Islamic Republic Of Afghanistan
Ministry of Finance

JOINT EVALUATION OF THE PARIS DECLARATION PHASE 2:

ISLAMIC REPUBLIC OF AFGHANISTAN

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About Baawar Consulting Group

Baawar Consulting Group is an independent research and evaluation, monitoring and assessment and management consultancy firm, based in Kabul (Afghanistan). Baawar's mission is to assist the government, the development partners, the civil society and the private sector to identify their highest-value opportunities, address their most critical challenges, and transform their strategies and businesses, to promote a culture of research and learning and reach out to everyone in the society to ease their participation in the effective development process. To achieve its mission Baawar engages with its partners to provide customized solutions that ensures our partners achieve a sustainable and competitive advantage, build more capable organizations, and secure lasting results.

Baawar Consulting Group was set up in 2008 in response to the growing need for support agencies in development, donor community, NGOs, and line departments of the Government that are responsible to implement a wide range of projects and programs. Despite funding support and efforts from donors, INGOs and the Government, development outcomes are not easy to achieve. Baawar specializes in providing support to implementers and donor agencies through a range of services such as monitoring and evaluation, research, capacity building and management consulting.

EXECUTIVE SUMMARY

This report is the Afghanistan country level study, as a component of a larger study of the second phase evaluation of the Paris Declaration (PD) of 2005 on Aid Effectiveness. The second phase is a follow up to the first phase evaluation that reviewed the efficiency of the implementation process of the Paris Declaration, taking stock of progress made at the input-output levels and attempted to measure the changes induced by the Paris Declaration. The second phase, which this report focuses on the outcome results at the country level. Thus the report attempts to assesses the changes in the effectiveness of (a) delivery of aid donors, as per the PD principles and their indicators; (b) utilization of aid by donors and local (Afghan stakeholders, focusing on results in selected sectors; and (c) the partnerships promoted.

In all developing countries, and especially in situations of fragility, a straight track of advances in Paris Declaration implementation is difficult to say the least. PD requires cooperation between a variety of donors with various interests, not all altruistic, and the local partner governments at all levels, civil society organizations, parliamentarians and the private sector- all representing various interest groups. Evaluation of PD thus is severely limited by the impediments in the country context- the most significant of these among many are insecurity; incapacity of ministries and civil servants; inadequate and weak state structures at all levels- national and sub-national; competing interest (of persons and organizations) and the politicized and militarized character of foreign aid. Appraisal of the PD in Afghanistan is placed within this context; and the issues that tend to impede or promote application of PD are woven into the architecture of this report.

In addition, the inter-linkages of the basic concepts of the principles and Accra that constitute the soul of Aid Effectiveness are the basis of the analysis of all issues throughout the report. That the principles cannot be untied from each other and must be pursued in unison to achieve improved delivery and utilization of aid lies at the core of this report.

With respect to intermediate outcomes of PD implementation, while some progress is made, strengthening of all areas by both donors and partner government is a requirement if higher rating of progress in each of the principles is to be heightened. The true spirit of alignment demands better articulation of need-based development programs by the government and results identification with which the donors would align and harmonize. The donors cannot claim to contribute to Afghanistan's needs when a large number of the donor countries, especially the troops contributing countries, are driven by political and military interests. Mutual accountability requires a well established system of accounting for development results- a Monitoring and Evaluation system- which is currently close to non-existent. Not much can be expected either for promotion of mutual accountability or managing for development results in the absence of the government's commitment to a robust monitoring and evaluation (M&E) system. Donors are failing to meet needs for untying, better coordination amongst donors and rooting out wastages and duplications through practicing of division of labour and following harmonization with Afghan government established systems, such as public performance management system (well reformed), procurement system etc. Cooperation in some of these areas is dependent on delivery from the Afghan government, for instance, control of corruption. But in other areas goodwill from the donors is inadequate, at best.

The presence of the Provincial Reconstruction Teams (PRTs) and enormous impact of security on PD implementation was studied. Doubtlessly, allocation of aid resources, over the past years has been driven by security considerations although security has not improved. It is correct that the amounts of funds invested and the activities undertaken by the PRTs (either through embedded civilian structures or through the military apparatus) vary. Thus, some PRTs might be more successful in undertaking needs-based albeit short term

projects than the others. But in the absence of any accounting, understanding of the results which the investments achieve is unclear as well. Improved accountability and better cooperation of the PRTs with authorities at sub-national levels are the first requirements.

With respect to development results, two (health and education) of the three sectors selected have better performance record in the country. The research on the third sector- water- was focused narrowly on trans-boundary water system development potentials. Water and sanitation, constituting the most important life needs of the poor could not be studied due to constraint f time.

Both in health and education sectors, developments results are better achieved than in many other areas. Although both these sectors exemplify improved donor coordination, alignment and harmonization with government programs, it is difficult to link application of the PD principles in these areas as the major causes of success although these were contributory factors. Yet, one cannot deny the influence of reform minded ministers and exemplary leadership they displayed both in developing needs-based programs and directing donor attention to the requirements for coordination, alignment and harmonization.

An analysis of the interview results raises the issue of the need for systems development instead of leadership-led development. No doubt, for sustainability purposes, systems development is essential but without leadership, no system can take roots, especially in the beginning period of state building. With billions of dollars of investment in technical assistance, Afghanistan state's legitimacy is still at stake. Partially, this might have resulted from poor quality and unplanned technical assistance delivery by donors, yet, undeniably, quality of leadership influenced utilization of assistance.

The conclusion chapter of this report measures progress against each PD principles and raises interesting questions the degree to which these principles and relevant for fragile states. Questions raised and discussed address issues such as: Is ***ownership illusory and alignment a myth***? What evidences exist to prove harmonization is real? Is ***managing for results*** only a paper concept in the absence of a robust national M&E system? Does ***predictability of commitments*** remain a dream? Who ensures that ***Aid is untied and for whose benefit***? Is **capacity building through technical assistance** getting the value for money? Do Afghanistan and its international partners realize the extent to which they are missing the opportunity of being ***mutually accountable*** to each other and to their own public by not taking more stringent measures in improving ***aid delivery mechanisms*** and ***aid utilization*** for producing better ***development results*** to benefit the people? Readers must take a critical look at these issues and determine if pursuit of Paris Principles of Aid Effectiveness is realistic in fragile situations and to what extent?

In the light of the nature of the study and the findings, briefly reflected above, a number of recommendations are offered, some of which are innovative in terms of setting "to do" tasks for both the donors and the government. The recommendations are practical. The pursuit of these would require planning and determination to follow up, if PD implementation is to accrue the desired results.

ACKNOWLEDGEMENTS

This Evaluation is the result of a collective effort. [redacted]

The contributions of the senior management of ministry of finance and the aid management directorate of ministry of finance lead by Hamid Jalil who also served as the National Coordinator for this project, as well as the National Reference Group are acknowledged.

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The Core Team in Europe has also played a role in supporting us to the extent possible. In particular they facilitated the initial introductory meeting of Dhaka and the emerging findings workshop of Bali.

Due to various constraints the national evaluation team gained little from ConRef which was originally contracted.

ACRONYMS AND ABBREVIATIONS

AAA	Accra Agenda for Action
ACBAR	Agency Coordinating Body for Afghan Relief
ACSF	Afghanistan Civil Society Forum
ACU	Aid Co-ordination Unit
ADB	Asian Development Bank
AFMIS	Afghanistan Financial Management Information System
AHS	Afghanistan Health Survey
AIA	Afghanistan Interim Authority
AIHRC	Afghanistan Independent Human Rights Commission
AMD	Aid Management Directorate
ANDS	Afghanistan National Development Strategy
AREU	Afghanistan research and Evaluation Unit
ARTF	Afghanistan Reconstruction Trust Fund
BHCs	Basic Health Centers
BPHS	Basic Package of Health Services
BSC	Balanced Scorecard
CAO	Control and Audit Office
CDCs	Community Development Councils
CHCs	Comprehensive Health Centers
CIDA	Canadian International Development Agency
CIMIC	Civil-Military Co-operation
CNTF	Counter Narcotics Trust Fund
COIN	Counter-insurgency
CPHD	Center for Policy and Human Development
CSOs	Central Statistics Office
CTAP	Civilian Technical Assistance Program
DAD	Development Assistance Database
DANIDA	Danish International Development Assistance
DCDA	Dehsabz City Development Authority
DDAs	District Development Assemblies
DDC	District Development Councils
DDP	District Development Programs
DDPAG	District Delivery Planning and Advisory Group
DFID	Department for International Development
DFR	Donor Financial Review
DHs	District Hospitals
DM TVET	Deputy Ministry of Technical Vocational Educational and Training
DPT	Diphtheria, Pertussis & Tetanus
EC	European Commission
EPHS	Essential Package of Health Services
EU	European Union
FAO	Food and Agricultural Organization
FINNIDA	Finnish International Development Agency
GAVI	Global Alliance for Vaccines and Immunization
GDI	Gross Domestic Income

GDP	Gross Domestic Product
GEF	Global Environment Facility
GEM	Gender Empowerment Measure
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GoA	Government of Afghanistan
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HNSS	Health and Nutrition Sector Strategy
HPI	Human Poverty Index
IARCSC	Independent Afghanistan Reform and Civil Service Commission
ICRC	International Committee of Red Cross
IDLG	Independent Directorate of Local Governance
IFI	International Financial Institutes
IMCs	Inter-Ministerial Committees
IMR	Infant Mortality Rate
IODPARC	International Organization Development Consulting
ISAF	International Security Assistance Force
IWA	Integrity Watch Afghanistan
JCMB	Joint Co-ordination and Monitoring Body
LOTFA	Law and Order Trust Fund
M&E	Monitoring and Evaluation
MAIL	Ministry of Agriculture, Irrigation & Livestock
MDGs	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
MEc	Ministry of Economy
MICS	Multi Indicator Cluster Survey
MMR	Maternal Mortality Ratio
MoF	Ministry of Finance
MoHE DM	Ministry of Higher Education
MOPH	Ministry of Public Health
MOPH-SM	MOPH Strengthening Mechanism
MRRD	Ministry of Rural Rehabilitation and Development
MTFF	Medium-term fiscal framework
NABDP	National Area Based Development Program
NDF	National Development Framework
NGOs	Non-governmental organizations
NHDR	National Human Development Report
NHSPA	National Health Services Performance Assessment
NPP	National Priority Programs
NRVA	National Risk and Vulnerability Assessment
NSP	National Solidarity Program
OBI	Open Budget Index
OECD	Organization for Economic Co-operation and Development
OOA	Office of Administration
OXFAM	Oxford Committee For Famine Relief
PBA	Program-Based Approaches
PD	Paris Declaration

PDP	Provincial Development Plans
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIU	Parallel Implementation Unit
PPU	Procurement Policy Unit
PRDU	Post-war Reconstruction & Development Unit
PRSP	Poverty Reduction Strategy Paper
PRT	Provincial Reconstruction Team
SIDA	Swedish International Development Agency
SIGAR	Special Inspector General for Afghanistan Reconstruction
T-IMC	Transport Inter-ministerial Commission
TA	Technical Assistance
TB	Tuberculosis
U5MR	Under 5 Mortality Rate
UAE	United Arab of Emirates
UN	United Nation
UNAMA	United Nations Assistance Mission in Afghanistan
UNDP	United National Development Program
UNHRC	United Nations High Commissioner for Refugees
US	United States
USAID	United States Agency for International Development
WB	World Bank
WHAM	Winning the hearts and minds

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CHAPTER 1: INTRODUCTION

1.1 The Context

Foreign aid plays a critical role in Afghanistan's economic growth and development. It represents a very large percentage of Afghanistan's GDP. The grand total of pledges from 47 donor countries to date is approximately US$62 billion (in grants and loans), commitments amount to US$46 billion of which US$36 billion have been disbursed. Notably, given that security related off-budget aid is often under-reported, the amount of total aid is much higher than currently reported. Close to 100% of Afghanistan's development budget and 35% of its operating (recurrent) expenditure are financed by external assistance. Despite reaching the annual revenue targets almost consistently, due to increases in expenditure budgets, the 35% of external coverage of the recurrent cost is not likely to decrease soon.

41 countries having military presence under NATO or coalition forces, the amount of assistance provided through military channels in Afghanistan is substantial[1].Currently there are 26 Provincial Reconstruction Teams of international troops contributing countries in various provinces, most of which are engaged in development and reconstruction activities (Annex 1). Available data[2] shows that 40% of the total development aid commitment has been made by military agencies. Out of this amount, only about 9% has been invested in several small scale development activities while the remaining 91% has been invested in support of security sector reforms.

It is acknowledged that while the volume of aid needs to increase to achieve development goals, the effectiveness of "how" aid is delivered must also improve significantly to support partner country efforts to strengthen utilization of aid to the best advantage of the country and its people.
The Afghan government and its international partners have several times attempted to take stocks of concrete progress attained in development effectiveness since 2001- in Tokyo, Berlin, London, Rome and Paris. In 2005 (in Paris), the DAC member nations had committed to adopt a number of aid effectiveness principles to improve the performance of aid delivery and utilization. In London (2006), the international community agreed, through the Afghanistan Compact, to support Afghanistan government's leadership in setting the country's development priorities based on needs, mutual accountability, and transparency and to coordinate aid to Afghanistan. In Accra (2008), the international community and the developing country partners attempted to accelerate the pace of change required for better aid.

The principles agreed upon in various aid effectiveness declarations are, however, still not always practiced by donors and multilateral bodies; and aid as well as development cooperation effectiveness, thus, have had faltering progress. Notably, Afghanistan presents one of the most complex environments for effective aid delivery[3] which will be discussed in the report.

With this background, a review of the effectiveness of compliance with the aid effectiveness principles of the original Paris Declaration (PD 2005), in the country specific context of Afghanistan, was undertaken. This report presents the findings of the country level study, undertaken by the Government of the Islamic Republic of Afghanistan (through a locally contracted Afghan firm) as a part of the second phase evaluation of the Paris Declaration of 2005 on Aid Effectiveness.

The second phase is a follow up to the first phase evaluation, which focused on the efficiency of the implementation process of the Paris Declaration, taking stock of progress made at the input-output levels and, as such, it helped measure the "behaviour changes" that the Paris Declaration might have influenced. The

second phase of the evaluation is focused on the outcome results and addresses the critical question if the intended long-term effects of the Paris Declaration are being achieved at the country level. This includes assessments of *changes* in the effectiveness of (a) delivery of aid by donors/aid agencies, as per the PD principles and their indicators; (b) utilization of aid by donors and the local (Afghan) stakeholders and, (c) the partnerships between them.

A cursory glimpse of the Paris Declaration principles on Aid Effectiveness and the Accra announcement, which guide the assessment of the "changes" this study is set out to examine, is provided in the Box below. The indicators set up by the Development Assistance Committee (DAC) of OECD will be used for assessment of the changes.

<table>
<tr>
<td rowspan="2">
</td>
<td>Joint commitment toward enhanced Aid Effectiveness
<u>Ownership</u> - Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.
<u>Alignment</u> - Donor countries align behind these objectives and use local systems.
<u>Harmonization</u> - Donor countries coordinate, simplify procedures and share information to avoid duplication.
<u>Managing for Results</u> - Developing countries and donors shift focus to development results and results get measured.
<u>Mutual Accountability</u> - Donors and partners are accountable for development results.</td>
<td rowspan="2">An Agenda to Accelerate Progress
<u>Predictability</u> – donors will provide 3-5 year forward information on their planned aid to partner countries.
<u>Country systems</u> – partner country systems will be used to deliver aid as the first option,
rather than donor systems
<u>Conditionality</u>– donors will switch from reliance on prescriptive conditions about how and when aid money is spent to conditions
based on the developing country's own development objectives.
<u>Untying</u> – donors will relax restrictions that prevent developing countries from buying the goods and services they need from whomever and wherever they can get the best quality at the lowest price.</td>
</tr>
<tr>
<td colspan="2">Accra Agenda for Action (AAA) was drawn up in 2008 and builds on the commitments agreed in the Paris Declaration.</td>
</tr>
</table>

1.2 Objective of the Report

The objective of the report is to analyse and assess the relevance and effectiveness of the Paris Declaration- the contribution it makes to increase better delivery of aid and ultimately to development results, including poverty reduction, in the Afghanistan country specific context, taking into account country specific conditions that can affect efficiency and effectiveness of aid delivery and actual development results.

1.3 Methodology

1.3.1 Overview

This country evaluation is primarily based on the terms of reference and evaluation matrix designed by International Organization Development Consulting (IODPARC), UK, which is commissioned by Organization for Economic Co-operation and Development (OECD) to coordinate this evaluation process with 23 countries, including Afghanistan.

The Afghanistan country level study and reporting was led by the Aid Management Directorate (AMD) of the Ministry of Finance (MOF), with Hamid Jalil, Director of AMD in the lead and a national consulting firm (Baawar Consulting Group), as the national partner, with an external evaluator reviewing and assessing the research findings and proposing some objective conclusions, based on the findings.

The assessment and conclusions are somewhat limited by the original methodology used. The complexity of the terms of Reference of the evaluation and the matrices further complicated the concepts for the inexperienced researchers and dominated the analysis in neglect of country specific context. Also to be noted is that the assessments in some areas are based on incomplete information. Lack of adequate direction from the NRG resulted in a loss of significant inputs and insights which could have enriched the study.

The methodology used in the study constituted a blend of evaluation synthesis and Meta evaluation, inclining more towards evaluation synthesis. The study thus used information from literature reviews, field visits and interviews with a range of stakeholders. Due to time and financial resource constraints and insecure situations, however, the field visits and interviews were limited, which also resulted in limiting strengths of conclusions.

Afghanistan Civil Society Forum (ACSF); Agency Coordinating Body for Afghan Relief (ACBAR); Canada (CIDA); European Union (EU); Finland (Finnida); UK (DFID); USA (USAID); World Bank (WB); Integrity Watch Afghanistan (IWA); Ministry of Economy (MoEc); and Ministry of Finance (MoF) formed the National Reference Group (NRG) for reviewing of the report from time to time and provision of comments at certain intervals during the formative period of the study. A Canadian external reviewer provided advice.

While the study broadly reviewed the principles of Paris Declaration (PD) and the Accra Agenda for Action (AAA), a few selected components received special attention:

- Taking into consideration the differences in the challenges of PD implementation at national and sub-national levels, the country evaluation team reviewed certain selected governance issues at sub-national levels.
- The study was undertaken with reference to the context of the Afghan government's commitments to the use of PD as a legitimate tool to influence aid effectiveness.
- In general, practices and modalities adopted by donors have a substantial effect on PD outcomes. In the case of Afghanistan, the security and political dynamics and the influence that large donors with political interests play, significantly impact on PD outcomes. Therefore, aid policies and practices, as related to political and military interests of the troops and the "hearts and minds win" objectives of the troops contributing countries were woven into the analysis.
- The evaluation examined the impact of compliance with PD and Accra Agenda for Action (AAA), within the broader context of the international commitments to support Afghanistan's state legitimacy and institutional capacity building, as per the AAA announcement.

1.3.2 Approach

The main elements of the evaluation approach, as recommended by IODPARC, include:

- Assessment of the extent to which the Paris Declaration has been implemented
- Analysis of results emanating from implementation of PD, in terms of effective delivery of aid and contribution of aid to development results.
- A focus on the nature of Afghan-donor partnerships and effects of such partnerships on development outcomes at country level.
- Addressing all the five main principles of the Paris Declaration, with the application of the Indicators for each.
- Attempting to trace and link the identified development results to aid and donor compliance with Paris Declaration, while acknowledging the methodological difficulties.

1.3.3 Questions Addressed

The study covers the following questions:

- PD in Context: What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results? Elements shaping and limiting PD implementation are factored in.
- Process and Intermediate Outcomes: To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?
- A country specific question was added because of the security related aid expenditure and the activities of the Provincial Reconstruction Teams (PRT) in Afghanistan: What role, if any, do the PRTs play in effective delivery and utilization of aid?
- Development Outcomes/Results: To what extent and how has PD implementation strengthened contribution of aid to development results, including poverty reduction?

1.3.4 Evaluation Method and Process

This study sits in the margin of Meta evaluation and evaluation synthesis, with a greater reliance on evaluation synthesis. Realistically, given the time and resources constraints, this study had to be based on the evaluation synthesis method, with findings and conclusions of evaluations and other studies undertaken in Afghanistan constituting the building blocks of the study. The conclusions of these studies were partially but not systematically verified through a process of triangulation, looping in field visits and interviews. Verification of conclusions through field visits and interviews were limited by time constraints and unfavourable security conditions.

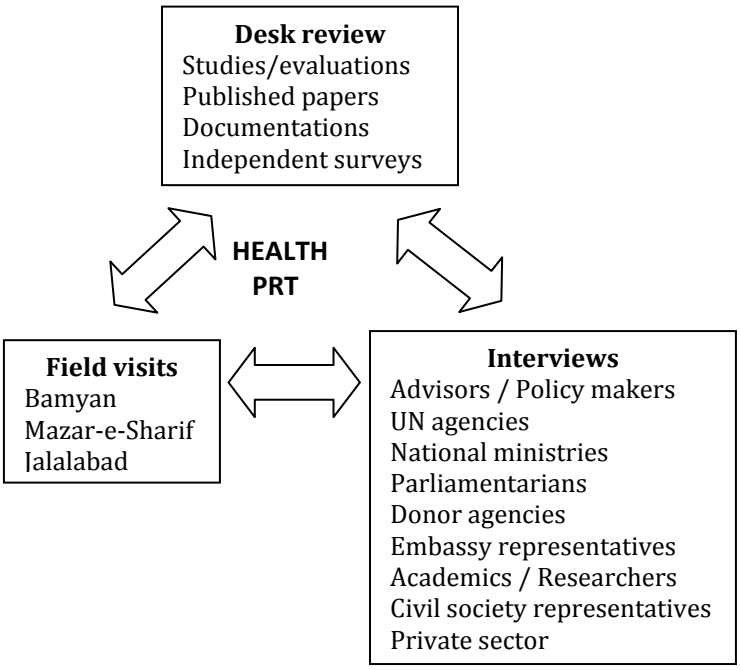


Figure 1 Methodology

The following elements need be referred to as contributory factors to analyses:

Desk Review: Evaluation synthesis drew on relevant research and evaluation reports which focus on state-building, institutional capacity building and aid effectiveness. Because concrete data was found to be limited, the team tried to analyze trends at the broad national level to assess PD contributions to making aid effective. Very few project/program evaluation reports were available from the donors or the government. Due to lack of opportunities to study first hand data sources, identification and assessment of development results and their impact on overall development progress of the country had to be based on literature reviews, interviews and information and data from secondary sources.

