



# Development Cooperation Report 2010: Afghanistan

May 2012

This report summarises progress during 2010 towards the objectives of the Australian aid program to Afghanistan. It is the first report of its kind. More information regarding the program is available on the Australian Agency for International Development (AusAID) website: [www.ausaid.gov.au](http://www.ausaid.gov.au).

## Context

Afghanistan faces immense development challenges that have been compounded by the effects of over three decades of conflict. It ranks 155th (out of 169 countries) on the UN Human Development Index,<sup>1</sup> with some 36 per cent of the population living below the national poverty line.<sup>2</sup> Insecurity and weak governance, particularly corruption, impede development progress. The status of women is of particular concern. Uruzgan, a special focus of Australian engagement, has some of the worst development indicators in Afghanistan (see Box below).

Despite these challenges, Afghanistan is on track to achieve, or partially achieve, some of the UN Millennium Development Goals. From an exceptionally low base, there have been some remarkable gains in social indicators in Afghanistan over the past ten years, together with significant economic growth. But these gains remain fragile.

Afghanistan is one of the largest recipients of official development assistance in the world. Since 2001, the international community has disbursed an estimated US\$57 billion for Afghanistan's reconstruction. The donor landscape in Afghanistan includes a large number of bilateral donors, multilateral organisations, UN and humanitarian agencies and Afghan, Australian and international NGOs. The United Nations Assistance Mission in Afghanistan (UNAMA) has lead responsibility for donor coordination. According to the Ministry of Finance's Development Cooperation Report for 2010, Australia ranked as the 10th largest bilateral donor (12th largest overall including the World Bank and Asian Development Bank).

The aid program is an increasingly important component of Australia's whole-of-government commitment in Afghanistan. This commitment combines military action, development and diplomacy and aims to contribute, along with international partners, to the stabilisation of Afghanistan and to preventing the country from again becoming a safe haven for terrorists.

Following the Australian Government's announcement in April 2010 of an increased civilian commitment to Afghanistan, in 2010-11, the Afghanistan program grew almost 50 per cent to \$77.7 million from \$53.3 million the previous year. While the majority of AusAID programming was delivered at the national level, direct AusAID assistance to Uruzgan increased markedly to \$23 million in 2010-11, up from less than \$1.6 million in the previous year. Further, Australia assumed civilian leadership of the Uruzgan Provincial Reconstruction Team in August 2010. Overall, AusAID delivered around 70 per cent of total ODA (\$109.7



million) – a substantial increase on previous years when the Australian Defence Force (ADF) had delivered a large proportion of Australian aid. Other government agencies, including the Australian Federal Police (AFP), ADF and Department of Immigration and Citizenship (DIAC) continued to manage modest proportions of Australian ODA during 2010-11.

## Program objectives

Australia's development objective in Afghanistan is to build the Afghan Government's capacity to deliver basic services and provide economic opportunities to its people. As articulated in *Australia's Strategic Approach to Aid in Afghanistan 2010-2012*, AusAID focuses its support on four pillars:

- enhancing basic service delivery in health and education;
- supporting rural development and livelihoods;
- improving governance and the effectiveness of the Afghan Government; and,
- supporting vulnerable populations.

Australian aid to Afghanistan is largely delivered at the national level, through national programs, but with an additional focus on Uruzgan Province, one of the poorest provinces in Afghanistan, where Australian military and civilian engagement is concentrated (see Box 1).

### Box 1: Uruzgan: a comprehensive development challenge

Uruzgan's development needs are immense. It is ranked as one of the least developed provinces in Afghanistan, and has amongst the lowest development indicators in the world. While nearly ten per cent of men are literate, the literacy rate for women is close to zero. Uruzgan has the second highest under five mortality rate in Afghanistan. Less than ten per cent of the population has access to clean water and just three per cent to safe sanitation facilities.

Agriculture is central to the Uruzgan economy, but value chains are tenuous and production systems are largely focused on local consumption and subsistence. Access to and provision of basic services are hampered by the inadequacy of roads and rural infrastructure, and very few businesses, government offices, schools or clinics have a reliable electricity supply.

Perhaps the biggest development challenge in Uruzgan is the weak provincial administration. The legitimacy and capacity of provincial departments remain extremely low. As of April 2011 only 235 (41.2 per cent) of 570 key government positions were filled (an increase from 30 per cent in 2009). Many government officials lack the literacy or training to perform their roles, making it very difficult for most departments to function even at a basic level.

