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Aid Effectiveness in Afghanistan: At a Crossroads

*“Unless the needs and expectations of the Afghan people are met shortly,
the country could easily slide back into chaos”²*

Executive summary

As Afghanistan struggles to stand on its feet, the fragile democratic system is weighed down in corruption, persistent unemployment and rights abuses. The country remains at a dangerous cross roads. Frustration levels are rising and the expectations of the Afghan people remain unmet. This is in a context of extreme poverty, low capacity, deteriorating security and increasing illicit activities. This paper aimed to highlight those aspects of the aid effort that require renewed attention by the international community and the Government of Afghanistan. Whilst the state building agenda is critical, this paper argues that a more flexible, innovative and pragmatic response to Afghanistan’s current situation is now imperative for the sustainability of progress made to date, and to build on these efforts. This response should recognise the importance of ‘balanced, inclusive and broad based development’ and ‘meeting immediate needs’. Utilization of ‘expertise on the ground’ to expedite development efforts and to facilitate the expansion of civil society also requires serious consideration. There is a pervasive feeling that ‘there is no time to lose’, especially if the aid effort is to contribute to sustainable change in Afghanistan.

This paper outlined those areas which require immediate attention if development progress is to be built upon and sustained in Afghanistan. These include reviewing *levels of aid, government capacity and absorption (unspent aid), state building efforts* and support to service delivery, *transition plans for development, regional development, military support* and *donor support for front line services*. This paper is written from the perspective of aid agencies on the ground and does not intend to cover all aspects of international assistance to the government / people of Afghanistan.

1. Inadequate levels of aid

Afghanistan receives a lower proportion of aid per capita than other post conflict nations; it also suffers from donor fatigue. Yet the extreme poverty of the country and unmet needs remain high. Against commonly held views, limited funds are now being disbursed directly to NGOs. With an increase in national programming and contracting in recent years (and decrease in direct grants), over 80 percent of NGO activities are currently tied to government programmes. Afghanistan’s core development funds are thus primarily channelled through the Government of Afghanistan’s National Priority Programmes (NPPs)

¹ Lead author, *Holly Ritchie*

² Grunewald, Pascal et al (LRRD) 2006: p.25.

with NGOs as key implementing partners. Amongst others, these include the Ministry of Rural Rehabilitation and Development's (MRRD) National Solidarity Programme (with over 205 million USD disbursed through NGOs), and the Ministry of Public Health's (MOPH) Basic Package of Health Services (with approximately 100 million USD disbursed through NGOs). However, contracts are often short, with inadequate / insecure funding. They also allow little room for flexibility and innovation. Meanwhile, this funding shift to predominantly government contracts has jeopardised the continuation of some key basic services not covered under the remit of the current government programmes.

2. Limited government and absorptive capacity

Midway through this financial year, the Government of Afghanistan has only spent 23 percent of what it has been granted for the development budget. This is primarily due to i) limited capacity in some ministries to turn plans into resourced programmes, ii) delays in approval processes within and between ministries, and iii) in some cases, delays amongst donors in giving money to the Afghan Government on time. With the exception of a few ministries, there is limited capacity within the government to often turn resources into activities on the ground. Further delays within and between ministries, for example with the Counter Narcotics Trust Fund (CNTF), are inhibiting the approval of vital contracts, resulting in gaps in critical service delivery, and loss in staff and continuity in programming. Delays by donors and policy fluctuations for national priority programmes, in particular the NSP, are also creating serious bottlenecks and cash flow problems. The implications of these problems are extensive and considerable: NGOs are suffering backlashes in communities as expectations are not met / there are gaps in service delivery. They are also forced to pre-finance operations diminishing NGO enthusiasm for the programme (and in some cases forcing NGOs to pull out altogether). Further, national programme reputations are being jeopardised, communities are left frustrated and security is threatened.

3. Unbalanced state building

Whilst NPPs were designed to 'accelerate Afghanistan from a position of recovery and rehabilitation to that of sustainable development', and have been labelled as 'alternative livelihoods' programmes, they achieve these objectives only in part. They do not meet wider 'livelihoods' needs such as support to agriculture; they also do little to promote the growth of a strong civil society. A broad based and multi sectoral effort is required to meet the multitude of needs of the Afghan people. Whilst the global trend is to move away from NGO service provision, Afghanistan needs to consider its own unique position to meet these basic unmet needs. NGOs can be utilised more strategically to build up both sustainable community and private service provision with linkages to the government. Meanwhile civil society development is severely under-funded. At a time when human rights abuses are widespread and the democratic process still young, donors need to deliberately support NGOs / CSOs in the development of civil society to allow space for voices from civil society and the growth of independent associations / organisations.

