Senate Foreign Affairs, Defence and Trade References Committee:

'Inquiry into Australian aid to Afghanistan'

Questions on notice—AusAID

Funding through Afghan systems

Question No. 1

Consistent with undertakings at the Kabul Conference, Australia committed to allocating 50 per cent of its development assistance to Afghanistan through Afghan systems.[1] According to AusAID, Australia was performing well against this goal and was providing 46 per cent of the AusAID country program in 2009–10 through the Afghanistan Reconstruction Trust Fund (ARTF).[2]

- Could you update the committee on the percentage of Australia's ODA that goes through Afghan systems?
- Of that amount how much goes through the ARTF?

Answer

In 2011-12, approximately 55 per cent ($93 million) of AusAID's ODA funding to Afghanistan was channelled through Afghan systems. Of this, $92 million went through the ARTF, representing 54 per cent of AusAID's ODA funding to Afghanistan.

1 AusAID Afghanistan, http://www.ausaid.gov.au/countries/southasia/afghanistan/Pages/home.aspx#aid (accessed 10 September 2012).

2 AusAID, Australia's strategic approach to aid in Afghanistan 2010–2012, December 2010, pp. 7 and 9. ARTF

Question No. 2

In your submission you mentioned the preliminary findings of the ARTF review which showed that the ARTF had achieved positive results—construction of 5,000 classrooms, training in excess of 90,000 teachers and the awarding of 3,351 scholarships to female recipients enrolled in teacher training colleges (submission 16, p. 41).

a) Did the findings determine the quality of the training and education?

b) One of the most important aspects of such achievements is not only the immediate effect on statistics but whether those positive results will last long term. What are the longitudinal studies showing about the sustainability of results stemming from development assistance?

Answer

a) No, the ARTF review did not determine the quality of training and education. However, each program funded under the ARTF completes quality reporting which is publicly available. The results referred to in this question were achieved through the Education Quality Improvement Program, which has undertaken evaluations that confirm the appropriateness of content and training methodology for professional development.

b) From a very low base, the international community has contributed to major development gains in Afghanistan over the past 10 years. However, many of these gains have depended on donor investments. To ensure development gains are sustained Afghan Government capacity will need to continue to improve and Afghanistan's funding of its own development will need to grow.

   The international community is taking a long term view of improvements to Afghanistan's governance and capacity. Analysis by the World Bank indicates that over the course of the 20th century, even the fastest performing countries took, on average, between 15 and 30 years to move from situations of fragility to the development of an institutions-based state.[3]

   This is why improving governance and the capacity to deliver services is a priority for the Afghan Government and its international development partners.

3 *2011 World Development Report*

Funding NGOs

Question No. 3

a) What percentage of Australia's ODA to Afghanistan is channelled through NGOs. What percentage of AusAIDs ODA to Afghanistan is channelled through NGOs?

b) With regard to multinational organisations, AusAID mentioned a 2012 Australian Multilateral Assessment (submission 16, p. 39). Have you conducted a similar assessment on the NGOs that AusAID uses?

Answer

a) 13.6 per cent of AusAID's bilateral program to Afghanistan was channelled through NGOs between 2009-10 and 2011-12.

b) AusAID ensures the effectiveness of NGOs through strong accreditation, results-focused monitoring, regular auditing and robust evaluation mechanisms. The new AusAID Civil Society Engagement Framework was launched in June 2012, which sets out how Australia will work effectively with civil society organisations to increase the impact of Australian aid. Australian NGOs funded via the AusAID-NGO Cooperation Program (ANCP), must pass a rigorous accreditation process that assesses an NGO's governance, program management capacity, partner management, links with and support from the Australian public, and risk management. From July 2013, any NGO receiving AusAID funding (not only ANCP) will be required under the Due Diligence Framework to undergo a due diligence assessment valid for five years. Due diligence is assessed against four broad pillars: organisational capacity, risk management, safeguards management, and policy compatibility. Work is also being undertaken to align AusAID's Due Diligence Framework and ANCP accreditation as well as develop a broader NGO effectiveness assessment methodology for the agency. This will include additional accreditation criteria to more accurately assess an organisation's effectiveness, capacity and relevance to the Australian Aid program and implementing a new Monitoring, Evaluation and Learning Framework (MELF) that will provide NGO results directly to the Annual Review of Aid Effectiveness.

Cost effectiveness

Question No. 4

The Joint Submission from Save the Children, Oxfam and World Vision noted that the Australian government should evaluate the cost-effectiveness of channelling aid through multilateral organisations given that they charge significant overheads and then usually sub-contract projects to international or national NGOs who also need to cover their operating expenditure (submission 6, p. 16).

a) To what extent does AusAID evaluate and publish the evaluation on the cost-effectiveness of channelling aid through multilateral organisations?

b) Could you provide the committee with estimations on the amount charged by multinationals to cover their overheads and the amount of the funding that goes to NGOs to cover their operating expenditure? In other words what percentage of aid funds channelled through multinationals reaches the intended beneficiaries?

Answer

a) AusAID's principal instrument for assessing the effectiveness of multilateral organisations, including cost effectiveness, is the Australian Multilateral Assessment (AMA).

   This is a comprehensive assessment of Australia's multilateral partners that examines their results, alignment with Australia's priorities, and organisational behaviour to measure and rate multilateral effectiveness.

   The inaugural AMA was published on the AusAID website in March 2012, and it is anticipated that an AMA will be prepared and published every five years. Multilateral Scorecards are undertaken between each AMA. These are rapid, desk-based assessments designed to provide a one page snapshot of performance, including cost effectiveness. Multilateral Scorecards for 42 of Australia's key multilateral aid partners were published on AusAID's website in December 2012.

b) Administration rates quoted by multilateral organisations vary. United Nations organisations, on average, charge a rate of seven per cent. Cost structures also vary widely depending on the country and program context. Delivery of programs in some parts of the world is much more expensive than in others.

   AusAID provides guidance to NGOs funded directly under the AusAID-NGO Cooperation Program (ANCP) allowing up to ten per cent of funds to be used for Administration. The cost structures for NGOs delivering aid programs in Afghanistan vary widely, and administration costs depend upon the particular program and context.

Local NGOs

Question No. 5

The TLO report noted that several smaller Afghan NGOs lamented a perceived shift of AusAID to funnel their money either through bigger international NGOs or the Afghan government. A respondent to the TLO report asked 'Why not give the money directly to local NGOs and eliminate the middle-man?'[4]

a) Could you inform the committee about the extent to which Australian ODA channels its funding through local NGOs?

b) Could you inform the committee about AusAID's relationship with local NGOs and whether your projects are designed as a means of building local capacity?

Answer

AusAID does not currently directly fund Afghan NGOs. However, AusAID engages with Afghan NGOs in a variety of ways, including in program development and implementation. For example, recent in-country consultations with Afghan NGOs took place on the development of a program to reduce violence against women. This included consultations with the Afghan Women's Network, Humanitarian Assistance for the Women and Children of Afghanistan, and the Afghan Women Skills Development Centre.

AusAID supports a number of Australian and international NGOs in delivering aid programs in Afghanistan, based on their grass-roots networks, connections with local communities, and country experience. Many of these Australian and international NGOs work with local Afghan NGOs to deliver development assistance programs including to build local capacity. For example:

- AusAID is working with Internews, an international NGO, to undertake a three year media strengthening and public awareness program to support Afghanistan's electoral processes. Internews is working with a range of Afghan media and non-government organisations, such as Afghan Youth Voices and Pajhwok Afghan News, to build their capacity to support the conduct of transparent, inclusive and credible elections in Afghanistan.
- AusAID is supporting The Asia Foundation's (TAF) Survey of the Afghan People. The Survey is being undertaken in close collaboration with the Kabul-based Afghan Center for Socio-Economic and Opinion Research and the Central Statistics Organization of Afghanistan. The agreement includes a requirement for TAF to build the survey-related skills and capacity of both local organisations.
- AusAID is currently developing a new NGO program – the Australia Afghanistan Community Resilience Scheme (AACRS). The AACRS will fund up to five Australian and international NGOs to work with Afghan NGOs to deliver food security and livelihood programs in rural Afghanistan. AACRS NGOs will be expected to build the capacity of local partner organisations, and thereby enhance the sustainability of AACRS activities beyond the life of the program.
- Save the Children, funded by AusAID, has partnered with four local NGOs to deliver the 'Children of Uruzgan' program. For example, in Uruzgan Save the Children is working with the Humanitarian Assistance and Development Association of Afghanistan to train

4 *Uruzgan: 18 months after the Dutch/Australian Leadership Handover*, A TLO Provincial Profile, April 2012, pp. 12–13.

midwives and community nurses, and with the Social Volunteers Foundation to establish early childhood development groups.

