghan actors – be they government, communities, political and/or non political representatives of society – and lessen the dominance of the security paradigm; assess the positive and negative impacts of military intervention more realistically; and give a real chance to the integrated approach, with more balanced support between security objectives and development needs, while developing a genuine

diplomatic/political alternative which would not be subordinated to the security agenda.

- Prioritise economic objectives (the number one priority for the majority of Afghans); support private sector initiatives and favour local procurement; support programmes and technologies that foster employment creation.
- Support and use the national frameworks such as the ANDS more extensively in order to understand needs and assess priorities; and use national systems to channel funds, and allocate funding according to national priorities.
- Build on existing systems. Participants stressed that not all existing systems need restructuring.

#### **For the government:**

- Identify the right level of engagement between the Afghan government and the international community, and determine under which framework the Principles will be reviewed and “negotiated” with donors. This could be through the Ministry of Finance, under the Development Co-operation Framework, or the Donor Financial Review. It could also involve high-level parliamentary representatives.
- Continue to review and adjust the ANDS priorities through the results-based framework, to strengthen and streamline the impact of the process.
- Communicate widely and coherently to donors on needs and progress, particularly on the ANDS.
- Communicate widely to the Afghan people on positive outcomes and changes, but also on realistic expectations and a timeframe for overall socio-economic development.
- Continue to address corruption at all levels, particularly at the provincial and district levels, in order to rally the population and build confidence.
- Review the modalities for a strong reconciliation programme, find the right champions, involve all levels of the population, and link reconciliation to peace-building and economic development.

## Summary table

PRINCIPLES	FINDINGS	PRIORITIES
Take context as the starting point	Considered as the “mother” principle but least consensus on whether Afghanistan is a country in conflict or post-conflict. Limited access to the local context and lack of a comprehensive understanding of the political and socio-economic dynamics, compounded by high turnover of civil and military foreigners and weak institutionalization of experiences and lessons learned.	Donors to give the Afghans the lead in developing strategies and programmes. Donors to develop a higher level of direct engagement with the government and with local communities, and develop a framework for continuous evaluation.
Do no harm	Problematic politicisation and militarisation of development activities and blurring of both roles. Very uneven distribution of assistance to different regions depending on security objectives. High rate of corruption.	Assess more carefully the positive and negative impacts of strategies and programmes on security, governance, economic and social issues in an integrated manner. “Afghanize” the process further and align PRTs on the Government’s development strategy.
Focus on statebuilding as the central objective	Remains one of the biggest challenges. Predictability of funding remains insufficient. Decreasing state legitimacy due to lack of security and economic improvement and increase in insurgency activities.	Have a more holistic approach to statebuilding, with a stronger focus on economic development, job creation and job provision. Integrate the concept of “state legitimacy” in all processes of strategic programming.
Prioritise prevention	Stakeholders felt that stabilisation objectives prevail over conflict prevention. Traditional justice mechanisms remain underestimated. In spite of an explicit reference to reconciliation in the preamble of the 2001, Bonn agreement, participants have noted little or no progress on that front, while the objective of reconciliation with the “neo-Taliban” is the subject of much debate. It was also noted that local conflicts feed into a larger context of national and regional instability.	Review and develop conflict sensitivity assessment. Link conflict prevention to reconciliation, through justice and governance processes. Suggestions were made to start a real community based reconciliation process, with a strong commitment from the top leadership, and the involvement, if necessary, of experienced international mediators from Southern countries. Support flexible mechanisms within the donor community and the government system to re-assess local and national situations and develop robust contingency plans independent from any military support.
Recognise the links between political, security and development objectives	Systematic prevalence of military objectives and strategies. Poor sequencing across the 3Ds and delayed power transfer to local authorities.	Identify and focus on the right development priorities rather than ideological priorities. Ensure that Afghan rule of law and security institutions take over sooner than later. Integrate development projects into a long term framework.
Promote non-discrimination as a basis for inclusive and stable societies	Inclusion of women, youth, minorities and the disabled is promoted, but national stakeholders felt there is a risk that western concepts on non-discrimination are applied “indiscriminately” to a society with very different values.	Consider local customs before setting up programmes, and the need to be inclusive of communities when dealing with specific groups. Accelerate the provision of long term education for women. Continue to support a strong independent civil society.
Align with local priorities in different ways in different contexts	High complexity of ANDS. Alignment is very difficult in practice on the ground due to a wide spectrum of initiatives and fragmented actors.	Set up more realistic timelines, benchmarks and indicators. Extend the support and facilitation to the private sector and identify the right pace of devolution to the sub-national level. Use national systems to channel funds.
Practical co-ordination mechanisms	In spite of several coordination mechanisms, there is a high degree of fragmentation of military and developmental structures and actions, and at the same time a risk of coordination fatigue.	Streamline (possibly reduce) the engagement under a limited number of coordination mechanisms through the strengthening of the Joint Coordination and Monitoring Board (JCMB) platform, technical standing committees and UNAMA. Foreign military to increase the coordination with the ANA.
Act fast... but stay engaged long enough to give success a chance	There are several rapid response mechanisms (e.g. UN CERF grants, discretionary funds available through the PRTs, USAID Rapid Response Funds, ECHO funds). The impact of PRT Quick Impact Projects (QIPs) remains very limited and they often do not align with national priorities. On “staying engaged”, there is a high turnover of civil and military foreigners which undermines long-term engagement and funding.	International actors (military and civilian) to ensure staff minimum stay. Invest more systematically in local capacity building. Limit the use of PRT Quick Impact Projects.
Avoid pockets of exclusion	A large majority of the public perceive the allocation of resources as having been driven by security considerations, although this is not always supported by facts. Highly uneven PRT capacities and impact in different regions, contributing in some instance to the perceived exclusion of certain provinces, have been highlighted.	Boost support for National Programmes which have a countrywide coverage and a connecting objective. Communicate with excluded populations through traditional means. Continue to support provincial development plans within national programmes and priorities.

## Introduction

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The ten *Principles for Good International Engagement in Fragile States and Situations* were developed by the Development Assistance Committee (DAC) of the OECD in 2005 to complement the Paris Declaration on Aid Effectiveness (2005), and endorsed by DAC ministers in 2007.

At the Accra High Level Forum on Aid Effectiveness (2008), six countries in situations of fragility volunteered to be part of a Survey on the application of the Principles, which will take place in two rounds, in 2009 and 2011.<sup>7</sup>

For the Afghanistan Survey, the Ministry of Finance (MOF) is the National Coordinator for the government of the Islamic Republic of Afghanistan (GIROA) and the UN mission to Afghanistan (UNAMA) is the International Focal Point. Additional strategic guidance is provided by the Department for International Development (DFID) through regular meetings of the Advisory Group. The Advisory Group was set up in April 2007 to support this Survey, and includes the Aid Co-ordination unit of the Ministry of Finance, UNAMA, DFID, and Altai Consulting.

The Country Report paints an overview of perceptions and findings from a series of interviews which took place in May and June 2009 and a consultation on 17-18 June 2009. It presents perspectives from multiple stakeholders: government, Afghan civil society, the international community and international civil society on a number of key issues, progresses and challenges related to international engagement in Afghanistan. Finally, the report highlights recommendations for consideration by both the Government and the international community (*see Annex B: Methodology for this report*).

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<sup>7</sup> Afghanistan, Timor-Leste, Democratic Republic of Congo, Haiti, Central African Republic and Sierra Leone. *See full Survey methodology at [www.oecd.org/fsprinciples](http://www.oecd.org/fsprinciples).*

# Part 1: A common diagnosis, principle by principle

Before delving into findings for each Principle, it is worth noting that:

- In country, it is felt that the Principles are mostly used at donor headquarters but have not been mainstreamed in actual policy and programme implementation.
- All OECD donors know about the Principles, albeit with various degrees. Among the donors who know about the Principles, only one has shown a very practical application of the Principles in strategic programming. Half have had some internal discussion or review about the Principles but do not necessarily put them into practice. The rest consider the Principles to be common sense and do not add anything very dynamic to their strategic programming in Afghanistan.
- Non-OECD countries usually don't know about the Principles.
- Government officials and representatives of the private sector had not heard about them and had questions about the ownership of the process.<sup>8</sup>
- There is a mixed awareness from the international UN/NGO and national NGO community.<sup>8</sup>

In addition, the general appreciation is that the Principles are one of several frameworks to keep in mind when developing a strategic intervention, and that, in the specific case of Afghanistan, compromises have to be made at the operational level, particularly in areas where there is ongoing conflict with a foreign military intervention. For some donors and the majority of the Afghan stakeholders, some of the Principles – particularly “do no harm” – are not applicable to these contexts.

## Principle 1: Take context as the starting point

*Definition of “context”:* political, security, economic, social parameters which define the environment in which strategies and programmes are being developed and implemented.<sup>10</sup>

“Take context as the starting point” is considered by all as the most central principle, but also crystallised the most divergent perceptions and opinions, some seeing Afghanistan as a country at war and others seeing the country in post-conflict terms. A unified understanding of context will need to be developed, as without a common understanding of context the approach taken by donors and government can be less than coherent.

### 1. The challenge of a relevant contextual analysis

**Socioeconomic data, political analysis, security assessments are available in many forms, but access to the local context in Afghanistan is often limited** by security restrictions, language and cultural barriers, short-term rotations and a general tendency to want to do things rather than spend too much time studying what worked and what did not work in the past. Donors, and to some extent, implementers and government officials, can face serious limitations accessing the field. As a result, sources of information in insecure areas are often limited to a handful of NGOs working there, or to military sources, which can be of uneven quality or sometimes reflect particular agendas. Box 1 illustrates the contrast there can be between donor and national priorities.

<sup>8</sup> The Principles were initially developed by international actors for international actors. However, the 2009 Fragile States Principles Survey on the Principles shows that no constructive dialogue is taking place without a strong spirit of mutual responsibility and commitments.

<sup>9</sup> Importantly, these agencies still implement a large share of aid assistance.

<sup>10</sup> These definitions were developed by Altai Consulting prior to the interviews and the consultative meeting, in order to clarify key words and with particular regard to participants unfamiliar with the Principles or certain concepts. They were subsequently revised (as needed) during the consultative meeting. The definition in Principle 3 was taken directly from the OECD.

### Box. 1. Identifying local priorities: security vs. economic needs

When asked about national priorities, donors will almost systematically mention the “fight against terrorism”, “internal security”, “counter narcotics”, and “stabilisation”. By contrast, “employment” is one of the first priorities for national stakeholders (government and civil society), when defining both development needs and causes of conflict. Employment was not mentioned by any donor, unless prompted.<sup>11</sup>

Related to employment, private sector development is perceived by many Afghans as a priority. The proper inclusion of the Afghan private sector in needs assessments in earlier years (2002-2006) was not fully reflected in the reconstruction process, due to the predominant tendency from most donors to import foreign goods and services and to donors’ stringent procurement procedures.

**In addition, the weak institutionalisation of experiences adds to the complexity of “taking context as a starting point”.** Consequently, international and national actors have a tendency to focus on their specific goals and do not always have a comprehensive understanding of the reconstruction, political and socio-economic dynamics at play.

**Moreover, donors focusing on specific regions because of their military presence** (such as the Dutch in Uruzgan or the Canadians in Kandahar) **are at risk of overlooking broader political and economic dynamics** if this focus is not balanced by a systematic follow up of larger issues: During interviews in Kabul in May 2009, one recorded comment was: “Back in Holland, Afghanistan is only about Uruzgan. Uruzgan has become a sub-region of our country”. It is worth noting, however, that a large donor such as the UK, which military activity focuses in Helmand province, channels 65% of its funding through government national systems, and has the largest share of un-earmarked funding in the ARTF, thus providing the government with an opportunity to take the lead in identifying priorities.<sup>12</sup>

**Small donors with less security restrictions, as well as the largest donor USAID, are attempting to improve their access to the local context.** The new US appointed pool of six hundred advisors will have longer postings, and go through an extensive training and exposure to the Afghan environment, with most of them directly embedded in national and sub-national institutions.

## 2. The impact of international engagement over the past eight years: security objectives vs. development needs

**The foreign military engagement continues to fuel debate** both in Afghanistan and in donor countries, with some confusion on the objectives and strategies of NATO, and shifting support in constituencies in the Western world.<sup>13</sup> Current and past public and parliamentary debates in countries such as in Canada, the UK<sup>14</sup> and France highlight a divergence of opinions on the presence and role of foreign troops in Afghanistan. The debate on Principle One has been colored and dominated by the debate on the foreign military intervention and its impact. Most Afghan and foreign actors agree that support to the Afghan security sector (civilian and military) is still very much needed, but the appreciation and articulation of the modalities of intervention shows wide differences of interpretation. Meanwhile, there are recurrent indications over the past five years that Afghans believe the conflict is fuelled by, if not rooted in, poor economic conditions rather than ideological divergence.<sup>15</sup> Although this is understood by a number of donors, it is yet to be reflected adequately in the funding of military and development projects and programmes, respectively.

11 Interviews between May and June 2009, Consultative meeting June 2009 and Asia Foundation Survey, October 2008.

12 Alan Whaites, DFID Team Leader, Statebuilding Team.

13 As illustrated by a US-NATO meeting in Brussels, 12 June 2009. NATO Secretary General Jaap de Hoop Scheffer has acknowledged tension both within NATO and among European governments concerning the goals and importance of the military and development approaches in Afghanistan.

14 The two major political parties in the UK have recently expressed a strong commitment to continuing UK support for the GIRoA.

15 The Asia Foundation report (October 2009), “A survey of the Afghan people”, <http://asiafoundation.org/country/afghanistan/2009-poll.php>, and Oxfam survey (January-April 2009).



### 3. From analysis to implementation

**The translation of context analysis into strategies, programmes and projects is a challenging exercise**, often influenced by ideology and culture, by a fairly constant lack of historical perspective, and by “facts on the ground” which are not always in line with policy objectives. Policy papers have been developed over the years that do not take into full consideration many constraining factors such as limited skills (including among international staff), the importance of tribal networks, poor infrastructure and access, the impact of military actions, etc... As a result, programmes that are well designed on paper are often too ambitious and too complex, and their implementation of sub-standard quality.

**On a positive note, there is increasing convergence** among the different actors, including the international military, towards supporting common development frameworks, where the assessment of needs is led by Afghan institutions. This should in part answer the challenge of interpreting the local context, and may help to reduce the current incoherence between the objectives, strategies and actions of the international community on the one hand, and the country’s priority goals on the other hand.

### 4. Mechanisms for a common understanding of the local context

**UNAMA and UN agencies have provided consistent support for a common assessment of sectoral and regional needs.** UNAMA has taken a lead role to guide donors towards a more effective allocation of aid resources. This role is slowly shifting towards government institutions, particularly within the framework of the Afghanistan National Development Strategy (ANDS), with the notable exception of humanitarian needs.<sup>16</sup> As for joint donor assessments, they are typically limited to multilateral institutions such as the European Commission (EC) or the World Bank. *Box 2* illustrates the challenges there can be in assessing national capacity.