Interviews: The interviews ranged from semi-structured to unstructured, which made drawing conclusions difficult. Interviewees included a wide range of stakeholders: external advisors/policy makers; UN agencies; national and sub-national government officials; parliamentarians; donors; academics/researchers; representatives from embassies; private sector; members of the civil society and media. But the number of interviewees was limited in each category to base any firm conclusions on their responses. Even with small random samples of questionnaire survey or interviewees, significance of responses could be established through statistical tests (such as the Chi Square testing). But time limits and lack f statistical skills in the team prevented use of such testing measures and related analysis.

Field Visits: Provinces of Bamyan, Mazar-e-Sharif and Jalalabad were selected for field visits. Criteria for the selection of provinces to be visited were (a) presence of selected donors in the province; (b) accessibility and security conditions in the province; and (c) presence of a PRT in the province. Because of time constraints and security concerns the visits were less extensive than desirable. Each field visit lasted 3-4 days.

1.4 Limitations

Several issues impacted on the conduct and process of the study.

Lack of Reliable Reports and Data: Due to inadequate availability of reliable data and lack of cooperation from stockholders in data provision, the evaluation team was forced to work with limited information.

Team Size and Composition: The evaluation team comprised of the national consulting team (independent consulting firm) with oversight of the national evaluation coordinator (Aid Management Director of MoF). Pull-out of the international consulting group at an early stage of the evaluation, in July 2010, resulted in lack of timely availability of appropriate external expertise for advice on coordination and management of the technical aspects of the evaluation process efficiently and effectively. The Canadian external reviewer was asked to join the team at a very late stage.

Complexities of the Terms of Reference and the Matrices: The Terms of Reference and the matrices to be used are complex for countries with inadequate capacity to use sophisticated systems. Complexities left grounds for confusing interpretations.

A stream of events in Kabul (such as the peace jirga, the Kabul Conference, Parliamentary elections and the Ramadan period) prevented the donor community and the government from paying adequate attention to assisting the evaluation team and providing them with the required information and direction.

CHAPTER 2: KEY FINDINGS

2.1 PD in Context

What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results? Elements shaping and limiting PD implementation are factored in.

2.1.1 Country Specific Conditions (national and international) Affecting PD Implementation[1]

2.1.1.1 Complexities of Conflict and Post Conflict situations:

Afghanistan presents one of the most complex environments for PD implementation and effective aid delivery. Internal post conflict and, in certain instances, in-conflict situations dominate Afghanistan aid and development scenario and play significant roles in shaping donor aid policies and approaches which affect both the relevance and effective implementation of PD, in the short and long term. Afghanistan is the playing field of approximately 40 to 50 donors. The reality of a large number of donors, quickly filling the aid basket in a post conflict emergency period, with little clear longer term objectives, not coordinating with each other nor consulting with the government, on whose capacity donors are yet to have full confidence, is not most well suited for quick implementation of PD.

2.1.1.2 Security Issue:

Insecurity, which has expanded and escalated in Afghanistan, contributes to not only difficulties of data collection for assessing development results but in fact impedes appropriate utilization of aid and achievement of development results.

2.1.1.3 Political Contingencies:

Political compromises at various levels of the local partner government, especially at the central government level, are often necessary in post-conflict situations. But it must also be acknowledged that such features also tend to reduce international community's confidence on the local partner government, thus impeding adoption of the PD principles by the donors.

2.1.1.4 Perception of Corruption:

Corruption, prevalent in many developing countries, is perceived to be especially predominant in post conflict societies, which have weak rule of law regimes, is another factor that prevents donors from fully complying with the PD principles. Weak rule of law and narcotics production and trafficking remain major causes for concern[4] which impact on donor willingness to comply with the PD principles.

2.1.1.5 Capacity Constraints:

Notably, Afghanistan is festered with these problems because of less than adequate capacity to address complex issues in the immediate post-conflict period. Most of the local institutions, infrastructure and capacity having been destroyed during the three-decade-long war and civil strife, the required systems and procedures to speedily absorb development finances are still in the process of being reconstructed. Capacities of the line ministries are evolving and being strengthened gradually. The expectation that the international community would help develop institutions has not been realized to any measureable extent. Overall, the quality of Technical Assistance (TA) provided has been less than satisfactory. Insecure conditions in the country continue to negatively impact on quantity and quality of technical assistants recruited. Without doubts these issues impede PD implementation.

[1] This section is based on extracts from 2009 report on Assessment of Development Results – Evaluation of UNDP .

2.1.1.6 Inadequate Participatory Process at National and Sub-National Levels and Complexities of Governance Structure:

Inadequate participation of the people in the country's development process, along with a complex and stratified governance and administrative structure at sub-national levels without clear definition and demarcation of roles and responsibilities of the various units, ensuring their interactions and cooperation with each other and with the central government, negatively affect donor willingness to comply with PD principles. An inclusive process of development planning and a clear accountability system binding the population and sub-national and national governance have better potential of generating conditions conducive to needs-based development programming by the Afghan government and donors alike, thus, ultimately promoting better utilization of aid by generating development results; and thereby, making aid more effective. On the other hand, in the absence of a clear accountability system, inadequate cooperation between various levels of governance and no unity of purpose, donors are given a free hand and aid is likely to be not need-based but driven by individual donor agendas.

The result is fragmented and uncoordinated aid. In effect, discord and inadequate quality of governance at sub-national levels and lack of clear upward and downward accountability arrangements between the national and sub-national governance, act as disincentives to donors to deliver aid in a balanced and coordinated fashion, addressing the realities at the local level. Both directly bilateral grant financed NGOs and bilateral aid in Afghanistan are often known to be not effective in producing development results at local levels because the nature of sub-national governance makes compliance with PD principles difficult.

Participation of the people, through their elected representatives in the parliament, and the civil society organizations in the development process of the country would help promote fuller compliance with PD principles, especially the ownership principle as per the strengthened aid effectiveness agenda endorsed in Accra. While the parliament in Afghanistan does not have a specific role in the implementation of Afghanistan's national development strategy, it is at least responsible for approval of resource allocation and oversight of expenditure and performance. The role of the civil society is much more limited. However, some Afghan government designed programs, namely the National Solidarity Program (NSP), promote a citizen inclusive development process at the grass roots level. A number of national and civil society organizations such as OXFAM, ACBAR, Transparency International, Action Aid and IWA continue to play significant roles in the national and international arena, advocating adoption of PD principles.

2.1.1.7 Political and Military Interests (and Hearts and Minds Win Philosophy) Influencing Aid Policy and Allocation:

One of the most important factors influencing aid allocation, prioritization and concentration of flow of development finances is the widely held assumption among policy-makers and practitioners that development assistance can serve as a "soft power" tool to promote stability and security in Afghanistan. This assumption results in aid flow largely for protection of military interests through hearts and minds win of the people, argued to be required for promotion of security. Politically, Afghanistan is at the centre of global concerns for international peace and security. In such a politically charged situation, the need for PD implementation can easily wane. When political interests of the international donor countries dominate, donor coordination in the field presents severe difficulties because capitals do not delegate decision making powers to the field level and embassies, which are in the best position to cooperate and coordinate for appropriate PD implementation.

2.1.1.8 Role of Non-Traditional aid Actors and South-South Partnership:

A significant factor in the aid scenario is the increasing commitments of non-traditional donors and south-south partnerships, emphasized in Accra. At the Tokyo Conference of 2002, Iran emerged as one of the most

important pledging donors. Other countries, like Pakistan, India, Turkey, United Arab Emirates (UAE) and China emerged as important contributors, as well. These emerging partnerships have potentials of raising export and import revenues of Afghanistan. South-south and other trilateral co operations are considered to have untapped potentials to promote capacity development, much required for successful PD implementation in Afghanistan.
While involvement of the neighbouring countries is considered positive with potentials to promote PD implementation, many of these emerging non-traditional donors are perceived to have stronger political interests as neighbours of Afghanistan than the traditional donors. And, thus, it is argued that involvement of such donors bear potentials of impeding compliance with PD principle of ownership. On the other hand, their involvement is considered beneficial as they help establish a broader support base for Afghanistan by reducing its dependency only on western nations' assistance, the latter, considered by national and international experts, as no less dominated by political interests.

2.1.1.9 Role of Global Funds:

As a component of external assistance, the increasing presence of global partnerships and initiatives (often in the form of Global Funds) which are effective vehicles for resource mobilization, might impede compliance with certain PD principles and might result in parallel mechanisms of program delivery. The global funds do not channel their finances through the national budget, and as such, have less impact on PD implementation. The following global programs operate in Afghanistan: Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) – TB Round 8, Malaria Round 5 and 8, HIV Round 7, Global Alliance for Vaccines and Immunization (GAVI), Global Environment Facility (GEF)[5]. Further research on the impact of these Funds on PD implementation is required.

2.1.1.10 Role of the Government of Afghanistan:

Afghan government's commitment to the use of PD as a legitimate tool to influence aid effectiveness is an enabling factor promoting PD implementation. Historic indicators of the Afghan government's commitments are reflected in the following:

PD was launched in 2005 and Afghanistan officially became a signatory in 2006. Afghanistan participated in PD Monitoring Surveys in 2006, 2008 and 2010. Aid Co-ordination Unit (ACU) of the MoF was expanded into Aid Management Directorate (AMD) in 2009 to manage the inflow of funds to ensure that finances are directed to priorities set by the Afghanistan National Development Strategy (ANDS). (Three responsible units of AMD, Aid Coordination; Aid Effectiveness and Policy; and Aid Information Management and Reporting are charged with this task). The government co-chairs the High Level Committee on Aid Effectiveness with UNAMA to follow donor and Afghan government practices of Aid Effectiveness principles in Afghanistan.

Despite the daunting challenges, the Afghan government demonstrated consistent commitment to "own" Afghanistan's development strategy. Aid Coordination Priorities were established in 2002. Before the development of the ANDS, the National Development Framework (NDF) and Securing Afghanistan's Future were presented in international conferences. These frameworks identified certain priorities. PD was central to discussions at international conferences on Afghanistan: London conference focused on Afghanistan Compact (2006), Paris Conference (2008), London and Kabul Conferences of 2010. The current ANDS was preceded by the Interim ANDS. PD was an important element woven through the (ANDS). ANDS (Afghanistan's Poverty Reduction Strategy Paper- PRSP)[6] established a broad aid effectiveness framework to promote conditions conducive for aid to reduce poverty.

To promote PD implementation, a document on Aid Policy was developed in 2008 (revised 2010), with clear outlines of Afghanistan's policy on how ODA should be mobilized in support of ANDS, establishing preferences in terms of aid modalities, and clarifying intra-governmental roles and responsibilities. Additionally, a roadmap for strengthening PFM[7] was developed in 2010 to reduce the risk of corruption; improve budget execution;

formulate a development financing strategy; and improvement of the government's capacity to deliver services. Specifically, a comprehensive budget that includes both on and off budget programming, presenting a consolidated picture of spending in Afghanistan to citizens and donors alike is at the design stage through implementation of an Operational Guide for off budget programs.

The existing systems that allow the donors and the Afghan government to get a picture of PD implementation and aid effectiveness are the Development Assistance Database (DAD) and Donor Financial Review (DFR). AMD undertook twice-yearly donor financial review to collect information on donor pledges, disbursements and expenditures. The analysis of the information used to be published in Donor Financial Review booklets. DFR served as a useful instrument for identifying gaps in funding for national priorities and associated budgets. To further strengthen the DFR process, however, AMD recently introduced individual development cooperation dialogue (DVD) with all donors and the IFIs.

With respect to the efficacy of the Development Assistance Data Base (DAD), it basically has been collecting input-oriented data from donors who are asked to report mainly on quantity of their aid. DAD does not record donor financed program outputs or outcomes. AMD is planning to revise the DAD to make it more results oriented for better monitoring of progress in PD implementation[8]. A revised DAD should enable AMD to monitor compliance in several PD principles. However, benefits to be derived from DAD, even in its current form, is not maximized due to perceived inadequate donor commitments to timely reporting[9]. Donors often fail to record data in a timely fashion. On the other hand, donors find the data recording tool for DAD to be too complex. Thus, an overall revision of the DAD instrument is desirable and decision has been taken to reform the DAD.

2.1.1.11 Summary

To summarize**,** the major issues impacting on PD implementation are: continued insecurity in several parts of the country due to insurgencies; multiple and diverse donor agendas dictated often by political and military interests, resulting in skewed sectoral and geographic preferences; less than effective coordination between the members of the development community, both internal and external; inadequate sub-national capacity; allegations and perceptions of corruption and lack of rule of law; and less than adequate donor confidence on Afghan institutional capacity.

Emerging new neighbouring country donors and global funds bear potentials. But their operations need be watched carefully to prevent their transformation into negative factors impeding PD implementation.

Actions of the Afghan government, specifically those of the Ministry of Finance in making PD implementation central to aid management and the budget process, positively contribute to increasing the potentials of effective PD implementation.

2.1.2 PD and State Building: The Context an Impediment or a Booster for PD Implementation?

2.1.2.1 Milestones[10] in State Building

Despite operating in a fragile[11] situation, Afghanistan has made some advances in state building, one of the priorities since the start of the post conflict period. The following are analyzed to be the most significant[12] factors which have contributed to the strengthening of the state of Afghanistan in assuming leadership in the state building process. The leadership and ownership taken by the Afghan government in state building, as discussed below, and the strengthened components should help promote compliance with PD principles.

- ***Democracy and Participation:*** In June 2002, the Emergency Loya Jirga, including 150 women delegates, appointed the Constitutional Jirga, which drafted the first Constitution of Afghanistan, which was ratified by the December 2003-January 2004 Constitutional Loya Jirga. In the first democratic presidential election held

in October 2004 of all eligible voters, 69% in the country, 77% of refugees in Pakistan and 50% of refugees in Iran participated. The first Parliament was elected in September 2005 along with 34 Provincial Councils; 6.4 million registered voters participated in the 2005 parliamentary and provincial council elections. Currently, approximately 35 political parties (albeit not well developed) are registered.

- ***Governance:*** Under the President's decree in 2002, about 50 ministries and agencies have undergone the Priority Reform and Restructuring (PRR) process to date. In the second quarter of 2008, the National Assembly approved a number of laws of importance to state building- the labor, the mines and the cooperatives and civil service laws although all the laws are not yet fully implemented except the civil service laws are implemented in all ministries but one.

  The execution rate of the national core development budget has been low.

  The government's Aid Management Policy has been finalized but not yet implemented.

  Development of a national framework on capacity development for common functions is at the planning stage, with the Ministry of Finance leading on finance and procurement and the Civil Service Commission leading on human resources related functions.

- ***Economy:*** Successful currency reform and budget management resulted in a stable exchange rate and a slight decline in inflation rate. Total internal revenue grew from US$426 million in 005-06 to US$1,309 in 2009-2010. The real (GDP) growth grew from 16.1% in 2005-06 to 20.4% in 2009-10. The contribution of domestic revenue to the operating budget increased from 66.4% and to 73% in 2009-10. The shortfall in the core development budget is covered by external assistance. The inflation rate declined from 5.1% in 2006-2007. Foreign debts and claims inherited from pre-conflict and conflict periods were cleared through grants from bilateral donors in 2002 and early 2003, enabling new loans to resume.

- ***Finance:*** A range of initiatives have been taken to strengthen the national system for public finance management (PFM), including an annual budget allocation process moving towards performance based budget management, accountability and financial management plus procurement regulations aiming to meet international standards. The 2008 Public Expenditure and Financial Accountability (PEFA) assessment ranked Afghanistan higher than other middle income countries that were PEFA assessed[13]. Development of a Public Finance Management (PFM) roadmap, in support of the medium-term budget framework (MTBF), is nearing its completion and should soon start the implementation phase. Afghanistan was given a higher rating than before in the Open Budget Index (OBI) which successfully increased from 8% in 2008 to 21% in 2010 Transparency has certainly improved. Budget execution improved, initially but currently shows a decline.

The advances made, as narrated above, are indicators of progress in state building. Increased international donors' compliance with PD principles and strengthened PD implementation could help follow up on the advances already made and contribute to further strengthening of the Afghan state machinery and institutions.

2.1.2.2 State of Human Development (with a focus on Children, Women and Health)

Afghanistan's ranking in Human Development Index remains low, in the global context although it has gone up in ranking since 2008. Its well-being indicators remain low. It is one of the few countries where women (45 years) have lower life expectancy than men (47 years)[14], even after years of war in which male mortality is normally expected to be higher than female mortality. Other health and nutrition indicators[15] are equally poor. Infant Mortality Rate (IMR) is estimated to be 161 per 1000 live births and under 5 Mortality Rate (U5MR) at 111 per 1000 live births. Consistent and reliable data is unavailable for Maternal Mortality Ratio (MMR) as reflected in different figures showing up in Human Development Index (HDI) and the Afghan Ministry of Health report. MMR is estimated at 1,400 per 100,000 births in the 2010 HDI[16]. This newest estimate shows an improvement

from 1,600 per 100,000 births, the baseline value established in 2002. However, the Afghan Ministry of Health sets the current estimate at 1600 per 100,000 births, showing no improvement from the 2002 baseline.

Yet, some evidence of progress[17] is found in the health sector- better access to health services; implementation of immunization programs; slight reduction in child mortality; and improved health care and family planning services for women.

Afghanistan is ranked 155 out of 169 countries in 2010 Human Development Report. The rank was lower in 2008. The Table below reflects the changes in Human Development Index, Human Poverty Index and Gender Development Index in the period 2002-2010.

Indicators	2002[18]	2005[19]	2010[20]
Human Development Index (HDI)	0.346	0.345	0.349
Human Poverty Index (HPI)	59.3	62.3	42
Gender Development Index (GDI)	0.300	0.310	0.331

Table 1: Human Development Indicators

The table above reflects that overall the country has made some progress in HDI, HPI and GDI.
Yet, standard indicators of poverty suggest severe problems of distribution. UNDP report 2010 reflects that 42% of population lives below the poverty line. UNDP reports that more than half of the population (53%) lives below the poverty line.

One can **deduce** that despite some signs of advances, the country is not progressing fast enough to attain the Afghanistan Millennium Development Goals (MDGs) by 2020. Many recent studies[21] suggest that progress achieved to date is under serious threat from resurging violence, weakening international resolve, mounting regional challenges and a growing lack of confidence on the part of the Afghan people about the future direction of their country resulting from expanding insecurity, perceptions of increasing corruption and large income disparities in the country.

An encouraging signal deciphered from the IWA survey[22] is that even under difficult circumstances, Afghans want to see their own government taking stronger ownership of aid finances and be accountable for aid expenditures. This is a positive factor which should strengthen donor and Afghan government resolve for PD implementation. Allocations for basic service delivery reflected in the national budget (MTBF) provides another positive signal about government's will to address people's priorities.

An opportune moment, thus, exists for the Afghan government and the donors to share responsibility and accountability for basic service delivery to contribute to faster attainment of development results. The latter scenario can only be a reality if compliance level to PD principles heightened to influence aid effectiveness positively. Simply more aid without attention to how it is delivered is unlikely to change the not so positive development scenario in Afghanistan.

2.1.2.3 Summary

To conclude, this section presented an analysis of the impediments to effective PD implementation- the factors, which conjointly constrain abilities of both the Afghan government and the international donors to attain the desired implementation of PD principles. Some positive factors which should help promote PD implementation

were also discussed. These include progress made in a number of areas contributing to strengthening of the state machinery, some human development progress and people's desire to see their government taking a leadership role in aid and development investments. It is hypothesized that these factors should promote donor and government willingness to advance PD implementation.

The following section reviews the realities of PD implementation- the process, the extent to which each of the PD principles are addressed and identification of any perceivable outcomes.

2.2 Process & Intermediate Outcomes

To what extent and how has the PD implementation led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnership?

External assistance (aid) can affect progress and development results in a country in both positive and negative ways. Deciphering some positive and negative trends through evaluation of individual programs/projects financed by aid programs have always been practiced but such evaluations hardly ever made any conscious effort to analyse if "***how*** aid is delivered affects results". The international consultations leading to PD in 2005, the follow up reviews and the Accra meeting of 2008 are landmarks in determining parameters for assessing the effects of aid delivery methods and mechanisms in local partner countries, including countries operating in fragile situations.

While adherence to PD principles in any country might not eliminate poverty and other development problems, compliance with the principles can help maximize the benefits of aid by making aid delivery more efficient and effective in terms of producing better utilization of aid and better results.

2.2.1 Inter-linkage of Aid Effectiveness Principles Setting the Context for Analysis of the Effectiveness of the PD

An in-depth assessment reflects that the principles of aid effectiveness are interlinked and thus mechanisms in pursuit of one or two principles in neglect of others will fail to accomplish the desired results of making aid delivery and utilization effective.

As a prime example, the **ownership** principle is integrally linked with **alignment.** The government's development of its national strategies and laying down its sectoral priorities and programming will achieve little in terms of development results if donors do not align their funding not only to the government identified sectoral priorities but also the government designed programs and results. Only when the government is able to implement its own programs, with combined resources of its own and those of the donors, **ownership** of government's development priorities, programs and results will be secured. This is the rationale on which the need for flow of donor resources through the government's budget is based. The receipt of untied donor funds enables the government to invest aid funds to those programs and results which the government considers priorities.

The London 2010 Communiqué included a proposal of provision of at least 50% of donor funds through the government's budget in two years, which should help promote government's **ownership** by allowing the government to allocate funds to government identified program priorities and results. This clearly helps the process of donor resources **alignment** with Afghanistan's priorities. The government's ownership of the country's development process is directly linked also with its capacity to address the needs and priorities through long term planning. The government's ability to multi-year planning is intrinsically linked to

predictability of funding from the donors, an aid effectiveness principle focused on realistic forecast of planned development assistance disbursement.