Questions on Australian ODA funding to local NGOs through the Direct Aid Program should be referred to the Department of Foreign Affairs and Trade (DFAT).

Ensuring aid money stays in country

Question No. 6

An Oxfam study found that not only had the volume of aid to Afghanistan been insufficient but much of it had been delivered in ways that were ineffective or wasteful. It stated that 'nearly 40% of all aid since 2001 had returned to donor countries in the form of profits or remuneration, and a large share of aid had failed to reach the poorest Afghans'.[5]

a) In your view how accurate is this observation?

b) Specifically with regard to Australian ODA, how much of this funding filters back to Australia? Does AusAID have statistics on the proportion of funding that reaches the intended beneficiaries?

c) Are you aware of how Australian ODA to Afghanistan rates when it comes to ensuring that the funds reach their intended beneficiaries?

d) In your view, what channels for delivering aid are most prone to this type of leakage of funds (expatriated profits, outward remittances)—multinationals, NGOs?

e) What measures does Australia employ when delivering ODA to ensure that the leakage of funds away from the intended beneficiaries is kept to a minimum?

Answer

AusAID is not aware of any reliable data comparing the returns to donor countries from different ODA delivery mechanisms.

Afghanistan is a difficult and high cost operating environment (including because of security related costs) with implications for the overhead costs of all development programs.

Most AusAID funding in Afghanistan is through Afghan Government systems and effective international partners operating on a not-for-profit basis. Most international development partners also seek to use local staff to the greatest degree possible, reducing external remittances.

AusAID in Afghanistan makes very limited use of foreign or Australian commercial contractors.

A key part of AusAID's approach is working in partnership with the Afghan Government to build its capacity and effectiveness, in accordance with lessons learned in other fragile and conflict-affected countries. Australia's aid is aligned with the Afghan Government's development priorities, as articulated in the Afghan National Development Strategy 2008-2013 and National Priority Programs. AusAID also seeks to pool its support with other donors (for example through the Afghanistan Reconstruction Trust Fund) to support national programs that deliver results, reducing transaction costs and improving the efficiency and effectiveness of international assistance.

5 Ashley Jackson, *The Cost of War, Afghan Experiences of Conflict, 1978–2009,* Oxfam, 2009, p. 14. The research for this publication was jointly designed and/or carried out by a number of aid organisations including as Afghan Civil Society Forum, Afghan Peace and Democracy, Association for the Defence of Women's Rights et al.

Predicted decline in development assistance

Question No. 7

The Asian Development Bank noted recently that Afghanistan would face additional security and budgetary challenges with the planned withdrawal of foreign troops in 2014 and the gradual reduction in foreign support that its development partners have forecast.[6]

– Does AusAID have reliable estimates on the extent and pace of the predicted foreign aid decline?

Answer

No. At the Tokyo Conference in July 2012, the international community pledged to provide over US$16 billion through 2015, and sustain support through to 2017 at, or near, levels of the past decade. This significant contribution was made to alleviate the fiscal gap (more than 40 per cent of GDP in 2014-15) that the World Bank estimated that Afghanistan will experience post-transition (before donor contributions).

6 ADB, *Islamic Republic of Afghanistan*, Country Assistance Program Evaluation, Independent Evaluation CE–28, 2012–13, paragraph 169.

Australia's presence in Uruzgan—Provincial Reconstruction Taskforce (PRT)

Question No. 8

In your submission you note that AusAID's main role in Uruzgan is to lead the development arm of the Provincial Reconstruction Taskforce (PRT). (submission 16, p. 43).

– Are you able to provide a breakdown of the amount of Australian ODA that goes to Uruzgan Province—the bilateral and aid delivered through other means such as ARTF or multinational organisations?

Answer

Approximately 20 per cent of AusAID's program to Afghanistan will be directly focused on Uruzgan Province for the 2012-13 financial year. Major initiatives being implemented in Uruzgan in 2012-13 include:

- Children of Uruzgan Program ($35.7 million, 2011-15), delivered by Save the Children, which enhances access, quality and use of basic health and education services.
- Uruzgan Rural Roads Program ($25 million, 2012-15), managed by the UN Office for Project Services (UNOPS), will deliver up to 177 kilometres of all-weather gravel roads in Uruzgan, through community-based employment.
- Small Project Facility ($13.9 million, 2010-13) managed by GIZ, which supports local development projects that meet immediate needs, such as repair and construction of community infrastructure.
- Support for Local Government Program ($10 million, 2011-13), implemented by GIZ, which supports capacity building of the provincial administration through internships and training in public service functions.

Support at the national level

AusAID programming in Afghanistan has always had a national focus, with around 80% of funding currently targeted to national initiatives. AusAID's contribution to national initiatives also benefits Uruzgan. For example, AusAID supports the National Solidarity Program, funded through the ARTF, which has spent $18.5 million in Uruzgan since 2005. AusAID's national-level Public Financial Management Program ($10m, 2012-15), managed through the Development Assistance Facility for Afghanistan, will provide training and on the job support in areas critical to budget implementation and service delivery, including in key Uruzgan Line Departments (Education, Public Health, Agriculture and Public Works).

ODA-eligible expenditure is also administered by a range of other Australian Government agencies. Questions covering use of this funding should be directed to those agencies.

Question No. 9

AusAID's submission indicates that the programs that it will continue to support in Uruzgan beyond transition have been designed with transition in mind (submission 16, p. 49).

a) What is specific about the design of the programs that AusAID will continue to support in Uruzgan beyond transition?

b) How does AusAID intend to oversee and monitor such programs from Kabul especially ensuring that projects and their implementation align with community priorities and have community ownership?

c) What will happen to programs that AusAID is not going to continue to support?

Answer

a) AusAID support for Uruzgan beyond transition will be limited to a small number of post-transition development priorities (provincial governance capacity, road infrastructure and basic health and education services) and will be delivered through partners expected to be able to operate effectively in the province. The three programs continuing beyond transition through to 2015 are: health and education services delivered by Save the Children (the Children of Uruzgan program), rehabilitation and construction of all-weather gravel roads managed by UN Office for Project Services (the Uruzgan Rural Roads Program), and the Public Financial Management Program implemented through the Development Assistance Facility for Afghanistan.[7]

b) While direct monitoring of the remaining Uruzgan programs by AusAID staff will be limited after transition, these have been designed to be delivered through effective partners that have appropriate quality oversight and monitoring and evaluation systems in place. For example:

- The Children of Uruzgan Program: Save the Children's Uruzgan office will oversee and monitor the program, with regular reporting to Kabul and Canberra. Kabul-based AusAID staff will meet with Save the Children and relevant government officials regularly. Community ownership is a key part of program implementation including through establishment of community development councils and school shuras.

- Uruzgan Rural Roads Program: the United Nations Office for Project Services Uruzgan Office will oversee and monitor the program. Kabul-based AusAID staff will meet with UNOPS and relevant government officials regularly. UNOPS will report to AusAID at regular intervals on program implementation. Uruzgan District and Provincial Administrations are involved in selecting sites for road improvements, in consultation with the community, as part of building local ownership and sustainability.

c) All except the three Uruzgan-specific programs referred to in (a) will conclude by the end of 2013 and will not require continued support.

[7] This list excludes support through other national initiatives listed in AusAID's response to Question 8.

Strategic goals

Question No. 10

In their submission, Professor Howes and Mr Pryke refer to the 2010 publication *Australia's strategic approach to aid in Afghanistan.* They suggest that it is unclear whether this is a strategy for the aid program as a whole or for that part of the aid program delivered by AusAID. (submission 14, p. 8)

– Could you clarify whether this is a strategy for the aid program as a whole or for that part of the aid program delivered by AusAID?

Answer

Australia's strategic approach to aid in Afghanistan outlined the strategy for AusAID's aid program in Afghanistan. AusAID's program is one element of an integrated Australian Whole-of-Government effort in Afghanistan, with inter-linked security, diplomatic and development objectives.

Sustainable Economic development

Question No. 11

AusAID's submission shows that 32% of AusAID assistance to Afghanistan by strategic goals goes to Sustainable Economic Development including technical capacity building, infrastructure, food security and economic development.

a) Could you identify the major projects being undertaken with AusAID funding going toward this strategic goal, including the agency or organisation that has carriage of the project—the Afghan government, NGOs etc?

b) Has AusAID traditionally given priority to this particular strategic goal of economic sustainable development in Afghanistan or is this a new goal? If a new development, could you explain the shift in priority?