#### **Box 2. Assessing national capacity: insufficient time and direct engagement with national stakeholders**

How national capacity issues are assessed and addressed vary significantly from donor to donor. Moreover, accurate understanding of progress in institutional capacity development remains limited, as very few donors are engaging directly with state institutions, beyond high level meetings held once every quarter at best.

NGOs can be subcontracted to do *ad hoc* or long term training on specific topics (such as human rights, basic management training, basic health training, informal education training), and have a midterm role to play in service delivery at the subnational level (as in the case of the basic health package and community based education). NGOs however generally do not have the training and technical capacity or the mandate to re-structure, develop and support institutional capacity development.

Although there was a general agreement from 2002 onwards that institutional, organisational and individual capacity were limited and needed overhauling, a coherent plan to address this priority has been hampered by an overly optimistic estimation of the time needed for the change process, the short duration of postings for most technical assistants, the time constraints on most funding for capacity development projects, the lack of impact evaluation and sharing of experience on capacity development activities, and the lack of understanding among donors of the day-to-day “reality” and constraints in government offices.

Understanding the local context, when it comes to national capacity, requires long term presence and daily engagement with government institutions. What is needed is a permanent and long term presence of highly competent individuals with the right technical and training skills, within the ministries (for example, DFID has posted contracted experts in key ministries). Currently, only very few individuals, within donor agencies, really understand the complexity of dynamics related to capacity development, and hardly any have a long term overview of what has been tried and achieved (or has failed) over an 8 year period. Finally, there is very little exchange of lessons learnt between donors.

<sup>16</sup> This is mostly through the inter-ministerial co-ordination bodies, under the leadership of the ANDS budget and policy department.

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## Illustrative Indicators

Indicator 1<sup>17</sup>: Is most international actors' engagement based on sound political and social analysis, taking into account the situation in terms of national capacity, state-society relations and societal divisions?

*NOT CONSISTENTLY.*

- *Afghan participants of all backgrounds generally believe that international donors do not have a good understanding of the underlying dynamics and causes of the various conflicts and dynamics in the country, and that donor agenda are more politically driven than need based.*
- *By contrast, most international donors believe they take all aspects of the Afghan context into consideration, when strategizing their interventions. A few believe that as an institution, they have improved their access to, and understanding of the local context through their national staff.*
- *Some international donors highlight the limits of their understanding, as they cannot easily engage with the population and all Afghan institutions, due to security and cultural issues. Such donors also often believe that the rapid turnover of international staff is detrimental to a thorough understanding of local dynamics, and that the political needs from headquarters "back home" will always prevail. They also recognize that most foreigners' understanding of the situation has a very limited historical perspective ("now" at best; "since the ousting of the Taliban" sometimes; and "including the pre 2001 era" exceptionally).*
- *Some regional donors pride themselves on having historical relations, regional proximity and cultural ties with Afghanistan. They believe they understand poverty better than donors from developed countries because they are applying the same approaches at home.*

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17 Consistent with the OECD Principles Monitoring Plan, which was agreed as a common minimal methodology across the six countries participating in Round I of the Fragile States Principles Survey: [www.oecd.org/fsprinciples](http://www.oecd.org/fsprinciples).

## Principle 2: Do no harm

*Definition: aid actors “do no harm” when they consider all aspects and possible impacts of their programming and avoid or minimize any potential negative effect on targeted populations or regions.*

The application of “do no harm” has been violated repeatedly: in terms of security and loss of life and in terms of corruption and the perception of the state. The need to “do no harm” has an impact on all aspects of the reconstruction process:

- *Security*: reform and training of security forces, long lasting impact of foreign military intervention
- *Governance*: support to national systems, parallel implementation units, and corruption
- *Economic*: market distortions on salaries and imports, misguided economic strategies
- *Social*: discrimination and exclusion

### 1. “Do no harm” and regional/societal divisions

**An analysis of aid patterns across Afghanistan indicates an uneven distribution of assistance over the past eight years, based on a range of factors.** These include the initial provision of assistance to areas perceived as being supportive of international intervention (between 2002 to 2004), to the current trend where development funding is now often targeted to areas of insecurity, while other more stable areas can be significantly under-served.

**Some of the funding mechanisms in place partly address this issue:**

- Since 2005, there has been a concerted effort from government to include Provincial Development Plans in the National Budget. A more systematic provincial budgeting is currently being piloted in 3 provinces under the ANDS framework.
- To ensure a balanced use and allocation of funding, the World Bank-managed ARTF supports government priorities and limits donor preferences (in terms of sectors and regions) as much as possible and up to 50% of their contribution. It is to be noted however that donors’ preferencing has increased in 1387 (2008-2009), reaching 48% of the total funds contributed in 1387, and is expected to reach 50% for the first time in 1388 (2009-2010).

**The donor community is currently being strongly encouraged by UNAMA and the government to provide assistance through the government itself as part of the national budget,** and where this is not possible, to ensure that assistance is directed to existing government priorities approved by the Parliament. Donors that have a policy of regionally earmarking their funding (often into areas where they may have troop concentrations) are further being pushed to diversify these funding targets and to place at least a part of this overall funding into under-served areas where it can have significant impact.<sup>18</sup>

### 2. “Do no harm” and security issues

**There is also a growing recognition from a number of donors and military leadership that the impact of civilian casualties and collateral damage from foreign military interventions has been underestimated** in the past few years.<sup>19</sup> In 2007, 27% of civilian casualties were attributed to pro-government forces, in 2008, 39%.<sup>20</sup> Such incidents have de facto contributed to:

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18 ARTF (2009), *1387 Financial Highlights* (corresponding to the period 2008-2009).

19 US Defence Secretary Richard Gates commented (12 June 2009); “Every civilian casualty, however caused, is a defeat for us and a setback for the Afghan government.”

20 Human Rights Watch and UNAMA.

- (i) Widening the state-society gap, as the state is associated with the foreign intervention.<sup>21</sup>
- (ii) Exacerbating local tensions between villages and within villages (between those supporting foreign intervention and those against it).
- (iii) Increasing the number of recruitments into insurgency forces, as civilian deaths and collateral damages only enhance the authority of the insurgents' propaganda.<sup>22</sup>

**The co-existence of different security structures and interventions within the same region, as well as growing development-related activities led by or through the PRTs, has contributed to a blurring of perceptions** about the foreign presence among the population and to lesser acceptance. *"The action of the Special Forces sometimes undermines our own efforts to support and empower local authorities and gain the support of the population"*, commented a CivMil representative in Kapisa during the consultative meeting.

**Access to certain regions has been increasingly dangerous for most development operators.** A limited number of national NGOs still operate on the ground, with strong links to very locally-grounded organisations. International NGOs either do not operate any longer, or surround themselves, like private contractors, with a security apparatus which creates distance with villagers. Civil servants, if they continue to operate in such areas, often do it with greater risks, or after negotiating access and services with local insurgent representatives.<sup>23</sup>

**It is worth noting that the growth of the private security business feeds into a negative cycle of violence and corruption practices:** such companies often operate outside any legal boundaries, their international staff end up being the very few western representatives that villagers meet on a regular basis, costs are prohibitive, and security incidents have multiplied with national security bodies such as the police and the army, or with regular citizens. Most citizens will not be able to differentiate between such groups and foreign forces or the ANA and the Afghan National Police.<sup>24</sup>

### 3. "Do no harm" and economic issues: challenges or opportunities?

**Donors' complex bidding procedures and procurement choices** continue to be an issue for the development of the private sector and economic and fiscal sustainability. Participants noted that:

- (i) International procurement habits have slowed down, and sometimes hampered, the development of trading and production in country and access to local goods and services.
- (ii) Bidding procedures did not necessarily eliminate the risk of corruption as collusion practices are deeply anchored both in the private and public sectors. The extension of "serial" subcontracting practices has further contributed to the dilution of aid funds to a number of international and national intermediate bodies, without necessarily enhancing the quality of the work done.<sup>25</sup>

These two points are recurrent challenges in most post conflict contexts with heavy foreign presence.

**There is now a growing recognition in-country that stronger support to the private sector should be encouraged,** and not just through the promotion of a more comprehensive and transparent regulatory framework. There have been significant efforts to address these issues under the common framework of the ANDS, as well as through a number of awareness raising events (*e.g.* the conference on local procurement conducted in Kabul in May 2009). Success stories are worth noting, such as industrial parks developed in the outskirts of Kabul, Mazar or

21 "You are not talking about just losing nine civilians, you are also talking about violent demonstrations across the country, requesting a democratically elected government be taken down, you then take people who were maybe in a pro-government area, and all of a sudden you're turning them against you, and turning them towards the Taliban"; Human Rights Watch (August 2008).

22 "Civilian casualties undermine the fight against terrorism," commented President Karzai in an interview in April 2008. In August 2008, the Afghan Council of Ministers demanded a review of the agreement with international forces.

23 As has been the case in vaccination campaigns.

24 Schmeidl, Susanne (November 2007), *Private Security Companies and Local Populations*, SWISSPEACE, Bern.

25 Agency Co-ordinating Body for Afghan Relief (March 2008), "Falling Short – Aid Effectiveness in Afghanistan", [www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20\(25%20Mar%2008\).pdf](http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20(25%20Mar%2008).pdf).

Jalalabad, or cases of individual manufacturing and distribution companies. There is a repeated request from the private sector to promote local procurement. Opportunities in terms of sustainable job creation have not been identified and pursued with enough emphasis. Such opportunities will come with social and environmental challenges, for which technical support from the international community will be needed.

**Finally, the wide discrepancies in salary grids within the public sector, and across the public, private, NGO and donors sectors remain a thorny issue**, where there is little convergence between donors and the national actors. Afghan counterparts from all government and non-government sectors highlight the salary gaps as an underlying cause of corruption and low performance, and a significant impediment (alongside the lack of employment opportunities) to the proper development of the country. In the early stages of the reconstruction process, the limited capacity available at the high end of the labour market has quite consistently fled to donors and contractors. Several schemes have been put in place to attract and retain skilled Afghans in mid- and senior level management positions within government,<sup>26</sup> but the sustainability of such hiring will remain a challenge, as long as capacity available remains limited. These support schemes have a limited budget, and in several cases, they have contributed to encouraging the departure of younger civil servants for the private sector.<sup>27</sup>

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#### Illustrative Indicators

Indicator 2. Does international engagement benefit one population group over another or contribute to social divisions?

*YES, in various ways over the past 8 years. The appointment of President Karzai as an immediate result of the Bonn process was an attempt to balance ethnic powers within the government leadership. It was followed by the Emergency Loya Jirga in June 2002, which aimed to install a broad representation and a more legitimate government. The result however ended reinforcing an ethnic divide between the security institutions and the financial institutions, with formal and informal support from Coalition forces.*

*Today, the international presence, both in its military and development dimensions, has contributed to a certain distortion of efforts across regions, and in some cases along the lines of social and ethnic groups. In 1387 (2008-2009), 48% of the World Bank managed trust fund is preferred<sup>28</sup> (mostly by region, with nations choosing a provincial allocation linked to their military outpost), and US funding (by far the largest donor) continues to focus predominantly on the South. This has created resentment and sometimes unfounded rumours that insecure regions would get more financial support.*

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26 Examples include the World Bank-funded Management Capacity Programme for the recruitment of Afghans and support of mid- and high-level government positions, or bilateral United Nations Development Programme-funded technical support (mid and senior level positions in the Ministry of Finance and Ministry of Economy).

27 For example, in the Civil Service Institute, two out of 11 trainers were selected for support by the UNDP, resulting in an eightfold increase in their salaries, while performing the same tasks as the other nine. This creates resentment, tensions and, in some cases, the resignation of staff and the loss of two years' investment in staff capacity (evaluation by Altai Consulting between February and April 2009 of training programmes in ten line ministries for the USAID Capacity Development Programme).

28 ARTF (2009), *1387 Financial Highlights* (corresponding to the period 2008-2009).

### Principle 3. Focus on statebuilding as the central objective

*Definition: Statebuilding is an endogenous process of strengthening the capacity, institutions and legitimacy of the state driven by state-society relations. This definition places state-society relations and political processes at the heart of statebuilding and identifies legitimacy as central to the process as it both facilitates and enhances statebuilding. It recognises that statebuilding needs to take place at both the national and local levels. It gives central place to strengthening capacity to provide key state functions. The concept of statebuilding is increasingly used to describe a desired (“positive”) process of statebuilding and therefore emphasises the importance of inclusive political processes, accountability mechanisms and responsiveness.<sup>29</sup>*

“Statebuilding as the central objective” is generally supported by all participants, but state-society relations are still regarded as the biggest missing link in the reconstruction process. The international intervention of the past eight years has created both weaknesses and strengths in the legitimacy of the state: *e.g.* shifting and/or un-coordinated policies; ambivalent impact of the military intervention. The unpredictability of aid, which fluctuates widely from one year to the other, and the limited discretionary funds available to government, contribute to uncertainties in funding the development part of the national budget, and affect the consolidation of the government priorities and reach.

**Statebuilding in the Afghan context is probably the biggest challenge**, as it encompasses a complex process of (re)building infrastructure, restoring services, (re)building institutions, (re)drafting laws, training personnel, and also supporting the emergence of a common identity among a disparate population that refers first to tribal and ethnic links. The state has not yet reached out enough to its citizens, and each citizen does not have a clear understanding of what civic responsibility entails. To some extent, a question worth asking is whether Afghan citizens believe that statebuilding should be a priority goal in itself, rather than a means to the end of socio-economic welfare and development.<sup>30</sup>

**Statebuilding has been at the heart of the reconstruction process in Afghanistan, with a strong focus on institution building, and less emphasis on nation building and state-society linkages.** Since the Bonn process in December 2001, donors have placed statebuilding at the centre stage of their reconstruction agenda – although in case of the US and several NATO members, the primary objective remained the fight against terrorism. However, the strategies outlined to revive, develop and strengthen state institutions have not always translated into effective implementation modalities. In the aftermath of the war (end 2001), capacity within state and sub-national institutions was so limited that there was little choice but to roll out humanitarian and early reconstruction programmes through other implementation mechanisms (NGOs, parallel project implementation units, private contractors). Eight years later, the rate of Official Development Assistance (ODA) channelled through national systems and implemented by the government remains low (below one third of the ODA), although on the increase.<sup>31</sup> It does not match the ambition proclaimed by the international community to give the national and sub-national authorities the lead.<sup>32</sup> This has contributed to inefficient and delayed transitions between international partners (including the military forces involved in development work), and local authorities: “In certain areas the situation is safe enough for us to leave, but the local authorities don’t have the funds to take over our development activities, so we stay to continue and cover the gap, not knowing until when, to the frustration of local authorities”.<sup>33</sup>

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29 OECD definition.