Compounding these challenges is the complexity of delivering development assistance in an insecure environment. Some gains have been achieved since 2006 – security has been enhanced across the province and many previously inaccessible communities have opened up to the Afghan Government and international assistance. But development activities in these areas remain nascent, focusing on short-term stabilisation activities and fostering Afghan Government legitimacy. ISAF continues to assess that security gains in the province remain fragile. AusAID's presence remains reliant on ISAF military force protection, and many experienced NGOs are unwilling or unable to operate in the Province.

Given the scale of need in Uruzgan, Australia's objectives are realistic. By the time Uruzgan transitions to Afghan-led security responsibility, we aim to have put in place a basic capacity with the provincial administration to deliver basic services and to further develop essential infrastructure. We also aim to have built links between the provincial and national government to improve the drawdown of funding for delivery of national development programs in Uruzgan.



## Progress against objectives

This is the first Development Cooperation Report for Afghanistan. It covers a period of significant change in the Australian aid program, including the Government's announcement of an increased civilian commitment to Afghanistan in April 2010, and the subsequent rapid deployment of increased staff and resources. Overall quality ratings for the delivery of the program, including both high fiduciary and security risks, are assessed as reasonable, recognising this period of transition and the difficult working environment.

### Ratings of the program's progress in 2010 towards the pillars of the Afghanistan program

Pillar	Rating in 2010	Relative to previous rating
Enhancing basic service delivery in health and education	■	N/A
Supporting rural development and livelihoods	■	N/A
Improving governance and the effectiveness of the Afghan Government	■	N/A
Supporting vulnerable populations	■	N/A

Note:

- Will be fully achieved within the timeframe of the strategy.
- Will be partly achieved within the timeframe of the strategy.
- Is unlikely to be achieved within the timeframe of the strategy.

### Objective Pillar 1: Enhancing basic service delivery in health and education

Work in health and education is critical to addressing Afghanistan's poor development indicators. This pillar focuses on improving service delivery through enhancing access and quality, and comprises both the health and education sectors.

In 2010, the rapid growth in the program was managed by interim extensions of support to existing health and education programs implemented by experienced NGO partners. To better manage the scale-up and ensure effectiveness, multi-year programs were developed throughout 2010, and will be reviewed in the 2011 annual performance report.

#### Australia's Contribution

##### Health

##### 1. Enhancing access to basic health services

In 2010, AusAID extended its support to the International Federation of the Red Cross and the Afghan Red Crescent Society to improve access by remote communities to basic health care services. During July to October the emergency mobile units provided services to over 30,000 patients while 37 clinics provided services to 141,500 patients and immunised over 79,000 women and children.

Australian contributions to the Afghanistan Reconstruction Trust Fund (ARTF) also supported increased access to basic health services, including maternal and child health, in 11 provinces. The ARTF-supported Strengthening Health Activities for the Rural Poor (SHARP) program, which implements the national Basic Package of Health Services (BPHS), started in April 2010. The project increased the immunisation coverage of children from 12-23 months from 34.6 per cent in 2006 to 43 per cent (the target was 40 per cent). SHARP is also contributing





These activities, requested by the Ministry of Education, will upgrade the Ministry's ability to provide quality education services.

## Objective Pillar 2: Supporting rural development and livelihoods

Afghanistan is a predominantly rural society, with 80 per cent of its population relying on agriculture for their livelihoods. However, only 12 to 15 per cent of the land is arable, putting farmers under pressure to improve their agricultural efficiency. Revitalising Afghanistan's rural economy will be critical to the country's long-term economic growth and to food and national security. It is also important in providing alternatives to poppy cultivation.

### Australia's Contribution

The Afghan Government recognises Australia's relevant agricultural expertise in dry-land farming and natural resource management and there has been a significant demand for Australian assistance in these sectors. As a result, supporting agriculture and rural development is a priority area under *Australia's Strategic Approach to Aid in Afghanistan 2010-12*.