Answer

a) The major activities being undertaken with AusAID funding that contribute toward this strategic goal are listed below. A short description of these activities was included in Annex 3 to AusAID's submission to the inquiry.

Assistance to Afghanistan that contributes to AusAID's strategic goal of Sustainable Economic Development

- Agriculture and rural development activities within the Afghan Ministry of Agriculture Irrigation and Livestock (MAIL) and Afghan Ministry of Rural Rehabilitation and Development, delivered through the Development Assistance Facility (DAFA) Phase II. This included:
  - support to dry land farming such as advisory support to establish a dry land farming unit within MAIL, and funding and logistics assistance for dry land farming workshops
  - plant protection training
  - support to the Uruzgan Department of Water Management such as funding for small scale infrastructure projects and interns.
- Technical training to improve staff capacity within both ministries.
  - DAFA Phase II was managed by GRM International.
  - Agriculture and rural and urban development activities delivered through the Afghanistan Reconstruction Trust Fund (ARTF), such as the National Solidarity Program which is a community-driven reconstruction and rural infrastructure development program, and the National Rural Access Program which delivers road infrastructure projects.
  - The Rural Access Development for Tarin Kowt (RAD-TK), managed by the UN Office for Project Services, constructs and rehabilitates roads and bridges in Tarin Kowt District, Uruzgan, contributing to the objectives of the National Rural Access Program.
  - National Area Based Development Program for Uruzgan province managed by UNDP, which uses existing community engagement networks to promote security and stability by providing livelihood opportunities in remote communities.
  - Afghanistan Business Innovation Fund managed by DFID, aimed at improving market access, increasing skills and introducing new technology through support to private sector led investment and innovation.

- Improved productivity of water scarce farming systems through adaptive research managed by the Australian Centre for International Agricultural Research.
- Protracted Relief and Recovery Operations in Afghanistan managed by the World Food Programme, which supports food security and social protection of people most vulnerable to conflict and disaster, including through basic skills training (especially for girls, women and IDP/returnees) and building government capacity to prepare for, assess and respond to acute hunger arising from disasters.

b) AusAID's Afghanistan Program has consistently given priority to activities under this strategic goal. The classification of these activities under the strategic goal Sustainable Economic Development occurred following the release of the Government's new aid policy, *An Effective Aid Program for Australia: Making a real difference—Delivering real results* (published in 2011) and associated Comprehensive Aid Policy Framework (published in 2012). These documents articulate AusAID's strategic goals for the aid program to 2015-16.

Using measurable conditions

Question No. 12

In his submission, Mr Bizhan stated that it is important to attach measurable conditions to assistance in order to create some positive incentives for the transition decade and foster accountability—holding a credible presidential election in 2014, transparency in public expenditure, inclusion of women in political and economic activities, and promotion of meritocracy in the public administration.[8]

– In your view, is Australia attaching such measurable conditions to its assistance to Afghanistan and if so what are the means used to ensure compliance?

Answer

At the Tokyo Conference on Afghanistan in July 2013, the Afghan Government and the international community agreed the Tokyo Mutual Accountability Framework (TMAF).

Under the TMAF, Afghanistan made a number of commitments including to tackle corruption, protect the rights of women and girls, conduct credible, inclusive and transparent elections and undertake important economic reforms. The TMAF sets out these commitments and indicators to measure progress.

The principle of mutual accountability underpins the TMAF. Progress against the commitments will be important for sustaining international support to Afghanistan during transition and beyond. The TMAF provides for regular monitoring and review of the commitments made by both the international community and the Government of Afghanistan. Australia is a member of two committees, with Afghan Government and donor members, recently established to oversee and facilitate progress against the TMAF commitments. A Senior Officials Meeting in 2013, and a Ministerial-level meeting in 2014, will also be held to review progress.

8 *Submission* 13, p. 7.

Problem Projects

Question No. 13

A 2011 study by the Crisis group found that:

> *Poor planning and oversight have affected projects' effectiveness and sustainability, with local authorities lacking the means to keep projects running.*[9]

a) Has AusAID experienced problems after the completion of a project because local authorities did not have the capacity to operate and/or maintain the project?

b) Are you aware of any Australian ODA-funded projects in Afghanistan that demonstrate the ineffective use of aid funding? If so, could you identify them and the lessons learnt from them?

Answer

a) No. However, AusAID recognises that taking over responsibility for operations and maintenance of assets, previously funded by donors, is a key challenge the Afghan Government faces. This challenge is compounded by weak governance and administrative capacity, particularly in public financial management.

   AusAID's contribution to addressing Afghanistan's governance challenges are outlined in AusAID's submission to the Senate Inquiry. In 2011, through the World-Bank Service Delivery Trust Fund, AusAID financed a study of operations and maintenance expenditure and analysis on sustainability in Afghanistan. In 2012, AusAID funded an independent 'Fit for Purpose' review of the Afghanistan Reconstruction Trust Fund. The review recommended the establishment of a pilot operations and maintenance facility to improve operation and maintenance of public assets in key areas such as education, health and rural/urban infrastructure, thus enhancing the sustainability of public investments. The Afghan Government and donors endorsed the establishment of this pilot on 10 November 2012. AusAID also promotes self-sustainability by working with local authorities and community groups to develop basic skills in maintaining projects.

b) AusAID defines project goals and outcomes taking into account the on-going sustainability of the project and the circumstances on the ground in Afghanistan. On occasions AusAID's program management and quality assurance processes identify that a project may be facing implementation challenges. AusAID responds promptly in these situations by working with implementing partners, the Afghan Government and local communities to resolve these challenges. This may involve re-scoping activities during implementation, or identifying lessons learned to inform design of new programs. For example, the first phase of the UNDP managed program to support the 2009 and 2010 elections in Afghanistan (ELECT I) faced implementation challenges including the need to ensure more targeted assistance, and supporting Afghan electoral bodies to take on more direct management responsibility for elections preparations. AusAID and other donors worked actively with UNDP to review the program during 2011, and implement a number of changes to the way the second phase (ELECT II, the current phase) would be implemented and managed. This was necessary before AusAID agreed to contribute further funding (from 2012).

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9 International Crisis Group, *Aid and Conflict in Afghanistan*, Asia Report no. 210, $ August 2011, p. i, http://www.crisisgroup.org/~/media/Files/asia/south-asia/afghanistan/210-%20Aid%20and%20Conflict%20in%20Afghanistan.pdf

To ensure Australia's aid program provides value for money, AusAID ceases programs that are not delivering their objectives despite remediation efforts made. This is consistent with the Australian Government's 2011 aid policy, *An Effective Aid Program for Australia: Making a real difference – Delivering real results.* This occurred in 2012 in relation to AusAID's agreement with The Liaison Office.

Schools in Uruzgan

Question No. 14

The Independent Review of Aid Effectiveness reported that in its travels to Uruzgan, it was told that the focus of Australian aid had shifted from 'vertical infrastructure' (schools) to 'horizontal infrastructure' (roads) because 'a large number of schools had been built with aid funds, but not used'.[10]

– Are you aware of this observation? What is your response?

Answer

The delivery of quality education services is a major focus of the Australian aid program in Afghanistan. Education programs support a range of services in the sector, such as building new school infrastructure, training teachers, providing learning materials, delivering early childhood development classes, improving adult literacy, and supporting the Government of Afghanistan to build its capacity to manage the education system.

Building school infrastructure and rehabilitating schools continues to be one component of AusAID-supported education programs. With other donors, AusAID has supported a sixfold increase in the number of operating schools in Uruzgan, up from 34 in 2006 to 205 in 2011. Another 20 schools will be rehabilitated or built through the AusAID-funded Children of Uruzgan program. In remote areas where children cannot access a formal school, education is provided in the home or other existing community infrastructure – this is known as community-based education. Approximately 1,416 students are receiving community-based classes through the Children of Uruzgan program.

There is strong demand for education in Uruzgan. However, the province has a legacy of low education attainment and literacy, particularly for women. The challenges of providing teachers and equipment in remote areas should not be understated. AusAID's partners work closely with communities to ensure that education services are appropriate to their needs.

AusAID also continues to support improvements to road infrastructure in Uruzgan, with the aim of increasing connectivity between villages, district capitals and the provincial capital. Australia and other donors have upgraded over 200 kilometres of roads and bridges in Uruzgan since 2006. Over the next three years AusAID will support construction of up to 177 kilometres of all-weather gravel roads in all six districts of Uruzgan, and will help the provincial government improve its capacity to plan, operate and maintain its road infrastructure.

10 *Independent Review of Aid Effectiveness,* April 2011, p. 284.