30 Interviewees from civilian society, selected donors and some GfR/A officials noted that too much emphasis was applied to building institutions and not enough importance was put on looking at alternative options (to be defined or created) for basing local social and economic development upon more traditional mechanisms, or upon mechanisms not directly led by the state. Put simply, they believed the focus has been very much on systems and too little on people, and which is why the NSP was so successful among the population; even if its actual effects are limited, people felt that they were in charge.

31 An increase of 11.6% in 1386, 25.4% in 1387 and 31% expected in 1388; Ministry of Finance, GfR/A (August 2009).

32 In December 2001, the UN referred to using a “light foot print” and to putting the GfR/A in the “driving seat”. This approach has been consistently reiterated by both the military and civilian donor apparatus, but has not necessarily been applied in the field.

33 A comment by a French CivMil representative in Kapisa interviewed during the Consultative meeting (17 June 2009).

## 1. A slow shift towards national frameworks and systems

Since 2003, there has been a significant focus on the reform of public financial management and procurement systems, with a number of key achievements.<sup>34</sup> The reform has been supported by large donors such as the World Bank, DFID and the US government.

1. The ARTF sets up a positive example by channeling all disbursements through government systems<sup>35</sup> since its beginning, but many donors using the ARTF are still hesitant to channel funds directly through national systems: they are willing to fund recurrent costs such as salaries, through the ARTF, but are not yet ready to inject their contributions directly to the MOF for investment costs. Most donors wait for progress in financial management in line ministries to provide direct budget support. As a second-best approach, many donors, including large ones such as the EC and DFID, use National Programmes<sup>36</sup> as a way to support government's priorities.<sup>37</sup>
2. Growing donor support to the Afghan government translates into a more systematic alignment with the ANDS framework in donors' planning mechanisms, and more direct technical assistance to government institutions (including recently through the US-led civilian "surge").

**The challenge for donors is to accept and manage a level of risk while boosting the confidence in national systems.** Although government and donors both have valid arguments in favour of and against using national systems, the timing of the transition from external implementation to direct support is crucial, particularly when it comes to supporting subnational activities and programmes.

**Three other elements that are essential to the strengthening of state institutions through the budget process are the untying of aid, the predictability of ODA and the share of discretionary funds available to government:**

1. Most of the direct ODA funding to the national budget is earmarked by donors.<sup>38</sup> In theory, this earmarking is negotiated with GfRoA to align to national priorities, but in practice, it often depends on donors' political priorities approved "back home". This leaves little room for manoeuvre for government.
2. The predictability of funding, and more specifically, the confirmation of pledges into firm commitments, remain insufficient for the government to establish a firm budget on an annual base or to commit to all line ministries over several years.
3. The share of discretionary funds has been inconsistent over the years – fluctuating from 12.65% in 1386 (2007-2008) to 4.2% in 1387 (2008-2009)<sup>39</sup> – leaving little space for the MOF to fund priorities outside donor priorities.

## 2. State capacity vs. state legitimacy

**Efforts towards statebuilding have not reaped expected results in consolidating state legitimacy.** Despite significant system improvements within a number of ministries (Finance, Health, Education, and Rural Development), support to the Afghan state from the population stagnates, and in some regions, has decreased, with the exception of education (*see box 3*), which seems to get an overall strong rating from the population. Although a majority of the population is still of the opinion that "things are going in the right direction", negative opinions have increased

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<sup>34</sup> These include the Afghanistan Financial Management Information System (AFMIS), automated salary payments for civil servants, procurement law, customs reform and the progressive integration of the ANDS strategy into the National Budget.

<sup>35</sup> ARTF (2009), *1387 Financial Highlights* (corresponding to the period 2008-2009). As of as of April 2009, the Afghanistan Reconstruction Trust Fund had paid-in contributions of USD 3.04 billion (OECD, 2010).

<sup>36</sup> Such as the National Solidarity Programme or the National Emergency Employment Program. These were set up as early as 2002 as National Priority Programmes for reconstruction, and are funded mostly through the ARTF. They are typically implemented through Parallel Implementation Structures and have a national coverage.

<sup>37</sup> European Commission (January 2009), "Major Milestones towards Reconstruction and Peace Building in Afghanistan".

<sup>38</sup> The percentage of ODA earmarked by donors in the national budget was 86.7% in 1386, 95.8% in 1387, while 92.8% is expected in 1388; Ministry of Finance (August 2009).

<sup>39</sup> Ministry of Finance, GfRoA, August 2009.

notably between 2006 and 2008.<sup>40</sup> Moreover, insurgency activities have significantly increased in southern and eastern regions – partly a reflection of the state incapacity to provide security and sustained economic improvement. To a large extent, this reflects a failure of the national authorities and international donors on several levels:

- **An insufficient focus on the very first priority expressed by and large by the Afghan constituency: employment.**<sup>41</sup> A poor economy and low employment levels are rated higher than security concerns when it comes to expressing dissatisfaction among the population.<sup>42</sup>
- **An insufficient harnessing of national capacity and citizen participation in the reconstruction process.** Senior representatives of the private sector have suggested public communication campaigns on shared responsibilities and to manage expectations (what is a realistic timeframe for the reconstruction effort?). Some Afghan and international participants have stressed that Afghan stakeholders from all origins tend to overlook their civic responsibilities and engage in a “blame game”. Some participants reflected on the fact that working for the Afghan government used to be seen as a privilege, and that there was a strong respect for the public office in the past, while now the public blames the state for everything that is missing in their lives. Corruption is another case in point: some representatives of the private sector have recognised that private sector development is partly crippled by corruption practices much beyond the ones found in the public sector, and these practices undermine the state and the nation.
- **An insufficient reconciliation of donor agendas,** which are often built on the premise that military intervention and stabilisation are a pre-requisite for development, and a growing belief among Afghans that foreign military intervention should be very limited in time and scope, and strictly framed by specific agreements with the national authorities (including through Parliamentary approval).
- **The slow pace of police reform** which should provide a decent level of security, justice, and confidence in the fairness of their protection mandate. It is worth noting that the “fill rate” for foreign mentoring and training positions for the Afghan security forces has not reached more than 44%, indicating the difficulty to increase capacity in the sector with foreign support.<sup>43</sup>

### Box 3. Health and education: how different implementation mechanisms support statebuilding

Health and education are two sectors which have experienced steady progress with very tangible impact on the population across the country. Although the goal in both cases is to improve the access to and the quality of the services delivered, the implementation modalities differ significantly between the two.

- In the Education sector, with the support of the ARTF-funded Education Quality Improvement Program (EQUIP), the Ministry of Education has clear leadership in the selection of new school locations, the development of text books, the recruitment, training and management of teachers (who are civil servants) and institutional reform and development. A strong emphasis has been put on community ownership (through a system of direct block grants), so the whole programme is based on a strong partnership between government and the communities in the delivery of education in local areas. As a result, education, and the opportunities that it represents for generations of children, is generally strongly associated with the State.
- In the Health Sector, the Basic Package of Health Services (BPHS) has been developed in close partnership with three major donors and with a strong leadership from the Ministry of Public Health. The programme has

40 The Asia Foundation (October 2008 and October 2009), “A Survey of the Afghan People”, <http://asiafoundation.org/country/afghanistan/2009-poll.php>.

41 As illustrated in an interview published 15 May 2008 in The Times newspaper (London); “People need jobs, and don’t mind who provide them – Americans, British, Chinese, or Afghans,” reportedly observed a doctor in Kandahari-Pul commenting upon the Aynak copper mine project, <http://www.timesonline.co.uk/tol/news/world/asia/article3941656.ece>.

42 As expressed in miscellaneous interviews with MPs and representatives of civilian society conducted separately by Altai Consulting (May-June 2009) and The Asia Foundation Survey (2008).

43 The Brookings Institution (2009), *Afghanistan Index 2009*, Brookings Institution, Washington, DC, <http://www.brookings.edu/foreign-policy/afghanistan-index.aspx>



been fairly successful in its outreach, with basic health care covering now 75% of the population. However, the implementation modalities differ widely: The final points of service delivery – the Primary Health Care units – are **built, manned and managed by international or national NGOs**. This had to be outsourced as technical capacity takes longer to build in the health sector than in primary education. As a consequence, the delivery of health services is associated locally with international presence, rather than with the state.

Ultimately, it is the quality, the reach and the affordability of the service that matters, particularly in a transition period.

### 3. National vs. local statebuilding

**Statebuilding in Afghanistan involves a delicate exercise of balancing power between Kabul-based authorities and local authorities:**

- **In the period 2001-2005, assistance focused on central institutions**, with the underlying objective of keeping the power of regional warlords in check and developing a more robust national government structure. Although provinces were formalised and reinforced (increasing to 34), superseding a rather informal regional structure, support to provincial government was limited.
- **For the past year, donor focus has in part shifted to direct support to the regions**, either through regional programmes or through support to the Independent Directorate for Local Governance (IDLG). The challenge will be to integrate vertical dynamics with horizontal efforts (for provincial coherence across the political and technical institutions). The Afghan Constitution does not allow fiscal delegation of power to the provinces and maintaining the balance of power between new global initiatives (such as IDLG), and existing strategies or programmes (the Afghanistan Sub-national Governance Program (ASGP), the National Solidarity Programme (NSP), police reform, etc.) will be essential so as not to jeopardise earlier progress.

### 4. Limited, but increasing, absorption capacity

**While increasing capacity within the public sector eventually contributes to improved and standardised service delivery, it also contributes to iterative institutional development** and allows Afghans to better define their priorities and the means to achieve them.

**Core budget support is closely interconnected with building capacities in the government systems.** Remarkable progress has been made over the past five years within the MOF, in terms of processes, efficiency and transparency, and as acknowledged by the World Bank and USAID certification.<sup>44</sup> However, disbursement rates remain low (between 10 to 35% depending on ministries), which is today mainly an indication of insufficient capacity at the service delivery and project implementation levels.

**The state, donors and implementing agencies have been caught in the dilemma of delivering fast vs. building capacity for a progressive improvement and expansion of service delivery.** As a result, a number of mechanisms have been put in place to substitute for state capacity in the delivery of regular state services. These mechanisms have included parallel project implementation units attached to a ministry or a national programme; international and national technical assistance embedded in ministries; and external implementation through NGOs or private contractors. While this has boosted aid absorption capacity in the short term, partly fulfilling a political need for quick results, it has also weakened direct attention to civil servants, while generating a certain level of resentment among ministry staff.

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<sup>44</sup> World Bank PFMA (2007). This shows 18/28 indicators improved, 2/28 indicators degraded, 8/28 indicators unchanged.

#### Box 4. A slow, but steady build up of state capacity

Capacity development has been at the forefront of public administration reform since 2005, with slow but steady progress in institutional and organisational terms as well as individual training and orientation.

##### 1. Challenging beginnings

Capacity development programmes have been inconsistently developed under different frameworks, with leadership from the Independent Administrative Reform and Civil Service Commission (IARCSC) in most cases. Dissemination of good practices and lessons learned in capacity development has been limited, as donors have not widely shared the shortfalls and success stories of large-scale capacity development programmes.<sup>45</sup> There have been numerous observations that capacity substitution prevails over capacity development. It is worth noting the following:

- a. As mentioned under Principle Two, in the early reconstruction period there has been a significant brain drain from government institutions to embassies and international agencies, since the government was not able to compete with the salaries of international organisations.
- b. International and national technical assistance in ministries and parallel project implementation units (PIUs)<sup>46</sup> were initially recruited according to their technical skills, with hardly any attention to their training skills. Many were excellent technicians, but were not so familiar with how to effectively transfer different sets of skills to different people at various levels of the hierarchy.
- c. Ministries' leadership did not have the capacity to properly place, introduce and use technical assistance within their teams. As a result, good technical assistants were isolated and not used optimally. Over time, ministries became more strategic about international technical assistance.
- d. International technical assistants managing PIUs or working within PIUs were very often assigned to teams of national technical assistants, rather than civil servants – such as in the NSP and the National Emergency Employment Program (NEEP). As a result, skills were indeed transferred to Afghans, but seldom to civil servants. However, over time, many of these national technical assistants remained in government, and took on leadership positions, for example the current Minister of Rural Rehabilitation and Development (RRD), the Minister of Agriculture, Irrigation and Livestock (MAIL), RRD deputy-Minister for Programmes and the ANDS Budget Director, among many others. Therefore, skills have *in fine* been transferred, and many trained Afghans remain in the government, most of them under specific contractual conditions beyond the civil servant salary range.
- e. Language was a key obstacle to a smooth transfer of skills directly to civil servants. In many cases, one of the main reasons behind the exponential growth of national technical assistants was their ability to speak English (rather than only superior technical and management skills) and hence to act as an intermediary between international technical assistants and civil servants.
- f. The multiplication of processes and systems (partly due to multiple donor initiatives), with related training, has sometimes created confusion and “training absorption” weariness among staff (MOF).

##### 2. Progress in recent years

Since 2008, capacity development programmes, including the use of technical skills, are slowly being streamlined under stronger ministerial leadership and improved identification of needs and appropriate implementation modalities. As a result, technical assistants focus a lot more on transferring technical and management

<sup>45</sup> Illustrated in reports by Altai Consulting and USAID's "Capacity Development Programme: Evaluation of Capacity Building and Training Programs in the Public Sector 2002-2007".

<sup>46</sup> Project Implementation Units (PIUs) are dedicated management units designed to support development projects or programmes. A PIU is parallel when it is created and operated outside of existing national institutional and administrative structures, at the behest of a donor. See OECD Paris Declaration Guidance: [www.oecd.org/dataoecd/55/58/39858712.doc](http://www.oecd.org/dataoecd/55/58/39858712.doc).

skills. Government, however, may have to enforce much stronger regulations about the hiring of government employees by international organisations.

A remaining challenge is government capacity dealing with procurement and service delivery (low expenditure rates of large national programmes). It is worth noting that building capacity within the private sector is a key pre-requisite to boost the overall expenditure rate of the country. A good example is the road construction business where few companies, to this day, can respect procurement and tender rules as well as technical standards.