Support for rural development is a relatively new component of AusAID's country program. Only one program active in 2010 has been under implementation for more than two years. In these circumstances, gathering lessons learned and determining attribution is difficult. Despite these constraints, reasonable achievements were made in 2010 such as:

- > Agricultural productivity has increased as a result of a nine-year partnership with the Australian Centre for International Agricultural Research (ACIAR). This has targeted research which has resulted in improved production and disease resistance of wheat and maize varieties. Varieties released under this project have resulted in an increase in certified seed under production this season for commercial use in 2011-12, replacing old wheat and maize varieties in the seed production chain.
- > Support to the Aga Khan Foundation resulted in farmers in Bamyan and Parwan Provinces adopting new varieties and technologies to increase productivity and reduce food insecurity. In 2010 they have seen increases of up to 30 per cent in crop yields and 14 per cent in animal populations, compared to the 2009 season.
- > Better functioning markets have improved livelihoods. AusAID support to the ARTF has contributed to improved services and infrastructure in rural communities, and created new economic opportunities for farmers. For example, the ARTF-funded National Solidarity Program enabled 22,000 communities to identify and manage 39,000 of their own development projects such as canals for on-farm irrigation, while the National Rural Access Program has helped rehabilitate and build rural roads to improve access to markets and create employment for rural labourers.
- > Through the Asia Foundation, AusAID has continued to build the capacity of the national and provincial government to deliver agricultural activities as part of the Ministry of Agriculture, Irrigation and Livestock's (MAIL) Change Management Program. In 2010, this capacity support resulted in MAIL leading the design of the ARTF On-Farm Water Management Program, which directly addresses the Afghanistan National Priority Program on National Water Management.

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- > Through the DAFA, AusAID has worked directly to support the capacity of MAIL, establishing a Dryland Farming Policy Unit and supporting the development of a gender mainstreaming policy and a fully staffed Gender Unit.

### Objective Pillar 3: Improving governance and the effectiveness of the Afghan Government

Australia's governance programming primarily supports capacity building of the Afghan Government and the strengthening of democratic processes through electoral support. AusAID has been working in the sector since 2003 when it commenced contributions to the ARTF. In 2010, over half of AusAID's Afghanistan funding went to activities which aim to improve governance and the effective operation of key line ministries.

#### Australia's contribution

Through the DAFA, Australia provides direct capacity building assistance to four Government ministries: Education; Public Health; Rural Rehabilitation and Development; and Agriculture, Irrigation and Livestock. This includes support is provided through the Australian Development Scholarship (ADS) program which targets these ministries. In 2010, 20 Afghans, including four women, were selected for an ADS. The first awardee has returned to Afghanistan with Australian qualifications.

AusAID's contribution to the strengthening of democratic processes included support to the multi-donor UNDP Enhancing Legal and Electoral Capacity for Tomorrow (ELECT) program and The Asia Foundation for election-related activities. In 2010, ELECT revised its program to focus on support for the Independent Election Commission and Electoral Complaints Commission. The 2010 Parliamentary elections process was fraught with controversy, underlining the importance of continued efforts in this area. Results from Australia's program were mostly positive with these institutions demonstrating improved capacity and performance in adverse circumstances. Nevertheless, significant challenges remain, particularly in relation to voter registration.

The programs delivered by The Asia Foundation provided a good complement to ELECT. Support for the media and election observation added to the level of scrutiny around the election, and civic awareness activities contributed to voter turn-out and a better understanding of democratic processes. Achievements of the program were limited, however, by delays and cancellations to activities, highlighting the very difficult context in which the program operates.

With AusAID support, the Afghanistan Independent Human Rights Commission (AIHRC) was active in the promotion of human rights. Initiatives such as workshops on democracy, the rule of law, and the relationship between Islam and human rights, attended by a cross section of stakeholders, including women, aimed to increase the demand for effective, equitable and inclusive governance. In 2010, donors, including Australia, worked with AIHRC to secure funding from the Afghan Government. The Afghan Government subsequently committed \$500,000, but the AIHRC remains reliant on external funding, which Australia remains committed to providing. Enforcement of human rights and access to justice remain areas requiring considerable improvement, particularly for women and children.







## Quality of aid activities

The assessment of the overall quality of the Afghanistan program in 2010 recognises that Australia's 'Strategic Approach' framework was finalised late in the year. Overall, the new strategy has forged strong alignment between Afghan Government priorities and Australian support, enabling the program to better meet aid effectiveness principles.

The analysis of the program for 2010 indicates that overall program performance was satisfactory – over three quarters of the criteria were rated as “adequate quality” or better. However, improvements still need to be made. The scores highlight efficiency and gender equality as two areas that on average “need significant work” across the program. Encouragingly, the ARTF, which accounts for around half of the country program, was one of the best performing initiatives. This assessment supports AusAID's decision to channel a large proportion of our funding through this program.