Sewage treatment plant built on the outskirts of Tirin Kot—no trained staff to operate

Question No. 15

The TLO report noted the sewage treatment plant built on the outskirts of Tirin Kot provided an unfortunate example of where there was inadequate consideration given to management capacity and sustainability. It stated:

While the plant itself is described as 'beautifully constructed,' it is not operational because there are simply no adequately trained local staff to ensure its operation.[11]

– Did Australian ODA go toward the construction of this facility? If so, what happened?

Answer

The Tarin Kowt Waste Water Facility was initiated, designed, built and funded by the Australian Defence Force (ADF). The project cost approximately US$1.3 million and the ADF has reported the expenditure as ODA eligible.

The Facility has now been handed over to the Tarin Kowt Municipal Government. USAID, through its RAMP-UP South Program which supports the Afghan government to improve the delivery of municipal services to citizens, has provided technical assistance to the Tarin Kowt Municipal Government and the Facility is now treating waste from Tarin Kowt municipality. AusAID has contributed $2 million to the RAMP-UP South Program since 2011 for activities in Tarin Kowt municipality. This funding is ODA eligible.

AliceGhan

Question No. 16

The committee understands that this project was funded by DIAC. Nonetheless, the committee would like to understand the contribution that AusAID made in providing advice on the planning and implementation of this project?

Answer

DIAC (previously DIMIA/DIMA) is the lead agency on this issue and undertook the design of the Alice Ghan project, as well as negotiation with partners regarding implementation. In addition to a contribution of $1.75 million in funding to the project in 2006, AusAID provided technical advice to DIAC on general developmental issues and considerations for implementing such a project, including procurement and risk management issues related to construction activities (eg governance arrangements and financial management systems).

11 TLO, *Uruzgan: 18 months after the Dutch/Australian Leadership Handover*, A TLO Provincial Profile, April 2012, p. 42.

Safety

Question No. 17

The joint submission from Save the Children, Oxfam and World Vision stated that in Afghanistan 'there is a lack of evidence that schools being constructed with international funds are in fact safe—and indeed there are a number of examples of schools having been assessed and found to be unsafe (submission 6, p. 25)

– Is AusAID aware of any such examples in Afghanistan and in particular of any Australian funded projects that have been found to be unsafe or not fit for purpose?

Answer

AusAID is not aware of any instances where schools constructed through Australian bilateral projects at the provincial level in Afghanistan have been assessed as unsafe or not fit for purpose. Australia's three current bilateral education programs have supported the construction and refurbishment of classrooms and other school infrastructure in Uruzgan, Parwan and Kapisa provinces. In Uruzgan, construction under the AusAID-funded Quality Primary Education Project and the Children of Uruzgan program is carried out according to Ministry of Education designs which are reviewed by Save the Children disaster risk reduction specialists. Sites are assessed for environmental safety, and construction is monitored by Save the Children and provincial government engineers. Final payments are withheld until 3-6 months after school completion to ensure quality does not deteriorate. Should any defects be reported appropriate repairs are carried out.

In Parwan and Kapisa provinces, AusAID has supported construction or refurbishment of school infrastructure through the Empowerment Through Education program with CARE Australia. These projects have been assessed as safe and fit for purpose. During and at completion of construction/refurbishment activities, field engineers monitor and review the quality of work to ensure structural soundness. Engineers prepare technical completion reports and field staff undertake further monitoring 3-6 months after completion and draft a defect report. Repairs are undertaken if defects are reported. The structures are community-built and contracts are signed with the community to ensure ongoing maintenance.

At the national level, AusAID contributes to broader international efforts to improve the access to and quality of education in Afghanistan, including through effective partners such as the World Bank. In these programs, AusAID relies on the monitoring and quality assurance measures of its implementing partners.

In April 2011, a monitoring review mission conducted by the World Bank as part of its regular oversight of the Education Quality Improvement Project (EQUIP, supported by Australia and other international donors through the Afghanistan Reconstruction Trust Fund) found that school construction was below the expected standard, and that some schools were unsafe.

The review mission made several recommendations to ensure that schools were repaired and management systems improved. The World Bank and Afghan Ministry of Education have put in place measures to repair and strengthen oversight of construction works.

The implementation of these measures is the subject of on-going monitoring through the local donor group for this program. AusAID continues to engage with the World Bank and Ministry of Education on the quality of school construction, including the repair of any unsafe schools, and will be involved in an upcoming review mission of this program scheduled for the first half of 2013.

Safety of workers on site

Question No. 18

Defence drew attention to the safety of those working on the ground delivering projects, noting that worksite safety was 'an ongoing challenge' (submission 17, p. [4]). It stated:

Safety practices and culture within the local construction industry are not at the same level as more developed nations. The security environment in Uruzgan does not allow full time supervision of worksites by the Provincial Reconstruction Team.[12]

– What precautions does AusAID take when funding projects to ensure as best it can that the safety on work sites is not compromised?

Answer

AusAID's primary work, health and safety focus in the overseas environment is on processes to identify risks and ensure they are appropriately managed, including through informing and training of staff. For workers who are not AusAID employees, contractual arrangements ensure responsibility for the identification and management of work, health and safety risks is clearly defined. In Afghanistan, AusAID works closely with implementing partners to assess and mitigate safety risks, including on work sites.

12 *Submission* 17, p. [4].

Giving women a meaningful voice

Question No. 19

The joint submission from Save the Children, Oxfam and World Vision noted the importance of designing agricultural programs to encourage greater participation of women. It suggested replicating the governance model established under the National Solidarity Program (NSP)[13], which is implemented through local and international NGOs. Under the NSP, each village establishes a gender-balanced community development council through a democratic process.[14]

Has AusAID sought to replicate the governance model established under the NSP, as a means of ensuring greater participation of women in the design of agricultural programs?

Answer

Encouraging greater participation of women is an important cross-cutting issue for AusAID's agricultural and rural development programs in Afghanistan. The establishment of Community Development Councils (CDCs) through the National Solidarity Program (which AusAID funds through its significant contribution to the Afghanistan Reconstruction Trust Fund), has provided valuable points of contact in rural areas including for AusAID and its partners when designing and implementing agriculture and rural development programs. CDCs often include female representation and can provide advice on women's participation as well as a forum for women's involvement in decision-making on community development activities. For example, under the AusAID-supported Enhancing Natural Resource-based Livelihoods Program ($2.35 million, 2009-12) implemented by the Aga Khan Foundation, there was extensive consultation with CDCs during activity design and implementation, including on how best to target assistance to include women.

During the design and implementation of agricultural and rural development programs, AusAID uses participatory consultation and management processes to include women in decision making wherever possible. For example, AusAID is supporting women-only training programs in the Ministry of Agriculture, Irrigation and Livestock (MAIL). MAIL's Gender Unit was consulted in the design of these training programs and continues to be an important source of advice and leadership during implementation.

AusAID also recognises the importance of gender inclusion in the Afghan Government's own decision making, and from 2010-12 supported the Ministry of Rural Rehabilitation and Development to develop a Gender Policy and Strategy to promote the participation of women in the Ministry's management and increase the benefits of the Ministry's programs for women.

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13 The National Solidarity Program is a community-driven reconstruction and rural infrastructure development program, which has made significant achievements in empowering communities.

14 *Submission* 6, p. 20.

Opium production

Question No. 20

In their submission, Professor Howes and Mr Pryke recommend that rather than avoid the issue of opium production, Australia's aid strategy should contain explicit analysis of the prevalence and trends in poppy production in Afghanistan.[15] It should also determine a position on whether one of the aims of Australia's aid is to reduce poppy production and, if so, what strategies will be used. (submission 14, p. 11).

– To what extent does Australia's ODA in Afghanistan take account of the extent to which local farmers depend on poppy production as an important source of income? Could you provide details?

Answer

It is widely acknowledged that Afghanistan's narcotics industry poses a threat to stabilisation efforts and transnational crime. There is no single, easy solution to Afghanistan's narcotics problem: it requires a comprehensive approach that includes effective security measures, law enforcement, and the creation of viable alternative livelihoods.

Providing livelihood opportunities is an important part of AusAID's agriculture and rural development programs. While reducing the cultivation of opium poppy is not an explicit aim of these programs, they are providing alternative livelihood opportunities for farmers and communities that might otherwise be drawn to poppy production. For example, the package of Australian Centre for International Agricultural Research managed activities in Afghanistan will identify improved wheat varieties that are suited to Afghanistan's growing conditions. With improved wheat production, farmers and their communities will benefit from increased food security and will have more produce to sell or trade, thereby increasing their income and reducing their possible reliance on poppy production.