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#### **Illustrative Indicators<sup>47</sup>**

**Indicator 3a: Is the army professional, balanced across social groups and does it have civilian oversight?**

*In an interview with the representative of Ministry of Defence in May 2009, it was mentioned that the Afghan National Army had the best ethnic representation of all government institutions.<sup>48</sup> This is partly due to the efforts of the Minister of Defence, a former Mujahideen with civilian credentials, who has been instrumental in promoting ethnic reconciliation throughout the country. Precise data on the ethnic balance of the army and the police are not publicly available.*

**Indicator 3b: Ratio of tax revenue to gross domestic product:**

*6.9% (IMF (2009). Regional Economic Outlook. Asia).*

**Indicator 3c: Percent of aid disbursed focused on governance/ security (average 2002-2007):**

*17.2% (USD 3112.1 million), OECD statistics. [www.oecd.org/dac/stats](http://www.oecd.org/dac/stats).*

#### **Additional Indicators**

**Indicator 3i. Evolution of the ratio ARTF share of GfRoA operating costs:**

*42.4% in 1384 (2005-2006); 34.8% in 1385 (2006-2007); 28.6% in 1386 (2007-2008); 19% expected in 1387 (2008-2009).*

**Indicator 3ii. Ratio of ODA reported through the National Budget:**

*Estimated at 70%,<sup>49</sup> although it is estimated that 80% of the ODA has been implemented outside government systems since 2002.*

**Indicator 3iii. Estimated ratio of ODA provided to the government as discretionary funds:**

*12.6% of the development budget in 1386 (2007-2008); 4.2% in 1387 (2008-2009).*

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47 All data from the Ministry of Finance, GfRoA, August 2009, except where indicated otherwise.

48 Interview with the Director of Planning and Policies, May 2009.

49 OECD (2008), 2008 Survey on Monitoring the Paris Declaration, Making Aid More Effective by 2010, Indicator 7, <http://www.oecd.org/dataoecd/26/15/42094533.pdf>

## Principle 4. Prioritise prevention

*Definition: Prevention is considered here in the context of conflict prevention at the local and national levels. It can include political considerations but also land/water conflicts and access to justice. In the context of Afghanistan, a true 'reconciliation process' will be essential for effective prevention. Application of this principle follows on directly from Principle One "Take context as the Starting Point" and Principle Two "Do No Harm".*

Stakeholders felt that stabilisation objectives prevail over conflict prevention. Traditional justice mechanisms remain underestimated. In spite of an explicit reference to reconciliation in the preamble of the 2001 Bonn agreement, participants have noted little or no progress on that front, while the objective of reconciliation with the "neo-Taliban" is the subject of much debate. It was also noted that local conflicts feed into a larger context of national and regional instability.

**Effective conflict prevention requires a proper understanding of the root causes of a crisis and adequate preventive measures.** These require that the possible negative impact of actions and strategies are the subject of thorough evaluation and consideration. Preventive measures can involve:

- The rule of law (*e.g.* land issues, access to justice, improved police service);
- The economic sector (*e.g.* optimising the use of natural resources, developing new local economic sectors, promoting job creation, developing rural infrastructure);
- Education (formal, informal, and civic).

**Local conflicts in Afghanistan are traditionally linked to four main issues:**

- Natural resources (*e.g.* the conflict between the Kuchi nomads and the sedentary population over water and grazing lands);
- Forced migration (*e.g.* Pashtun settlements in the North West);
- Family or tribal feuds;
- On a wider scale, factional and ethnic tensions.
- Added to these, violence related to drugs and other criminal activities has also become a source of conflict and a power struggle between the insurgency and the state.

**These local tensions have been exacerbated by the combined effects of several factors:**

- The massive number of refugees returning over the past six years, stretching already limited resources;
- Four years of drought, limited economic opportunities for a growing and young population, and the rapid urbanisation caused by these factors;
- A limited government response to the socio-economic needs of the vast majority of Afghans;
- Inadequate communication to citizens from government and donors regarding expectations and related timeframes.

**Local conflicts are an integral part of the larger, politically and ideologically charged situation.** The issues raised above all create a fertile ground for external and internal insurgents to enlist support and gain power. Thus, effective conflict analysis requires an understanding of this complex web of causes. Similarly, conflict prevention mechanisms must be thoroughly prepared, and must be included at the various stages of strategic programming.

### 1. Prevention and security

**One of the key objectives of the foreign military intervention is to stabilise regions where the insurgency is active, in order to create a favourable environment for development, but stabilisation objectives have**

**taken priority over conflict prevention**, with contrasting results. In a number of instances, the foreign military (NATO or Coalition Forces) have helped avert conflicts between regional elements. But in some regions the presence of the foreign military has in fact increased or generated sources of tension, suspicion and hostility and has widened the gap between pro- and anti-government elements. The high turnover of foreign military staff and the pressure on commanders to improve a situation quickly and visibly have led to the unplanned support to certain local powers over others.

**National security forces (predominantly the police) are responsible for maintaining law and order, but the initial phase of reforming the police (2002-2006) has fallen short of creating a force trusted by the general population.** Political interference with appointments, and the use of the police as a supplementary fighting force in many parts of the country, may have exacerbated local tensions and generated mistrust in institutions.<sup>50</sup> The conflicting visions (and subsequent support strategies) of donors about the role of the police and the institutional changes required have, as in the case of the justice institutions, obstructed the path to significant change and progress. However, the subsequent revision of the reform, accompanied by a stronger and more coherent commitment to it by European donors, and also the appointment of a new Minister of the Interior, are all recent developments that may contribute to positive changes in conflict management.

## 2. Prevention and the rule of law

**Support to the rule of law has been quite extensive since 2003**, through the elaboration of a new constitution, infrastructure programmes (courtrooms), and capacity development.

**However, the magnitude of the task, the need for strict prioritisation and the need for co-ordination between donors and the government have together posed one of the greatest challenges of the past seven years. The reforms have also underestimated the value and deeply-rooted nature of traditional justice mechanisms in rural Afghan society.** It is only recently that there has been a renewed focus on these, and on how to integrate them into a more modern system (rather than isolate them). It is worth noting that Afghans refer to traditional shuras and jirgas, and other forms of community *fora*, for between 40% and 60% of legal cases (excluding murder cases), which indicates a significant preference for these traditional justice systems.<sup>51</sup>

## 3. Prevention and reconciliation

Reconciliation programmes have been poorly supported. Through the establishment of a Peace Commission, President Karzai has sporadically championed a national reconciliation programme directed towards the neo-Taliban. However, this has attracted little international support for its more audacious propositions (such as an offer of amnesty to all former Taliban, including its top leadership). This was followed by the establishment of a national Action Plan for Peace, Reconciliation and Justice (otherwise called Transitional Justice) by restoring the notion of co-existence and co-operation, providing victim support and re-integrating citizens into a peaceful lifestyle within society.<sup>52</sup> But such attempts have lacked both consistency and the necessary co-operation between government, the people and the donors.

### Box 5. What became of the reconciliation process?

During the aftermath of the 2001 ousting of the Taliban in Afghanistan, peacebuilding was never at the top of the reconstruction agenda. The political fate of the vanquished was an issue that many donors chose to ignore.<sup>53</sup>

Throughout the monitoring consultation and interviews, representatives of Afghan civil society, together

50 The Afghan National Police (ANP) has often been a prime target for insurgent attacks.

51 The Brookings Institution (2009), *Afghanistan Index 2009*, Brookings Institution, Washington, DC, <http://www.brookings.edu/foreign-policy/afghanistan-index.aspx>.

52 Afghan Independent Human Rights Commission (AIHRC) (June 2005), *Peace, Reconciliation and Justice Action Plan for the GIRoA*, AIHRC, Kabul.

53 Interviews, May and June 2009.

with others from mid-level government and from the private sector, all appeared unaware of reconciliation programmes and had very little knowledge about the role and actions of the Peace Commission. They strongly advocated the establishment of a wide-reaching and robust National Reconciliation programme, often citing the partial withdrawal of foreign troops as a pre-condition to this.<sup>54</sup>

It is worth noting that a number of reconciliation processes have been initiated since 2002, mostly with low profile activities and negotiations, and a disregard for underlying dynamics that (i) prevent senior leaders of the insurgency from joining the non violent opposition and (ii) encourage young men from the southern and eastern regions to join anti-government elements.<sup>55</sup> The new re-integration package currently developed by the government and a number of large donors should take these into consideration to support sustainable solutions, particularly when it comes to cash incentives and integration of former combatants in cash-for-work projects.<sup>56</sup>

During the consultation and interviews, it was suggested that there should be a community-based reconciliation process that had the strong support of top leadership and the involvement, if necessary, of experienced international mediators from Southern countries.

## 4. Prevention and project planning

**Currently, project design and implementation do not systematically include an appropriate provision for conflict prevention, or the means with which to promote reconciliation or bridge-building across social groups. In Afghanistan, this can determine the success or the failure of programmes not directly related to reconciliation.**

- The Disarmament, Demobilisation and Reintegration (DDR)<sup>57</sup> programme offers interesting examples of this. Former soldiers were employed for the construction of roads in particular regions of Afghanistan. The projects were successful in those cases where there had been proper preparations to establish good relations between them and the local population. By contrast, in several other instances, locals perceived the former combatants – from different ethnic groups – as taking jobs that are rightfully theirs, leading to tensions which prevented the proper execution of the project.<sup>58</sup>
- Similarly, several small- and medium-scale projects for the extraction and use of water resources have failed to take into proper consideration all of those concerned, notably the villages and populations located upstream and downstream from the water works.<sup>59</sup> This has generated tensions between populations, which in some cases has also led to threats against project workers.

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### Indicative Illustrators

Indicator 4. Has the international community invested over the past five years in the prevention of future conflict and fragility?

*NOT CONSISTENTLY. The involvement of the international community in preventing future conflict has been patchy and inconsistent in terms of strategy, level of intervention, and timing, leading to the failure to achieve any significant result.*

*The complexity of multiple inter-related local and national conflicts in Afghanistan creates major challenges for international institutions and individuals in providing support for conflict prevention. This is why future prevention requires strong leadership from sub-national and national authorities (including over the issue of transitional justice), and the involvement of the general public.*

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54 Interviews, May and June 2009.

55 Semple, Michael (2009), *Reconciliation in Afghanistan*, US Institute of Peace, Washington, DC.

56 As mentioned in Principle 9, short term cash-for-work projects may not have sufficient economic impact to steer local insurgents from more lucrative combat activities.

57 The Disarmament, Demobilisation and Reintegration programme. Reintegration projects included the employment of former soldiers on large-scale infrastructure reconstruction.

58 United Nations Office for Project Support (UNOPS), National Emergency Employment Programme for Disarmament, Demobilisation and Reintegration (2005).

59 European Commission Humanitarian Office (ECHO) (2003), "The challenges of water works in Badghis province".

## Principle 5. Recognise the links between political, security and development objectives

The Integrated Approach promoted by Principle 5 is an acutely complex issue in Afghanistan, with a range of frictions existing between the three policy communities at the international level.

- The international response in Afghanistan seems largely to depend on priorities established by donors at HQ, with some donors giving priority to stabilisation, others governance and others humanitarian assistance.
- It is felt by some that the overarching political and development agenda is overly influenced by security and stabilisation objectives in the field, resulting in development actors having to adjust their initiatives based on evolving political agendas (often focusing on anti-terrorism and counter narcotics priorities) rather than a need based development agenda (as outlined in the “whole-of-government” approach of the ANDS). In other words, there is a perception that the 3Ds are not on equal footing, with the political/diplomatic perspective often lacking depth and influence to fill the gap between military activities and development assistance. Participants have highlighted the need to establish and to enforce clearer boundaries for military engagement, as well as proper sequencing between the military-backed “aid package” and government-led “development activities”.

### 1. Balancing diplomacy, defence and development: the widening gap between theory and practice

**Afghanistan is one of the first countries where an integrated approach was developed**, most notably through the ANDS. Like the 3D approach (diplomacy, defence and development), the ANDS is structured around three policy branches: Security; Governance, Rule of Law-Human Rights; and Social and Economic Development. An integrated approach is becoming the predominant strategic model for many donors, who are revising their strategy to promote a progression from military intervention to stabilisation, peace and development.<sup>60</sup>

**However, a number of those responsible for executing this comprehensive strategy, including Afghans, have highlighted its shortcomings.** Some interpret the integrated approach as representing nothing more than a re-packaging of standard intervention strategy, combining counter-insurgency warfare with campaigns to win “hearts and minds”. Among donors, aid workers and government officials,<sup>61</sup> there are complaints that the major shortfall of the comprehensive approach is the systematic prevalence of military objectives and strategies over development needs and practices. They believe weak diplomatic engagement has created a dependency among foreign politicians upon the success of the military agenda.

**This situation affects the response of development actors**, for example by restricting their presence in areas where the military operates, and thus limits the effectiveness of development strategies and programmes. The country director from an UN agency observed: *“The integrated approach is possible as long as the 3Ds are on equal footing, which is not the case in Afghanistan where the Defence [military] has the largest impact in terms of presence, visibility, harm, destruction, and as a vector of local tensions.”*<sup>62</sup>

**Despite the existence of numerous civil-military co-ordination platforms (see Box 6), there is a perceived difference between the broad objectives and strategies identified by the military, and the reality of actions on the ground.**<sup>63</sup> This is partly due to the conflicting objectives<sup>63</sup> of the PRTs and those of more offensive forces,

60 Two examples here are France’s summary of its engagement as *“Sécurité, Paix, Développement : l’action diplomatique, l’engagement militaire, l’aide à la reconstruction”* (Security, Peace, Development: diplomatic action, military intervention, aid for reconstruction) and the US motto of “Clear, Hold and Build”.

61 These were the independent opinions of senior government officials expressed during interviews with Altai Consulting in May 2009.

62 From interviews conducted in Kabul by Altai Consulting in May 2009.

63 Interviews with staff of national and international NGOs, May and June 2009.

notably Special Forces.<sup>64</sup> Another factor is the high turnover of staff which undermines the continuity and coherence of civil-military co-ordination. Finally, the discrepancies in quality and effectiveness of NGO and corporate/contractors programmes have further frustrated government institutions which, with limited resources, are unable to rely upon them as an alternative.

### Box 6. Platforms for civil-military co-ordination

Over recent years, a number of platforms for co-ordination between civil and military bodies have been developed, but they have proved inefficient for several reasons:

- The high rotation of military staff prevents any form of sustained co-ordination between individual actors.
- The predominance of the defence agenda over any other agenda has meant less participation by civilian branches in decision-making and a lack of co-ordination between them and the military (this has included even issues like the choice of colour for vehicles to be used).
- The military establishment's lack of understanding of development issues and organisation has contributed to the confusion of roles regarding the co-ordination, programming, funding and implementation of projects at the sub-national level.

## 2. Evaluating the success of the 3D approach

**There has been no systematic analysis of the results of 3D strategy in Afghanistan.** It is necessary to establish a proper evaluation for the requirements, magnitude and timing of foreign military intervention in Afghanistan, to analyse what its positive effect is on the development process and also to fill the democratic vacuum with a creative political agenda.