### **Box 2: The Afghanistan Reconstruction Trust Fund**

The Afghanistan Reconstruction Trust Fund (ARTF) has been central to the Australian aid program in Afghanistan since our first contribution in 2003. It represents a reliable vehicle for delivering international assistance in support of the Afghan Government's development priorities and helps to coordinate donor assistance. It is currently the only feasible mechanism through which donors will meet international commitments to deliver 50 per cent of their assistance through Afghan Government systems.

The ARTF has provided a mechanism for over 30 donors to pool resources (over US\$4.3 billion since 2002) to contribute to strong development results across Afghanistan. These include: school and road construction; rural infrastructure investments; and supporting training for teachers, healthcare workers and civil servants. The ARTF has played a vital role in keeping the Afghan Government functioning, paying the salaries of around 250,000 non-uniformed civil servants including 150,000 teachers. Australian funding to the ARTF totalled \$112 million by 2010.

However, the ARTF has not been without its challenges. In some parts of the country progress of ARTF programs has been hampered by lengthy procurement procedures and at times the inadequate implementation support, particularly in conflict-affected areas. The Afghan Government's low absorptive capacity and fiscal performance also constrains the scale and pace of donor assistance through government systems.

Recognising these challenges and the ARTF's importance to Australia's program and to Afghan development, AusAID will engage closely with the ARTF and key stakeholders over the next three years to ensure that the ARTF remains an effective mechanism through which to support Afghan development priorities.

## Next steps

Afghanistan is currently undergoing a process of transition to Afghan-led security responsibility, which will be completed by 2014. This will have an impact on the volume and nature of international development assistance. Australia has a long-term commitment to the delivery of assistance to Afghanistan, with the Prime Minister making clear that Australia's commitment to Afghanistan in a training and capacity development role will continue through this decade at least.

The development implications of transition will be broad-based, but the economic impact will be particularly significant. Without a managed approach to declining international expenditure in parallel with efforts to spur the domestic economy and, in particular, revenue generation and management, the associated unemployment and economic fallout could



significantly affect the ability of Afghanistan to sustain, let alone improve, governance and development activities

Transition will have a direct impact on Australia's assistance efforts in Afghanistan. When security transition occurs in Uruzgan, and ISAF forces withdraw, the current Provincial Reconstruction Team will evolve and, over time, dissolve. AusAID will continue to manage a substantial aid program in Afghanistan, but delivered from Kabul, and predominantly focussed on national-level development. AusAID staff will no longer be based in Uruzgan. As a result, in the lead up to transition the PRT will increasingly focus on ensuring the sustainability of development gains, with a particular focus on building the links between the provincial and national governments to improve the delivery of national development programs in Uruzgan. Afghanistan will remain a challenging place in which to deliver aid. In a context of insecurity, low capacity, corruption and gender inequality, there are no low risk programming options. New programs will need to be realistic, recognise the constraints of the Afghan operating environment and apply a 'do no harm approach'.

Future actions for the Australian aid program to Afghanistan include:

- > Continuing to shift from small-scale and short-term projects and grants to larger, longer-term programs. For example, AusAID has now established four-year programs with the International Federation of the Red Cross and the Afghan Red Crescent Society in health, and CARE Australia in education. Longer term programs have been shown to improve results due to the continuity of resources and the capacity this provides to measure progress and adapt intervention accordingly.
- > Increasing engagement in the education sector, including by seeking to expand support to improved quality of education through the third Malaysia-Australia Education Project for Afghanistan program. Increased support will be provided to the Education Quality Improvement Project (EQUIP II), including to support improved monitoring and implementation assistance. Australia will also support the Education for All Fast Track Initiative.
- > Progressing a more strategic engagement in rural development and livelihoods, reflecting Australia's and Afghanistan's common interest in farming semi-arid areas with significant water limitations. The Australian Centre for International Agricultural Research will be a key partner in the sector.
- > Expanding support to the governance and administration of the mining sector, which has the potential, if properly managed, to generate much needed revenue for the Afghan Government and improve service provision for the Afghan people.
- > Developing a new program of support to strengthen Public Financial Management in Afghanistan, in recognition of the importance of effective revenue management and improved service delivery by the Afghan Government.
- > Committing substantial resources to strengthen the electoral process for the next Afghan Presidential election scheduled for 2014 and Parliamentary election in 2015,
- > Continuing support for the Afghanistan Independent Human Rights Commission and investigating options for supporting other accountability institutions and civil society groups.