As part of the whole-of-government effort to assist Afghanistan in its counter-narcotics activities, Australian Defence Force and Australian Federal Police (AFP) counter-narcotics efforts to date have focused on:

- Afghan National Police capacity building
- Ministry of Interior approved criminal investigation programs which includes training in counter narcotics
- Military efforts to build security in Uruzgan province through mentoring and training Afghan National Security Forces.

Questions on these activities should be directed to Defence and the AFP.

15 They indicated that in some districts in Uruzgan 50–80% of the population is involved in opium poppy cultivation.

Disaster Management

Question No. 21

In its submission, Caritas noted:

> *While humanitarian work should be resourced adequately this should also be accompanied by the expansion of disaster preparedness and disaster risk reduction activities in order to build the resilience of communities, particularly those in rural areas relying on agricultural livelihoods and integrated water security.*[16]

– Is Australian ODA funding, including ACIAR's contribution, doing any work in this area of disaster preparedness and disaster risk reduction? Could you provide details?

Answer

AusAID works through partners including multilaterals, Non-Government Organisations and research organisations to reduce the risk and impact of disasters. AusAID's support covers humanitarian assistance, constructing disaster risk reduction assets and strengthening the capacity of the Afghanistan Government to respond to disasters.

Australian Centre for International Agricultural Research (ACIAR)

ACIAR's program of activities in Afghanistan (2012-15, $17.7 million) aims to strengthen the resilience of rural communities by improving food security and sustainable agricultural production to mitigate vulnerabilities to shocks such as natural disasters. For example ACIAR will conduct adaptive research projects to develop heat, drought and disease-resistant crop varieties and diversified cropping systems to build the long-term sustainability of Afghan agricultural systems. ACIAR also aims to increase forage production to reduce the risk of forage failure and decreasing livestock numbers in drought periods.

Strengthening the capacity of the Government of Afghanistan

Since 2007, AusAID has supported the World Food Programme's (WFP) Protracted Relief and Recovery Operation in Afghanistan. This supports and strengthens the capacity of the Government of Afghanistan to prepare for, assess and respond to acute hunger resulting from disaster.

AusAID has also assisted the Government of Afghanistan to enhance its disaster preparedness and response structures and mechanisms. For example, in 2012 AusAID supported the WFP's Readiness Initiative to deliver a disaster preparedness and response simulation in Kabul. The simulation enabled Government agencies to identify capacity gaps and make recommendations for disaster preparedness and response improvement.

Humanitarian assistance

In response to worsening drought conditions in northern and central Afghanistan in late 2011, Australia contributed $2 million to the WFP Emergency Operation, assisting it to deliver emergency food assistance to drought-affected Afghans.

AusAID also supports humanitarian NGOs in Afghanistan who are often well-placed to react quickly to emerging crises and adapt response measures to local environments. For example, AusAID provided support to Save the Children in 2012 for emergency responses to flooding in Uruzgan, including replenishing the province's stock of family kits and assisting with repairs to damaged homes.

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16 *Submission* 10, p. 2.

Construction of disaster risk reduction assets

AusAID supports the construction of assets to mitigate Afghan communities' vulnerability to natural disasters. For example, in 2011 AusAID assisted the WFP PRRO to construct water harvesting infrastructure (such as dams and water tanks) to mitigate vulnerability to shocks such as floods and drought. AusAID also supports a range of community infrastructure projects in Uruzgan to assist with flood management (such as flood walls and stormwater drains).

Evaluations

Question No. 22

a) Could you inform the committee about any recent evaluations related to Australian development assistance to Afghanistan?

b) Has the Office of Development Effectiveness conducted a country evaluation of Afghanistan or a sectoral evaluation which draws on Afghan experience?

Answer

a) The most recent evaluations which have been completed for development assistance activities involving Australian funding to Afghanistan are:

- Afghanistan Sub-National Governance Program – 2011
- Enhancing Legal and Electoral Capacity for Tomorrow – June 2011
- Protracted Relief and Recovery Operations – August 2012
- Civilian Technical Assistance Program – October 2012
- Afghanistan Reconstruction Trust Fund – October 2012.

b) The Office of Development Effectiveness has not conducted a country evaluation of Afghanistan or a sectoral evaluation which draws on Afghan experience.

As with all bilateral and regional aid programs, an Annual Program Performance Report is undertaken each year for the Afghanistan program. The 2011 Afghanistan Annual Program Performance Report has been finalised and is available on the Afghanistan Transparency Page.

Question No. 23

Professor Howes and Mr Jonathon Pryke observed that most countries that receive significant volumes of Australian aid, now have 'transparency pages' on AusAID's website where key strategies and documents are provided but not for Afghanistan (submission 14, p. 18).

– Is this a correct observation—if so why are there no transparency pages on AusAID's website where key strategies and documents are provided?

Answer

The Australian Government released a Transparency Charter on 23 November 2011, as part of a commitment to provide clear, timely and accessible reporting on its aid activities. In line with this, AusAID committed to develop transparency pages for all country, regional and thematic programs by the end of 2012. The Afghanistan Transparency Page was launched on 21 December 2012 at:

http://www.ausaid.gov.au/countries/southasia/afghanistan/Pages/home.aspx

Question No. 24

Professor Howes and Mr Jonathon Pryke noted that the Office of Development Effectiveness has conducted several country and sectoral evaluations, but never a country evaluation of Afghanistan or a sectoral evaluation which draws on Afghan experience (submission 14, p. 18).

– Is this observation correct and, if so, can you offer an explanation as to why such evaluations have not been done?

Answer

The Office of Development Effectiveness (ODE) has not yet conducted a country evaluation of Afghanistan or a sectoral evaluation that draws on Afghan experience.

ODE's programming and topic selection processes are outlined in Section 3 of ODE's Evaluation Policy[17]. In terms of materiality, Afghanistan has only recently become one of the larger recipients of Australian aid and a number of significant activities are still at an early stage of their implementation.

ODE also takes into account the evaluation programs of other donors such as the World Bank review of the Afghanistan Reconstruction Trust Fund[18], funded by AusAID.

Question No. 25

According to Professor Howes and Mr Pryke:

> *About 80% of Australia's aid program to Afghanistan is focused on national-level development. The other 20% is focused on Uruzgan, where the Australian Defence Force is based. This is partly through the Provincial Reconstruction Team and partly through AusAID. Australia also tries to steer some of its national funds to the benefit of Uruzgan.*[19]

– What currently is the exact percentage of Australian ODA that goes to Uruzgan? What makes up that percentage of aid to Uruzgan, for example does it include stabilisation activities supported by the ADF?[20]

Answer

Please refer to the response to question 8.

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17 ODE. 2012. *Evaluation Policy 2012-2015*. Canberra. http://www.ode.ausaid.gov.au/publications/documents/ode-evaluation-policy.pdf

18 World Bank. 2012. *ARTF at a cross-roads : history and the future - final report*. Washington D.C. - The Worldbank. http://documents.worldbank.org/curated/en/2012/09/16818823/artf-cross-roads-history-future-final-report

19 *Submission* 14, p. 8.

20 Phil Sparrow, *In it for the long haul? Delivering Australian aid to Afghanistan*, ACFID Research in Development Series Report no. 1, March 2011, p.

Support for Elections

Question No. 26

The committee notes that AusAID intends to make a major contribution to the Afghan electoral process, (with the forthcoming 2014 Presidential and 2015 Parliamentary elections in mind) allocating $30 million over 4 years. (submission 16, p. 27).

– Could you explain how this money will be spent?

Answer

AusAID's new elections program will continue up to and beyond the next Presidential and Parliamentary elections, scheduled for 2014 and 2015 respectively. Australia's intended contribution of approximately $30 million over four years (2011-15) will be delivered across four activities:

- Support to the United Nations Development Program's Enhancing Legal and Electoral Capacity for Tomorrow Phase II (ELECT II). ELECT II is the main multi-donor elections program designed to strengthen the institutional capacity of Afghanistan's Independent Election Commission and other national electoral management bodies. Australia contributed $5 million in 2011-12 and intends to contribute a further $5 million in 2012-13. Australia will also consider additional funding of up to $8 million for future phases of ELECT.
- A media capacity building and public outreach program implemented by Internews. AusAID has developed with Internews, a non-government media organisation, a new program, "Afghan Capacity for Media and Elections". The program aims to increase citizens' engagement in governance and elections through the media, and to build the capacity of Afghan media to support the development of transparent, fair and effective electoral institutions and processes. The program commenced in December 2012, valued at $8.4 million over 3 years (2012-15).
- Voter education activities and a study of public perceptions of democracy and elections implemented by The Asia Foundation. AusAID has developed with The Asia Foundation (TAF), an international non-government organisation, a public outreach program which involves training of election volunteers to provide voters with information and encourage participation in elections. TAF will also conduct community engagements on democracy and elections to inform civic and voter education policy and programs. The program commenced in November 2012 and is valued at $1.3 million over 3 years (2012-15).
- There is scope to provide support for electoral observers for the 2014 and 2015 elections (up to $3 million).