Government's ownership and longer term planning of development strategies, priorities, programming and their operations would effectively work best when donors follow **coordinated aid policies and harmonize their actions** to lessen fragmentation of aid and reduce transaction costs, both of which help promote concentrated development impact and balanced and equitable investment of available resources.

These interlinked principles of aid effectiveness are bound by the thread of **accountability**- accountability of planning, actions, expenditures and development results from both the government and the donors, strengthening donor-government partnership and addressing the needs to fulfil the responsibility of transparent accounting for development results to both the Afghan and donor country public.

It is acknowledged that serious hurdles must be overcome for reaching the interlinked goals of aid effectiveness. Admittedly, some weaknesses in Afghanistan's management and development systems have deterred donors from addressing the aid effectiveness principles. To address this problem, the government is planning reforms and preparing a firm list of commitments, which should open up plausible options to donors for provision of direct funding to the government instead of operating parallel development investments.

The section above provides the umbrella within which the questions related to PD effectiveness will be examined.

2.2.2 Ratings of the Aid Effectiveness Principles and Rationale for the Ratings

This section will analyse the movements of the Afghan government and the donors, along the PD implementation path over the years, as reflected in the surveys of 2006, 2008 and the current year. The following ratings in Table 3 below have been arrived at with respect to the movements in each of the PD principles in the period 2006-08. The textual analysis will address each of the five PD principles and the related issues and the rationale for the ratings for 2010.

DIMENSIONS	SURVEY 2006	SURVEY 2008
Ownership	Not available	Low
Alignment	Low	Moderate
Harmonization	Moderate	Moderate
Managing for results	Not available	Low
Mutual accountability	Moderate	High

Table 2: Reflection of PD in 2006 2008

2.2.2.1 PD Principles and Afghanistan Compact Bench Marks

The movements in the principles of aid effectiveness will be reviewed, as well, where appropriate, with reference to the commitments made both by the international community and Afghans in 2008 through agreeing to abide by those benchmarks (related to the PD principles) of the Afghanistan Compact. These Benchmarks boil down to the following:

- To strengthen Afghan Government Institutions and Improve Delivery of Services to All

Afghans: In order to ensure that the progress achieved during the past six years (2002-08) is sustained, the Afghan Government agreed to take action to increase trust in government by improving public administration, local governance, justice, police and other law enforcement institutions. In this context, it committed itself to ensure that appointments are made on the basis of merit.

International Community (IC): In support of these efforts, the international community agreed to increase support for strengthening state institutions at the national and sub-national level, including through larger scale civil service capacity-building.

- To Improve Aid effectiveness and Ensure the Benefits of Development are Tangible for Every Afghan

The International Community (IC): IC agreed to provide increased, more predictable, transparent and accountable assistance. They agreed that all their development assistance would be delivered in a more coordinated way. It will be increasingly channelled through the national budget as strengthened, and accountable government institutions acquire greater capacity for management. The international community also committed itself to providing aid in a way that promotes local procurement and capacity-building. We agreed that the benefits of development must reach all provinces equitably. We also agreed to focus on state building efforts and avoid parallel structures.

- To Combat Corruption

Afghan Government: It reaffirmed its commitment to intensify action to combat corruption and to take concrete steps to that effect. The international community will support such actions. The Afghan Government and international community will undertake professional audits; including joint audits, of programs financed through the core and external budgets, and will strengthen government capacity for audit and financial accountability.

2.2.3 PD and the Five Principles

Ownership*:* Partners have operational development strategies —that have clear priorities linked to a medium-term expenditure framework and reflected in annual budgets.
Ownership, as defined above, is being rated moderate in 2010 by the Afghan Government, based on a number of factors. Both the positive aspects promoting ownership and the inadequacies preventing a higher rating are discussed in this section, with reference to the linkage of ownership with alignment, arguing that ownership is undermined if "alignment" is inadequate; and reversely, increasing alignment strengthens ownership.

Afghanistan National Development Strategy (ANDS)
The country's Poverty Reduction Strategy Paper (PRSP) - Afghanistan National Development Strategy (ANDS) was developed (some claim without an adequate participatory process) by the government and endorsed by the donors in 2008. The original Strategy had little focus on results to be attained in each of the sectors. The 2009 Annual Progress Report of the ANDS presented Results Frameworks for each of the Sector Strategies. But little discussion with the donors on the results had occurred and monitoring reports for the results identified have not been made available.

Performance-Based Budgeting

Commendably, the Budget Department of the Ministry of Finance, is making an effort to integrate the ANDS results into the budget process and introduce performance based budgeting. With appropriate responses from the line ministries, this process should help financing of ANDS related development priorities/results, not only from the Afghan government's core budget but also from the external budget. Clear reflection of the Afghan government's prioritized programs in the core budget will allow the Afghan government to demand that donors should make greater efforts to finance government prioritized programs. But this process is only at a preliminary stage and requires senior level government attention.

Prioritization of ANDS and National Priority Programs

The 2009 ANDS Annual Report had set no priorities. In the Kabul Conference of 2010, the Afghan government presented the priorities in the form of 22 broad **National Priority Programs (NPPs).** The donors endorsed the prioritization. Thus it can be claimed that the Afghan government has established its strategic priorities. But the costing of many of the NPPs is not yet complete and thus many of them are yet to be reflected in the government's budget. Some also question the efficacy of 22 priorities, which are far too many.

Need for Budget Alignment (Core and External) with Results

Since all the NPPs are not yet fully developed, it is unclear if they would link with the ANDS sector results, on which monitoring continues to be absent. NPPs must be given a results orientation in order that aid effectiveness principle of managing for results can be addressed and alignment of aid funds with government identified results can be promoted. The extent of alignment of donors with Afghan government strategies (ANDS and/or NPPs) cannot be determined until the broad categories of sectors under NPPs are narrowed down into outcome "results" with which donors could consider alignment. Currently, given the very broad ANDS sector strategies and/or the NPPs and inadequate attention to results, all donors claim to have aligned with the extremely broad ANDS sector strategies and the NPPs. But, in effect, alignment is weak.

In the absence of clear development results established and conveyed to the donors, many donors continue to follow their own agendas while claiming they are aligned with Afghan government priorities. To repeat, donors are truly aligned only when they support government designed and implemented programs, such as they do now- in health, education and certain categories of rural development. But if they are setting up and financing parallel programs with those of the government in these sectors, they are not necessarily aligned.

Currently, despite developing its own national development strategy, the government of Afghanistan lacks the ability to finance its development priorities with limited resources of its own while many donors continue to invest on programs that are designed and implemented directly by the donor country and delivered by their contracted agencies without appropriate consultation with the Afghan government. The Afghan government has no control over the financing or accountability of these donor-driven programs and thus Afghan ownership of such programs, comprising close to 80% of Afghanistan's development budget, is yet to be established.

Governance and Coordination Mechanisms

Despite the above shortcomings, which reduce the rating for ownership, government has made efforts to take ownership of the process of **coordination** of aid through establishing certain mechanisms, which also help strengthen Afghanistan's institutional capacity in aid investment planning and management.

As mentioned in Chapter 1, in order to effectively manage the inflow of development funds and ensure that the external assistance addresses the government's priorities, the Aid Co-ordination Unit (ACU) was expanded into Aid Management Directorate (AMD) in 2009, with three units: Aid Coordination; Aid Effectiveness and Policy; and Aid Information Management and Reporting.

To strengthen alignment of donors with ANDS/NPPs, a few mechanisms and operational frameworks to promote dialogue between donors and government are operational:

- Joint Co-ordination and Monitoring Board (JCMB)[2] and three Standing Committees (Security, Governance, Economic and Social Development), with joint Afghan-government and donor membership, are the critical units addressing donor dialogue for promoting ownership and alignment. Clusters (of ministries) have been established for co-ordination between Afghanistan government ministries programming and implementing NPPs.
- A High Level Committee on Aid Effectiveness operates to promote consultations with donors mainly for addressing coordination.
- Sectoral technical co-ordination: within ministries, these often include donors and ministry managers. (Refer to Annex 2)

However, efficiency and effectiveness of these mechanisms in terms of their impact on heightening ownership, alignment or coordination need be monitored and recorded, with appropriate indicators.

Even in the light of all the critiques discussed above, without doubt, Afghan government made relentless efforts to promote the ownership principle. The ANDS and the prioritization through the NPPs (albeit imperfect) are evidences of this effort. And so are the mechanisms to promote donor alignment with ANDS and NPPs. The Government of Afghanistan's longer term vision to meet the Millennium Development Goals (MDGs) by 2020 also provides evidence of government efforts. These MDG goals were planned by the Afghan government and the government annually reports on MDG progress. In 2010, the government prepared its MDG progress report to the millennium summit. These are all indicators of the government efforts for increasing ownership of development strategies and results and strengthening its own institutional capacities.

Alignment: Reliable country systems- procurement and public financial management systems- are in place. Aid flows are aligned on national priorities and use country systems. Donors strengthen country capacity through coordinated support consistent with partners' needs. Donors strengthen capacity of local partners by avoiding parallel implementation structures. Aid is more predictable and untied.
While alignment is improving, at least as claimed by donors and expressed donor intent, as reflected in the recent development cooperation dialogues with individual donors, a significant amounts of the development assistance that is still coursed through the external budget makes the rating on this dimension "low" in 2010, the same as the baseline rating of "low" in 2006.

Channelling of Aid Finances
The donor agenda has so far been very much supply driven- determined by donors and less influenced by Afghan interests. As explained, to a certain extent this emanates from inadequate attention by the government to identification of precise results to which donors can align. But in any case, the fact is that little progress is detected since the PD agreement in 2005 and the Compact Benchmark of 2008 in aid flow through government's budget. The Donor Financial Review figures show that close to 80% of the total development budget remains external to the Afghan government's budget process. The external budget is directly managed by the donors for implementing donor designed and preferenced projects, not necessarily aligned with national development priorities.

[2] It is a high-level decision making body focused on resolving strategic problems identified by government or donors.

It is also known that a large proportion of assistance is not in alignment with national and provincial plans, and only half is disbursed in agreement with the Afghan government. 20% of donor fund is channelled through the government's core budget, in the form of loans or grants. The government is given discretionary authority mainly on the loan funds, which forms a small percentage of the total core budget. The large portion of the core budget in grant form is earmarked to specific projects and programs that may not necessarily be the country's priority. The government's discretionary spending authority on the core development budget does not extend beyond 10%-12%. These processes somewhat undermine Afghan government's ownership of the governance and its development performance, contributing to increased aid dependency.

It is expected that the National Priority Programs (NPPs) reflecting ANDS priorities are being developed with short, medium and long term budgets and reporting plans. Setting priorities with investment plans and proper reporting structure are expected to capture donor attention and lead to improved donor alignment with partner country priorities. While the government process in this direction is not made clear with progress indicators, any expected shift in donor strategies indicating a change towards better alignment will be unrealistic. It is believed that more remains to be done for building a robust investment system in the public sector, along with a strong M&E (monitoring and evaluation) system both at national and sub national levels.

However, certain **financing instruments** and aid delivery mechanisms such as Multilateral Trust Funds (MTDF), of which Afghanistan Reconstruction Trust Fund (ARTF) is an example help promote alignment. Approximately 25% of annual public on- budget expenditures can be traced back to Afghanistan Reconstruction Trust Fund (ARTF). Percentage of aid aligned with national development priorities improved by 14% between 2006 and 2008 due to donor transfer of funds through the ARTF.

A variety of other aid delivery modality options offered by the government's Aid Management Policy (including the operational guide to off budget financing) provide donors opportunities to better align their aid with government priorities and programs. Formation of Clusters is believed to be an instrument that will be attractive to donors as clusters help inter-ministerial cooperation/coordination and expected to heighten donor confidence in government capacity. Similarly, National Priority Programs should at a certain stage convey to the donors more precisely Afghanistan's development priorities and the associated results and costs.

Harmonization: Use of common arrangements or procedures — Percent of aid provided as program-based approaches. Encourage shared analysis- (a) field missions and (b) country analytic work, including diagnostic reviews that are joint.
Country Systems: partner country systems will be used to deliver aid as the first option, rather than donor systems, and donors will share their plans on increasing use of country systems.
Aid Fragmentation: donors agree to avoid creating new aid channels, and donors and countries will work on local partner -led division of labour
Untying: donors will elaborate individual plans to further untie their aid.
Capacity Building: Institutions of local partners will be supported through coordinated Technical Assistance

2.2.4 Analysis of Trends for above Issues

Harmonization is not only integrally linked with alignment but also with other issues.
Not so positive findings include **tied aid**, requiring procurement of goods and services from the donor countries instead of use of local goods and services, where appropriate. Donors have fallen short on pledges made under the Afghanistan Compact to use more Afghan human and material resources, due to their policy of tying of aid.

Without doubts, capacity constraint in Afghanistan is an impediment to the use of Afghan goods and services. But institutional capacity building permeates all aid effectiveness principles. One quarter of all aid to Afghanistan is allocated to technical assistance, the primary objective of which should be to build government and where necessary private sector capacity through **technical assistance.** But poor quality of technical assistance has resulted in less than satisfactory performance in building Afghan **institutional capacity.** Much of the technical assistance has been donor driven, of insufficient quality and thus of limited impact.

As iterated earlier, Afghanistan is the playing field of approximately 40 to 50 donors. A large number of donors, not coordinating with each other nor consulting with the government and addressing their own priorities, in terms of sectoral and/or geographic preferences can only produce fragmented results. Under-funding of sectors with unutilized absorptive capacity and over-funding of others with low rates of absorption and not of highest priority are common. Remote areas, with higher investment needs are neglected and remain undeveloped. With better coordination and division of labour amongst donors, over-crowding of certain sectors and geographic areas can be avoided.

Lack of coordination is a major problem hampering progress in many areas. Technical assistance provided by the major donors are not through coordinated programs or consistent with any government strategy. Little of donor analytical feasibility, development, monitoring and evaluation work is undertaken jointly, which directly contradicts the aid effectiveness principle of harmonization, wastes funds and increases transactional costs. Taking advantage of a loophole in the procurement law, majority of the donors use their own procurement system, ignoring the Afghan procurement system, based on World Bank criteria.

Admittedly, continuing weaknesses in Afghanistan's management and development systems have deterred donors from addressing some of the aid effectiveness principles, especially alignment and consistent use of national government systems. In many areas, the government systems ranging from planning, program implementation, M&E to procurement, corruption control, budget execution and public finance management systems had to be rebuilt from a low base. It has been a slow process for donors who wanted to present to their own public quick and visible results, which they could attain operating through their own Project Implementation Units (PIUs) and deployment of Technical Assistants who primarily supported donor activities rather than building capacity of Afghan institutions.

Afghan Government Reform Efforts and Continuing Needs to Strengthen Systems

Nonetheless, the Afghan government has made serious reform commitments. Performance improvements of the Afghan government have already been recorded in several areas that provide opportunities to modify standard donor assumptions and change their ways of aid delivery to enhance the performance of aid effectiveness. A review of a sample list of reforms undertaken by the Afghan government should enable donors to change their attitudes and adopt such principles of aid delivery that would improve their own and Afghan government's development performance.

Some of the lead reforms include: improved Public Finance Management (PFM) Laws and systems; good score cards on public expenditure financial assessment system PEFA); improved budget, aid and treasury capacity; a comprehensive national development strategy (ANDS), with monitoring and evaluation plans (completed in 2009 although not fully implemented) and complimentary results based program budgeting; strengthened financing mechanisms, such as the Afghanistan Reconstruction Trust Fund (ARTF); and some successful national programs, such as the national Solidarity Program (NSP) –most of which have had external scrutiny and endorsement by International Financial Institutions (2009) and/or bilateral donors, such as DFID and USAID.

In budget execution, despite lower disbursement rates, government expenditure, in absolute terms, increased over the last five years (see Figure 1). More reforms are required to increase the efficiency of budget execution, especially at the sub-national levels. Budget analysis and audits for addressing gender priorities are essential requirements, as well.

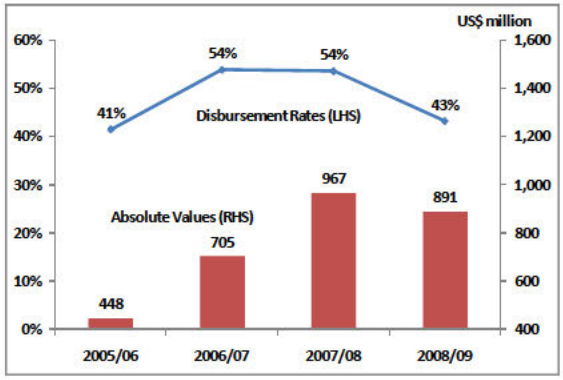


Figure 1 Core Development Expenditures (Source: MOF/WB)

Afghanistan received a rating of 3.0 out of 6.0 for public financial management, which is not negligible for a country starting from a low base. A PFM Road map developed in 2010 includes the following objectives:

- Strengthening of MTBF, with greater capacity to forecast, plan and prioritize expenditure against domestic revenue for gradually attaining fiscal sustainability;
- Improving budget execution by 10-20% annually through focused capacity development in planning and procurement practices in the line ministries and at the provincial levels;
- Improving rating in Open Budget Index through: strengthening communications across government ministries and agencies and civil society organization; rational resource allocation for internal and external audits and strengthened and regularized financial reporting.

Afghanistan government already received a reasonably higher rating in the Open Budget Index.

A national procurement system and laws are in place. Stronger efforts are required to streamline procedures to encourage donor use of the national procurement systems. The reliability of Afghanistan's procurement systems is rated "C". Despite a number of "Afghan First" initiatives to promote in-country procurement by donors, a large proportion of the total ODA to Afghanistan (estimated to be more than 60% of the total ODA) is spent outside of the borders of Afghanistan.

While in many priority areas country systems are in place and undergoing restructuring, the quality of oversight needs improvement. The accountability framework for expenditures from domestic revenue and direct budget support is less than adequate. Both internal and external audit systems require strengthening[23]. Unlike the recurrent cost reimbursements made under MDTF[24], Auditor General's regulatory audits of government operations and review of annual budget statements and expenditures, including for budget support, did not abide by international audit standards. Need for additional fiduciary supervision to budget support has been identified.

Further work on strengthened fiduciary control, control of corruption and impunity by improving governance and rule of law are required to enhance donor alignment with country systems including increased channelling of funds through the government's budget process.

2.2.5 Partnership in Development Cooperation

Factors Influencing Coordination and Partnership in Development:

2.2.5.1 Variable Capacities in Government Ministries and Agencies, Donor Approaches and Competing Interests

An assessment leads to the conclusion that weak government capacity and competing interests among donors dilute quality of partnership.

Competing tendencies and influences impacted on the formulation of the ANDS, which had to accommodate a wide variety of views and interests. This conclusion is based on interviews with the media, CSOs, Parliament and some donors. The Afghan government was but one actor in this play. Many aid coordination groups operate in the country but the Afghan government representatives are not in the lead of many of these groups. This trend questions who owns coordination?

Structures of some of the coordination mechanisms are unwieldy for generation of desired coordination results. A review[25] of JCMB revealed that it has an overwhelming number of members to allow critical analysis of priority issues and decision making at the meetings. Today, the JCMB forum has taken the appearance of a mutual admiration society, rather than critically evaluating issues of urgent priority for both the government and the donors[26].

Weak capacity at the national level in line ministries/civil servants, more so at the sub-national levels and interplay of international and national interests significantly impact on aid investment and management and thus mould the quality of partnership.

Due to variable capacities in line ministries, donors have been drawn to the ministries where better capacity exists and reform minded ministers are in the lead. While the donors cannot be blamed to invest in programs of the more advanced ministries, donor allocation has not necessarily been needs-based but individual ministers' strength based. Such aid allocation based on strengths of individuals rather than on strengthened institutional systems may not be sustainable although the hope is that the strong individuals do leave strengthened systems behind. If merit based system was adopted and applied seriously by the government, most critical ministries and agencies could have been strengthened over the past 10 years. Merit based appointment was a benchmark of the Afghanistan Compact and it is questionable if the principle has been followed in senior level appointments.

While the top 3 donors[27] provide 80% of aid, approximately 45 active donors who hardly coordinate with each other nor consult with the government result in fragmentation of scarce development resources and duplication of efforts, the scale of which cannot even be fathomed as no central repository of information exists. As reflected in the recently started dialogue on development cooperation, all donors claim coordination with line ministries. In effect, the line ministries with variable capacities do not consistently track issues of duplication or division of labour. With no systematic consultation with a core central ministry unit and in most cases, in the absence of any development cooperation agreements, coordination is illusory.

2.2.5.2 Large Donor Contributions and Potential Influences of Donors

An important factor related to partnership is increasing commitments of top 5 donors from 60.6% for 2002/03 to 90.4% for 2007/08 (Table 3), while the number of donors and the contributions of the rest of the donors have somewhat decreased. Thus increasingly cohesive, focused and monitorable donor actions can be expected. But, with the increase of contributions of the top donors, their power and influence can also be heightened, threatening local partner ownership.

Donor	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	TOTAL
US/USAID	1,019.80	918.73	2,505.72	4,311.85	2,773.27	6,751.20	18,280.57
Japan/JICA	473.55	279.81	129.49	162.40	185.74	155.34	1,386.33
UK	170.41	121.09	139.28	249.24	311.52	363.55	1,355.09
EC	156.13	245.02	184.33	250.73	182.88	311.88	1,330.97
WB	22.98	108.06	261.62	251.18	172.77	330.85	1,147.45
Other donors	1,196.20	906.74	979.07	757.51	1,143.81	838.33	5,821.66
TOTAL	3,039.06	2,579.45	4,199.51	5,982.91	4,769.99	8,751.15	29,322.07
% disbursement top 5 donors	0.606	0.648	0.767	0.873	0.760	0.904	0.801
% disbursement other donors	0.394 (26 donors)	0.352 (31 donors)	0.233 (30 donors)	0.127 (26 donors)	0.240 (24 donors)	0.096 (18 donors)	0.199

Table 3: Proportion of aid disbursement from donors (Author's calculation - source: Budget Directorate[28])

An imbalance in donor contributions and dominance of the aid scenario by a few large donors; and lack of coordination between larger and smaller donors are factors which influence harmonization. The onus is on the larger donors to take leadership on harmonization to be achieved through joint assessments, evaluations etc. But large donors are reluctant to take initiatives[29]. Among the top 5 donors, WB is the only one which reported coordinating missions and analysis with other donors (indicators 10a and b). USAID, which represent close to 80% of aid in Afghanistan, does not harmonize/coordinate or invite participation of other donors in their missions and subsequent analysis. The government should raise the need for harmonizing missions, in various categories and forms, to the larger donors if the principle of harmonization is to reach a higher rating.