**The success of the integrated approach depends very much on how Principles 1 and 2 are applied.** If the root causes of the conflict are properly analysed and understood, if national capacity is correctly appreciated, if the time-frame of the intervention is realistic, if the consequences are taken into consideration and if an adjustment mechanism is in place, then adequate security measures can be taken along with the definition of a timely and appropriate exit strategy.

## 3. Sequencing and phasing out

**The ANDS builds on an integrated approach as the basis with which to rebuild the country,** although it formally only takes into consideration the strategies and actions of the national security forces (army and police), while foreign intervention is relegated to a role of “training support”. Moreover, the phasing out of foreign intervention and transfer of responsibilities is not outlined in the national framework.

**The sequencing of 3D and, most notably, the formulation of a well-planned exit strategy for both the military and development actors is not sufficiently detailed in donors' strategies either.** Proper sequencing requires a very complex analysis of skills available, efforts and time needed to improve these skills, systems available – including traditional ones-, specific needs in specific areas, balancing between national and local needs, etc. As a result, the transfer of power back to the local authorities is subject to delay, or is inadequately planned for. This problem applies not only to the transfer of security responsibilities back to the Afghans; it also adversely affects the provision of adequate funding through national systems, which would allow local authorities to direct and carry out projects and activities instead of PRTs<sup>65</sup> and other external actors. As one of the latter commented: *“We receive funds from the European Commission for various development projects, but we had to stay longer than planned in certain valleys because the local authorities could not access their own funding.”*<sup>66</sup>

64 Comments from the consultative meeting with USAID representatives and a French CivMil representative.

65 This issue was raised by donors during interviews.

66 This comment was recorded during the consultative meeting on the Kapisa military outpost experience.



## 4. The human factor

Finally, concerns have been expressed that even if the 3D approach appears rational, it does not take into consideration a number of human factors:

- The effect of civilian casualties and collateral damage caused by foreign military actions on Afghan public opinion and, above all else, the perceptions of Afghans concerning foreigners.
- The extent of poor communication between all actors.
- The influence of deeply-rooted historical local power dynamics.
- The influence of political considerations on donor strategies.
- The inconsistent quality of work performed by some contractors, NGOs and others involved in implementing development projects and programmes, their lack of understanding of the range of issues connected to their projects and their significant lack of resources compared to the military.

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### Illustrative Indicators

Indicator 5: Percentage of assistance aligned to an integrated multi-sector framework

*Since 2002, 80% of ODA is channelled outside of the government budget.<sup>67</sup> An estimation of ODA aligned to the ANDS is not currently available while awaiting the transformation of ANDS into specific programmes and projects, thereby establishing a national budget that can be directly supported by donors.*

### Additional Indicators<sup>68</sup>

5i. Ratio of the security budget vs. other sectors in the ANDS:

*41% of the projected budget for 1387 (2008-2009).*

5ii. Evolution of the ratio of security expenditure to domestic revenue:

*From 68% in 1384 (2005-2006) to 39% in 1387 (2008-2009).<sup>69</sup>*

5iii. Ratio of donors funds for development vs. military expenditures:

*This ratio gives a quick comparison between the financial efforts allocated to defence activities versus aid and development programmes. It would be useful to further compare funds allocated to support to the Afghan army and police (in training and equipment) versus funds to support direct foreign military interventions. Both ratios are unavailable due to the absence of combined figures for US military support and NATO military expenditure. However, over the past eight years, the US spent USD 223 billion on war-related funding (US Congressional Research Service). In August 2009, the UN SRSG requested USD 2.4 billion to fund development aid in 2010.*

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67 Ministry of Finance, GfRA, August 2009.

68 All data extracted from ARTF (2009), *1387 Financial Highlights* (corresponding to the period 2008-2009).

69 Ministry of Finance, fiscal policy unit, GfRA.

## Principle 6. Promote non-discrimination as a basis for inclusive and stable societies

*Definition: Non-discrimination is fairness in treating people without prejudice.*

Inclusion of women, youth, minorities and the disabled is promoted, but national stakeholders felt there is a risk that western concepts on non-discrimination are applied “indiscriminately” to a society with very different values.

**The inclusion of women, youth, minorities and the disabled in projects and programmes was thought to be generally applied.** There was a repeated concern however that Western concepts to tackle discrimination are applied indiscriminately to a society composed of very different values and customs. In many instances, this has led to the targeting of groups artificially disaggregated from their families or communities.

**Most of the discussions focused on gender discrimination.** It was noted that when positive discrimination was introduced without a proper understanding of cultural particularities, this sometimes backfired on the individuals and communities concerned, as well as on donors. This was particularly true regarding women's issues.

*Regional discrimination is addressed in Principle One. Many comments also related to Principle Two (“Do No Harm”). Discrimination was often associated with exclusion, hence the observations on this subject were similar to those made about Principle Ten (“Avoid pockets of exclusion”).*

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### Illustrative Indicators

Indicator 6: All things being equal, how has international involvement affected social divides?

*BOTH POSITIVELY AND NEGATIVELY. It was thought that international engagement can have a positive effect on social divides (e.g. the promotion of women's rights and human rights, giving support to vulnerable sections of the population, linking communities), but it can also have a negative effect by exacerbating power struggles between groups, or isolating vulnerable groups from their social environment.*

## Principle 7. Align with local priorities in different ways in different contexts

*Definition: International actors align on national priorities and systems when they base their overall support on partner countries' national development strategies, institutions and procedures. Alignment includes the support and use of national systems.*

“Align to Local Priorities” is increasingly being applied. There appears to be increasing awareness of the need to support and use the national frameworks such as the ANDS more extensively in order to understand needs and assess priorities; and use national systems to channel funds, and allocate funding according to national priorities. Concern remains however as to the degree to which PRTs are aligning their civilian activities to local development plans.

### 1. Alignment on the ANDS: challenges and opportunities

**In its first year (1387, or 2008-2009), the ANDS has acted more as a driving force for institutional change and donor alignment than as a framework for the delivery of services.** The ANDS is providing a framework of reference recognised by most international and national actors and is the greatest example of international alignment efforts so far. The biggest challenge by far for the ministries leading the ANDS process (MOF and Ministry of the Economy) is to apply its vision and mission into the creation of specific programmes; this requires transforming it into a tool based on results, one that can be effectively used by line ministries and donors, with the establishment of clear priorities and realistic performance indicators.

**In addition, there is continued concern that the ANDS mechanism is too complex for local institutions.** While Afghan institutions play an increasing role in the co-ordination and realisation of projects (*see Box 7*), few people – other than senior government officials – understand the day-to-day nature of the process.

#### **Box 7. The Development assistance database, bilateral consultations and the Donor Financial Review**

- The Development Assistance Database (DAD), initiated in the very early stages of the reconstruction through the Afghan Assistance Co-ordination Authority (AACA) mechanism, has not produced optimal results, partly due to the complexity of the reporting process and the lack of donors' commitment to reporting. The DAD focuses mostly on the input of donors rather than programme outputs, but it plans to place more attention on outputs in the future. It does not record any of the security commitments (over USD 17 billion in the past seven years).
- The MOF manages bilateral co-ordination mechanisms with large donors, including monthly meetings and a quarterly portfolio review with the Asian Development Bank, and twice-yearly portfolio reviews with USAID and the World Bank. The MOF is in regular contact with every donor and organises a twice-yearly donor review during which expenditure and pledges are discussed.
- A Donor Financial Review runs in parallel to the ANDS, allowing the MOF to identify gaps in funding to the National Budget, and subsequently to identify priority areas, both sectoral and regional. Consultations at the provincial level have mostly been limited by capacity constraints at the subnational level, but Provincial Development Plans are currently being revised for strategic inclusion into the National Framework.

### 2. Alignment on the ground: theory and reality

**Alignment to nationally identified priorities is, in theory, integrated into most donor policies and strategies** as the result of an overall endorsement of the principles of aid effectiveness, at least among OECD member countries. Non-OECD member states follow an alignment with government priorities by providing development aid on a bilateral basis, mostly through a contractual engagement with the Ministry of Foreign Affairs (and a tri-partite agreement with the MOF). Alignment of certain donor programmes and their objectives has been retrospective or artificial in a number

of cases, but even these indicate the willingness of most donors to follow the government's leadership in identifying needs and priorities.

#### **In reality, alignment is very superficial:**

- In the past seven years, 80% of assistance provided by donors was spent outside of government channels.<sup>70</sup>
- For 1388 (2009-2010), priority programmes identified by the government, and funded through the ARTF, face a critical financing gap but have not attracted donors.<sup>71</sup>

#### **It is worth noting the difficulties for practical alignment on the ground:**

- A large number of actors support a wide spectrum of initiatives and funding channels (IDLG, line departments, funding through PRTs, direct donor funding to NGOs, funding through contractors sub-contracted to local communities, etc.).
- Too many sources outside of central government are involved in identifying priorities (Community Development Councils (CDC), PRTs, Governor's office, NGOs).
- Donors' administrative and fiscal constraints are not harmonised, and each has sectoral priorities favoured and approved by their home constituencies, which may not match Afghan priorities.

### **3. The shortfalls of parallel project implementation units (PIUs)**

PIUs have multiplied over the past seven years.

**Initial PIUs were incorporated into line ministries** such as the Ministry of Rural Rehabilitation and Development and the Ministry of Public Works – to implement national programmes such as the NSP, the NEEP, the National Employment and Rural Access Programme and the National Area Based Programme. These have developed into programmes for which the line ministries involved (and in some cases the target population) have shown a strong sense of responsibility, and which offer wide geographical coverage, a consistency in strategy and a significant socio-economic effect. These programmes have been staffed by international and national technical advisors and civil servants. Over time, they have proved relatively successful in achieving solid results, and within a timeframe close to expectations. They have also contributed to capacity and skill transfers. Being closely involved with ministry staff, this has to some extent limited the resentment over salary issues.

**Other PIUs have been developed outside of the government structure and guidelines: assets have been created and staff trained, but the result has been limited regarding the building of sustainable local capacity.** This is particularly so because staff do not fully access and understand the organisation, activities, dynamics, and needs of counterpart ministries. In some cases these structures have contributed to confusion over the number and role of actors at the sub-national level, causing de-motivation among government staff.<sup>72</sup>

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#### **Illustrative Indicators**

Indicator 7: Percentage of aid flows to the government sector that is reported on partners' national budget.<sup>73</sup>

*70%.<sup>74</sup> However, only 30% of the assistance that is reported to the government is directed through national structures.<sup>75</sup> Trust in national systems remains limited, although the World Bank, UNAMA and other leading international bodies strongly urge that funding should be directly through national systems, as well as encouraging an increase in the flexibility of funds channeled through multi-donor trust funds (MDTFs).*

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70 Ministry of Finance, GiRoA (2008), "Donor Financial Review 2008".

71 Background note on ARTF and Preferencing, July 29, 2009, [http://siteresources.worldbank.org/INTAFGHANISTAN/Resources/Afghanistan-Reconstructional-Trust-Fund/Preferences\\_background\\_note.pdf](http://siteresources.worldbank.org/INTAFGHANISTAN/Resources/Afghanistan-Reconstructional-Trust-Fund/Preferences_background_note.pdf).

72 Altai Consulting report for USAID (2007), "Review of Capacity Building Programmes in the Public Sector, 2002 to 2007".

73 Ministry of Finance, GiRoA (2008), "Donor Financial Review 2008".

74 OECD (2008), *2008 Survey on Monitoring the Paris Declaration, Making Aid More Effective by 2010*, Indicator 7, <http://www.oecd.org/dataoecd/26/15/42094533.pdf>.

75 Ministry of Finance, GiRoA, compiled data August 2009.

## Principle 8. Agree on practical co-ordination mechanisms

*Definition: In the context of international engagement, co-ordination consists in actions and mechanisms by which national and international stakeholders in the reconstruction processes engage with each other to strengthen development effectiveness, and ensure an optimum sectoral and geographical coverage of services. Through these mechanisms, roles and functions of all stakeholders should be determined; funds can be pooled or channelled according to priorities identified across policy communities; and outcomes and achievements are documented and shared.*

In spite of several coordination mechanisms, there is a high degree of fragmentation of military and developmental structures and actions, and at the same time a risk of co-ordination fatigue.

Co-ordination between international actors begins in donor capitals, far from the ground. Afghanistan has regularly been at the top of media headlines ever since the Bonn conference in late 2001. Agendas for its reconstruction and stabilisation have been at the centre of annual pledging conferences (Tokyo, Berlin, London, Rome and Paris). Afghanistan is a priority for the G8 and is now NATO's main operation.

Co-ordination is often presented as a package deal between donors and the Afghan government, speaking with one voice. This is not always the case on the ground.

### 1. To what extent should we co-ordinate?

**Afghanistan represents one of the most challenging environments for co-ordination**, with:

- Although the top three donors provide 68% of aid (*see table 1*), there are more than 60 active donors and many ways to engage with the government, and no systematic division of labour.
- A large number of agencies and institutions composed of various legal structures (international NGOs, Afghan NGOs, private foreign contractors, Afghan private sector bodies, government entities);
- Many foreign staff are on short-term assignment;
- Shifting co-ordination mechanisms with short or long life-spans and uneven results;
- Some internal donor co-ordination mechanisms do not match internal government co-ordination mechanisms.

**Table 1. Donor presence and fragmentation, averages, 2005 and 2006: the top three donors provide 68% of aid**

	No. of donors	No. of donors involved in 90% of CPA <sup>76</sup>	% of CPA contribution from top donor	% of CPA contribution from 2nd top donor	% of CPA contribution from 3rd top donor	total % of CPA from top 3 donors
Afghanistan	29	9	United States (51%)	United Kingdom (9%)	European Commission (8%)	68%

Source: OECD (2008), Resource flows to fragile and conflict-affected states, 2008 annual report, OECD, Paris.

Co-ordination is time consuming for the donors, for the government and for implementation agencies. As a result of the multiplication of mechanisms, there is a frequent risk of co-ordination fatigue, leading to absenteeism or the appointment of junior staff to co-ordination forums, which slowly lose their focus, becoming ineffective information sharing bodies. Some non-OECD donors disregard general and/or technical co-ordination and deal almost exclusively on a bilateral basis with the government (through the Ministry of Foreign Affairs).

<sup>76</sup> Country programmable aid (CPA) is defined as Official Development Aid minus aid that is unpredictable by nature (such as debt forgiveness and emergency aid); entails no cross-border flows (such as research and student exchanges); does not form part of co-operation agreements between governments (such as food aid); or is not country programmable by the donors such as core funding through international and national NGOs).

However, co-ordination mechanisms have also brought positive results and have improved the effective application of objectives in several sectors, notably health and, more recently, security with the EUPOL<sup>77</sup> co-ordination mission improving joined-up assistance to the Afghan national police.