Development assistance and mining

Question No. 27

AID/WATCH expressed serious concern that the use of Australian aid money to promote mining in Afghanistan would 'support Australian and other multinational interests over the needs of the Afghan people.' (submission 23, p. [4]).

– What are your views on the adequacy of the steps that AusAID is taking to ensure that its aid to the mining sector in Afghanistan would be used in such a way that encourages transparency, community engagement, safety and sustainable development?

Answer

Australia's assistance to the mining sector in Afghanistan is aimed at improving mining sector governance. Analysis of the fiscal and economic challenges that Afghanistan will face following transition confirms the importance of a well-governed mining sector. The mining sector in Afghanistan has the potential to unlock significant socioeconomic benefits including economic growth, poverty reduction and improved fiscal sustainability in the medium to long term. In 2013, AusAID is designing a targeted program of support to Afghanistan's mining sector. AusAID's assistance is likely to focus on:

- building the capacity of the Afghan Government to improve mineral sector governance
- building the capacity of oversight actors (primarily parliamentarians, civil society, local communities and media) to improve mineral sector governance
- assisting the Afghan Government to implement the Extractive Industries Transparency Initiative.

Preventing violence against women

Question No. 28

In its submission, Action Aid referred to the Australian Government announcing that $17.7 million would be allocated to reducing retribution attacks following female participation in society as its contribution to reducing violence against women in Afghanistan (submission 11, p. 6).

- Could you explain how this funding will be used—what projects are to be implemented?

Answer

At the Tokyo Conference on Afghanistan in July 2012, Australia announced a commitment of $17.7 million over four years to help reduce domestic and community violence against women in Afghanistan. Australia's support will build on national efforts:

- to prevent violence, through working with organisations to help change community attitudes toward violence and to advocate for the protection of women's rights
- to improve the provision of services, such as women's shelters, to women and girls that have been affected by violence
- to improve access to justice for survivors of violence, through training and support for justice sector stakeholders on the implementation of Afghanistan's Ending Violence Against Women legislation.

Questions on Notice for AusAID based on Hansard

Question No. 29

Senator RHIANNON: Would you take it on notice to provide us with more information about the minerals law that you said has recently gone through the Afghan parliament, particularly from the point of view of transparency and Although the Minerals Law progressed to the Afghan Parliament, it was not approved and the Ministry of Mines is continuing to develop the Law.

Answer

The 2005 Minerals Law was significantly amended in 2009 and subsequently in 2011 but has been re-drafted to reduce Government and investor risk by creating a predictable business environment. The new draft Minerals Law seeks to clarify institutional roles, indicate Government and investor rights and obligations, highlight Government priorities for development (for example sustainability, social and environmental protection) and provide a clear legal basis from which regulations and procedures may be drafted. Other proposed enhancements to the Law included key provisions on local procurement and anti-corruption measures.

The World Bank, United Kingdom and United States are currently providing assistance to the Afghan Ministry of Mines to develop the new Minerals Law. The new Minerals Law has not yet been passed by the Afghan Parliament.

As part of the Tokyo Mutual Accountability Framework, the Afghan Government has committed to the "development of an Extractive Industries Development Framework that governs Afghanistan's natural wealth, through an accountable, efficient and transparent mechanism which builds upon and surpasses international best practices".

Examination of Defence, 3 December 2012, p. 48, 51, 52–54.

Question No. 30

Defence provided the committee with a supplementary submission that corrected statistics on its ODA? Officers also provided explanations for the amendments.

a) Could you look carefully at Defence's evidence on ODA eligible and confirm whether their reassessment is now correct?

b) Could you clarify whether the trade training school is ODA eligible or not? (see p. 53 of Hansard)?

Answer

a) AusAID accepts the 'Revised Annex to the Defence Submission to the Senate Inquiry', submitted on 3 December 2012, as providing an accurate summary of Defence ODA-eligible activities.

b) The trade training school in Uruzgan supported by the ADF is an ODA-eligible activity.

Examination of Professor Maley, 4 December 2012, pp. 2–3 and 8

Question No. 31

Could you respond to the matters raised by Professor Maley on 4 December with regard to the Australian Leadership Award? He also queried why AusAID was not directly administering the Australian government scholarship recruitment (p.8) Could you also address this concern?

Answer

Professor Maley, in his testimony to the Committee, raised concerns regarding the selection process for Australian Leadership Awards Scholarships (now called Australia Awards Fellowships), based on the experience of a candidate he supported for a scholarship, Mr Niamatullah Ibrahimi.

Administration of Australia Awards Fellowships in Afghanistan

Australia Awards management, including selection processes, is one of four components of the AusAID-funded Development Assistance Facility for Afghanistan (DAFA). GRM was the managing contractor for DAFA until October 2012. Australia Awards for Afghanistan include Australia Awards Scholarships (formerly Australian Development Scholarships) and Australia Awards Fellowships (formerly Australian Leadership Awards Scholarships). The DAFA contract provides for administrative support to the selection processes for Australia Awards and for administration relating to students on award in Australia. AusAID sets policy relating to the selection process and scholarships management.

Selection of Mr Ibrahimi

For the 2013 Australia Awards Fellowships intake Mr Ibrahimi's application was not originally shortlisted due to a technical error regarding certification of his qualification, as elaborated in Professor Maley's testimony. This error was rectified as soon as it came to AusAID's attention and Mr Ibrahimi's application was considered by the Independent Selection Committee (ISC) in Kabul on 23 July 2012.

The ISC comprised nine members, including three representatives from DAFA/GRM, one Afghanistan Ministry of Foreign Affairs representative and five independent members, including human rights and gender advisers. Eight candidates, including Mr Ibrahimi, were recommended by the ISC to the AusAID-chaired Australia Awards Interdepartmental Selection Panel in Canberra. AusAID's senior officer in Afghanistan read all the short listed applications and personally observed the ISC's deliberations to ensure that the process was independent and merit based.

Global selection of Australia Awards Fellowships

The recommendations of the ISC were considered by the Interdepartmental Selection Panel, on 24 August 2012 in Canberra. The candidates from Afghanistan were assessed in a regional grouping with recommended candidates from Pakistan, India, Bhutan, Bangladesh, Nepal, Sri Lanka and the Maldives, with men and women considered separately. On the basis of the ISC recommendations and the applications of the candidates, the Panel ultimately determined that given the relative strengths of the global field of candidates, no Australian Leadership Awards Scholarships (now Australia Awards Fellowships) would be offered to Afghan candidates in this round.

Examination of Mr Loewenstein, 4 December 2012, p. 33.

Question No. 32

Mr Loewenstein stated … 'there is virtually no country on earth that is a post-conflict zone or a current conflict zone with the massive natural resources that Afghanistan apparently does—the evidence of that is clear—that have managed this well [mining as a means of supporting the people].

- Could you provide the committee with examples of where mining has been managed well in a post conflict country so that local communities have shared in the benefits without any detriment to their living standards?

Answer

Resource dependence in its narrow economic definition (measured by the share of primary exports in GDP) has the potential to foster political and economic instability, conflict and corruption in resource-rich developing countries. However, this can be avoided with appropriate management. The empirical evidence conveys a mixed picture. Some countries have been able to avoid the risks associated with resource extraction and benefit from the opportunities to improve the living standards of their citizens. Notable examples include:

Timor-Leste

Timor-Leste's strong economic growth and increasing public expenditure has been driven by revenue from its petroleum fund, which accounts for over 90 per cent of GDP. As at 31 May 2012, the fund was valued at US$10.35 billion. According to projections, the current petroleum upstream revenue of US$1.6 billion per year could rise to US$2 billion per year in 2030.

The Timor-Leste Petroleum Fund was established in 2005 to manage petroleum revenues transparently and sustainably. This increased wealth has supported significant investments in the infrastructure priorities of Timor-Leste's Strategic Development Plan and contributed to a reduction in people living in poverty. The percentage of the population living in poverty is estimated to have fallen from 49.9 per cent in 2007 to 41 per cent in 2009.