2.2.5.3 Potentials for PBAs and other Coordination Mechanisms to Promote Harmonized Actions

On the positive side, donors who are reluctant to provide direct funding to high priority government programs are encouraged to adopt program-based approaches (PBA) and use of MDTF. For example, the World Bank-led ARTF's recurrent cost window finances eligible operational costs of the government, along with specific development programs. USAID led an initiative for improving national procurement system and "Afghan First" initiative which aimed to foster untying of aid and increase of ODA's[30] impact on the Afghan economy. Several reports and interviewees expressed support for such co-ordination mechanisms[31].

As mentioned in earlier sections, the Ministry of Finance has been collecting data on aid disbursements from donors. Table 4 below shows donor reporting.

No.	Complete Data Submitted*	No.	Data Partially Submitted**	No.	Poor/no data Submitted***
1	EU/EC	16	USA	30	UAE
2	World Bank	17	Japan	31	Finland
3	ADB	18	UK	32	China
4	Norway	19	Iran	33	Lithuania
5	France	20	IDB	34	Republic of Korea
6	India	21	Turkey		
7	Germany	22	Spain		
8	Canada	23	Czech Republic		
9	Sweden	24	Estonia		
10	Netherlands	25	Hungary		
11	Poland	26	Belgium		
12	UN Agencies	27	Australia		
13	AKDN	28	Italy		
14	Switzerland	29	New-Zealand		
15	Denmark				

* All requested data provided: project – wise disbursement & commitment and estimates of future assistant

** At least one item of the requested data is not provided

*** No data is submitted or very poor data is submitted

Table 4: Status of donors' reporting published in DFR, 2009

Since the DFR mechanism lacked substance reporting and discussions which have better potentials for inducing partnership spirits, AMD (MoF) has introduced the process of direct development dialogue with individual donors. To date, this process has been much welcomed by donors, including the large donors and is considered to be of immense benefit for the Afghan government not only in terms of understanding donor priorities and concerns but also conveying its own interests and concerns to the international partners. This process was long due and is a plus point for enhancing partnership.

2.2.5.4 Political and Military Overtones Influencing Donor Policies and Aid Allocation

A trend[32] that further complicates aid effectiveness and partnerships is donors' political imperatives to concentrate aid allocations in their areas of military and PRT operations rather than Afghan government identified needs-based funding. Such politicized (and militarized) use of aid has obvious results in winning the hearts and minds for the troops, instead of for the government. Security and military oriented allocations sideline strengthening of Afghan institutions and establishment of the legitimacy of the government and prioritization of insecure over secure areas, not to speak of major portions of external development resources channelled to serve military objectives. All of these factors have immense negative connotations, not only for negating aid effectiveness but well being of the country.

The graph below reflects the largest donor's investments in development and defence.

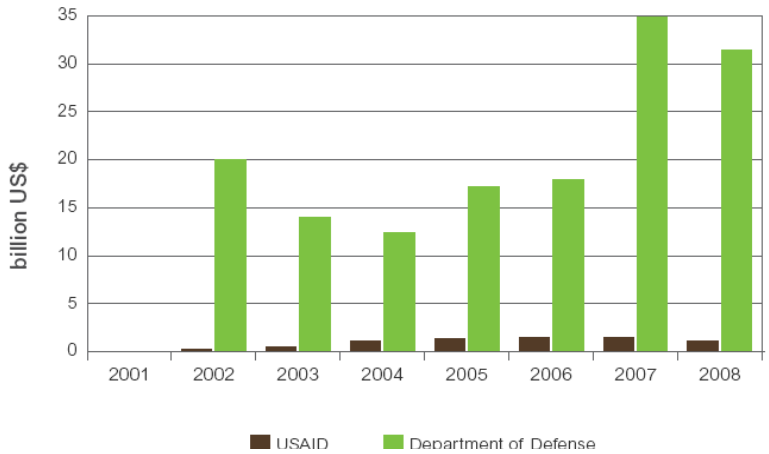


Figure 2: USAID and Department of Defense overall spending in Afghanistan (source: Oxfam report on USAID)

2.2.5.5 Predictability: Developing countries will strengthen the linkages between public expenditures and results, and donors will provide 3-to 5-year forward information on their planned aid to partner countries.

The findings conclude that unpredictable aid flows compromise government's capacity to undertake long term development plans, not to speak of delivery on longer term development needs. Data on multi-year projections to enable predictable forward planning are still incomplete and difficult to obtain from donors.

Provision of reliable indicative commitments of aid over a multiyear framework and disbursement of aid in a timely and predictable fashion according to agreed schedules help the government's development planning process and forecast investments in priority program. The score card on timely sharing of information on finance availability and changes in the commitments in both core and external budget has been less than satisfactory in Afghanistan. Such unpredictability slows down the government's budget appropriation and planning, making multi-year planning close to impossible. With investment plans unclear, results formulation remains unrealistic.

The lack of predictability from donors is often the result of complexities of approval processes in donor capitals. Problems also arise when the donor fiscal year is different from that of the Afghanistan government. Unmatched budget cycles create increased difficulties of projection and allocation for the Afghan fiscal year.

Notably, analyses of donor commitments data in DFR reflect improvement in terms of predictability in commitments and disbursements, providing the potential base for improved multiyear planning. The potenti1als are yet to be tested through actual translation of the commitments to disbursements. Without donors' financial support the multi-year plans will lead to failure of Program Budgeting and realization of planned results.

Donors speak of the constraints limiting their intents to commit through multi-year framework. These include the instability in the country and donor country aid regulations, preventing their legislative authorities to approve multi-year funding.

2.2.5.6 Discrepancies in Aid Pledged, Committed and Disbursed

Discrepancies are widespread over various donors, further adding to un-predictabilities and creating difficulties for longer term planning, implementation start up of new programs and continuation of existing programs. On

their part, donors raise the issue of low budget execution and thus low absorptive capacity of the government in this context.

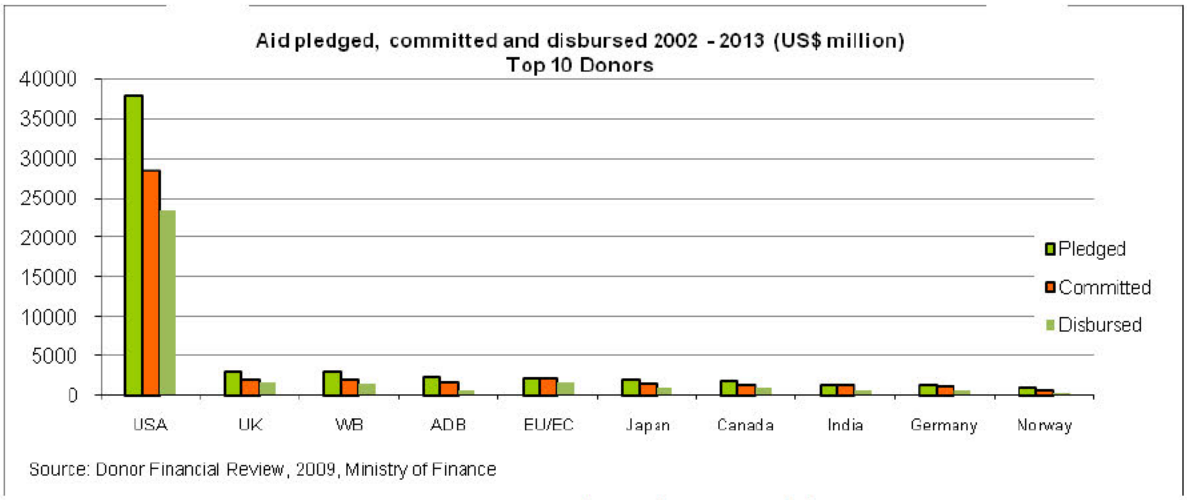


Figure 3: Key donors' ODA to Afghanistan

Official Development Assistance to Afghanistan Figures in US$ Million				
Rank	Donor	2002-2013	2002 - 2009	2002-2009
		pledge	Com	Disb
1	USA	38000	28,366	23,417
2	UK	2897	1,810	1,546
3	WB	2800	1,883	1,364
4	ADB	2200	1,552	618
5	EU/EC	2037	1,973	1,576
6	Japan	1900	1,378	990
7	Canada	1679	1,206	898
8	India	1200	1,236	662
9	Germany	1188	1,044	584
10	Norway	983	598	324

Table 5: Key donors' ODA to Afghanistan

While the government and donor had jointly agreed on several initiatives to close the gap between planned ODA pledges, commitments and actual disbursements the discrepancies continue. It is also acknowledged data collection and recording are often not accurate.

2.2.5.7 Donor Country Political Influence on Programming, Inadequate Delegation of Authority and Inadequate Understanding of Country Context Limiting Appropriate Donor Responses

A cursory review of the donor' performance frameworks, strategies or reports, i.e. CIDA, USAID, SIDA, WB and DFID, revealed that two of the five donors include PD indicators in their performance framework, despite all five donors having agreed to adopt the PD principles in Paris in 2005. Also, because of donor presence in Afghanistan being heavily influenced by donor countries' political agendas, policies and programming are

determined in the capitals, in many instances, by the elected legislatures. Decision making for Afghanistan program is not delegated to the representatives in Kabul[33]. Many donor offices in Kabul do not have adequate number of technical staff (for instance in gender, human rights or environment analyses), to assist with country context analyses programming, implementation and monitoring and evaluation.[34] Even when the numbers of expatriate personnel is significant, due to shorter time of assignments, they fail to comprehend the local context and the needs and complexities that dominate Afghan scenario. No corporate memory is retained at the country representative offices to know about the various avenues of development and operations tried in the past and which of these succeeded or failed.[35]

2.2.5.8 Government Efforts to Link Public Expenditure with Results

The Budget Department of the Ministry of Finance is making bold efforts to link public expenditure with results through introduction and use of Performance Based Program Budgeting. In the absence of capacity in the line ministries to understand the basic concepts of results, the process of full adoption of performance based budgeting will be a time consuming process.

The reality is that despite the existing ANDS sector strategy results frameworks, little effort has been made to date to monitor development results. The leadership of the government has moved to 22 National Priorities. Although these are presented as translation of ANDS sector strategies into implementable programs, addressing government's priorities, it is unclear if these programs, when fully developed, will contribute to the ANDS sector results. Most of these NPPs are not yet developed into programs or projects.

Overall, with weak capacity in the line ministries in program/project design and monitoring and evaluation by results; and little visible indicators of interest in the government leadership to systematically monitor and report on results, the Budget Department's efforts can only move at snail's pace.

2.2.5.9 *Accountability:* Mutual Accountability - Development Partners and donors are accountable for development results.

- **Donors**

With respect to accountability of the donors, in a country where 100% of development budget flows from external assistance, donor transparency is limited. Few mechanisms exist to hold donors accountable, or for effective scrutiny, monitoring and evaluation of door performance. The Afghan government is unable to collect information about expenditure of a large percentage of the total assistance disbursed since 2001. The principle of mutual accountability remained unaddressed in the Afghanistan Compact, which had 77 measurable benchmarks for the Afghan government's accountability, but very few for donors.

Overall, it is difficult to get information on security sector spending, which form a large percent of donor funding. The prime instances are the development spending by the Provincial Reconstruction Teams (PRTs) and lack of accountability in this sphere. Twenty six PRTs across the nation utilize a very large percentage of the total development funds, with a significant amount used in security sector reforms and a smaller amount in quick impact projects. Donors do not provide information on these projects, most of which are believed to be not directly aligned to Afghan government's priorities; and little evidence exists that they deliver sustainable results for the people. The PRT spending is clearly for the hearts and minds win of the people for the protection of the foreign forces not for winning people's hearts and citizens' support for the Afghan government.

- **Afghan Government**

With respect to accountability of the government, while ANDS has been endorsed by donors, the civil society perceived the process of ANDS development as mainly donor driven, undertaken under the UN auspices to meet a WB criterion. It is not generally acknowledged to be an Afghan-led process. The ANDS was never translated

into any Afghan language nor presented to the Parliament. ANDS established no accountability framework for reporting to the Parliament, an institution representing the people. Results frameworks established for the sector strategies in 2009 have not been used and no continuous monitoring of results is demanded by senior management of the government.

Some of the programs/projects financed through the Multi-Donor Trust Funds have been evaluated. For instance, health sector evaluation has been undertaken with the assistance of Johns Hopkins University. Yet, general government accountability is undermined in the absence of regular monitoring of progress towards the sector results. The NPPs, supposedly the prioritized programs of the ANDS, are not yet developed and thus are currently not linked with ANDS Sector results. Under these circumstances, demanding donor alignment with government priorities is not considered rational by many donors.

- **Issues Related to Corruption**

Corruption is an endemic issue, which continues to work against the principle of accountability and good governance. Afghanistan is tied with Myanmar as the second-most corrupt country in 201036 by Transparency International. Western concerns about corruption in Afghanistan have been an issue for years. Although the ranking by Transparency International is based on perception, it cannot be ignored because this perception is that of the people of Afghanistan about their own government. One of the primary objectives in a post or in-conflict country is to establish the legitimacy and authority of the state. People's support is at the base of legitimacy building. Corruption control is an essential element for building state legitimacy. If donor assistance is to be sought for state building, corruption must be controlled. Despite consistent condemnation of corruption publicly by the government, the anti-corruption strategy and related roadmap that has been adopted remains out of sight of the public domain.

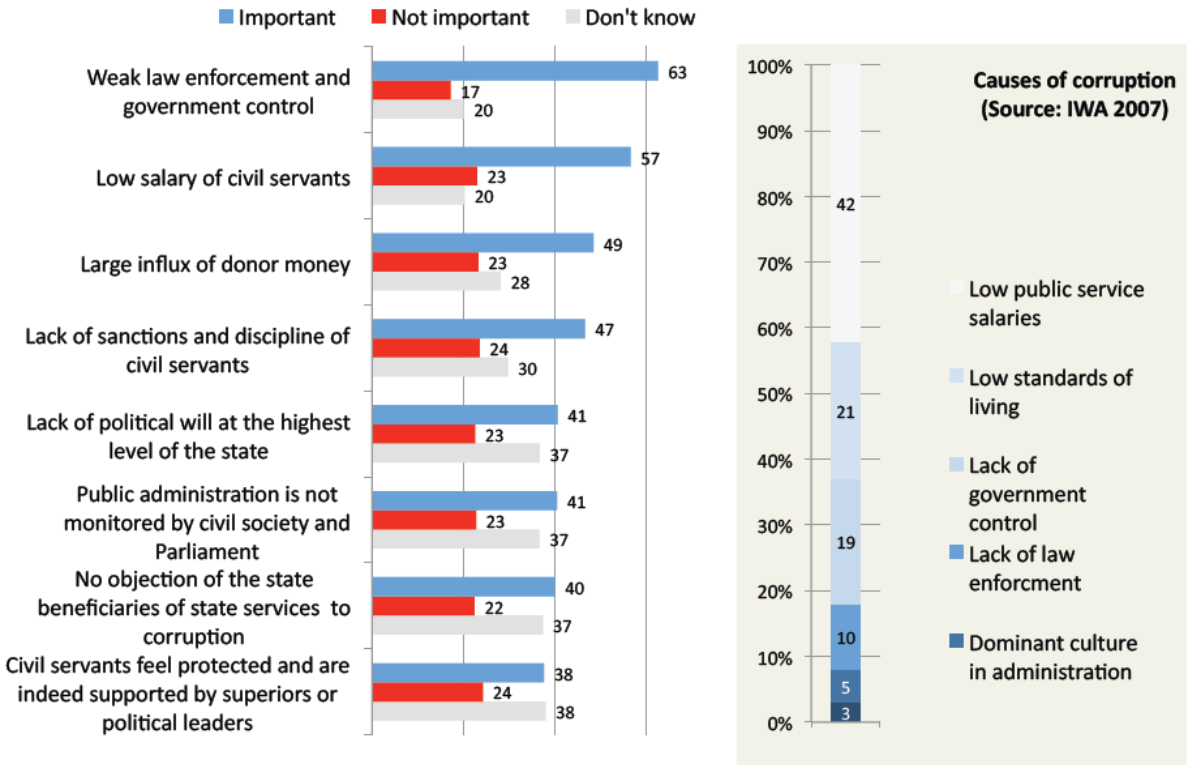


Figure 4: Factors of corruption in Afghanistan (Source: IWA, Afghanistan perception and experiences of corruption).

Currently, other than Transparency International's perceptions surveys[3], the IWA survey indicates that the cause of corruption is weak law enforcement, low salaries among civil servants, a large influx of donor money, and lack of sanctions and discipline in civil service (Figure 4). Transparency International's analysis, based on case studies in various countries, however confirm that increase in salaries is not an effective measure for controlling corruption.

While ANDS and Afghanistan Compact claim to establish functional and effective mechanisms to combat corruption, unresolved disputes remain on the lines of responsibility of the current mechanisms for curbing a widespread spectrum of corruption[37]. There are no clear laws and established legal procedures for the prosecution of high government officials. Numerous commissions and organizations have been created, without appropriate definition of and distinctions between the roles and responsibilities of these anti-corruption organizations. Such random and disorganized processes and structures make the implementation of corruption control programs tenuous.

Additionally, the most recent SIGAR review[38] of Control and Audit Office (CAO) found that Afghan law does not provide CAO with adequate autonomy and authority to conduct its work effectively. CAO also lacks capacity. The system of checks and balances for appropriate audit is weak.

The factor of security requirement dominating the peace building and political evolution process has impacted on the perception of ethical corruption. The Afghan government is somehow trapped in a vicious circle of integration of warlords into the government and the parliament. High level appointments are often based on patronage networks and constituencies and such compromises have been justified as inclusive and representative processes[39]. These issues exacerbate perceptions of bribes, nepotism which equal ethical and moral corruption. Independent Appointments Board and Independent Appeals Board with clear mandates to support the merit-based recruitment and appointment systems are considered critical requirements.

- **System of Aid Delivery and Corruption**

The section on corruption will remain incomplete without a reflection on how aid and international community's delivery process also undermine accountability and impact on corruption. The donor community's practice of avoiding aid delivery through Afghan government channels is indicative of international concerns about tax payers' funds going astray through corruption. One might empathize with these concerns. However, donor practice of contracting implementing agencies external to the Afghan government is not necessarily corruption free. In fact, a long vertical line of a single contract, being sub-contracted and further sub-sub contracted create a nightmarish situation making accountability increasingly vague and diffused, at every contracting level. There is no system, such as a joint committee, to check and compare the first allocated amount vis-a-vis the achieved outcome and final expenditure. Besides, high administration fees charged, at every level, ultimately result in miniscule amounts going to the beneficiaries, which promotes a perception in the Afghan public that aid funds are being gulped by corrupt officials. This is damaging for the Afghan government, especially when the corruption ranking of countries by Transparency International is "perception" based.

Corruption is prevalent, in various degrees, in most developing countries. Issues of pilfering aid funds, vote rigging, ballot box stuffing, nepotism, hand outs (bribes) for employment, contracts and licenses are common. At the base of such corruption lie weak governance and rule of law, weaknesses which especially post-conflict and in-conflict countries endure. That with strong institutions and better governance, corruption can be brought under control, if not totally eliminated, is evident in some developing countries. India, a post colonial non-fragile

[3] Transparency International and Integrity Watch Afghanistan used perception survey to rank countries on Corruption Perception Index

democracy, is often cited as an example. One of the primary tasks of peace building missions in fragile countries is to build and strengthen institutions- institutions which not only deliver services to the citizenry but also protect public goods and services from being exploited by interest groups. Several decades of war in Afghanistan destroyed the institutions of governance and rule of law so essential to arrest expansion and escalation of corruption and prevention of the build-up of a regime of impunity. Promises of the international community to deliver on institutional capacity building remain at a rhetorical level. As an Afghan high level official quite rightly asked in a donor meeting prior to the 2010 Kabul conference, why after 10 years, issues of "governance" are popular with the donor community- what have the donors been doing over the last ten years? Dead silence in the meeting room provided the answer.

- **Indicators of Government Commitments to Strengthen Accountability**

A number of indicators are available reflecting emerging political will and interests of the government in improving accountability. Afghanistan's ranking in the Open Budget Index has gone up from 8% in 2008 to 21% in 2010. The government's Public Finance Management (PFM) Road Map is on its way to implementation. As already discussed, the PFM Road Map commits to effectively design and implement programming with high standards of transparency and accountability by improving communication across government bodies and CSOs; providing adequate resources for both internal and external audits; and increasing use of financial reporting through AFMIS.

Civil Society Organizations' advocacy programs and their activities increasingly demand transparency. Actions taken by a civil society group to petition for the government to enact access to information law for granting Afghan citizens their constitutional rights, is an instance of how advocacy can help promote accountability[40]. A community-based monitoring program piloted by IWA is another instance of citizens' demand for greater accountability from the government. Such civil society actions can promote both donor and government's accountability regimes.

Lastly, to reiterate an earlier conclusion on accountability for results, endeavors to establish results-oriented reporting and assessment frameworks for monitoring progress against key dimensions of the national and sector development strategies were made in 2009. Unfortunately, however, actual monitoring and tracking of results with indicators have not been undertaken.

2.2.6 Conclusion

Overall, while some progress is made, strengthening of all areas by both donors and partners is a requirement if higher rating in each of the principles, is to be achieved. While Afghanistan has developed its national development strategies, and identified twenty two national priority programs through a follow up prioritization process, the design and costing of these programs are not yet complete. Therefore, although the annual budget partially reflects the ANDS sector needs, it cannot fully reflect the priority program costs. Besides, in the light of the government not utilizing sector strategy results frameworks, the donors claim alignment with the broad ANDS sectors, while continuing to design, finance and deliver programs through their directly contracted agents. The Afghan government has no ownership of these programs; and under such circumstances, government's ownership of development programs and finances are undermined.