Although some co-ordination mechanisms in Afghanistan have not lasted long, there are several currently in place. These include the initial Afghan Assistance Co-ordination Authority and consultative groups set up in the wake of the Bonn conference, the Afghan Development Forum, civil-military co-ordination platforms, technical donor co-ordination groups set up in line ministries, and the newly born Peer Review Mechanism currently being experimented within two ministries: Public Health and Agriculture, Irrigation and Livestock (*see Box 8*).

Co-ordination mechanisms are notably successful when there is a clear strategy for a specific sector, supported consistently by a limited number of those donors involved, or where there is strong ministry leadership with a clear vision on both the objectives and the means to achieve them.<sup>78</sup>

### **Box 8. Donor co-ordination mechanisms in Afghanistan (selected)**

- The **Joint Co-ordination and Monitoring Body (JCMB)**, along with the three Standing Committees (Security, Governance, Economic and Social Development) is the leading co-ordination structure for formulation and implementation of the ANDS. The Inter-Ministerial Committees (IMCs) are co-ordination bodies that pool ministries according to the needs of each of the 17 sectors of the ANDS;
- The **Peer Review Mechanism for donor co-ordination** (sector level) sets out to improve the alignment of donor programmes with government priorities regarding the ANDS, to improve overall government programme plans and to optimise funding (currently under test by the Ministry of Public Health and the Ministry of Agriculture);
- The **High Level Committee on Aid Effectiveness**, under which the MOF and Ministry of Economy engage with donors on mechanisms for the application of the ANDS, on donor reporting, and on miscellaneous aid issues;
- **Sectoral Technical co-ordination**: within ministries, these often include donors and ministry managers. This has encountered difficulty from the competing strategies of donors (in the past, justice, agriculture, and currently regarding local governance). Successful co-ordination, such as that in the health sector, shows its potential benefits when properly structured. Comparative advantages and the institutional experience of donors must be evaluated with reference to the defined national priorities (and not just the volume of the allocated budget).
- **Intra-Military Co-ordination**: Until recently, there has been no inter-PRT consultation to define rules for joint activities between the PRTs and the local authorities or local powers regarding the issues of functions, services and support performed by PRT staff members, nor for the management of aid or development funds. Thus there is a wide range of structures and actions, producing varying results, and which has a detrimental effect on the development of best practices and to the rationalisation and equality of assistance. NATO central command is currently addressing this issue.

There are also a number of trust funds pooling resources among donors, and sometimes across sectors (*see Box 9*):

<sup>77</sup> European Union Police Mission in Afghanistan.

<sup>78</sup> Ministry of Education, GIRoA.

### Box 9. Financial co-ordination mechanisms (trust funds)

Trust funds such as the ARTF, the Law and Order Trust Fund for Afghanistan (LOTFA) and the Counter Narcotics Trust Fund (CNTF) were set up in the early reconstruction period.<sup>79</sup> They are well-managed and run as external fund-channelling mechanisms, which give donors certain guarantees of transparency and accountability, while enabling the government to make decisions about fund allocations. Typically, the trust funds are a tool to direct non-allocated funds to priorities jointly identified by government, the donors and the fund managers. They can substitute for the technical/sectoral division of labour, to a degree.

In practice, donors tend to express sectoral and regional preferences, thereby undermining needs-based resource allocations. This is partly the case with the ARTF, where donors express regional preferences linked to the location of their military presence (PRTs).

**Fund allocation has also been more effective when channelled through pooled funding**, with a significant delegation of authority to the trust fund managers.<sup>80</sup> However, this does not in itself guarantee the effective use of the financial contribution, as contractual modalities and disbursement mechanisms of MDTFs can be complex and slow.

**Such initiatives have reached various degrees of maturity and success, but are an essential element of effective aid**, particularly since the largest share of the ODA is not channelled through government systems.

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#### Illustrative Indicators

Indicator 8a. Is there an agreed division of labour?

*There is no overall policy regarding the division of labour among international donors in Afghanistan. But a number of co-ordination mechanisms have been put in place, adjusted and improved since 2002, to ensure that donors support national priorities, eliminate overlapping, and enhance the effectiveness of funding and technical assistance. Some of the most effective mechanisms for coordination by proxy have been the multi-donor trust funds (MDTFs) such as the ARTF, the LOTFA, the CNTF or the ASGP where trust fund managers enjoyed a relative liberty to allocate contributions to priorities decided with the government.<sup>81</sup>*

Indicator 8b. Percentage of assistance channelled through multi-donor trust funds:

*In 1387 (2008-2009), the contribution of donors to the ARTF was USD 627 million, representing an estimated 16% of the GfRoA budget.*

#### Additional Indicators

Indicator 8i. 42% of donor missions and 32% of country analysis are co-ordinated.<sup>82</sup>

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79 The ARTF is managed by the World Bank, while the LOTFA and CNTF are managed by the UNDP.

80 This does not include an evaluation of the results of the trust fund, but rather the effectiveness of the fund allocation to priorities.

81 50% of a donor's contribution to the ARTF must be free of any sectoral or geographical preference. A little over 50% of the ARTF budget covers recurrent GfRoA costs.

82 OECD (2008), *2008 Survey on Monitoring the Paris Declaration*, Indicator 10, <http://www.oecd.org/dataoecd/26/15/42094533.pdf>.

## Principle 9. Act fast... but stay engaged<sup>83</sup>

There are several rapid response mechanisms (*e.g.* UN CERF grants, discretionary funds available through the PRTs, USAID Rapid Response Funds, ECHO funds). The impact of PRT Quick Impact Projects (QIPs) remains very limited and they often do not align with national priorities. On “staying engaged”, there is a high turnover of civil and military foreigners which undermines long-term engagement and funding.

The two issues most often cited are the high turnover of most foreign civil and military staff, and the relatively weak result of quick impact projects (QIPs) used as a means to gain support among the population rather than to kick start proper development activities (*see box 10*) – even if there is a recognised effort from some PRTs to integrate their activities in the overall ANDS framework, through a close co-operation with their civilian counterparts.<sup>84</sup> The lack of consistent co-ordination and standards between the PRTs (outside military engagement) has also contributed to disparate aid projects and activities.

### Box 10. The shortfalls of QIPs and cash-for-work schemes

Over the past four years, QIPs have often been used as a preliminary project to lengthier programmes, aimed to produce quick results to impress the public in Afghanistan and in the donor countries.<sup>85</sup> QIPs are also used by the PRTs to achieve positive contact with local populations.

In practice, the use of QIPs as a means to gain support among local populations needs careful consideration. They have had only limited success in terms of rallying populations, and even less in terms of building up sustainable structures:

- QIPs have been poorly conceived, often without regard to national priorities or national programme guidelines and standards, and their long-term failure will be remembered over their short-term effects.<sup>86</sup>
- Quality assurance is usually low in QIPs, and infrastructures built under QIPs have a short life-span, particularly when maintenance and operating costs are not included.<sup>87</sup>
- QIPs performed by military structures have reportedly been less cost effective than when carried out by development actors, and “*have promoted a ‘just do it’ approach with limited concern for long-term impact and sustainability*”.<sup>88</sup>
- Even QIPs that are integrated under a national strategy (such as education) but “delivered” through foreign military support have faced uneven reception from the population.<sup>89</sup>

Many QIPs have also attempted to offer short-term employment to a jobless target population. In the early years of the reconstruction they have been used to transfer cash to the population. But this has delayed development of lasting and reliable employment opportunities (in agriculture, in the private sector or in large-scale, labour-based infrastructure programmes). Unpredictable and short-term employment can no longer stabilise the population.<sup>90</sup>

83 This Principle was also referred to in other debates: Principle One mentions the requirement to prioritise between short and long term needs, and in Principle Five focuses on the transition between short-term military intervention and long term government presence.

84 German and Dutch PRTs.

85 Such as the USAID-funded Capacity Development Program.

86 A personal opinion expressed by one PRT CivMil representative was: “At the end of the day, we do what looks good.”

87 Interviews with district governors in the Sarkani and Khogiani districts, conducted by Altai Consulting in December 2009.

88 Danish Ministry of Foreign Affairs Evaluation Department (Danida) (2005), A Joint Evaluation: Humanitarian and Reconstruction Assistance to Afghanistan, Danida, Copenhagen, [www.um.dk/NR/rdonlyres/3821B509-6B3B-4EFC-97C4-A89FC49C96D2/0/Afghanistan\\_mainreport.pdf](http://www.um.dk/NR/rdonlyres/3821B509-6B3B-4EFC-97C4-A89FC49C96D2/0/Afghanistan_mainreport.pdf)

89 Schools in Helmand built by the Canadian PRT, where teachers appointed by the Ministry of Education were forced to leave.

90 Interviews conducted by ECHO in 2004 with labourers in the Gormach district, during which one commented: “*We have been filling up holes in the roads for the past 20 years, and nothing has changed in our lives.*”



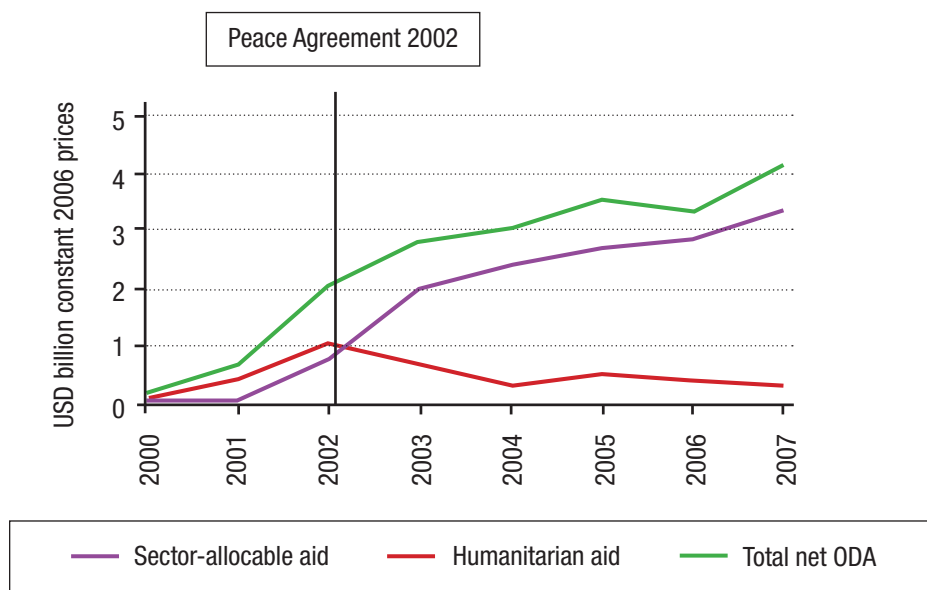
Considering past experience, QIPs must be very carefully integrated into long-term and national development programmes, beyond stabilisation requirements. QIPs performed at a community level should integrate wider provincial planning, thus multiplying the effect of otherwise discrete small-scale projects. Cash-for-Work activities should be replaced by labour-based projects that involve a higher capital and technical input, whereby the employed can learn marketable skills, and which produce infrastructures built to more robust and durable standards. Providing maintenance activities to local workers, but as an integral part of national policies and national support, would also help to provide for long-term employment needs.

### Long-term engagement is central to ensuring the consistent support of the Afghan state.

- Programmes benefiting from long-term commitments, such as the NSP and NEEP, have been able to fine-tune their project activities and improve their quality, thus increasing the involvement and responsibility of local communities.
- By contrast, the lack of long-term funding<sup>91</sup> for institutional reform has hampered progress in building organisational and individual capacity: while a period of between three and 10 years is needed to carry out important change within ministries, technical assistance programmes are often designed to produce “rapid results”.<sup>92</sup>

In volume terms, ODA has been steadily growing over the past 7 years (see Chart 1):

**Chart 1. Trends in ODA flows before and after peace agreements (USD million, constant 2006):**  
**ODA increases while humanitarian aid decreases**



Source : OECD (2008), *Resource flows to fragile and conflict-affected states*, 2008 annual report, OECD, Paris.

Since 2002, a number of donors have progressively moved to a multi-year funding strategy.<sup>93</sup> However, many donors have annual fiscal constraints, and require a quick disbursement of funds for long-term programme strategy: donor funding cycles also hinder planning of long-term actions, and force the state to focus on annual activities that produce visible results.

91 With the exception of funding by the World Bank and the DFID, most funding of institutional changes has been on an annual basis.

92 Altai Consulting (October 2007), “Capacity Building Programmes”.

93 Interviews conducted by ECHO in 2004 with labourers in the Gormach district, during which one commented: “We have been filling up holes in the roads for the past 20 years, and nothing has changed in our lives.”

**A stronger emphasis should be put on providing long term and sustainable employment to very vulnerable areas.** This does not happen through QIPs. It requires a consistent policy that integrates support to local economic development (as much as support to local governance), increased rural access and improved production infrastructure (not just through cash-for-work schemes, but with a greater technical input), and increased support to the sub national private sector.

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#### Illustrative Indicators

Indicator 9a. Are there rapid response mechanisms?

*There are a number of donor-funded rapid response mechanisms in Afghanistan, such as the UN Central Emergency Response Fund (CERF) grants, discretionary funds available through the PRTs, USAID Rapid Response Funds, and ECHO funds. QIPs have been set up in various contexts since 2002. Major donors, such as the EC, DFID and the World Bank, have now begun committing funds over three to five year periods. USAID typically develops large-scale, three-year programmes with annual congressional approval, incorporating an annual review of objectives and funding, and which can be extended for several more years.*

Indicator 9b. Amount of aid committed at a given time beyond a three-year timeframe.

*Reliable data not available.*

Indicator 9c. Aid fluctuations to GDP (2002-2007):

*6.8% (Deviation between cross annual ODA disbursements and commitments 2002-2007 as percentage of GDP, 2000, 2005, 2007).<sup>94</sup>*

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94 Based on OECD statistics and United Nations. <http://data.un.org/CountryProfile.aspx>.

## Principle 10. Avoid pockets of exclusion

*Definition: Exclusion involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities available to the majority of people in the society, whether in economic, social, cultural or political arenas. It affects the quality of life of individuals and the cohesion of society as a whole. Exclusion can relate to geographical, socio-economic or political parameters. In Afghanistan, exclusion can be related to tribal lines, geographical access, insecurity, poverty.*

A large majority of the public perceive the allocation of resources has having been driven by security considerations, although this is not always supported by facts. Highly uneven PRT capacities and impact in different regions, contributing in some instance to the perceived exclusion of certain provinces, have been highlighted.

This Principle was likened to Principle Six (“Non-discrimination”) in most discussions. However, while discrimination may be the result of conscious segregation, exclusion may be the unforeseen result of poor planning policies (thus related to Principles One and Two).

Not all donors believe they are concerned by such principles: several maintained that the issue of exclusion is solely the responsibility of the government. These donors (China, UAE) will typically focus on priorities as defined by government.