Chile

In 1990, Chile emerged from 27 years of military dictatorship and sustained guerrilla resistance. Mining has played an important role in Chile's economic development since the return of democracy. Chile is now ranked 44th in the world on the Human Development Index, placing it in the 'very high human development' group. Between 1990 and 2008:

- the amount of people living below the national poverty line shrank from 39 per cent to 15 per cent
- the contribution of mining to Chile's economy grew from 12 per cent to 16 per cent of GDP
- government revenue provided by mining has grown from US$4 billion to US$36 billion.

Chile was able to draw on its US$11 billion sovereign wealth fund (financed by copper-mining revenues) to reconstruct towns and villages devastated by the 8.8 magnitude earthquake which struck in February 2010.

Examination of Defence, supplementary submission and Hansard, 3 December 2012, pp. 48–49 and 51

Question No. 33

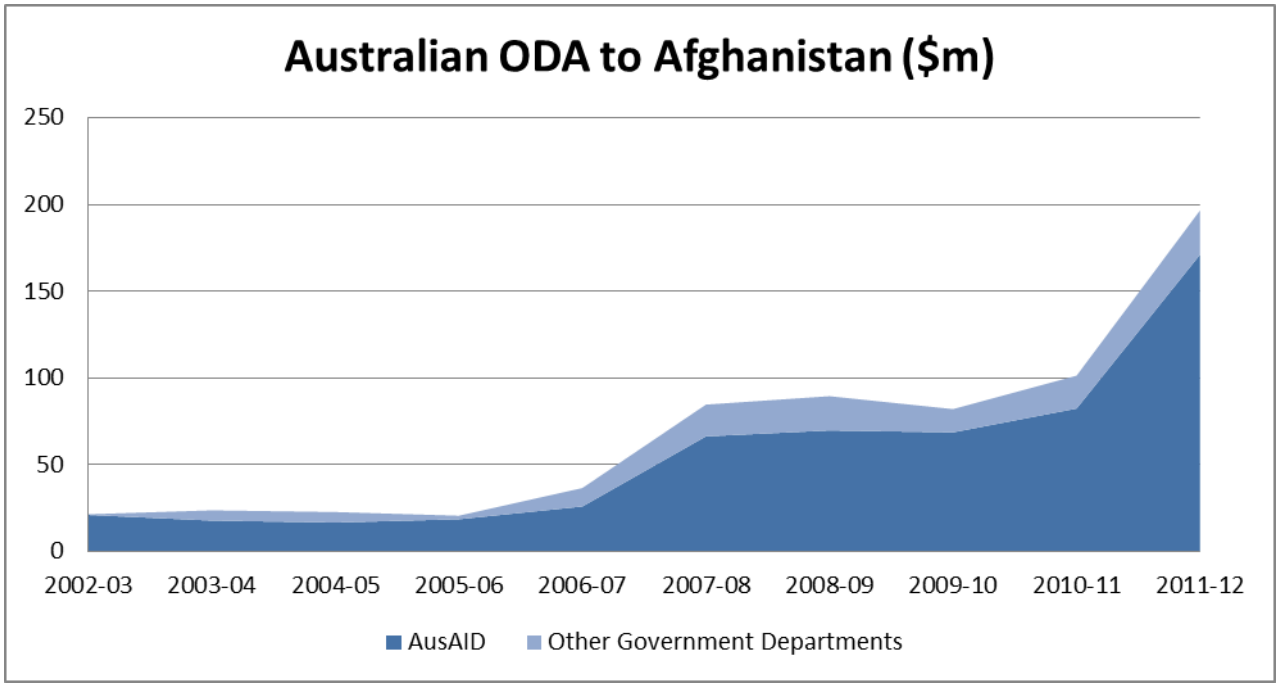
a) In light of the revised figures for Defence's ODA does AusAID need to amend tables on pp. 14 and 15 of AusAID's submission?

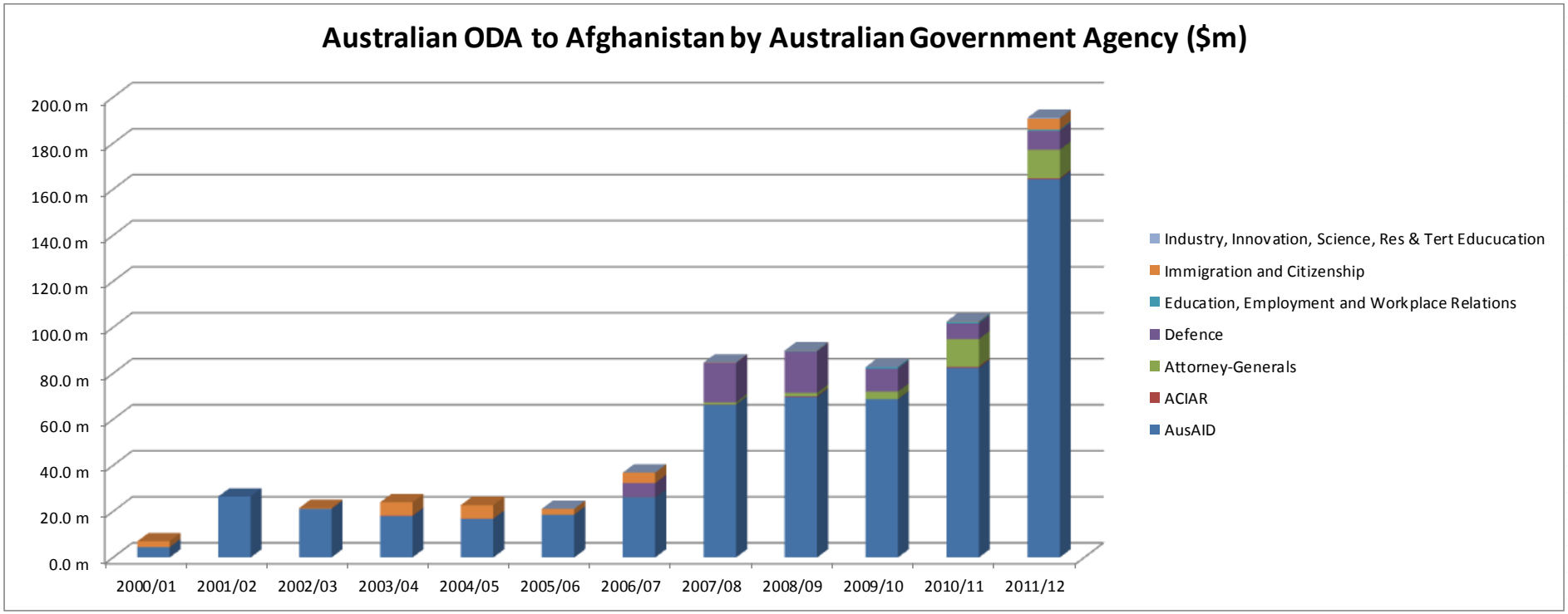
b) With the confusion around the definition of ODA, has AusAID checked with the AFP to ensure that its statistics for ODA are accurate?

Answer

a) Yes. AusAID has updated the tables accordingly, provided below.

b) Processes for reporting ODA provided by other Government Departments are set out in the response to Question 37(a).


Australian ODA to Afghanistan ($m)
250
200
150
100
50
0
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
AusAID
Other Government Departments



	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense	Expense
Government Agency												
AusAID	4.5 m	26.5 m	21.1 m	17.8 m	16.7 m	18.6 m	26.3 m	66.4 m	69.8 m	68.8 m	82.4 m	164.4 m
ACIAR							0.2 m	0.1 m	0.3 m	0.1 m	0.5 m	0.5 m
Attorney-Generals								0.9 m	1.4 m	3.2 m	12.0 m	12.4 m
Defence				0.2 m	0.1 m		5.9 m	17.2 m	18.0 m	10.0 m	6.7 m	8.2 m
Education, Employment and Workplace Relations									0.2 m	0.7 m	0.7 m	0.6 m
Immigration and Citizenship	2.5 m		0.3 m	5.9 m	5.9 m	2.5 m	4.6 m	0.1 m	0.2 m		0.2 m	4.7 m
Industry, Innovation, Science, Res & Tert Educucation												0.4 m
TOTAL	**$7.0 m**	**$26.5 m**	**$21.5 m**	**$24.0 m**	**$22.8 m**	**$21.2 m**	**$36.9 m**	**$84.7 m**	**$90.0 m**	**$82.8 m**	**$102.5 m**	**$191.1 m**

Additional questions on notice from Senator Rhiannon

Afghani workers associated with aid projects

Question No. 34

- Have you considered what measures need to be taken to ensure Afghanis and their families that have been associated through work or in other ways with Australian military are not victimised, tortured or killed when the Australian military leave Afghanistan?
- What arrangements have been made for Afghani interpreters and other Afghanis who have worked with your department in Afghanistan to secure their safety when Australian troops are withdrawn?
- What arrangement have been made for the families of these workers?