Gaps between donor pledges, commitments and disbursements are wide. The absence of predictability of multi-year funding commitments from donors hampers longer term development planning. In the in-conflict context of the state of Afghanistan, security, military and political considerations hugely influence aid policies and investments of donors, undermining needs-based development investments.

The government has made efforts to establish some country systems and governance and accountability frameworks, including a commendable PFM framework with a full implementation road map. But perception of corruption, sometimes fuelled by donor delivery systems and contracting practices, deters donors from use of country systems. The numbers of joint donor-government missions –feasibility studies or evaluations- are minimal. Procurement laws and procedures of the government exist but since the procurement law allows donors to over-ride government procedures, donors consistently do so.

With respect to managing for results, donors do not share the evaluations of their own programs/projects. Donors remain largely unaccountable to the Afghan government as they hardly provide detailed information to the government on their investments, activities, associated budgets and expected and achieved results. It is expected, however, that the DCD will result in improving donor accountability.

The Afghan government's own M&E system is in disarray. The government had prepared in 2009 ANDS sector strategy results to which the ongoing programs financed from government's core budget should contribute. But in the absence of program level results frameworks and little monitoring of results, the sector results frameworks largely remain unutilized. Budget Department of Ministry of Finance's initiative of performance-based program budgeting is expected to partially address M&E requirement. The Budget Department of MoF's initiative of performance-based program budgeting, the 100-days monitoring of Clusters' performance by the Policy unit of MoF, and performance monitoring and reporting of MoEc are expected to partially address M&E requirements at the output level.

2.3 Provincial Reconstruction Team (PRT)

What effect does the role of PRT have on aid effectiveness?

As mentioned earlier, a widely held assumption among policy makers and practitioners is that development assistance is an important "soft power" tool to promote stability and security in fragile states. Counter-insurgence (COIN) doctrine emphasizes the importance of aid in "winning the hearts and minds" (WHAM) of civilian populations[41]. Available data[42] shows that 40% of total development aid disbursements have been made through the PRTs. Of which 97.8% has been provided by US Department of Defense (Figure 3). Out of the total assistance through military sources, only about 9% was invested in small scale development activities while the remaining 91% has been invested in security sector reforms.

This section discusses the central question of the role of PRT on aid effectiveness in Afghanistan.

2.3.1 What is a PRT (Provincial Reconstruction Team)?

The overall aim of PRT in Afghanistan is to use joint civil-military units to achieve the objectives of improving security, extending the authority and legitimacy of the Afghan government, enhancing provincial development through reconstruction work, capacity building of sub-national level provincial institutions and facilitation of reconstruction. The PRTs consist of military officers, and reconstruction experts. They were first established in Afghanistan in 2001/2002. The nations under NATO and ISAF are in command of the PRTs. Currently, 26 PRTs are operating in Afghanistan.

2.3.2 Principle of Ownership and the PRTs

High turnover in PRT staff is not conducive to making its security, reconstruction and capacity building efforts sustainable or promoting ownership spirit. The general lifespan of PRT staff ranges from 6-12 months. Within

such a short time period, it is next to impossible to develop an understanding of and sensitivity to the culture of the local communities, an essential component for successful interventions with ownership by local communities in view.

Inadequate means of communication available to the PRT staff are impediments to attainment of PRT objectives or in imbuing a spirit of ownership in the local communities. With no time to learn the local language PRT staff is unable to converse with local communities. Use of translators is essential. Especially in insecure provinces, where movement of the PRT staff is restricted, no direct means of communication between the local communities and PRT staff is available. The key concerns related to dependence on translators and local informers is that perspectives of needs of the communities or progress and results achieved through PRT interventions are not necessarily reflective of the realities, under which circumstances ownership of PRT activities and results by local communities is not realistic.
Encountered with ***weak capacity at sub-national levels***, especially in insecure areas where even the central government has difficulties of access, PRTs undertake reconstruction tasks themselves, without appropriate consultations with and involvement of provincial authorities. Ownership by provincial government of the PRT reconstruction work in most provinces is, thus, at best superficial and symbolic. Especially the PRTs, well-endowed with funds and sound technical expertise, tend to overshadow and, in certain instances, assume the responsibilities of local governance activities, undermining ownership of governance by the Afghan local government.

Prescriptive and supply-driven assistance also hinder strengthening of the ownership dimension of aid effectiveness[43]. Aid has been heavily influenced by the political and military objectives of the troops contributing countries. The critique, iterated several times earlier, is that rather than establishing the authority of the Afghan government and building capacity of local institutions, the PRTs focus on winning the hearts and minds of the people for the protection of the foreign troops.

Such approaches slow down emergence and/or strengthening of state institutions at local levels and hinder assumption of ownership of the development process by Afghans. The intangible dimensions of aid, especially the promotion of Afghan ownership, which is essential for achieving project relevance, utility and sustainability, have been overlooked by the PRTs.

Recent studies, however, refer to a planned shift in PRTs' approach from building short-term legitimacies of the international forces to assumption of an increasingly subordinate role to local authorities over long term, as reflected in the new "provincial support team" model[44].

Responses from ISAF and the Policy Notes attached clearly state the correct positions PRTs should take to observe the aid effectiveness principles. But the interview results with the provincial and central government personnel, the CSOs and members of the public do not match with the responses of the ISAF or the PRTs.

2.3.3 Principle of Alignment and the PRTs

PRTs are criticized for ***inadequate efforts made to align their strategies (if they have any), approaches and activities with those of central government ministries and agencies.*** PRT projects normally do not involve consultations with the central government[45]. One of the major shifts in policy in view of winning the hearts and minds is prioritized allocation of aid funding for insecure as against secure areas. This results in a significant disparity in distribution of aid. USAID concentrates more than half of its budget in the four most insecure provinces; DFID allocates 20% of its Afghanistan budget to Helmand, and Canada allocates over 50% of its aid budget to Kandahar[46]. While the government considers attention to insecure provinces necessary, its policy is

not to concentrate development investment in insecure regions at the expense of other areas which might be poorer and remote. The Afghan government wants a balanced development approach, which the PRT aid allocations contradict.

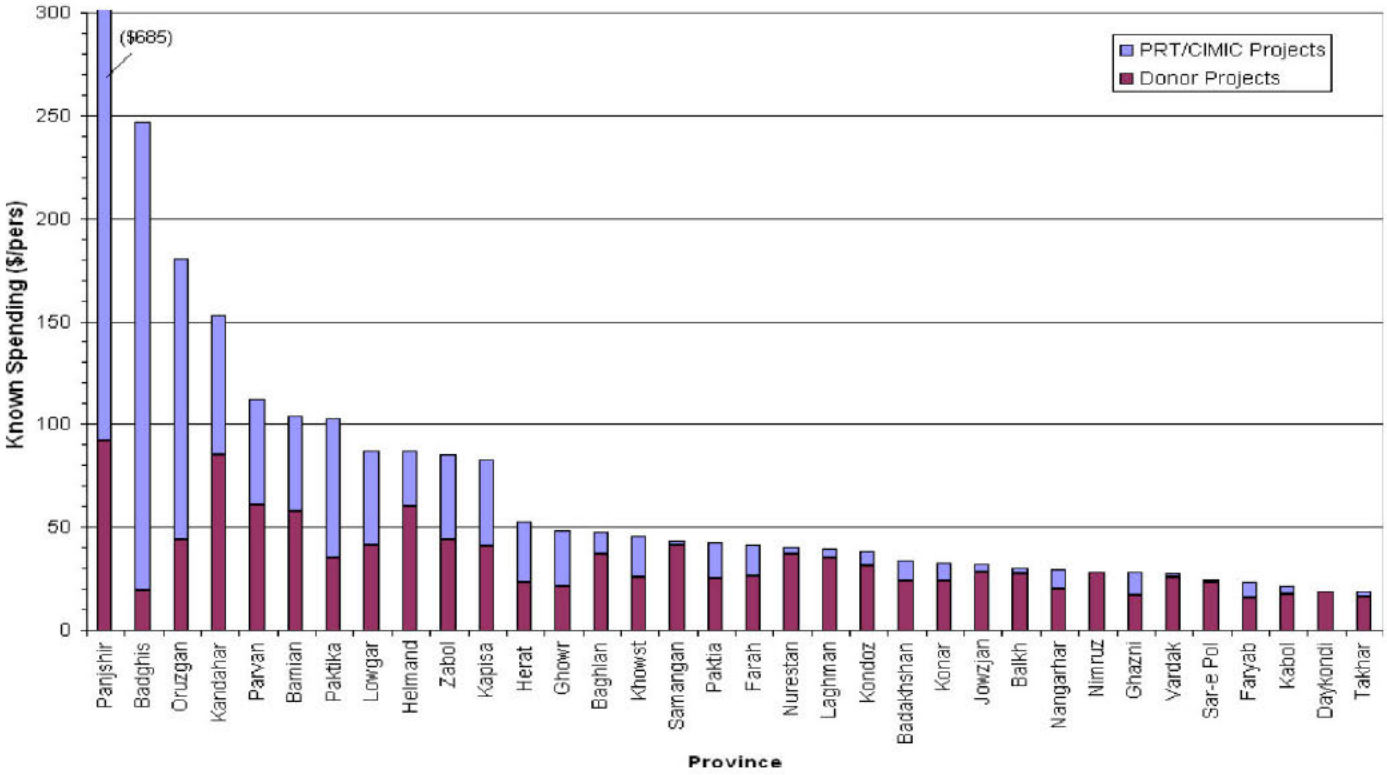


Figure 5: Completed, ongoing, planned & funded PRT spending per capita, per province (Source: ACBAR Advocacy series)

The alignment principle is also undermined by ***lack of understanding and awareness of the local needs and priorities,*** especially of the provincial and district development plans (respectively acronyms: PDP and DDP). Some interviewees share concerns that PRTs generally do not "like to be coordinated and often do not attend PDP or DDP meetings".

Alignment is further undermined by *PRTs'* ***lack of appropriate tools and thus the inability to base PRT functions on factors that matter***- local politics, socio-cultural imperatives and local communities' perceptions. Many basic drivers of fragility and conflict are inherently political, cultural and social in nature. Instances are ethnic grievances and inter- and intra-tribal disputes related to power politics and differences in cultural and social norms. It is difficult for the short term PRT staff to comprehend the intensity of these factors affecting local communities' everyday life and adjust PRT functions to address these drivers through their security or aid and reconstruction interventions.

Alignment with Afghan government policies and strategies is difficult in the ***absence of adequate knowledge in the PRT staff about the national development priorities and the cross-cutting issues, such as, gender development***. Most PRTs claim that the staff undergoes "gender mainstreaming exercise" while doing their assessment and design of projects. However, a number of provincial interviewees were quick to discredit the claim. An example cited was that when women and girls were raped on their way to fetch water from a distant

point, the PRTs took the good initiative of constructing water wells inside or near mosques. However, this initiative was not based on cultural understanding as only men are allowed into mosques to pray, women and girls are not allowed to be around the peripheries of the mosques during pray periods, coincide with the time to fetch water.
Just this one example provides a lesson that it is imperative for the international community to assess the potentials of the effectiveness of their reconstruction work, based on social and cultural understanding.

2.3.4 Principles of Harmonization and Coordination and the PRTs

No single policy or strategy binds the PRTs in various provinces, each PRT being under different international command. Earlier efforts to promote coordination between the PRTs and harmonized actions in alignment with Afghan government positions on various issues, initiated at the central level by the Ministry of Interior, failed, mainly because the political and military interests of the troops contributing countries dictate that policy decisions on coordination and harmonization be taken in the capitals.

Efficiency and effectiveness of reconstruction activities of PRTs are undermined as the ***civil society organizations, with expertise in working at grass roots level are reluctant and, in instances, refuse to work with military actors*** as they are concerned that their humanitarian stance and autonomy will be compromised and they will be perceived by the local communities as army representatives. The civil society organizations also fear that the blurring of lines between military and civilian development actions would jeopardize the security of the civilian workers. The civil society organizations, thus, undertake their own development activities, in longer and shorter time frames. In the absence of appropriate coordination and communication between the PRTs and the civil society organizations, duplication in development programming, especially in the shorter time frame, is likely to occur. Lack of coordination between NGOs and PRTs lead to overlap of services instead of complementing each other and filling the needful gaps in service delivery the obvious conclusion is that aid investments could reach higher effectiveness ratings with coordinated and harmonized development actions between the PRT and civil society organizations. Unfortunately, no improvement in this area is in sight for the near future.

2.3.5 Principle of Managing for Development Results and the PRTs

Managing for development results is close to non-existent in PRTs although implementations of activities are monitored. Reliable data on development results in PRT provinces, especially in the insecure areas are not collected. A common theme[47] cutting across feedback on PRTs' development results is ***lack of monitoring and evaluation frameworks and collection of empirical data to assess the impact of aid by PRTs*** in Afghanistan. This is unsurprising given the lack of coordination and planning of PRT's aid between PRTs and the government. Assessment of the feedback from the PRTs shows that the PRT staff has limited capacity in the design and use of M&E frameworks. PRTs also appear to be resistant to adjustments and reforms. These deductions are made on the basis of the interviews.

2.3.6 Principle of Mutual Accountability and the PRTs

Accountability of the PRTs to the Afghan government at the national and sub-national levels and to the local community is diffused. The over-riding concern surrounding PRTs' aid efforts is that of massive corruption fuelled by the PRTs' clandestine activities and contracting practices. Local communities' perceptions about the PRTs appear exceedingly negative, which at the same time erode the accountability of the Afghan government to its own population. Perception that the PRTs are acting under the auspices of the Afghan government also

promotes the perception that the Afghan government and PRTs are colluding to sideline the poor and empower the elite, with little intent to control corruption[48]. The interviewees' statements reflected these perceptions.

PRTs are perceived to be unaccountable as they do not provide transparent reports to the Afghan government. To date, the Afghan government has no clear understanding of the aid investments by the PRTs either from ODA or other sources[49]. PRT assistance generally bypasses government agencies at all levels and directly invested through PRT contracted agents. An obvious lack of information at the national and sub-national levels of government about what PRTs do, how much they invest and what development results they achieve pervades the PRT scenario and is a point of significant concern.

Perceived absence of development understanding and needs-based programming undermine the principle of accountability. PRTs want to invest on a large number of projects and projects, which are visible. But quick and visible impact oriented projects do not always address the needs of the local communities. Local sentiments (deciphered out of the interviews) are that PRTs do not take the time to understand and address provincial or community development needs. Several examples of this disconnect were provided by the interviewees in the PRT provinces. In one province, after constructing the school(s), the PRT distributed books and pencils to the students which were procured at inflated prices which could cover a teacher's salary for a year. In another province, with respect to a PRT-managed Radio Freedom program, the interviewees commented that the broadcasted news were so out of touch with reality that "nobody takes them seriously". In another province the PRT paid one million USD per kilometre to build a road that used tarmac quality grade 4 (lowest quality in the market)[50]. It is also a fact that the cost of building schools by PRT is 5 times higher than that of the government.[51]

2.3.7 Conclusion

A large majority of the Afghan public perceives the allocation of aid resources over the past three to four years as being driven by security considerations; and they consider PRT expenditures as living proofs. Yet security has not improved. In some regions, PRTs reportedly deliver aid where "nobody else wants to go", but the uneven results they have obtained across the 26 regions they cover reflect accentuated perceptions of failure. The amounts of funds invested and the activities undertaken by the PRTs (either through embedded civilian structures or through the military apparatus) vary. Some PRTs might be more successful than the others. But in the absence of a clear understanding of the results which the investments achieve, the inevitable conclusion drawn by interviewees is that much of the investments are unrelated to the actual needs.

2.4 Development Outcomes

To what extent and how has PD implementation strengthened contribution of aid to development results, including poverty reduction?

Current international efforts on aid effectiveness have had some mixed results. Given the complexity of aid objectives, modalities and deliveries in Afghanistan, achievement of development results might not be possible to attribute directly to the application of either any specific PD principle or PD in totality. This section will attempt to address the core question through answering the sub-questions below at macro level. The questions will be addressed through case studies mainly in health, education and water sectors and a review of the development results in these sectors. It should be highlighted that time constraints limited the review of the sectors, especially that of the water sector. This section presents a broad overview and the analysis in the section is based on a review of key documents and interviews.

The sub-questions are as follows:

- Did the implementation of PD help to improve prioritization of needs (beyond income poverty) of the poorest people, including women and girls?
- Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to respond to development challenges? If so, why, how, where, and with what effects?
- How and why aid modalities used (including general or sector-specific budget support) affect development results? Were results in health, water and education sectors enhanced through the application of PD principles?

2.4.1 MACRO LEVEL IMPACT OF PD: SELECTED ISSUES

Overall, linking development results with PD principles is highly constrained by data limitations. Afghanistan's current condition, compounded by insecurity, makes progress in and collection of information on development results extremely challenging; and these same factors endanger any hard won gains on aid effectiveness, as well. Data reliability and inadequate data management capacity are factors that hamper drawing conclusions on development results, let alone assess the impact of PD implementation of any development results achieved.

2.4.1.1 Macro-level Effect of PD on Prioritization of Needs (linked with ownership and alignment)

While some progress has been made to collect baseline information on various sectors in order that needs could be identified and needs based prioritization exercise could be undertaken, nationwide, , homogenous and planned recurrent surveys to guide systematic analyses of baseline situations continue to be inadequate. The National Risk and Vulnerability Assessment (NRVA) surveys, undertaken by MRRD and CSO, represent the first sound effort to gather baseline socio-economic data across the country on a wide range of topics focused on vulnerability. Many development agencies undertook *ad hoc* data collection for programming purposes. But it must be underlined that nation-wide planned surveys to guide programming for addressing prioritized needs is still noticeably lacking.

The ANDS claims to be firmly rooted in the MDGs with multidimensional objectives, which are inclusive of social, economic, security and environmental development. Admittedly, the MDGs are somewhat reflected in the ANDS pillars; but in general, while committing to the MDGs or including in ANDS considerations of poverty and hunger, universal primary education, maternal or child mortality or gender inequality, the latter concepts were not consciously linked with PD.

2.4.1.2 Macro-level Effect of PD on Institutional Capacity Building (in building country systems and accountability)

The Afghan government, with support from large donors, undertook a range of initiatives to establish and strengthen national systems and institutions. Over the years, a modern legal framework was adopted although critics claim it is not fully operational, as reflected in the weak rule of law. A few good instances are mentioned below:

- A procurement system which is ranked higher than other middle income countries that had been PEFA assessed[52] has been developed, together with procurement law and guidelines.
- A Procurement Policy Unit (PPU) is established within the MOF, mandated to increase transparency and build procurement capacity in line Ministries. However, few donors have adopted the government's procurement policy, considering them cumbersome and contributory factors to project implementation delays. Some other donors, taking advantage of loopholes in the procurement policy override the government system and use their own.

- The Kabul Conference presented the operational guidelines which laid out principles for effective use of finances delivered outside its budget. If donors will be enticed with this system is not clear yet.

While development of country systems, as a component of PD, has been undertaken, albeit to a moderate extent, the PD principles of harmonization and alignment and linked with these- ownership- will remain un-implemented if the government systems are not used by the donors.
One of the many reasons which drive donors to not follow government systems or by-pass government budget process is the widespread perception of inadequate capacity and corruption, resulting from neglect of good governance practices. Since capacity building permeates all aid effectiveness principles, the conclusion to be drawn is that failure in capacity building is resulting in inadequate PD implementation. Huge investments in technical assistance programming and international advisory services have resulted in little transfer of knowledge in statecraft to Afghans. Sustainable capacity building as a PD component is a failure by donors' own accounts as they continue to cite incapacity and corruption as the major stumbling blocks.

2.4.1.3 Macro-level Effect of PD on Aid Modalities (in promoting coordination and harmonization)
Evidence reflects a slightly increased flow of development aid through the core budget over the last few years. The PD principles were central to the discussions at the London Conference. President Karzai's appeal for donors to pledge their strong support for channelling at least 50% of development aid through the core budget had somewhat positive responses from the donors as the latter expressed their readiness to align their assistance progressively with the National Priority Programs with the goal of achieving 80% alignment within the next two years. However, NPPs are broad categories, except those that were continuing prior to the 2010 conferences. Therefore, it is not possible to identify direct donor support for the NPPs until these are developed to the fullest with development results identified.
Several mechanisms have been developed to address the donors' risk aversion psyche to cover the trust deficit related to government's intents to control corruption. A strategy of investment in Afghan-led national program in collaboration and shared accountability with other international donors[53] could address the PD principle of ownership and alignment. Attempts have been made to promote shared accountability through some form of a PBA approach through investment in government-designed programs through Trust Fund modalities, such as, the Afghanistan Reconstruction Trust Fund (ARTF), the Law and Order Trust Fund (LOTFA) etc. In such shared accountability systems, disbursement of funds from a pooled account (jointly managed by the Afghan government and the international donors) give donors certain guarantees of transparency and accountability, while enabling the government to make decisions on funds allocation.

2.4.2 CASE STUDIES

Case studies in heath, education and water were used for identifying broad development results in the sectors and deducing their linkages with PD implementation. Amongst the three, the natural focus has been on health because of availability of reliable and consistent data.

2.4.2.1: Health Sector

Introduction
The key documents reviewed were "Building on Early Gains in Afghanistan's Health, Nutrition, and Population Sector", and "National Strategy on Health Care Financing and Sustainability 2009 – 2013".
Since 2001, Afghanistan's health sector has made considerable progress[54]. Infant Mortality Rate (IMR) is estimated to be 151.5 per 1000 live births and Under-5 Mortality Rate (U5MR) is 161 per 1000 live births. Consistent and reliable data is unavailable for Maternal Mortality Ratio (MMR) as reflected in different figures showing up in Human Development Index (HDI) and the Afghan Ministry of Health report. MMR is estimated at

1,400 per 100,000 births in the 2010 HDI[55]. This newest estimate shows an improvement from 1,600 per 100,000 births, the baseline value established in 2002. However, the Afghan Ministry of Health current estimate sets the figure at 1600 per 100,000 births, showing no improvement from the 2002 baseline.