### 1. Geographical pockets of exclusion

**A large majority of the public perceive the allocation of resources over the past three to four years as having been driven by security considerations** (“*The insecure areas get lots of funds while projects cannot be implemented*”)<sup>95</sup>. This perception is not always supported by facts: the North and West continue to receive large amounts of funding, particularly through the EC, or DFID (DFID channels 80% of its aid into national budgets, which receive more than 50% of all UK aid). However, certain remote areas with little insecurity but with a high level of poverty have not received significant support – although they have been at the forefront of attention from a number of NGOs due to food insufficiency and general poverty. Particularly isolated areas, such as the districts of Ghor, Daikundi, Bamyan, Sar-e-Pol and Badakhshan, have always suffered from comparatively low political attention and economic support; difficult access creates a major logistical challenge in terms of time and costs.

**The role and effectiveness of PRTs have been uncertain.** In some regions, the PRTs reportedly deliver aid where “nobody else wants to go”, but the uneven results they have obtained across the 26 regions they cover have accentuated perceptions of exclusion. Funding for aid projects channelled through the PRTs (either through embedded civilian structures or through the military apparatus) varies greatly from one to the other, and hence from one province to the other, in a manner unrelated to actual needs.

**There is a growing recognition among certain donors of the necessity to support hitherto excluded provinces.** This has led to a slow shift of funds to these areas over the past year. At the same time, national budget planning is becoming more accurate in assessing sub-national needs and should ultimately provide greater equality in the per capita allocation of development funding.

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#### Illustrative Indicators

##### Indicator 10a. Aid and CPIA

CPIA: 2.6<sup>96</sup> (2008) (on a scale from 1 = lowest to 6 = highest).  
ODA: USD 4.4 billion ODA (2007); 155 USD aid per capita (2007).<sup>97</sup>

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95 Interview conducted in Kabul, June 2009, with a Member of Parliament from Ghazni.

96 World Bank (2008), *IDA Aid Resource Allocation Index (IRAI)*, World Bank, Washington, DC, <http://siteresources.worldbank.org/IDA/Resources/73153-1181752621336/IRAI2008table1.pdf>

97 OECD statistics. [www.oecd.org/dac/stats](http://www.oecd.org/dac/stats).

Indicator 10b. Proportion of population living on less than USD 1 per day:

53% (2003).<sup>98</sup>

**Additional Indicators**

10i. Aid spending by province, showing a per capita ratio:

*Not available. Provincial budget planning is currently under experiment in three provinces.*

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<sup>98</sup> CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>.

## Part II: Priority actions

<p><b>Principle 1:</b> <i>Take context as the starting point</i></p>	<p><i>Recommendations on how to improve the access to and understanding of the local context were delicate to formulate as they may challenge some donors' agenda, as well as their reliance on specific security models, and operational restrictions have developed since the UN bombing in Baghdad in 2003.</i></p> <ol style="list-style-type: none"> <li>1. International actors to let the Afghans take the lead in developing strategies and programmes, through established mechanisms and frameworks such as the ANDS and the Joint Co-ordination Monitoring Body.</li> <li>2. International actors to develop a higher level of direct engagement with government and with local communities, rather than read the context through the lenses of HQ-produced reports or through the words of their national staff only; to enforce a more systematic training of both civilian and military staff before and upon arrival.</li> <li>3. International actors to allow a continuous evaluation of the pertinence and modalities of international engagement from both the military and development perspectives through joint development-security evaluation.</li> <li>4. Set up more realistic timelines and benchmarks, even if it means focusing on certain Millennium Development Goals more than on others. Support shared responsibility between the GiRoA and donors.</li> </ol>
<p><b>Principle 2:</b> <i>Do no harm</i></p>	<ol style="list-style-type: none"> <li>5. Assess the positive and negative impact of strategies and programmes on security, governance, economic and social issues in an integrated manner. Ensure that the Principle is rigorously applied along the implementation chain (whether civilian or military).</li> <li>6. Increase local procurement, develop or strengthen an accountable and responsible private sector, and facilitate access to international contracts for Afghan firms.</li> <li>7. "Afghanize" the reconstruction process further, including traditional mechanisms (possibly influencing them, but not rejecting them): inclusion of tribal leaders in decision making process, traditional justice mechanisms. Give internationals more opportunities to interact with Afghans, and increase time of mission but likewise, provide Afghans with a better access to and knowledge of Western culture.</li> <li>8. The strongest recommendation came for PRTs to follow the government's development strategy, and wherever possible to pay much greater attention to national policies and strategies rather than to focus on response to sometimes less structured local requests. The next recommendation highlighted the need for PRTs to streamline their structure and modes of operation (a process which is slowly happening under central command and through the rules of engagement developed under the 2008 Afghan specific civil-military guidelines). There are some best practices that start to emerge from the PRTs, which should be documented and disseminated. Finally, the exit strategy of the PRTs should be clarified, as several stakeholders, including donors, have highlighted the need to shift from a foreign security apparatus to a national security apparatus in regions where insecurity is "limited".</li> <li>9. Consider local customs before setting up programmes, and the need to be inclusive of communities when dealing with specific groups, rather than to further separate and ostracize them.</li> </ol>
<p><b>Principle 3:</b> <i>Focus on statebuilding as the central objective</i></p>	<ol style="list-style-type: none"> <li>10. Have a more holistic approach to statebuilding, with a stronger focus on economic development, job creation and job provision, as opposed to focusing mostly on building the capacity of institutions.</li> <li>11. Donors to recognise the centrality of state legitimacy in all strategic programming (including among military strategies and implementation), to take measured risks and increase support to government institutions including through the national budget; in particular, donors should channel an increasing share of their commitment through the National Budget.</li> <li>12. Merit-based human resource systems and capacity should be supported, with a balanced between ethnic identity and social mobility. Pride in working for government should be restored by a mix of incentives and a communication strategy. There is an urgent need to increase capacity at the provincial level and to develop a proper system/package in which central civil servants would be willing to move to provinces.</li> <li>13. National and international stakeholders to develop a creative and iterative process of setting benchmarks for statebuilding, with simple indicators. It will help to focus more on outcome/impact indicators rather than output indicators (this is one of the objectives of the ANDS framework for 1388).</li> <li>14. Set up a more realistic timeframe for statebuilding than the current expectations, and communicate the strategy and goals more clearly and more regularly to the Afghan public.</li> <li>15. Continue to support a strong independent civil society, for which funding has significantly decreased over the past two years.</li> </ol>

<p><b>Principle 4:</b> <i>Prioritise prevention</i></p>	<p>16. Clarify the prevention strategy that is required: what type (direct or structural); responsible parties; the target population; and integrate the economic and social dimensions. Develop and apply conflict analysis.</p> <p>17. Link conflict prevention to reconciliation, through justice and governance processes (including traditional justice mechanisms). Evaluate the shortfalls of previous national strategies on peace, reconciliation and conflict prevention, and develop a new, post election programme. Use key connectors for local conflict prevention, and consider bringing in reconciliation mediators from other conflict areas for national reconciliation (Rwanda? Mozambique?).</p> <p>18. Develop a process for the identification and evaluation of those accused of criminal activities during previous and ongoing conflicts, and establish a mechanism for the formal application of justice and reconciliation based on an agreed and publicly agreeable approach.</p> <p>19. Support flexible mechanisms with the donor community and the government system to re-assess local and national situations and develop robust contingency plans independent from any military support (prevention activities outside the security realm).</p>
<p><b>Principle 5:</b> <i>Recognise the links between political, security and development objectives</i></p>	<p>20. Identify and focus on needs-based development priorities (employment, access, etc.) rather than ideological priorities.</p> <p>21. Avoid funding and timing gaps and agree co-ordination mechanisms accordingly, particularly at the sub-national level between the PRTs, civilian development and reconstruction actors, and the local authorities, involving government at the earliest stages. Government needs adequate financial support and the human resources mobility, and has to accept a higher level of responsibilities and accountability. Specifically, Afghan rule of law and security institutions should take over sooner rather than later, through a gradual but consistent replacement of the PRT by the national army and the police (review the role and positioning of the ANA and police in the overall transition process).</p> <p>22. Integrate all development projects into a long term framework, taking into consideration lessons learnt from other projects.</p> <p>23. Develop, rationalise and improve communication lines from local/district level to provincial level to national level for information-sharing with the public.</p> <p>24. An independent review of the integrated approach in Afghanistan should be commissioned, across policy communities (particularly security and development) with a comparative analysis of best practices in other contexts.</p>
<p><b>Principle 6:</b> <i>Promote non-discrimination as a basis for inclusive and stable societies</i></p>	<p>25. Accelerate the provision of long term education for women, in all parts of the country and systematically, to ensure employment and service delivery for women and by women within the appropriate context.</p> <p>26. Rely on tribal and religious leaders to promote and endorse new social ideas and rights as a key vector to disseminate messages to the local communities.</p> <p>27. Consider “positive discrimination” carefully in light of a potentially negative impact.</p> <p>28. Improve co-operation across segregated groups and regions through large infrastructure projects (connexion projects).</p>
<p><b>Principle 7:</b> <i>Align with local priorities in different ways in different contexts</i></p>	<p>29. Deepen support to private sector development and related results in employment and tax revenue (these two points of focus have come repeatedly throughout the consultative meeting and the interviews, with a growing demand to address sustainable employment rather than short term measures).</p> <p>30. Devolution of powers to the subnational levels and direct funding from donors to the subnational level should not be encouraged as governors have no fiscal authority.</p> <p>31. Ultimately the sustainability of programmes and of impact depends on the Afghan counterparts’ willingness (government and population) to take ownership of the reconstruction process. Many Afghan participants stressed the needs for Afghans to take responsibility for their own destiny and to “face their fear” (reconciliation); a point often linked to the need for the government to communicate much more forcefully on the civic responsibilities of all socio economic categories of the population.</p>
<p><b>Principle 8:</b> <i>Practical co-ordination mechanisms</i></p>	<p>32. Streamline international engagement under a limited number of co-ordination mechanisms (JCMB, Peer Review Mechanism). This is addressed through the strengthening of the JCMB platform, the development of technical standing committees, and the strengthening of UNAMA as a vector for donor co-ordination leadership. It was pointed out though that UNAMA co-ordination activities should support MOF co-ordination mechanisms, and address the same priorities, rather than come with separate priorities required by donors.</p> <p>33. Avoid parallel project implementation units: if a project implementation unit needs to be set up, it should be integrated directly in the relevant line ministries.</p> <p>34. Foreign military to increase its co-ordination with the ANA, in order to jointly assess threats and develop an appropriate response.</p>

<p><b>Principle 9:</b> <i>Act fast... but stay engaged long enough to give success a chance</i></p>	<p>35. International actors (military and civilian) to ensure staff minimum stay (at least one year, and 2 to 3 years for embedded technical assistance).</p> <p>36. Donors to use the ANDS as the basis for all development intervention. Donors to consider reducing “preferencing” (aid tying), unless it is aligned with government priorities.</p> <p>37. Donors to invest more systematically in capacity development. Donors should consider what has been done in the past, and how capacity development is currently being co-ordinated and articulated by the government institutions in charge.</p> <p>38. Donors to limit the use of QIPs to very limited purposes, and only within long term frameworks as outlined by the government strategy.</p> <p>39. Donors to focus on access to local, regional, national and international markets rather than infrastructure and production alone.</p>
<p><b>Principle 10:</b> <i>Avoid pockets of exclusion</i></p>	<p>40. Donors to boost support National Programmes which have country-wide coverage and a connecting (inter-group) objective: <i>e.g.</i> NSP and NEEP.</p> <p>41. Government and donors to communicate with excluded populations through traditional means (mosques and mullahs, radio).</p> <p>42. Donors to continue to support provincial development plans within national programmes and priorities, with a focus on linking up provincial economies. Strengthen the road network between provinces and within the provinces, with a focus on sustainable techniques for both the construction and the maintenance. Road building is also a huge provider of employment when properly developed with labour-intensive techniques.</p> <p>43. Strengthen IDLG so that aid is better monitored at the subnational level and better reaches pockets of exclusion. This entails sensitising IDLG staff on socio economic issues. Government to also improve systematic information sharing about exclusion.</p>

### Annex A: Principles for good international engagement in fragile states and situations

#### Preamble

A durable exit from poverty and insecurity for the world's most fragile states will need to be driven by their own leadership and people. International actors can affect outcomes in fragile states in both positive and negative ways. International engagement will not by itself put an end to state fragility, but the adoption of the following shared Principles can help maximise the positive impact of engagement and minimise unintentional harm. The Principles are intended to help international actors foster constructive engagement between national and international stakeholders in countries with problems of weak governance and conflict, and during episodes of temporary fragility in the stronger performing countries. They are designed to support existing dialogue and co-ordination processes, not to generate new ones. In particular, they aim to complement the partnership commitments set out in the Paris Declaration on Aid Effectiveness. As experience deepens, the Principles will be reviewed periodically and adjusted as necessary.

The long-term vision for international engagement in fragile states is to help national reformers to build effective, legitimate, and resilient state institutions, capable of engaging productively with their people to promote sustained development. Realisation of this objective requires taking account of, and acting according to, the following Principles:

**1. Take context as the starting point.** It is essential for international actors to understand the specific context in each country, and develop a shared view of the strategic response that is required. It is particularly important to recognise the different constraints of capacity, political will and legitimacy, and the differences between: (i) post-conflict/crisis or political transition situations; (ii) deteriorating governance environments, (iii) gradual improvement, and; (iv) prolonged crisis or impasse. Sound political analysis is needed to adapt international responses to country and regional context, beyond quantitative indicators of conflict, governance or institutional strength. International actors should mix and sequence their aid instruments according to context, and avoid blue-print approaches.

**2. Do no harm.** International interventions can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards. In each case, international decisions to suspend or continue aid-financed activities following serious cases of corruption or human rights violations must be carefully judged for their impact on domestic reform, conflict, poverty and insecurity. Harmonised and graduated responses should be agreed, taking into account overall governance trends and the potential to adjust aid modalities as well as levels of aid. Aid budget cuts in-year should only be considered as a last resort for the most serious situations. Donor countries also have specific responsibilities at home in addressing corruption, in areas such as asset recovery, anti-money laundering measures and banking transparency. Increased transparency concerning transactions between partner governments and companies, often based in OECD countries, in the extractive industries sector is a priority.