Answer

On 13 December 2012, the Minister for Immigration and Citizenship and the Minister for Defence announced that Australia will offer resettlement to Australia to eligible locally engaged Afghan employees and their direct family members at risk of harm due to their employment in support of Australia's mission in Afghanistan. Further details of this new visa policy are available on the DIAC website.

Private security

Question No. 35

- Does AusAID contract out security for any of its employees or projects in Afghanistan to private operators?
- If so, when has this happened and how much money has been spent on private security?

Answer

Security for AusAID staff operating in the Australian Embassy in Kabul is currently provided by the private security company, HART Australia Pty Ltd, under a contract managed by DFAT. DFAT has the responsibility for organising and providing security for AusAID staff posted to the Embassy and the provision of security services is overseen by a DFAT officer posted to the Embassy as the Regional Security Adviser. HART has provided security to Embassy staff since October 2010. During the 2011-12 financial year, AusAID spent $4,216,049.12 on security for staff based at the Embassy.

Security for AusAID staff based in Uruzgan is provided by the ADF or US military.

For independent consultants engaged by AusAID to travel to Afghanistan security is provided through the commercially-contracted Development Assistance Facility for Afghanistan.

AusAID's implementing partners (NGOs and donor partners) are responsible for the provision of security for their projects. AusAID examines the security precautions and arrangements for risk management that delivery partners put in place for their staff and programs when determining suitability for Australian aid funding.

Uruzgan

Question No. 36

a) How many AusAID staff are presently stationed in Uruzgan Province?

b) How many are stationed in other parts of Afghanistan?

c) When Australian defence forces withdraw from Uruzgan Province what will happen to the AusAID staff stationed in that province at the present time?

d) How many AusAID staff will remain in Afghanistan after Australian military forces have withdrawn?

Answer

a) Five AusAID Development Advisers and three Australian Civilian Corps (ACC) Stabilisation Advisers are posted to Uruzgan, on rotational basis.

b) Six AusAID staff are posted to the Kabul Embassy on a rotational basis. The ACC has two Australian Justice Advisors posted to Bagram Airbase in Parwan Province on a rotational basis.

c) AusAID staff will not remain in Uruzgan after the Australian Defence Force has withdrawn.

d) During transition AusAID will shift to a larger Kabul-based presence to support national-level programs. No decision has been made regarding the exact number of Australian Government personnel in Afghanistan after 2013.

Aid delivered by other government departments - Budget

Question No. 37

a) Is AusAID required to check other departments' determinations when they classify spending as ODA eligible to ensure those items are ODA-eligible?

b) If so what form does this checking take? If not, what is the process for verifying these amounts

c) Did AusAID annually check those items in the first submission that the Defence Department made to the Inquiry into Australia's overseas development programs in Afghanistan to determine if they were accurately classified as ODA eligible?

d) If so what form did this assessment take?

e) If not why did AusAID not check this data?

f) When the Defence Department determined that some of their ODA eligible funding was inaccurate and presented a revised submission to the Inquiry into Australia's overseas development programs in Afghanistan did AusAID check the revised assessment?

g) If so how was this check conducted?

Answer

a) Australian Government departments and agencies report assistance to developing countries to AusAID. AusAID determines whether the expenditure constitutes Official Development Assistance (ODA) or Other Official Flows (OOF). Other Government Departments (OGDs) officially report their respective ODA and OOF activities via a biannual survey. Responses to the survey are reviewed by AusAID.

b) AusAID verifies that the listed activities adhere to OECD specified ODA eligibility requirements. AusAID also meets with OGDs, where appropriate, to discuss:

- what activities are undertaken
- what meets ODA eligibility requirements and what does not
- what OGD are to report in their survey responses.

c) Please see response to (a).

d) Given the highly confidential nature of Defence expenditure in Afghanistan, Defence previously reported its expenditure in the ODA survey at a more aggregated level than other government departments.

AusAID met with Defence to discuss the reporting requirements for the provision of military equipment and services to Afghanistan that is now subject to this revision. The meetings were held on 18 July 2006, 4 June 2007, 20 November 2008 and 27 November 2009. Supplementary methodology notes were also supplied by AusAID to Defence.

The Defence OGD Survey returns are receipted with a letter signed by the

Department of Defence Chief Financial Officer stating that transactions are reported according to the ODA guidelines.

On the basis of the information supplied at the time to AusAID the expenditure was recorded as ODA.

e) See answer to d).

f) AusAID reviewed the revised data.

g) As the revisions were being supplied outside the official survey process, AusAID requested Defence to provide formal notification of the revisions, certified by their CFO.

OECD reporting – Budget

Question No. 38

a) Does the Australian government have to report on its ODA eligible budget to the OECD?

b) What level of detail has to be supplied in this reporting?

c) Do details of how ODA eligibility is determined have to be supplied to the OECD?

d) Does the OECD undertake any checks on the data that is supplied as being ODA eligible funding?

e) Have the OECD been notified on the corrected ODA funding levels as a result of the new submission from Defence Department?

f) If so when were they notified? If not when will they be notified (if this is required)?

g) Have ODA eligible determinations been reassessed for other departments following the mistake identified in the Defence Department's determinations?

h) If so which departments have been reassessed and have any mistakes been detected and if so what are the new figures?

i) If no reassessments have been made will they be?

j) If no reassessments have been made why has that work not been undertaken?

Answer

a) AusAID reports Australian Official Development Assistance (ODA) expenditure to the OECD. Data is provided annually on a calendar year basis.

b) Program level details are reported.

c) No, the OECD provides directives which are then used by AusAID to determine ODA eligibility. These directives are available on the OECD Development Assistance Committee (DAC) website. In the event that ODA eligibility requires further clarification, the Government defers to the DAC for a determination.

d) The OECD determines the status of all reported activities whether they be ODA, Other Official Flow (OOF) or non-ODA.

e) Yes.

f) The OECD was notified on 11 December 2012 that historical expenditure by the Australian Defence had been revised and had implications for Australian ODA to Afghanistan. The OECD was also informed as to the time period and the overall value of the change.

g) No. The error in question was an issue specific to Defence reporting, as stated in the answer to Q37 (d), and does not impact on the reporting of other departments.

h) Not applicable.

i) There will not be reassessments outside the normal ODA reporting process.

j) Please see the answer to (g).

Advisors after troop withdrawal

Question No. 39

- Do you envisage that the advisers that remain in Afghanistan after the defence forces are withdrawn will assist with the Australian aid program in that country?
- If so what programs will these advisers assist with?
- In what areas will the advisers be based?
- From when the government withdraws our defence forces and only Australian advisers remain in Afghanistan where will the Australian advisers to the Afghan police and army be based?
- How many advisers will be from the Defence Forces?
- How many advisers will be from the AFP?
- How many military advisers be based in Uruzgan province?

Answer

No decision has been made regarding the exact number of Australian government personnel in Afghanistan after 2013.

Mining

Question No. 40

- Aid/Watch in their submission expressed concern about the use of aid money to promote mining in Afghanistan. Please detail whether you have had any discussions or correspondence with any Australian mining companies about the use of Australian aid money to promote mining in Afghanistan? Please be specific about which companies and the nature of advice sought

Answer

AusAID has not had any discussions or correspondence with any Australian mining companies about the use of Australian aid money to promote mining in Afghanistan. Australia's assistance to the mining sector in Afghanistan is focused on improving mining sector governance.

Additional question referred from DFAT

Question No. 6

The government agreed with the recommendation of the 2011 independent review that: A 'whole-of-ODA' approach should be strengthened by creating uniform standards across government departments to planning, delivery, monitoring and reporting, overseen by the Development Effectiveness Steering Committee (DESC).[21]

Have these uniform standards now been adopted by all agencies delivering ODA to Afghanistan, and is DFAT, as the coordinator, taking responsibility for ensuring that all relevant departments and agencies are adhering to the standards?

Answer

The first suite of uniform standards for ODA were agreed by the Development Effectiveness Steering Committee (DESC) in December 2012 for implementation across Government in 2013. These uniform standards will guide the planning, delivery, monitoring and reporting of ODA to improve the way Government agencies manage Australia's aid program. Agencies with direct appropriations of ODA are responsible for implementation of the standards and will report on their implementation as part of reporting in the 2012-2013 Annual Review of Aid Effectiveness. The DESC is the body responsible for reviewing progress in implementing standards across Government. DFAT as a member of the DESC will be involved in reviewing progress.

21 AusAID, *An Effective Aid Program for Australia,* Commonwealth of Australia, updated June 2012, recommendation 30, p. 64.