By 2008/09, the government managed to provide Basic Packages of Health Services (BPHS)[56] to 80 - 85% of the population for their basic health needs. Results of annual health facility assessments[57] showed continued improvement in the quality of health service delivery across the country.

The Afghan Ministry of Public Health (MoPH) prioritized its needs and identified cost-effective interventions to address them. Currently, health services are being provided as an integrated package in BPHS and Essential Package of Health Services (EPHS). BPHS standardized service delivers through outlets across the country. It provides a range of services at each service delivery level from: Basic Health Centres (BHCs), Comprehensive Health Centres (CHCs) and District Hospitals (DHs) under BPHS; and from Provincial, Regional and Specialized Hospitals under the EPHS. Such services are currently being delivered in part through contracted NGOs overseen by the MoPH. The Ministry, in addition to providing BPHS in 3 provinces and EPHS in 20 provincial hospitals, also provides leadership and governance guidelines for the health sector.

As part of the ANDS, the MoPH finalized the Health and Nutrition Sector Strategy (HNSS) for 2009-13. The goal, as defined in HNSS, is to work effectively with communities and development partners to improve the health and nutritional status of the people of Afghanistan, with a greater focus on women and children and in the under-served areas of the country.

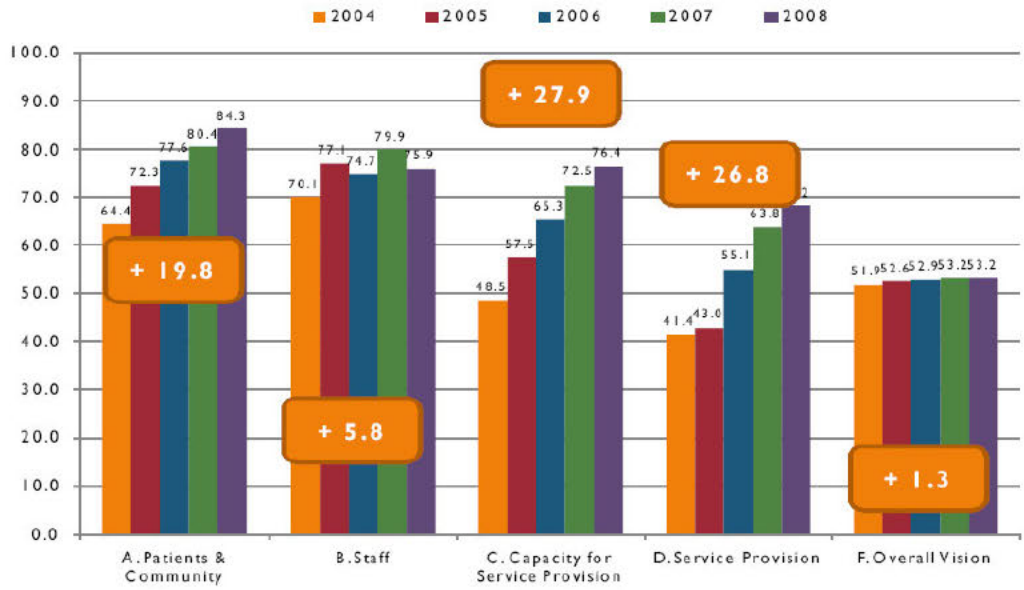


Figure 6: Overall performances measured on balanced score card, 2004-8 (Source: Afghanistan Health Sector Balanced Score Card from MOPH)

	2004	2005	2006	2007
Basic Health Centres	35.6	53.0	66.0	73.0
Comprehensive Health Centres	42.8	79.8	90.2	93.3
District Hospitals	41.2	83.7	100.0	97.9
TOTAL	38.9	64.4	76.0	81.5

Table 6: % of BPHS facilities with at least one female doctor, nurse or midwife, 2004-2007

All data collected are disaggregated by gender, ranging from childhood mortality rates, gender-specific prevalence rates of chronic communicable diseases, such as, TB and mental health etc. MOPH also emphasizes placement of female health staff at every health facility, ranging from female community health workers in villages to female doctors at hospital levels, with trained midwives strategically positioned. Such staffing patterns are indicators of performance in the implementation of BPHS and a basis for incentive awards that are part of some BPHS delivery contracts.

Health Sector Financing

The country has a high level of health spending as a share of GDP, but per capita spending is low (Table 7). Funding for the health sector comes from three sources: the government, external donors, and out-of-pocket payments by patients.

Category	2005/06	2006/07	2007/08	2008/09
Total funding	193.1	231.1	258.4	277.7
Population	24.0	24.4	24.9	25.4
Funding per capita	8.1	9.5	10.4	10.9
With 60% coverage	10.17	11.8	13.0	13.7
With 80% coverage	13.4	15.8	17.3	18.2

Table 7: Total and per Capita Public Expenditure on Health, 2005/06-

Total public spending on health increased from $193.1 million in 2004/05 to $277.7 million in 2008/09 (table 6). This includes both the government's core budget and external assistance, which represents more than 85% of total public spending on health. When actual health service coverage is taken into account, annual per capita spending was as high as $18.20 in 2008/09. The coverage of health services was examined to allow a better understanding of how much is actually spent per capita on service delivery. Two elements were considered: coverage of BPHS contracts, estimated at 80% for 2008/09, and population living within two hours' walking distance from a facility, estimated at about 60%. As coverage increases without proportional increases in finance, effective per capita investment falls.

Management and Use of Aid

The contracting arrangements with the NGOs for program delivery allowed the MoPH to maintain stewardship while ensuring accountability through the NGOs. By 2008/09, 31 of Afghanistan's 34 provinces (i.e. 82%) adopted contracting-out systems where health services were contracted out to NGOs either directly by the MOPH or through direct grants from a small number of donors. MoPH used direct contracting systems in Parwan, Panjshir and Kapisa provinces through Afghan managers to help strengthen service delivery, named MOPH Strengthening Mechanism (MoPH-SM) which includes competitive recruitment of managers, provision of salaries comparable to NGOs, and the use of the same M&E mechanisms.

Various interviewees still complained about weaknesses in management tools to track flow of funds. Obtaining accurate information on resource flows into the sector, funds allocation by donor patterns and matching of investments with national priorities were identified as critical needs. The ultimate objective, of course, is to secure adequate, predictable finance that would be in line with national priorities. Efforts could be coordinated with other line ministries which are already involved in creating such tools[59]. Nonetheless, investments by donors in health have been relatively consistent over the years while such investments also reflect Government's priorities (Figure 7).

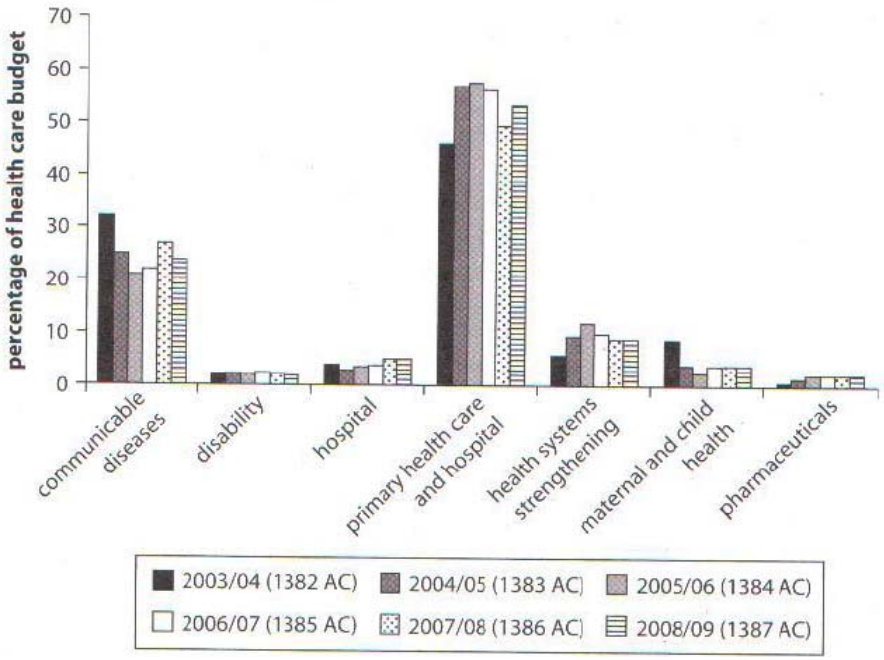


Figure 7: Trends in healthcare budget (2003/04 – 2008/09)

Efficiency in Aid Allotments and Budget Execution

Between 2003 and 2008, funds were increasingly on-budget (Table 7, Category E) which is a positive indicator of donors' confidence and trust in MoPH's stewardship. However, as witnessed in all other sectors, low budget execution continues to be one of the challenges. The main reasons identified were inefficient procurement procedures and delayed flow of funds. Reports also highlighted that over-centralization of budget management at the central level result in low budget execution rate[60]. One issue[61] identified, which was verified during field visits, was the absence of individual operating budgets for programs, notably for provincial hospitals. These hospitals claim to have little information on the budgets allocated to them annually. Furthermore, allotments often change during the year, and hospitals are not informed about such changes in a timely fashion.

Category	2004/05	2005/06	2006/07	2007/08	2008/09
A. External assistance	138.4	165.5	198.8	220.7	223.5
B. Operating budget	25.2	27.4	27.6	30.7	27.7
C. Total funding	163 6	192.9	226.4	251.4	251.2
D. With discretionary	163.6	193.1	231.1	258.4	277.7
E. Core budget (D-A)	25.2 (18 2%)	27.6 (16.6%)	32 3 (14.0%)	37.7 (14.6%)	54.2 (19.5%)

Table 8: Total Public Funding (US$ mil) on the Health Sector, 2004/05-2008/09 (Author's calculation)[62]

It is observed that aid fragmentation is less in this sector compared to those of the others. Although bilateral donors and the UN invested large funds in longer term development, the relative contributions of donors to the health sector did not substantially increase[63].

Reports mention that a number of bilateral actors disengaged from the health sector in 2003/04 because the emergency phase was presumed to have completed. But evidence exists of increased support to capacity

building for the health sector. While there is no clear trend in the movement of investment in various the different funding categories between 2003/04 and 2008/09, it was noted that in 2006/07, the share of expenditures on training dipped slightly whereas those for capacity building and technical assistance was on a gradual but steady upward trend (Figure 8).

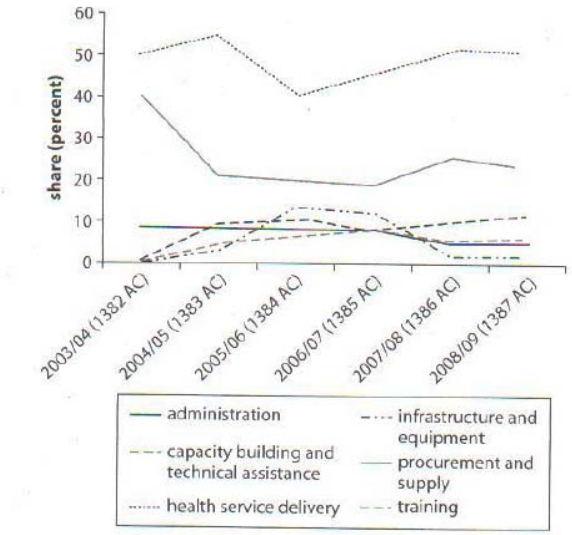


Figure 8: Support to capacity building, 2003/04-2008/09[64]

Partnerships

The main donors[65] supporting the health sector are USAID ($146m), EC ($33m) and WB ($25m). They focus mainly on BPHS and EPHS. UN Agencies (24%) concentrate mainly on immunization. Global programs like Global Alliance for Vaccine and Immunization (GAVI) and Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) provide 4% of the health budget to focus on "vertical programming" for specific diseases and Health Systems Strengthening (HSS). The latter is likely to increase in the coming years, as a result of implementation of new GFATM grants which is expected to sharpen the focus on vertical program and HSS grants from GAVI. There are also many other bilateral donors, albeit comprising only 0. 8% of the total sector budget. Funds spent through non-governmental channels, for example through the Aga Khan Development Network, the International Committee of Red Cross (ICRC) etc., comprise 3% of health sector expenditure.

Performance by contracted MOPH-SM health facilities and those operated by direct grant funds are comparable based on facility assessments and administrative data[66]. The arrangements vary slightly according to the source of financing, but there are important commonalties, and approaches which are moving towards greater consistency. All grants and contracts are based on delivery of BPHS, and all approaches adopt the following:

- Clear geographical responsibility;
- Competitive selection;
- Convergence towards a set of common indicators of success; and
- Threats of sanction if an NGO does not perform well (one international NGO had its contract terminated).

Donor	No. Of provinces covered	Flow of funds	Contract management
USAID	13	USAID to MOPH	Health Economics & Finance Department
WB	11 (8 contracted with NGOs; 3 contacted with MOPH-SM)	ditto	ditto
EU		MOF to MOPH	EU

Table 9: MOPH Contracting schemes with USAID, WB and EU

Before the introduction of BPHS in 2004, NGOs were playing the major role in the health sector and focused on a variety of priorities, such as, infectious disease control, reproductive health and other non communicable disease control. They also established varying types of facilities and utilized variable qualities of staff. Movement towards common standards is considered helpful for lowering transactional costs. It is BPHS, which targets national MDGs, helped standardize a common set of national priorities and a common overall approach.

Currently, MOPH is perceived to be leading the sector by formulating policies and coordinating the efforts of various stakeholders. Multiple sources of information are used to analyze the progress made in the sector[67]. Delivery performance measurement of BPHS is presented in National Health Services Performance Assessment (NHSPA)[68] Report. The assessment is conducted annually by a third party and presented in a Balanced Scorecard (BSC). Indicators of the extent of coverage of health services are based on household surveys conducted in the past years, namely, Multi Indicator Cluster Survey 2003 (MICS), National Risk and Vulnerability Assessment 2005 (NRVA) and 2009, and Afghanistan Health Survey 2006 (AHS).

PD Principles and Sector-Level Results: Linkages?

Joint Programming Approach

The MoPH followed an approach that resembled Sector-wide approach (SWAp) aiming at jointly implementing consistent sector policy and strategies rather than taking an isolated programming[69] approach. It is reported that several elements of the MoPH program addressed the principles by the PD advocated program based approach (PBA).

Ownership and Harmonization

That a degree of ownership has been attained and harmonization efforts are made are reflected in the following:

- Annual Retreat held for MoPH and donors to identify challenges related to results attainment and develop recommendations for way forward;
- Consultative Group meetings held for donors to discuss policies and issues with MoPH on a weekly basis;
- Health Sector Review conducted jointly by EC (in charge of health financing review), USAID (in charge of health related private sector review) and WB (in charge of the HR and institutional development reviews).

Alignment

- WB channels its funds through the structures of the Afghan government, i.e. MoF;
- USAID has adopted a scheme for "Host Country Contracting";
- EC is still managing service procurement and financial disbursement in a centralized manner in coordination with MoPH, and promises to channel the BPHS/EPHS budget through ARTF soon.

A cursory review of the sector beyond 2006 reflects that the "underlying principles" of BPHS and contracting arrangements, adopted in 2004, were similar to PD principles of aid effectiveness but BPHS adopted these principles before the Paris Declaration. Thus, some may argue that although BPHS policy principles and those of PD match, no direct correlations between PD and the programming approaches and development in the heath sector results exist in reality. Nonetheless, the fact that MoPH programming and donor coordination approaches have been somewhat successful speaks of the high degree of importance of the PD principles is generating positive results.

The nature of the stewardship of the MoPH essentially reflects ***ownership*****.** The mapping of the ***division of labour*** and ***donor consultations helped*** the government to develop its strategies and lay down the priorities and programming to achieve the desired ***development results***. These interlinked principles of BPHS strengthen the thread of ***accountability-*** accountability for planning, implementation, expenditures and development results from both the government and donors. The MoPH approach strengthened ***partnership*** and addressed needs to fulfil the responsibility of ***transparent accounting*** for ***development results***. As such, although this evaluation is unable to establish the direct effect of PD on the health sector, it does acknowledge the principles advocated by PD as good principles of engagement by donors and the government promoting successful partnership for the purpose of producing results beneficial for the people.

Overriding concern, however, is data scarcity and reliability, affecting evaluation of results and drawing linkages between results and the PD.

2.4.2.2 Education Sector

Introduction

The analysis of this section is based on a review of the following key documents – "A Study of Policymaking Process in the Primary and Secondary Education Subsector", "National Education Strategic Plan (NESP) for Afghanistan 1385 – 1389", "An Overview of Education in Afghanistan – September 2009"; interview with one representative from the Ministry of Education and that of Higher Education and one donor interview.

To meet the targets of MDGs, the government set the following education development benchmarks for the end of 2010. [70]

Primary and Secondary Education: Net enrolment in primary school for girls and boys was set at minimum 60% and 75% respectively. A new curriculum was to be operational in all secondary schools. Number of female teachers was to be increased by 50%. 70% of Afghanistan's teachers were to pass a competency test. A system for assessing learning achievements such as a national testing system for students was to be in place. However, interviews indicate that the standards of tests for both teachers and students are low and thus the quality of education is difficult to measure.

Higher Education: Enrolment of students to universities was to be 100,000 with at least 35% female students. The curriculum in Afghanistan's public universities was to be revised to meet the development needs of the country and private sector growth.

The National Curriculum Framework of Afghanistan (2004) was the first original document that set the stage for what the Ministry of Education (MoE) planed for the education system and how the system and structure should be programmed[71]. When the Memorandum of Understanding (MOU) was signed with UNESCO's International Institute for Educational Planning (IIEP) to develop an Education for All (EFA) plan for the country, the MoE was required to switch its approach from programming based on available budget to needs-based programming. The

MoE and IIEP agreed to re-direct their strategic planning cooperation to incorporate the six EFA goals[4] within a framework that was linked to poverty reduction.

Education Sector Financing

The primary and secondary education sub-sectors are supported by different donors with the majority of funding still flowing outside the government's budget, with a few donors channeling their funds through the government budget while others implementing their programs through direct grant funds to NGOs and private implementing partners. Some other donors, such as the World Bank, UNICEF and UNESCO have the mandate to achieve the MDGs on education through the global partnership of Education for All Fast-Track Initiative (EFA-FTI).

The Ministry of Higher Education (MoHE) receives its funding mainly from USAID and the WB. A number of countries have offered higher education scholarships, such as, India, United Kingdom, and Australia.

Management and Use of Aid

Various mechanisms have been adopted to strengthen donor coordination and alignment with NESP. One such initiative was the Education Development Forum (EDF), for better coordination of donors and persuade donors to channel aid money through the core budget. The original EDF has been recently re-formulated into a larger forum comprising functions related to labor, social protection, higher education, vocation training, martyrs and disabled etc. Although the external budget is still fragmented[5] over a variety of projects, reports[6] mention an increase in funds flow through the core budget. For instance, construction work, which used to be undertaken primarily through the external budget by NGOs and private companies, is currently also being managed by MoE with financing from the core development budget. The Ministry has established school Shuras with the intent of promoting ownership of the education system by communities.

Since the Kabul Conference, a number of donor-MoE meetings discussed technical education related issues. Although some pledges have been made, funds are not yet made available. Duplication of efforts by donors continue, which waste funds. The troops contributing countries have preference for aid focus (including for education) in the provinces of their military presence. Provincial interviewees lament that "we are not asking for funds or the funds to be transferred through us, we want PRTs to inform us of any work they carry out in order that provincial priorities are taken into consideration; and inform us of the on- or off budget activities, which would allow us to manage and allocate funds in the most needy areas". But responses from donors are few to these questions.

[4] The six EFA goals are: "1) expanding and improving comprehensive early childhood care and education, specially for the most vulnerable and disadvantaged children, 2) ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to and complete free and compulsory primary education of good quality, 3) ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life skills programs, 4) achieving a 50 percent improvement in levels of adult literacy by 2015, 5)eliminating gender disparities in primary and secondary education by 2005 and achieving gender equality in education by 2015, with focus on ensuring girls' full and equal access to an achievement in basic education of good quality and 6) improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills."

[5] UNICEF has their own priorities and their own projects without consultation with government… only after numerous discussions we managed to persuade UNICEF to not only report to us but also align their work and strategies with us. USAID develop, design and contract the projects which eventually was subcontracted to others, they have not yet aligned their strategies with national strategies. "

[6] Shah, S.M. 2010, is capacity being built? A study of policymaking process in the primary and secondary education subsector, AREU; also through interviews: "DANIDA are fully aligned with MoE and they have plans to spend 75% of funds through core budget and 25% through external budget for 2010 to 2013 focusing their works in development of schools and teacher training. WB has also handed over Enhancement Project to MoE, thus giving us good opportunity for capacity building and improvements in national systems. CIDA funded EQUIP (Education Quality Improvement Program) which is also fully managed by us. Indians also utilised the national systems through working mainly in capacity building and providing scholarships and training to fill the gaps within the system."

Efficiency of Aid Delivery

For the revised NESP, the MoE reduced the number of programs from eight to five. The changes are made to ensure effective management of and linkages between the programs. Five Deputy Ministers have been appointed, each in charge of one program. The total financing requirement for the NESP implementation for five years is calculated to be US$2,345 million, out of which US$1,512 million is required for development components and US$833 million for annual operating costs[72]. Donors expressed preferences to finance specific components of NESP[73], such as, Curriculum Development, Teacher Education, and General Education. Other NESP programs are underfunded, including Islamic Education and Technical and Vocational Education. Overall, education program budget is very much donor directed.

Sector-level Results and PD Principles

While several reports[74] mentioned a large increase in enrolment at the primary education level over the last few years in Afghanistan, there are wide disparities in enrolment between provinces. The number of girls enrolled had been reported to have increased by 18.3%, close to the 20% target. But figures are somewhat unreliable as recent reports still claim girls to be grossly underrepresented in primary schools in many provinces[75]. Many children also dropped out soon after enrolling and the dropout rates are not recorded.

Notably, an in-depth study of policymaking processes[76] at the MoE reveals that the foremost of several factors that influenced NESP revisions was the Ministry's intention to join the Education for All- the Fast Track Initiative (FTI)[77] of the global partnership[78]. While PD was not explicitly mentioned, the emerging evolution was believed to be "steered" by PD principles.