**3. Focus on state-building as the central objective.** States are fragile when state<sup>99</sup> structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations. International engagement will need to be concerted, sustained, and focused on building the relationship between state and society, through engagement in two main areas. Firstly, supporting the legitimacy and accountability of states by addressing issues of democratic governance, human rights, civil society engagement and peacebuilding. Secondly, strengthening the capability of states to fulfil their core functions is essential in order to reduce poverty. Priority functions include: ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment

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<sup>99</sup> The term "state" here refers to a broad definition of the concept which includes the executive branch of the central and local governments within a state but also the legislative and the judiciary arms of government.



generation. Support to these areas will in turn strengthen citizens' confidence, trust and engagement with state institutions. Civil society has a key role both in demanding good governance and in service delivery

**4. Prioritise prevention.** Action today can reduce fragility, lower the risk of future conflict and other types of crises, and contribute to long-term global development and security. International actors must be prepared to take rapid action where the risk of conflict and instability is highest. A greater emphasis on prevention will also include sharing risk analyses; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening indigenous capacities, especially those of women, to prevent and resolve conflicts; supporting the peacebuilding capabilities of regional organisations, and undertaking joint missions to consider measures to help avert crises.

**5. Recognise the links between political, security and development objectives.** The challenges faced by fragile states are multi-dimensional. The political, security, economic and social spheres are inter-dependent. Importantly, there may be tensions and trade-offs between objectives, particularly in the short-term, which must be addressed when reaching consensus on strategy and priorities. For example, international objectives in some fragile states may need to focus on peacebuilding in the short-term, to lay the foundations for progress against the MDGs in the longer-term. This underlines the need for international actors to set clear measures of progress in fragile states. Within donor governments, a "whole of government" approach is needed, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. This should aim for policy coherence and joined-up strategies where possible, while preserving the independence, neutrality and impartiality of humanitarian aid. Partner governments also need to ensure coherence between ministries in the priorities they convey to the international community.

**6. Promote non-discrimination as a basis for inclusive and stable societies.** Real or perceived discrimination is associated with fragility and conflict, and can lead to service delivery failures. International interventions in fragile states should consistently promote gender equity, social inclusion and human rights. These are important elements that underpin the relationship between state and citizen, and form part of long-term strategies to prevent fragility. Measures to promote the voice and participation of women, youth, minorities and other excluded groups should be included in state-building and service delivery strategies from the outset.

**7. Align with local priorities in different ways in different contexts.** Where governments demonstrate political will to foster development, but lack capacity, international actors should seek to align assistance behind government strategies. Where capacity is limited, the use of alternative aid instruments – such as international compacts or multi-donor trust funds – can facilitate shared priorities and responsibility for execution between national and international institutions. Where alignment behind government-led strategies is not possible due to particularly weak governance or violent conflict, international actors should consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level. Where possible, international actors should seek to avoid activities which undermine national institution-building, such as developing parallel systems without thought to transition mechanisms and long term capacity development. It is important to identify functioning systems within existing local institutions, and work to strengthen these.

**8. Agree on practical co-ordination mechanisms between international actors.** This can happen even in the absence of strong government leadership. Where possible, it is important to work together on: upstream analysis; joint assessments; shared strategies; and co-ordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among donors, delegated co-operation arrangements, multi-donor trust funds and common reporting and financial requirements. Wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities. In the case of countries in transition from conflict or international disengagement, the use of simple integrated planning tools, such as the transitional results matrix, can help set and monitor realistic priorities.

**9. Act fast... but stay engaged long enough to give success a chance.** Assistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. At the same

time, given low capacity and the extent of the challenges facing fragile states, international engagement may need to be of longer-duration than in other low-income countries. Capacity development in core institutions will normally require an engagement of at least ten years. Since volatility of engagement (not only aid volumes, but also diplomatic engagement and field presence) is potentially destabilising for fragile states, international actors must improve aid predictability in these countries, and ensure mutual consultation and co-ordination prior to any significant changes to aid programming.

**10. Avoid pockets of exclusion.** International actors need to address the problem of “aid orphans” – states where there are no significant political barriers to engagement, but few international actors are engaged and aid volumes are low. This also applies to neglected geographical regions within a country, as well as neglected sectors and groups within societies. When international actors make resource allocation decisions about the partner countries and focus areas for their aid programs, they should seek to avoid unintentional exclusionary effects. In this respect, co-ordination of field presence, determination of aid flows in relation to absorptive capacity and mechanisms to respond to positive developments in these countries, are therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans.

## 1. Interviews

The findings reflect the opinions of people interviewed: individuals sometimes answered “in the name of” the institution they represented, and sometimes gave their personal opinion.

Typically the interview started by assessing whether or not the individual/the group knew about the Principles, then proceeded to establish whether the institution represented was applying the Principles (actively or by default). The discussion then concluded on whether or not these Principles are applicable and what value the process of monitoring such Principles brings.

## 2. The consultative meeting

The feedback from the interviews was used during the consultative meeting as baseline information to engage the participations to review the application of the Principles and how to improve the international engagement in very concrete steps, principle by principle.

The consultative meeting was co-chaired by deputy-Minister of Finance H.E Mohammad Mustafa Mastour and Mark Ward (UNAMA Senior Development Advisor) and moderated by Hamid Jalil, the National Coordinator from the MOF, and Altai Consulting.

About 50 representatives attended the first part of the consultative meeting, and approximately 35 stayed for the working group sessions. About a third of the participants had been interviewed in the previous months. The attendance included:

- Mid-level representatives of the main donors (USAID, DFID, EC)
- Junior representatives of other donors (France, Germany, Sweden, Japan)
- One non-OECD member (India)
- NATO chief of the CJ9 (Brigadier General civil military section)
- A civil military representative of the French military base in Kapisa
- Representatives from the Government (Ministries of Foreign Affairs, Rural Rehabilitation and Development, Agriculture, Economy, Finance)
- UNAMA, World Health Organization (WHO)
- Senior managers of Afghan NGOs and civil society
- Mid-level managers of 2 international NGOs
- Senior representatives of the private sector (from the banking sector and from the Afghan International Chamber of Commerce), including the Women’s Business Association

Representation at the event varied in terms of the level, extent of participation and background of the attendees. Whilst this could potentially indicate a difference in emphasis being placed on the issue between donor capitals and their Embassies or representatives, it is also likely indicative of the significant demands placed on donor time and resources. The process, including the presentation to the High Level Committee on Aid Effectiveness (HLCAE), has however served to generate awareness about the Principles which should enable more comprehensive discussion in the future phases of the process.

The participants were later split in five working groups. The moderation of the groups was facilitated by Henri Morand (Deputy Director of the United Nations Development Programme), Willi Graf (country director for the Swiss Development Co-operation), Susanne Schmeidl (Director Tribal Liaison office, and publisher of many pieces on statebuilding and conflict prevention), and two Altai staff members (Shumsa Tahseen and Francoise Jacob). Each of the five working groups had to review two Principles. A brief summary of the interviews findings were presented to the groups. Each group later presented their work to the plenary session.

Four note takers were appointed from Altai international staff, one from UNAMA.

The consultative meeting was closed by the National Coordinator with a brief address on peacebuilding issues.

### 3. Limitations

The monitoring Survey is based on a mixed methods methodology, including qualitative indicators, a limited number of quantitative indicators, and secondary research. The exercise did not include a systematic field evaluation/confirmation of attitudes and strategies of the different donors. In addition, the exercise reviews a wide range of complex issues, which can only be briefly analysed in the context and scope of such report:

- It is worth noting that most stakeholders do not have an all encompassing comprehension of the issues and approaches being applied within a complex situation such as Afghanistan. As a result, feedback can be incomplete and not up-to-date.
- There was a tendency to look for new solutions, as opposed to fully understanding the difficulties with implementing existing ones, or to consider lessons from past programmes.
- Multistakeholder discussions often lead to antagonisms between stakeholders, as none is fully informed and educated about what everybody else does, and very few have a comprehensive and historical picture of all the dynamics related to aid in Afghanistan. It is hoped that the consultation has helped contribute to a more shared understanding of current priorities and challenges.

The challenge in this Monitoring Survey will be to review the real lines of progress and remaining key bottlenecks, within a broader time perspective. As such, the present Report is produced as a baseline against which progress will be assessed over time, for instance in Round II, which is scheduled for 2011, or at a later Round III (2013).

# Annex C: Statistical data on Afghanistan

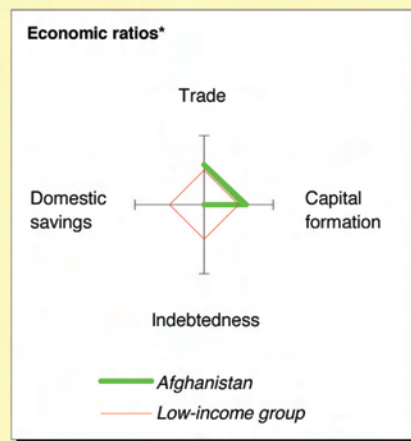
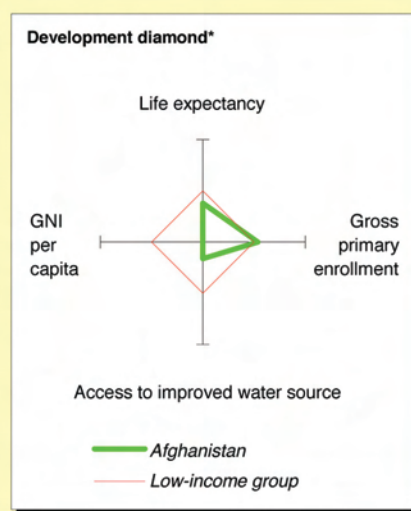
Figure 1. Map of Afghanistan



Source: United Nations, <http://www.un.org/special-rep/ohrls/lcd/LDCs-List/afghan.gif>.

Table 2. Key indicators

POVERTY and SOCIAL	Afghanistan	South Asia	Low-income		
<b>2007</b>					
Population, mid-year (millions)	..	1,520	1,296		
GNI per capita (Atlas method, US\$)	..	880	578		
GNI (Atlas method, US\$ billions)	10.1	1,339	749		
<b>Average annual growth, 2001-07</b>					
Population (%)	3.9	1.6	2.2		
Labor force (%)	..	2.1	2.7		
<b>Most recent estimate (latest year available, 2001-07)</b>					
Poverty (% of population below national poverty line)	..	..	..		
Urban population (% of total population)	24	29	32		
Life expectancy at birth (years)	43	64	57		
Infant mortality (per 1,000 live births)	165	62	85		
Child malnutrition (% of children under 5)	33	41	29		
Access to an improved water source (% of population)	22	87	68		
Literacy (% of population age 15+)	..	58	61		
Gross primary enrollment (% of school-age population)	101	108	94		
Male	126	111	100		
Female	75	104	89		
<b>KEY ECONOMIC RATIOS and LONG-TERM TRENDS</b>					
	1987	1997	2006	2007	
GDP (US\$ billions)	..	..	9.4	11.6	
Gross capital formation/GDP	..	..	..	..	
Exports of goods and services/GDP	..	..	..	..	
Gross domestic savings/GDP	..	..	..	..	
Gross national savings/GDP	..	..	..	..	
Current account balance/GDP	..	..	..	..	
Interest payments/GDP	..	..	0.1	..	
Total debt/GDP	..	..	18.9	..	
Total debt service/exports	..	..	..	..	
Present value of debt/GDP	..	..	14.1	..	
Present value of debt/exports	..	..	..	..	
	1987-97	1997-07	2006	2007	2007-11
(average annual growth)					
GDP	..	11.5	6.1	13.5	..
GDP per capita	..	7.1	2.0	9.2	..
Exports of goods and services	..	..	..	..	..



Source: World Bank, [http://devdata.worldbank.org/AAG/afg\\_aag.pdf](http://devdata.worldbank.org/AAG/afg_aag.pdf).

**Table 3. World development indicators Afghanistan**

	2000	2005	2007	2008
GNI, PPP (current international \$) (billions)	..	24.07	30.60	..
Life expectancy at birth, total (years)	42	43	44	44
Fertility rate, total (births per woman)	7.6	6.9	6.6	..
Adolescent fertility rate (births per 1,000 women ages 15-19)	145	129	121	..
Mortality rate, under-5 (per 1,000)	257	257	257	..
Immunization, measles (% of children ages 12-23 months)	35	64	70	..
Primary completion rate, total (% of relevant age group)	..	38	..	..
Ratio of girls to boys in primary and secondary education (%)	..	56	58	..
Agricultural land (% of land area)	58.3	58.3	..	..
Improved sanitation facilities, urban (% of urban population with access)	43	..	..	..
GDP (current USD) (billions)	..	6.85	10.17	..
GDP growth (annual %)	..	14.5	16.2	..
Inflation, GDP deflator (annual %)	..	8.4	6.8	..
Agriculture, value added (% of GDP)	..	39	37	..
Industry, value added (% of GDP)	..	25	25	..
Services, etc., value added (% of GDP)	..	35	38	..
Exports of goods and services (% of GDP)	..	25	17	..
Imports of goods and services (% of GDP)	..	71	57	..
Time required to start a business (days)	..	9	9	9
Military expenditure (% of GDP)	..	1.6	2.1	..
Roads, paved (% of total roads)	13	27	..	..
External debt stocks, total (DOD, current US\$) (millions)	..	..	2,041	..
Foreign direct investment, net inflows (BoP, current USD) (millions)	..	..	288	..
Official development assistance and official aid (current USD) (millions)	136	2,750	3,951	..

Source: World Bank (April 2009) *World Development Indicators* World Bank, Washington, D.C.

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## Annex B: Methodology for this country report

This report is based on the findings and discussions generated from a series of 34 open interviews run between May 10 and June 12, 2009 in Kabul, and on the outcome of the consultative meeting which took place on June 17, 2009 in Kabul. The report reflects the degree of understanding, the perceptions (with their lot of biases) and practical issues related to both the relevance and the application of the Principles. It does not aim to address in an in-depth manner every single element outlined in each Principle.

### List of interviewees (May/June 2009) and participants (17-18 June 2009)

#### Government

Ministry of Finance  
Ministry of Defence  
Ministry of Education  
Ministry of Rural Rehabilitation and Development  
Ministry of Foreign Affairs  
Ministry of Economy

#### Civil society organisations

China  
European Commission  
Finland  
France  
Germany  
India  
Japan-JICA  
Korea  
The Netherlands  
Swiss Development Co-operation  
UAE  
UK-DFID  
USAID  
The World Bank

#### UN Agencies

OCHA  
UNHCR  
UNDP  
WHO

#### Non-Government Organisations

Norwegian Refugee Committee  
Swedish Committee  
Action Aid  
Mercy Corp  
HAFO  
ADA  
COAR  
Afghan Civil Society Forum

#### Private sector

General Secretary of Afghanistan Bank Association  
Head of Afghan Builders Association  
Representatives from Women's Independent Economic Forum  
Representatives from Afghanistan Chamber of Commerce and Industry

#### Members of the Parliament

MP Ghazni  
Chair of the Budget Committee / Chair of the Health Committee

#### Military Representation

ISAF – NATO Chief Civil Command