4. Unrealistic development transition plans

Current and planned priority programmes aim to integrate community organisations into district, provincial and national development programming. However, this will take many years, and support for these programmes is short-term with inadequate exit strategies. There is also a lack of innovative thinking in terms of planning, coordination, collaboration and linkages between different aid and non-aid actors. As is well known across the developing world, both provincial and district government and local community institutions take longer than one-two years to act independently and to be sustainable. Yet hastened exit strategies are the norm in Afghanistan with little consolidation of programme activities. Civil society service providers are often prematurely expected to deliver essential services, despite having both little capacity and few resources. Planning and consultations with CSOs / NGOs also remain minimal both at a sectoral and national 'home country' level. This is a missed opportunity for Afghanistan to benefit from both technical and in-country expertise. Finally, a lack of cohesion between donor programmes at the provincial and district level is limiting joint planning and coordination.

5. Inconsistent regional development

Donor resources are unevenly distributed across predominantly opium poppy intensive or highly insecure areas in Afghanistan. Meanwhile, sustained development in traditionally peaceful areas is threatened because of weak government capacity and limited funding. International focus on the South and East is creating the false impression that the international community is only interested in insecure areas or those

with high levels of opium poppy, triggering perverse incentives. Whilst this is creating inconsistent assistance, there are also absorption constraints. Other provinces which are often teetering on the edge and suffer from instability, or which conversely have shown great potential (and funding has thus been withdrawn) are in the interim ignored, frustrating both the local government and communities alike. Broad based development is critical for balanced development in Afghanistan. It is also critical to demonstrate both the international community, and Government of Afghanistan's commitment to all parts of the country.

6. Problematic development efforts through military forces

The cost effectiveness of aid delivered through military forces has not been assessed against costs of other development actors and sustained monitoring and evaluation has only recently started. Yet there are reports of poor quality outcomes due to the lack of (experienced) oversight and questions raised over cost effectiveness / sustainability. Military actors are not trained in development and their approaches are often undertaken with little community ownership or capacity to support community maintenance over time. Too often quick impact is synonymous with short-term and ineffective assistance. In the case of vaccination programmes for livestock, they can also threaten the privatisation process. These interventions can significantly damage the reputation of genuine aid agencies operating on the basis of community trust and acceptance; it can also threaten their neutrality.

7. Erosion of donor support for services delivered by NGOs

As funding expires for many essential services traditionally provided by NGOs, there is little support in the pipeline to continue to support this front line work. As well as a reduction in rural development programmes, there will also be fewer capable actors on the ground. Whilst NGOs have recognised their changing roles in service delivery, key services still remain absent across the country and communities underserved. NGOs, as key development partners, with valuable sources of knowledge, are a critical cost-effective resource for the international community and the Government of Afghanistan to meet both the gaps in service provision (whilst facilitating the development of local providers), as well as to build up civil society. They currently remain massively underutilized and are relegated to implementing short-term insecure contracts with little funding. It would be a missed opportunity for Afghanistan to lose these key development partners, and a withdrawal of NGOs from the provinces warrants serious attention. A key indirect benefit of their work is the creation of an enabling environment for other actors. Meanwhile, NGOs remain increasingly vulnerable in Afghanistan from their dependence on insecure government programmes, erosion of support for their broader services and increasing insecurity (shrinking the available humanitarian space). British NGOs remain particularly challenged due to little direct support from their national government.

Recommendations

1. Appropriate levels of aid and honouring of pledges: Aid levels should be appropriate to meet the development requirements and needs of Afghanistan, particularly if tangible levels of change are to be achieved. Where pledges are made, donors need to ensure that these are honoured in a timely manner.

2. Redouble support for capacity building of government: Government ministries need comprehensive support to increase their administrative and management capacity to turn resources into programmes, process proposals and to jointly interact.

3. Review transition plans: Unmet needs across the country remain high and civil society participation in public affairs is still extremely low. Donors need to ensure that sufficient resources are allocated to programmes that meet immediate needs as well as civil society strengthening, and that appropriate time schedules are drawn up. CSOs / NGOs should be consulted in policy making and strategies at national / local level. Donors should include their national NGOs in dialogue and country strategy formulation.