Institutional Capacity of MoE

The NESP's implementation was affected by the unsatisfactory operational capacity of the MoE. Execution rate has been low. In 2008/09, the total development fund allocated to MoE from the core budget was US$159 million, out of which the Ministry spent only US$40 million[79]. Financing procedure delayed finance release and thus slowed down disbursement of funds. A cumbersome contracting process is at the centre of such complex financing procedures. In certain instances, it took nine months for NGOs to receive WB funds to implement the National In-service Teacher Training Program (NITTP) in some parts of the country. The long drawn out process to simplify donor requirements at different stages of procurement, without compromising the need for accountability, further delayed the ministry's ability to actually spend development funds.

This experience indicates that PD has had little impact on improving efficiency of delivery or minimizing transaction costs.

Partnerships

Although the MoE, through the functions of its Planning Department, demonstrates a certain level of ownership in the "process" of planning and revision of the NESP, the FTI membership's conditions for an external assessment and approval of plans by the donor coordination body, continues to challenge MoE's control on the "contents"[80]. The education coordination body, while providing assistance with coordination and mechanisms for consultations, also strengthened the position of donors to jointly influence the revised NESP in favour of the EFA (Education for All) targets by withholding the approval of the strategic plan until the FTI assessment was finalized. The EFA targets constitute the strongest example of external influence on national policymaking, obligating the MoE to re-build its education policies and sector plans around the EFA established targets and their implications. Nonetheless, both NESPs "offered a vision and direction to the MoE staff and the donors; it also provided them with a clear indication of what was expected of them",[81] thereby contributing to ***ownership.***

The degree of ***partnership*** is reported[82] to be heavily affected by the ability of staff to speak English and use basic computer skills. Absence of expertise in these areas creates critical gaps. In the beginning of 2006, the Ministry's management sought to fill this gap by appointing hundreds of national and international TAs, financed by donors. The generosity of donors in funding the programs and TAs resulted in considerable achievements83 by the MoE.

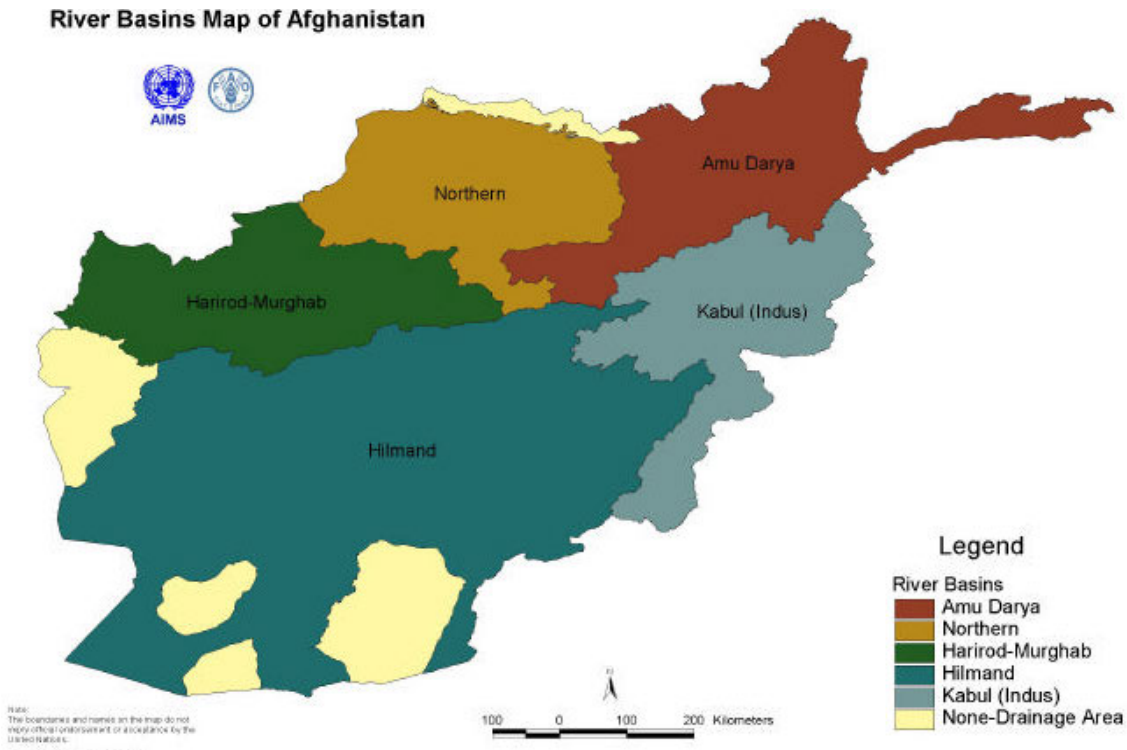
But the negative impact of relying on TAs surfaced in the shape of a parallel system within the ministry, where "control" was perceived to be aggregated into the hands of a few individuals highly paid by donors and failed to create well motivated Teams, united in spirit, to undertake ministries tasks. Other issues, such as the lack of transparency in the appointment of the TAs, due to political affiliations and nepotism[84] sometimes entrenched in the ministry, did not help enhance the confidence of donors in the overall management of MoE. In order to resolve such issues, donors are engaging with the Ministry of Finance to manage a pooled fund program titled the Civilian Technical Assistance Plan (CTAP)[85].

2.4.2.3 Water Sector

Introduction

The analysis of this section is narrow and focused more on benefits of cross –boundary water development and utilization issues. This section does not review the Water and Sanitation program financed through ARTF.

The analysis in this section is based on a review of the following key documents – "Making the Most of Afghanistan's River Basins Opportunities for Regional Cooperation", as well as two interviews with representatives from the ministry and three interviews with donors' representatives.



Improving the national and cross-border management of water resources of Afghanistan is a necessity to improve the lives of millions of people. Enhanced regional cooperation to avoid tension over the use and

management of shared water resources is critical for the success of both the Afghan government and the international community's efforts to provide a secure and stable future for the country and its neighbours.

For collective development efforts to become more efficient and effective, the donor community will have to follow through and funnel more of its development aid toward water resource development, and do so in a coordinated manner that is sensitive to regional concerns. A commitment to a more comprehensive regional approach to water development would provide a foundation for investment and would also give Afghanistan's neighbours a major incentive to take steps toward regional integration. Enhanced cooperation in the water sector also has the added potential of positive spill over effects into other policy fields.

Without substantial improvements in the development and management of Afghanistan's water resources, Afghanistan will not reach its energy, agriculture, or rural and urban development goals[86]. To this end, seven line ministries (Ministry of Energy and Water (MoEW), Ministry of Agriculture, Irrigation and Livestock (MAIL), Afghanistan Institute for Rural Development (AIRD), Ministry of Mines (MoM), MoPH, MoE and MoF) coordinate functions through once a month meetings.

Water Sector Financing

Emerging key donors for the water sector are regional countries, such as, Iran, China, and India, as well as western nations such as Canada, Denmark, Germany, Japan, Norway, Sweden, UK, and US, and multilateral organizations such as the WB, ADB, EC, IDB, and UN. International NGOs are also playing an important role. However, since the main focus of most donors is on water sector rehabilitation at a national level (an important issue), none have yet made regional dimensions a priority in their assistance policies.

Management and Use of Aid

Water sector received large pledges from donors although most of it is reported to be unspent due to unresolved trans-boundary issues. While the country's river and canal systems have remained virtually untouched, Afghanistan's neighbors have built dams and other infrastructures that depend on water flowing into their borders from Afghanistan[87]. If Afghanistan builds dams and undertakes its own water development projects, these projects might reduce the flow of water to the neighboring countries. Under such circumstances, without prior agreements with the potentially affected neighbors, Afghanistan initiated water development projects could provoke conflict[88]. Dam projects in Afghanistan would promote irrigation and produce electricity. However, brokering treaties with the neighbors may prove difficult for Afghanistan, when it is still in the midst of conflict.

The current projects are mainly small dam projects in the Northern provinces. The largest project is underway in Herat Province, where India is funding the construction of the US$180 million Salma Dam, which will regulate river flow during flood season and reduce the amount of water that flows from the Hariand Morghab River to Iran and Turkmenistan[89].

Partnerships

Currently, the country experiences a difficulty in cooperatively addressing the trans-boundary water issues[90]. Hardly any forum for dialogue, bilateral or multilateral, are currently effectively engaged in consultation and possibilities for promoting trans-boundary agreements on data sharing or joint actions. While the need for regional cooperation for this sector is fully acknowledged by all stakeholders, inadequate country capacity, combined with a difficult contextual issue and competing regional security priorities, have kept donors from engaging in a process of dialogue on water cooperation[91].

There is no lead donor for the water sector. Although the ADB and WB are contributing considerably more in this sector than other donors, even they are perceived to be working through their own system rather than taking a leadership role as brokers[92].

A few examples of attempts of donor coordination in the water sector are found. Meetings of the Water Sector Group, which includes UNAMA, CIDA, U.S. Army Corps of Engineers, EC, GTZ, USAID, and the Dutch government, provides an useful example of building international support and a coordinated network for aid related to the water sector. But Afghan representation is absent in this group. This violates Afghan first and ownership principle. A more formal approach was proposed at a meeting of the foreign ministers of Denmark, Finland, Iceland, Norway, and Sweden in April 2008, in Stockholm. At the meeting, the ministers established a "Plan of Action for Nordic Cooperation in Afghanistan" in order for the Nordic countries to become more effective partners for the government of Afghanistan. This mechanism was expected to include a move on the part of donors toward a stronger nationwide and regional focus, as opposed to a provincial focus. Expected benefits for Nordic donors would be sharing of the workload, a stronger Nordic voice in Afghan reconstruction, and a stronger understanding in the donor community at large for coordination in line with PD. Little information on progress through this mechanism is available.

2.4.3 Conclusion

Current efforts within the health and education sectors have had some positive outcomes. However, most of these are not perceived to be direct results of PD implementation. Yet, the "underlying principles" driving the MoPH and MoE's stewardship role, resemble PD principle ***of ownership*****.**

The structure of the BPHS (Health) and the need to adhere to the NESP (Education) played roles in results achievement in these sectors. Donors engaged their attention to deliver to the BPHS and NESP priorities even though through contracting relevant NGOs to meet the identified needs. Such donor engagements enabled the MoPH and MoE to maintain the ***stewardship*** of their respective sectors.

Although the revision process of the NESP for the education sector was not as "streamlined" and "organized" as the initial drafting of the NESP, it was led by internal leadership instead of relying on external advisors. This is reflective of ***ownership*** principle. Yet, the conditions imposed by donors on FTI implementation is put up as an example of donors unduly influencing Afghan government policies and thus undermining the ownership principle.

With respect to the influence of PD in the water sector, this review found that the issues and challenges in the water sector are complex, with trans-boundary context creating complications and making any conclusions on PD influence difficult.

As in most other sectors, perceived and real corruption continue to put dampers into appropriate PD implementation. Steps to improve communication channels between central government and the provincial government on budget development, awarding of contracts and accountability are essential requirements to promote flow of funds through the government's budget.

While it is difficult to ascertain the direct impact of PD on the development results of the sectors of focus in this study, one may draw the conclusion that PD had influence on some positive efforts made to build coordination frameworks, structures and capacity (the latter albeit limited) and helped promote the ***alignment*** concept.

Notably, efficiency in aid delivery is much dependent on donors' interest in specific programs and projects. Militarization of aid and focus on geographic locations based on donor country military interests continue to compromise efforts to coordinate financing, more importantly, needs-based financing, balanced distribution of funds and division of labour- all principles of PD. A complex system of accountability set up by the FTI resulted in delayed disbursements at all levels- from donors to the central government and from the central government to sub-national levels. As in other sectors, over-dependence on external TAs impeded potential knowledge transfer and capacity development.

PD promoted Afghan government's motivation and donor interest in flowing more funds through the government's core budget either through budget support or through MTDF mechanisms, even though the aims, to the fullest extent, were far from being realized.

	Ownership	Alignment	Harmonization	Managing for results	Mutual accountability
Donors	High	Moderate	Low	Low	High
PRT	High	High	Low to Moderate (Depends on PRT)	High	Low to Moderate (Gov accountable but PRT not much)
Central Government	High	Moderate	Low	Low to moderate (varies from sector to sector)	Low to Moderate (Gov accountable but Donors not much)
Provincial Government	High	Moderate	Moderate	Moderate	Low to Moderate (Gov accountable but Donors not much)
CS, PS & Parliament	Low (foreign lead ownership)	Low	Low	Low to moderate (Positive changes in PS)	Low
Women	Women issues/needs not much included at strategy & policy level	Low on women's issues	Low	Very low	Low/moderate

Table 10: Perceptions of key stakeholders regarding PD principles

3.1 Overview Analysis of Interviews

The ideal methodology demands that interview findings should be integrated into the analysis of each of the evaluation questions and sub-questions and thus into the chapters. However, the interview findings could not be transcribed in a timely fashion to be integrated into the text in a rational way. While some of the interview comments are reflected in the texts, not all could be included. The decision, thus, was to reflect the responses of the interviews on each principle in one chapter and consider the findings for drawing views for inclusion in the concluding chapter.

While weighing the significance of the interviews, the following issues have been taken into consideration: absence of the use of any set questionnaire, making the survey unstructured; and a small sample of interviewees, both resulting in drawing of *firm conclusions* from responses methodologically incorrect. Chi Square statistical tests to decipher significance of responses from a small sample would have strengthened the findings based on the interviews. But time constraints and absence of available expertise did not allow the methodology to be strengthened with such tools.

Given the small sample of interviewees in each category- central and provincial governments; donors, civil society organizations, the private sector, women and the PRTs, and semi and in certain instances, unstructured nature of interviews plus the absence of any statistical testing normally used for small random samples, drawing firm conclusions from the responses is being avoided from the table above.

It is quite clear, however that the ***Afghan government's positions*** at both central and provincial levels, on all principles, except in managing for results, appear higher than those categories of interviewees out of the government realm.

The central and provincial government responses are intriguing as they take largely a moderate stance on most principles with rating themselves high in ownership.

PRTs' perceptions differ from both from those of the Afghan government and the non-government interviewees. PRTs are extremely optimistic, providing high rating in ownership, alignment and managing for results, with moderate ratings on harmonization and mutual accountability. The PRTs are obviously proud of their achievements and think that their activities address PD principles well. This can be interpreted as a reflection of priorities given by the military and the PRT on securitization and militarization of aid, which prevent objective analysis.

Donors, on the other hand, have been transparent in rating most principles low, except mutual accountability, which ranges from low to moderate. Donors accept better their own deficiencies and reported accordingly.

A tentative finding is that the ***civil society, private sector and women*** (latter constituting 50% of the Afghan population) are not enamoured with the situation in the country. PD implementation has hardly affected their lives.

The interviewees in any of the categories most likely did not think or were made aware of the inter-linkage of the principles of ownership , alignment, harmonization and accountability and that ownership can be seriously undermined if donors pursued parallel systems.

The following section analyzes the perceptions of the interviewees in different categories on the concept of Aid Effectiveness and interviewees' perceptions on progress.

3.2 Donors

Thirty nine donors interviewed (34 donors + 5 UN agencies), agreed that the government ***ownership*** of the strategies and processes is high because of ANDS and NPPs concept, while admitting that it is difficult to align with government designed strategies in the absence of appropriate translations into implementable programs.

Acknowledging that ANDS was written by international consultants and not by Afghans, at least ANDS was a good start but except for a few ongoing and a handful of successful programs, ANDS was not ever translated into implementable programs.

The concept of NPPs, presented at the Kabul Conference introduced the hope for new program development. But to date, except for 100 days and 300 days activities iteration, little progress has been made towards concrete program development that the donors know of. Besides, 22 national programs hardly represent priorities. Given low capacities in government line ministries, the NPP numbers should be brought down if real progress in program design and development is to be achieved. Donors expressed the need for programs with

concrete results to which their aid resources would contribute to. Thus, donors' conclusion is that while they are interested in aligning their finances to the government programs, lack of vision and low capacity at the ministries prevent alignment. Lack of alignment will continue to undermine ownership.

The donors also are concerned that capacity built is concentrated in a few ministries and in particular in the MoF. The latter does not implement development programs- the line ministries do. The line ministries lack not only program development capability but also planning, implementation, monitoring and evaluation and financial management capacities- all components of accountability. Prior to strengthened accountability in the line ministries, alignment of donors with line ministries' development programs will not be possible.

The donors admit that in the provinces, sectors of health and educations are better coordinated and that the government coordination mechanism must be credited for this result. Coordination in these sectors start at the central government level, wherein the donors and the government together decide on programs and distribution of funds, as a result of which distribution of benefits across the nation is better than in other sectors.

At the same time, donors criticized the results, or lack of them, in both sectors. Poor quality of teaching and curriculum and inadequacy of the number of medical staff to provide full coverage across the country are instances of poor quality of services. Besides, insecurity results in many clinics remaining empty, with little services provided. In the province of Bamyan, for instance, the contracted NGO is providing poor quality services. 90% of the clinics are being operated by one NGO that is delivering sub-standard services and reputation of some donor countries is associated with such sub-standard delivery. These instances indicate zero managing for results.

While at times, the quality of service delivery is in question *for government–led programs*, in certain sectors, more harm than good is done through *donor investments,* as well. By some donors' own admission, roads built by donors are often benefiting the warlords to transport arms, ammunitions and narcotics and the donors are, in effect, paying the warlords (and sometimes the insurgents) to secure road building and subsequent safe transportation, the latter not to benefit of the people but the warlords.

Donors believe that a moderate level of *information sharing* among donors and communications with the government exist. Yet, *coordination* is not consistent. Several of the donors criticized the international community members for lack of willingness to coordinate because each has its own capital's political and military interests influencing strategies and policies. Besides, the sheer number of donors makes coordination difficult. Donors of the troops contributing countries have their aid investment focus in their own PRT provinces. The loss of lives of their soldiers can be a driver of decision on how and where to spend the funds. In order to report to their people (tax payers) they normally select short term quick and visible projects rather than basing their programming on longer term needs of the Afghan population. Reporting on results hardly pay attention to how aid investments are improving the quality of the lives of the people.

On mutual accountability donors mainly claimed that they are accountable to the extent possible and report to the central government in Kabul. They agreed that the government makes efforts for cooperation with donors.

Donors' assessment appears balanced and based on sound analysis.

3.3 PRTs

PRTs in most provinces reported that the local government owns programs and projects. They claim to design projects in cooperation with the Provincial Development Councils (PDCs). Some provinces work through sector working groups and prioritize their needs under the Provincial Development Plans (PDPs). In certain instances, the PRTs attend the PDC meetings where priorities of the province are discussed and PDP projects are approved. PRTs then select from the PDPs where possible and implement projects.

In some provinces, PRTs assist the PDC in development and prioritization of the PDPs, as well. Some PRTs also have sub units in the districts and through these units they work with the District Development Councils (DDCs) and build capacity in the DDCs to design projects which constitute the district development plans, which are, in turn, presented to the PDCs.

PRTs believe that they are delivering "good" results and consider that building schools or clinics or roads help stabilize the province. But PRTs' short term vision, together with short duration of assignment of PRT personnel, disconnect them from longer term needs and programming required to achieve long term results. Insecure situations prevent them from assessing even short term results as their movements out of the wire is limited.

PRT systems and functions are also not the same in all provinces. Relationships of PRTs with governors' offices and the PDCs differ from province to province. Security situation in the province plays a role in moulding the operational practices of respective PRTs. A set of common guidelines exist to direct PRT operations but interpretation of the guidelines by PRTs differs and has major influence on individual PRT operations and hampers coordinated activities among the PRTs, operational in the country.

With respect to proper reporting and accounting on PRT projects, the PRT opinion is that with numerous numbers of projects implemented across the country it is not easy to report on the results of all of them in a timely and coordinated fashion.

PRTs with civilian donor representation in the PRT campus can better identify local needs. USAID and USDA cooperation is reflected in the presence of military and aid representation in most of the bases. Canada in Kandahar pursues a similar policy. In some provinces, however, donor representatives feel sidelined by military influence and thus civilian-military coordination in these PRTs is less than satisfactory.

3.4 Central Government Perception on Aid Effectiveness

Central government interviewees strongly believe in the ownership of their policies and strategies and insist that the donor community can and must follow these strategies. They, however, admit of low capacity and skills in some ministries and sectors. Many interviewees the blame for low capacity on brain drains of skilled Afghan staff from ministries to donors, IFIs or non-governmental organizations.

The civil servants consider alignment to government policies/programs to be low as donors flow only support a small number of government program/projects; they design and implement their programs through third party organizations/firms. Overall, the donors may believe in and claim to be aligning with ANDS but in practice they have not helped the government in translating ANDS sector strategies into practical programs. Very little capacity building support has been provided to the government in program design, planning, implementation, monitoring and evaluation, or in assisting the government in increasing its absorptive capacity.

Technical Assistance has been piecemeal and not with a well planned strategy. Both TA and funds follow Afghan leaders and well performing ministers. Little efforts are made in building systems that would help streamline

the state machinery functioning, based on principles, procedures and regulations. The donors continue to complain about government's weak procurement system, while IFIs assisted building the procurement system.

Predictability of donor funds is close to non-existent, not aligned with the government's budget cycle make timely budget appropriation difficult and prevent longer term planning.

The government interviewees believe that the so-called coordination meetings are only for information sharing, with little intent for longer term coordination. In some sectors, for instance in health and education, better coordination is recognized.

Many instances of duplication of activities by donors are brought to the attention of the government. But the government believes that plenty more duplication examples the government remains unaware of because donors often do not account for their programs and results.

For projects financed through external budget and implemented through direct grant financed NGOS or contracted firms, the government is unaware of any appropriate needs assessment systems. Donors, who believe in quick and visible delivery, hardly invest time in needs assessment and feasibility studies. Many small projects are visible but do not address real needs of the people. Examples include schools which are not operational as children cannot attend due to insecurity or because classes are not held due to shortage of teachers. The conclusion is that often there are no needs assessment and no feasibility studies and no monitoring and evaluation of results. Donors are reluctant to send their staff to insecure provinces for monitoring, nor are there many examples of third party evaluations.