4. Balanced, inclusive and broad based development: Development efforts should be balanced across the country and not skewed towards high poppy growing areas or those with insecurity, in order to gain the wider support of the Afghan people. Humanitarian actors should conduct community-level interventions. Donor support for national programmes should respect principles of geographic equity and the earmarking of aid to specific provinces and linked to military agendas should be discouraged.

5. Utilize NGOs as a key resource: NGOs are a valuable cost-effective resource with technical and in-country expertise, and can be utilized to meet the gap in service provision whilst at the same time building

up community / local providers with government coordination. NGOs should also be used to help strengthen Afghanistan's growing civil society.

6. Partnerships for development: Despite differing principles and approaches, to increase effectiveness at national, provincial and district level, donors need to support aid actors (international and local), private sector and government to work together more deliberately, for joint planning, to share information³, and to create partnerships where appropriate. *Networks and forums* at provincial and district level should be encouraged to enhance planning, coordination, collaboration and lesson learning. A culture of *strategic relationships* with key development actors in country needs also to be fostered to sustain long-term development progress and to maximise different strengths. For example, NGO / private sector linkages at provincial / district level should be supported with connections to the government where appropriate.

³ The sharing of information between NGOs and military should be re-explored carefully. Joint NGO-military activities however as suggested by Karp would not be appropriate (Karp 2006: p.6).

Introduction

Large-scale reconstruction efforts have been on-going in Afghanistan for five years. Whilst there are positive indicators of progress with the completion of the presidential and parliamentary elections, the end of the Bonn process and the signing of the London Afghanistan Compact (January 2006), gains made remain perilously fragile. The second phase of international involvement will require reviewing the approach, targeting and level of the aid effort towards meeting the needs of the wider public, particularly in terms of basic services and livelihood security. Frustration levels and unmet expectations of the Afghan people remain dangerously high (as demonstrated in the Kabul riots in May 2006). Although there is visible economic activity and improvement of infrastructure in many parts of the country, persistent unemployment and high levels of corruption underline the need for international commitment to long-term, balanced development and good governance in Afghanistan for many years to come.

This uncertain predicament of Afghanistan lies within a worrying context of deteriorating security across many parts of the country. Instability is being fuelled by abject poverty and opium poppy cultivation. On a par with sub Saharan Africa, Afghanistan is ranked 173rd out of 178 countries on the Human Development Index (UNDP 2005). Meanwhile Afghanistan remains the largest global producer of opium, and this dominates the Afghan economy comprising 47 percent of non-drug GDP⁴. The insecurity has resulted in a disabling environment for development, squeezing the available humanitarian space where agencies are both willing and prepared to work. Growing insecurity has been slowly encroaching upon previously stable and peaceful areas beyond the South and East, which have remained largely out of the control of the Kabul government. This is affecting areas such as Ghor, Ghazni, Faryab and Badghis. There has been a steep rise in attacks against aid workers (28 NGO workers were killed from January to August 2006 compared with 31 NGO workers killed during the whole of 2005).⁵ World Vision has had four staff murdered this year: two in Ghor and two in Badghis. Whilst this increase in targeting of NGOs is impacting on the quantity and quality of projects, to date no major international NGO has withdrawn completely (save MSF in 2004). Instead NGOs are endeavouring to adapt to the adverse situation through strategic means such as restricting work to secure areas, and using low profile approaches.⁶ A consequence of this current reality is that the most insecure and needy areas are now those with the least aid actors. This has triggered a vicious circle: the insecurity is preventing reconstruction and this in turn is fuelling the population's distrust of both the international community and the government.

There is now a pervasive feeling that 'there is no time to lose', especially if the aid effort is to contribute to sustainable change in Afghanistan. Labelled as 'post conflict', many appreciate that in reality the situation oscillates between conflict and peace, and many countries in this situation can fall back into deep conflict. The broader term 'fragile state' as used by DFID – which includes post conflict countries – describes those areas where “the government cannot or will not deliver core functions to the majority of its people, including the poor”⁷. This includes basic services. Fragile states require critical engagement by the international community particularly when the cocktail of pervasive poverty and vulnerability, low capacity and extreme elements can accelerate the return to conflict, and can threaten both regional and global security.⁸ The consequences of failing to meet country-specific Millennium Development Goals are also significant. Whilst the goal of donors is to promote 'effective and accountable' states in post conflict environments, in extreme environments such as Afghanistan both 'balanced, inclusive and broad based development' and 'meeting immediate needs'⁹ should also be crucial. It is also imperative to make use of expertise on the ground to expedite development efforts. This goes beyond the rhetoric of state building¹⁰.