An official of the Ministry of Education stated that before 2005 there was less money but more effectiveness and now with increases in donor funding, effectiveness across the country is hard to assess. Aid focus of donors in their own PRT provinces resulted in unbalanced investments, with PRT provinces receiving too much financing, often not needs based, and the provinces without PRTs are neglected.

The water sector ministries are concerned that due to increasing insecurity, even if funding is available no qualified international companies are available to partner with. The cost of partnering with well reputed companies is very high because security arrangements of these companies demand high payments, which donors often do not want to cover. The option, therefore, is to contract smaller companies often undertaking ventures, which exceed their capacity.

Most civil servants interviewed inclined to conclude that donors have little accountability either to Afghan government or Afghans and even to the tax payers of the donor countries, who want to help the poor in Afghanistan. Donors are certainly not accountable to the public of their own countries because they have little evidence of "development results".

Some government officials commented that a strong Minister of Finance and his/her team could ensure donor accountability but how could this be done was not clarified.

The conclusion drawn by most civil servants interviewed was that with little evidence of the five principles being addressed, the PD has hardly been implemented let alone having much positive impact on effective aid deliver and utilization.

3.5 Provincial Government Perception on Aid Effectiveness

The division directors in the provinces while agreeing to own the processes and strategies and lead the decision making, feel that alignment of donors with government priorities is inadequate.

Mapping of needs for schools, clinics, agriculture exist and some donors do attend to these needs in some specific sectors but not in all. In some provinces the donor and PRT members attend the sectoral and PDC meetings and in others the translators attend the meeting. The presence of the donors and PRT members is helpful for immediate decision making on donor involvement.

Most provincial directors feel that planning and implementation of long term projects are difficult in the absence of commitments from donors, who are often politically and militarily motivated. Only in some instances donor implemented project results addressed people's needs.

Absence of capacity building programs at provincial levels does not help to raise execution rate or absorptive capacity and using the excuse of incapacity donors continue to work with their own contracted agencies. Some NGOs were cited for operating satisfactory programs, such as the Bamyan midwifery school (Aga Khan Foundation financed by USAID). But these are rare examples of good projects benefiting the people.

The provincial directors state that there is no accountability at provincial level from the donors or the PRTs. Transparency is close to non-existent. The process of procurement is vague with each donor and each PRT following separate rules of procurement. Little attention is paid to providing equal opportunity to local NGOs or contractors. Even in the health sector, better amongst other sectors, NGOs are selected at the central level in Kabul and the provincial directors are not aware of the financing agreements.

3.6 Civil Society, Private Sector and Parliament

ANDS is believed to be a foreign, not an indigenous document, influenced, written and designed by foreigners and now symbolically led by the government but influenced by international advisors. No adequate consultations at the national level were undertaken during ANDS preparation, with the people's representatives in the parliament, civil society organizations or the private sector. ANDS has not been translated into any Afghan language for consumption by Afghans who are non-English speaking although capable of understanding and analyzing the country's needs. That the Afghan government does not have the capacity to implement ANDS is clearly reflected in the fact that with the exception of the programs already ongoing during the ANDS development, very few new programs to translate ANDS sector strategies into action have been developed. NPPs are in their nascent stages, continuing to focus on activities since the Kabul conference; and NPPs do not cover the poverty oriented ANDS sectors and projects, which have earned best results for the people.

The Afghan government does not own and lead the process of Afghanistan's development- ANDS or the NPPs. The latter are under international advisors' control. Ownership of Afghanistan's development process is still with donors, influenced by their own military and political priorities.

The government's coordination capability is low. The government misses the main issues on which to coordinate while the number of donors, their varied interests and agendas make coordination difficult. Also, in the absence of visionary and strong leaders, coordination process is hard to lead from the government side.

Consultation with civil society organizations and the private sector is close to non-existent and thus people's priorities are hardly included in policy and strategy making or programming. Donors meet parliamentarians at dinners and receptions, not appropriate forum to discuss issues of development or people's priorities or the need for accountability in terms of delivery of services and the related cost benefits. The conclusion of this

group is that PD implementation remains incomplete without accountability to the people's representatives- the CSOs and the parliament.

The group believes that programs delivered by donors are high cost with low benefits and returns to the people. Most development projects are quick results driven rather than needs driven. Some members of the group commented on sound work of a small number of donors from the Scandinavian countries with real needs-based development agenda. They praised those donors which focus aid in safe provinces to further strengthen peace and security. In their view, development projects should be used as incentives in safer provinces to encourage people across the country to condemn violence and attract international investments for needs-based rather than military and political interest based programming.

Overall, on the accountability, this group states that there is little accountability from the government or the donors to the people because politics is allowed to play the most critical role in aid and development, not the needs of the people.

Lack of predictability of aid and how this makes the development planning uncertain was a concern expressed by many in this group.

3.7 Women

Women and gender has been used symbolically by all parties for convenience, in Afghanistan. Women do not think anyone really believes in their cause and their development needs. The only document ever written is an Action Plan- not a strategy or even a Program. It is a wish list which has not yet been translated into implementable programs, with associated results.

During ANDS preparation and especially during discussions around NPPs, no consultation took place with women. Some symbolic meetings were called and not sufficient time given to women to express their views and concerns.

Gender has never been mainstreamed in the government strategies, policies, and projects. Little signs are visible that in future, gender mainstreaming will become a reality.

Priorities and needs of the women in this country remain nominal in the papers and documents. UNIFEM, the main coordinating and implementing body which interacts with the donors was criticized by women interviewees as having little vision on how to help women in this country. Both UNIFEM and MoWA as the leading organizations focused on women's issues have low capacity.

Women believe that while their name is always at the top of all donor agenda, there is little real interest in undertaking practical and visionary programming for women's advancement.

In some provinces, where the PRTs attend all sectoral meetings, do not attend social protection (which includes women's protection) meetings, clearly indicating that this is not an important sector. In some other provinces, however, such as in Jalalabad, both PRTs and donors take interest in women's issues and programming for women's advancement; they try to help women in developing proposals.

Women in the provinces feel left out and being neglected both by their own government and the donor community. Even if some profile is given at the centre to women's issues, profile is at the lowest at provincial

levels. Women's verdict is that neither the government nor the donors are accountable to women. Thus, their interest in PD is nil.

Chapter 4: Overall Conclusions

The conclusions reflect findings of both limited direct research and evaluation synthesis, related to PD and its effectiveness. This blend is considered required in view of the limitations mentioned earlier: unavailability and reliability of data; too small a sample of interviewees (along with absence of the use of Chi Square tests to establish significance of the interview results); lack of availability of human resources with sound research and analytic skills; inadequate and timely direction from the NRG; and complexities of this study.
Assessments related to each of the PD principles follows.

4.1 Ownership: Illusory?

Since ANDS is in place and subsequently, NPPs have been identified, the Afghan government can claim to have addressed its own responsibilities, but only partially so. In support of increasing ownership, the Aid Management Directorate of the Budget Department of MoF has made efforts in creating structures and processes.

The concept of partial ownership emanates from the fact that ANDS was not based on a broad consultative process; and NPPs are not yet developed into programs with which donors could align. And this factor undermines ownership. Further, implementation of ANDS or any of the NPPs are questioned in the absence of comprehensive results based programming, monitoring and/or reporting on results. In the absence of increasing donor alignment with ANDS and or NPPs, government ownership of its strategies/programs will remain weak.

4.2 Alignment: A Myth?

Alignment is minimal as reflected in close to 80% of the donor funds flowing outside of the government's budget process and even the amount going through multilateral trust funds are largely non discretionary financing. The donors, using excuses of government incapacity and endemic corruption prefer direct delivery of aid. Yet, all donors claim that they align with ANDS. In effect, ANDS, having failed to disseminate and use its sector results frameworks, remain very broad with which it is easy for donors to claim alignment, when in reality donors design their own programs. It is difficult also for donors to defend direct budget support to the Afghan government when perceptions of presence of extensive corruption continue.

4.3 Harmonization: Any Evidence?

Donor harmonization with country systems is variable and inconsistent. Joint mission concept was raised and discussed but never realized. Not only that donors do not conduct joint missions with the government, they do not coordinate with each other and continue to conduct individual missions, the results of which are rarely disseminated or shared, with no learning from lessons or application of lessons taking place.

The government's procurement laws and policies are in place but most donors, taking advantage of a loophole in the government procurement law, override government procurement system and use their own, which are no less unwieldy and cumbersome.

It will be interesting to assess, how much credence the donors will give to the reformed PFM system of the government. Government's efforts in this sphere are commendable and degree of donor alignment with the system will be indicative of donor commitment to the PD principle of harmonization.
Neither the government nor the donors use any single system of results monitoring or reporting. As a result, reporting, if at all made available, are a mixture of inputs, outputs and rarely outcome results, with little attention to qualitative results.

Due to lack of donor coordination, duplication and resulting wastage of funds continue; and division of labour plus balanced distribution of funds in all geographic regions and most needy areas are illusions.

4.4 Mutual Accountability: A Missed Opportunity?

Accountability is diffused at best both from the government and donor sides, in the absence of regular monitoring of results and qualitative reporting. The Budget Department has made efforts to reform pubic finance management and introduce performance-based program budgeting, with systemic activities, associated budget and outputs planning and reporting with analysis of variances of the planned and the actual. But the system will work proficiently only after the required capacity in the line ministries is built.

To date, however, very little systematic monitoring of results of the activities of ANDS is undertaken and donors have not demanded much results accounting.

4.5 Managing for Results: Lack of Interest and Understanding

As somewhat clear from an analysis of the other principles, no systematic results frames are transparently being used by the donors and no results frameworks for ANDS sector strategies are utilized consistently by the government to monitor progress towards results that would positively impact on the lives of the people, including on women or the environment. Some of the better capacitated ministries, such as health and education, have identified results but these could be claimed to be the exceptions rather than the rule in the absence of any evidence that other line ministries undertake any systematic planning and monitoring of results.

Donors are not in the practice of sharing their results or monitoring and evaluation reports with the government, as clearly reflected in this PD evaluation team not receiving any reports despite several requests to the donors.

4.6 Predictability of Commitments: A Dream

Inability of donors to predict finance flow on a multi-year basis is a serious disadvantage, hampering long term planning. It is believed that unpredictability often results from lack of delegation of authority to the field level from the donor capital. Lack of accountability from the Afghan government is a contributory factor to unpredictability.

4.7 Untying of Aid: For Whose Benefit?

Close 50-60% of donor funds continue to be tied to procurement of goods and services from the donor countries in 2010, five years after commitments to untying was made. Militarization and politicization of aid are factors that slow down untying. Much of the aid is tied to the Provincial Reconstruction Team activities, which are not necessarily needs-based as some of the interviews confirmed.

Donors tie procurement of goods and services to their own companies. In the absence of procurement of goods and services from local firms, the capacities of local companies remain low.

4.8 Capacity Building and Technical Assistance: Value for Money?

$2 billion dollars invested in Technical Assistance proved to be non-cost beneficial. Skills have not been transferred and inadequate capacity makes PD implementation close to an impossible pursuit.

4.9 Is Pursuit of Paris Principles of Aid Effectiveness Realistic in Fragile Situations?

It is acknowledged that Afghanistan presents one of the most complex environments for effective aid delivery[93]. Some staggering indicators reported by international civil society organizations (such as, Oxfam), related to aid effectiveness, and are disconcerting. A large percentage of aid to Afghanistan is tied, requiring the procurement of donor-country goods and services. Nearly 80% of aid by-passes the Afghan government's budget. Technical assistance is not appropriately coordinated with the government. Little of analytical or assessment work is conducted jointly by the donors and with the government. Profit margins on reconstruction contracts for international and Afghan contractor companies are high, with very high salaries paid to full time, expatriate individual consultants.

A realistic and objective assessment leads one to reach the conclusion that despite the principles of good international engagement in fragile states, the concrete results expected out of PD implementation are difficult to achieve in a fragile situation, such as Afghanistan is in. Hardest efforts are being made by the government to strengthen certain areas to promote ad effectiveness principles; and some mind changes are perceived in donors that appeared to be the hardest nuts to crack, such as the US. Yet with both the local partners and the donors sitting in intransigent positions in certain other areas; and little progress expected in the foreseeable future due to a high state of incapacity both at the government and donor levels, and a heavy aid dependency syndrome, advances will be difficult. One may even ask the question if PD has ever been implemented in Afghanistan, in the basic form, as little results are achieved over the last five years.

Chapter 5: Recommendations

5.1 Ownership

Broader consultative processes, involving all sectors of the society will help achieve the true spirit of ownership. In addition, for the government to **own** development strategies and priorities, the latter must be supported with programming and implementation of the programs, producing results for the benefit of the people. Resources must be invested in implementing the programs. In Afghanistan, the sources of major portions of such investments are the donors. Thus, donors must align with government priorities, policies, strategies and programs. Without donor alignment and investment of resources in government programs, government ownership will remain elusive. Thus, getting cooperation of donors is a first priority.

5.2 Alignment

A balanced approach between short term, medium term and long term needs-based programming would promote better alignment. A blend of this nature will serve the needs of donors to report on short and medium term results to their public. They can then be persuaded to contributing to longer term development results through support to larger programs, as well.

Evidence reflects that major portions of donor finances do not flow through the government's budget. Yet donors claim that even while operating parallel programs with those of the government, they are aligned with ANDS priorities. In reality however, since the ANDS priorities go little beyond broad sector strategies, the claimed alignment is all but rhetoric. The same is correct about the NPPS, which are too many and only reflecting broad categorizations. Under such circumstances claiming alignment is easy. In fact, some of the donors themselves agree that such broad alignment means little. Donors should rather be asked to align with and contribute to "results" of fully developed projects under ANDS sectors; thus narrowing down the requirement for alignment with broad sectors to defined "results" of programs- short, medium and long term.

5.3 Managing for Results

Managing for Results, one of the main PD principles is not followed either by donors or partner countries in the absence of an appropriate M&E system entrenched into development programming and implementation. Neither ANDS nor NPPS have any base on an M&E system.

5.4 Provincial Reconstruction Teams (PRTs)

The PRTs should concentrate on establishing security and stability, with some focus on design and planning of reconstruction activities, not long term development.

5.5 Capacity Building and Technical Assistance

Capacity building that permeates all aspects of PD principles is in shambles, in Afghanistan. With $2.00 billion of aid funds invested in technical assistance projects, little capacity has been built in the government or the private sector. It has been difficult for the international community to recruit good quality technical assistants, mainly

due to poor security situations in several parts of the country. Inexperienced and unqualified people have, in fact, been placed in Afghanistan and they have accumulated experiences and developed their own capacities. Capacity building, thus, has been supply rather than demand driven.

Afghans are also to be blamed for this because no assessment of needs have been made while donors have been generous in supplying their own unemployed to fill TA positions in Afghanistan. Other than making proper needs based strategy and plan for capacity building of Afghans, Afghanistan should first strengthen its universities in order that they can serve as the main source of and factories for supply of trained people who can contribute to the country's development.

5.6 Need for Reform of the International and National Organizations

The international community, in fact, needs to seek capacity development in their own organizations. The aid agency representatives in Afghanistan do not have the capacity to design medium term and long term projects even if this was in their mandate to do so.

A pending call for reform of the UN agencies remains. With the UN's unwieldy and inefficient bureaucratic system and the reliance of most of the donors on this system, not much has been accomplished out of the UN civilian coordination mechanism. Despite "talks" over years, the various UN agencies continue to work in less than coordinated fashion. For capacity building of the UN staff more coordinated machinery would be required.

Donors, UN agencies and IFIs should refrain from publishing condescending reports praising less than perfect government operations and reforms. Rosy reports bring little benefit to the country and its government which must comprehend the issues that need addressing and plan reforms to root out the problems. Donors' silence to the inefficiencies and ineffectiveness of government operation indicate international community's collusion with the government. By failing to establish good standards of operations and results management in their own operations, donors fail to assist Afghans learn from best practices.

Afghan officials interviewed, confirmed the conclusion of this study that if the government expects more funds to flow through the government's budget process, the government itself must undergo a stringent reform process.

Some Afghan senior officials recommend that as opposed to the basic philosophy of development of most of the NPPs to attract donor funding to those programs that are underfunded, the Afghan government should encourage donors to continue supporting the strong and advanced programs, led by reform minded ministers and in sectors that have implementation and absorptive capacities. Reforms of the underfunded ministries should be considered priorities for the Afghan government, before mobilizing external resources for these programs. Increased donor funding should be asked from donors for ministries only after they are strengthened.

5.7 Consistent Application of Aid Management Policy and Continuous Monitoring of Application of PD Principles, with Indicators:

A number of strategies and guides have been formulated to facilitate PD implementation. But many lie dormant, not utilized. Some others are too narrow and do not help implementation of the spirits of the broad principles. Rationalization of some of these strategies and simplifying procedures for their implementation would be result in cooperative dialogues with the donors.

A monitoring framework should be developed, finalized and used twice a yearly basis to monitor application of the principles and note changes, positive or negative. Based on findings, actions should be planned to promote progress.

5.8 Final Remarks

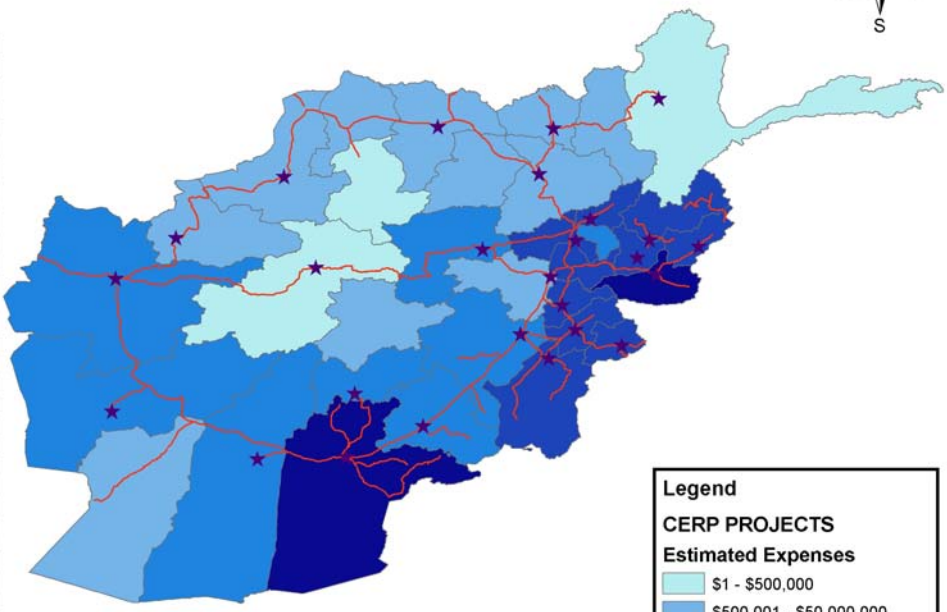
Overall, PD matters and it can serve as a driver of change in development discourse. But implementation is lagging and it will continue to lag if the factors recommended above are not addressed. Notably, these factors do not cover all needed areas but only a few. The recommendation is to start addressing these limited numbers of factors, monitor progress and results; and build on lessons learned to promote further PD implementation.

ANNEXES

ANNEX 1: MAP OF PRT'S OPERATION

This Project only represents
CERP projects spending
Updated as July 2010

Province	Estimated Cost
Badakshan	$55,000.00
Badghis	$1,837,539.00
Baghlan	$36,203,396.00
Balkh	$13,108,715.00
Bamian	$84,692,574.17
Daykundi	$3,107,699.00
Farah	$61,267,191.00
Faryab	$6,149,253.00
Ghazni	$146,862,472.00
Ghowr	$436,000.00
Helmand	$68,557,004.00
Herat	$50,390,059.00
Jowzjan	$636,604.00
Kabul	$231,738,616.00
Kandahar	$645,634,227.00
Kapisa	$107,246,417.00
Khost	$191,116,281.00
Kunar	$354,305,205.00
Kunduz	$8,052,887.00
Laghman	$227,971,243.00
Lowgar	$213,433,975.00
Nangarhar	$406,666,035.00
Nimroz	$4,862,748.00
Nuristan	$163,952,656.00
Paktika	$254,157,757.00
Paktya	$338,565,618.00
Panjshir	$158,030,538.00
Parwan	$241,526,035.00
Samangan	$1,360,000.00
Sar-e Pol	$353,500.00
Takhar	$920,000.00
Uruzgan	$72,291,367.00
Vardak	$42,091,537.00
Zabul	$88,328,961.00



ANNEX 2: AID COORDINATION GROUPS (UPDATED 15 APRIL 2010)

Led by Afghan government	Led by donor or international agencies
[redacted]	**Agriculture & Rural Development:** ICE-Subcommittee on Renewable & Rural Energy *(GTZ or ICE secretariat)*
	HR Development: Donor Working Group on Higher Education (MoHE DM Babury)
	HR Development: Civilian Technical Assistance Plan Task Force and WG (MoF deputy minister)
	Agriculture & Rural Development: Technical WG on Agriculture and Livestock Development in Uruzgan (FAO)
	Economic & Infrastructure: Inter-Ministerial Committee on Energy *(ICE-secretariat)*
	Economic & Infrastructure: Transport Inter-Ministerial Commission *(T-IMC secretariat)*
	Economic & Infrastructure: Private Sector Development Working Group *(German Embassy)*
	Economic & Infrastructure: Trade Corridor Working Group *(UNAMA – Pakistan based)*
	Economic & Infrastructure: Coordination Committee for Greater Kabul Development *(Kabul Mayor & CEO of DCDA)*
	Economic & Infrastructure: Trans Boundary Water Working Group (UNAMA)
	Governance: Task Force on Sub-National Governance *(chair IDLG, co-chair UNAMA)*
	Governance: Informal Customs Network *(Rotating Chair; Canada, EC, US, WB)*
	Governance: Border Issues Working Group (*ISAF)*
	Governance: Informal Governance & PFM Working Group *(Richard Hogg)*
	Governance: Anti Corruption WG meetings (no GoA presence)
	Governance: High Office of Oversight bi-weekly ad hoc meetings (anti-corruption)
	Security: International Police Coordination Board Working level group (UNAMA)
	Social Protection: Protection Cluster *(UNHCR)*
	Social Protection: IDP National Task Force (UNHCR)
	Social Protection: Social Protection Joint Government and Donor Board (within the ANDS monitoring mechanism)

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