⁴ Estimate in 2004/5 from UNOCD cited in ANDS 2006:p.38.

⁵ BOAG Afghanistan Briefing September 2006.

⁶ BOAG Afghanistan Briefing September 2006.

⁷ DFID definition cited by Moreno Torres and Anderson (2004) and Prest et al. (2005) in Cammack, McLeod et al 2006: p.17.

⁸ DFID cited in Cammack, McLeod et al 2006: p.17.

⁹ As indicated by the last National Risk and Vulnerability Analysis (NRVA 2004) survey in Afghanistan, there are clearly high levels of vulnerability across Afghanistan leading to the regular occurrence of emergency situations. Programmes need to include interventions to reduce vulnerability and to mitigate the risk of humanitarian crises through building up local service provision.

¹⁰ Claims that building a functioning state can provide a “unified answer to numerous initiatives, including...implementation of the Millennium Development Goals, and security” (Ghani and Lockhart 2006) does not recognise the risks within fragile states in gaps in meeting needs, before states become fully functional.

The cost of neglecting or failing such states however is all well too known; and the price for disengaging can be considerable, as Afghanistan has historically shown.

This paper aims to outline those areas which require immediate attention if development progress is to be built upon and sustained in Afghanistan. These include reviewing *levels of aid, government capacity and absorption (unspent aid), state building efforts* and support to service delivery, *transition plans for development, regional development, military support* and *donor support for front line services*. This paper is written from the perspective of aid agencies on the ground and does not intend to cover all aspects of international assistance to the government / people of Afghanistan.

I Inadequate levels of aid

Afghanistan is receiving a considerably lower per capita ratio of aid than other similar reconstruction efforts elsewhere, in recent times.¹¹ Increasing donor fatigue has resulted in reduced commitments, for example for Afghanistan's national priority programmes (NPPs), including those deemed to be successful such as the National Solidarity Programme, and essential sectors such as education and health.

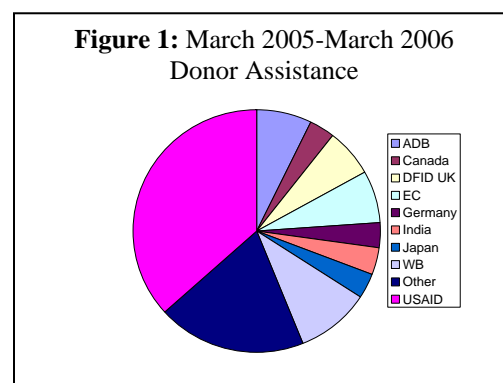
Since the fall of the Taliban in October 2001, billions of dollars have been poured into the reconstruction of Afghanistan, from both bilateral donors such as the United States and multilateral donors, such as the World Bank. Initially Afghanistan was seen as a country facing a humanitarian crisis, with villages suffering from a scarcity of accessible and clean drinking water, inadequate shelters, a dearth of trained medical professionals and medical supplies, not discounting the lingering effects of twenty years of conflict. In the recent years however, Afghanistan is receiving a significantly lower proportion of aid than other post-conflict environments due to increasing donor fatigue, exacerbated by growing instability in the southern part of the country. Yet the country is still plagued by stark poverty indicators: only thirteen percent of the population has access to safe drinking water and seven million children still do not attend school.¹²

This section aims to delineate the growing problem of inadequate levels of aid arriving into Afghanistan, in particular, aid required for meeting basic needs at grassroots level. It will outline the levels of aid and where the aid is coming from, core mechanisms for delivery of aid, and what sectors it is being spent on.

1.1 Aid levels and pledges

Whilst aid to Afghanistan has increased substantially since late 2001, aid per capita still falls significantly short of relative aid to other countries affected by humanitarian crises such as Palestine or Bosnia.¹³

Almost forty percent of the money arriving in Afghanistan for donor assistance is from the US, channelled through USAID, making the US the largest donor to Afghanistan. Another 42 percent of aid comes from a further eight major donors including the World Bank, DFID UK, Canada, Japan, Germany and the EC; while the last 20 percent includes a number of other international organizations and non-governmental donors. Figure 1 indicates the major donors who accounted for approximately 80 percent of donor assistance from March 2005-2006. Meanwhile commitment to pledges falls short. The total pledges to Afghanistan amount to 29.801 billion USD, with total commitment only for 16.639 billion USD, or 56 percent of the pledges.¹⁴



¹¹ German, Randel, Tasneem, and Baker 2005: p.3.

¹² Cited by Action Aid 2006.

¹³ German, Randel, Tasneem, and Baker 2005: p.3. Aid for Afghanistan has risen from just over \$5 per capita in 2000, to \$50 per capita in 2003.

¹⁴ Ministry of Finance, November 2006.

1.2 Limited funds directly to NGOs – increase in contracting

Against commonly held views, direct grants to NGOs represent a small fraction of the development budget. This has fallen substantially in recent years with increased funding channelled to the government, multilateral organisations (e.g. World Bank) and to commercial contractors. From January 2002 to September 2004, 1.226 billion USD was channelled into Afghanistan through the Government of Afghanistan's accounts (known as the development budget) while an additional 3.07 billion USD was channelled to the external budget, which comprises the United Nations (UN), private contractors and NGOs.¹⁵ Out of this external budget, 1.957 billion USD went to the UN, 705 million USD went to private contractors and the remaining 413 million USD went directly to NGOs.¹⁶ Thus, NGOs received only 9.6 percent of direct donor funding from January 2002-September 2004.¹⁷ (With additional contract funding, NGOs are estimated to have received approximately 13 percent of the overall development budget).

From March 2005-March 2006, approximately 3.205 billion USD was allocated to both the Government's development budget as well as the external budget.¹⁸ Similarly, NGOs once again received a minor portion of these funds (directly and through contracting), equivalent to 13-14 percent of the total donor assistance arriving in the country.¹⁹

With an increase in contracting, over 80 percent of NGO activities are now tied to government programmes.²⁰ This funding shift to predominantly government contracts has significantly jeopardised the continuation of some key services not covered under the remit of the current government programmes (please refer to section 3.1).

1.3 National Priority Programmes - inadequate / insecure funding

Core development funds are increasingly channelled through the Government of Afghanistan's National Priority Programmes with NGOs as key implementing partners. Of the 450 million USD disbursed in total to NGOs in 2005-2006, some of the largest government programmes included the Ministry of Rural Rehabilitation and Development's National Solidarity Programme (with over 205 million USD disbursed through NGOs), and the Ministry of Public Health's Basic Package of Health Services (with approximately 100 million USD disbursed through NGOs). These contracts are often short however, with inadequate / insecure funding (please refer to section 2.3). They are also rigid, allowing little space for flexibility and innovation.

II Limited government and absorptive capacity

Discussions of aid allocations should include an analysis of absorption capacity. Midway through this financial year, the Government of Afghanistan has only spent 23 percent of what it has been granted for the development budget.²¹ This is primarily due to i) limited capacity in some ministries to turn plans into resourced programmes, ii) delays in approval processes within and between ministries, and iii) in some cases, delays amongst donors in giving money to the Afghan Government on time. The financial systems of key ministries have fallen short, both of donor expectations in the overall capacity to deliver and the logistical ability to handle the large sums of development funding being channelled through them. Unsurprisingly, as the current absorption of the Afghan government remains limited nationally, this is particularly poor at both provincial and district level.²²

¹⁵ Financial Report: 4th Quarter 1380 – 2nd Quarter 1383 [21 January 2002 – 20 September 2004], Ministry of Finance (October, 2004)

¹⁶ Financial Report: 4th Quarter 1380 – 2nd Quarter 1383 [21 January 2002 – 20 September 2004], Ministry of Finance (October, 2004)

¹⁷ CARE 2005. *Note:* This is not a breakdown of total assistance accessed by NGOs or private contractors; often the Government or the UN will re-programme money through NGOs or private contractors.

¹⁸ Pounds 2006: p.1.

¹⁹ Pounds 2006: p.19. USAID is estimated to have sub-contracted out 170 million USD to NGOs whilst the remaining eight donors between them disbursed only 110 million USD directly to NGOs. The UK in particular channels the bulk of its funding through the Afghan Government. A recent evaluation estimated NGO funding to be around 10 percent of their budget or 15 million USD.

²⁰ Pounds 2006: p.1.

²¹ Ministry of Finance, Budget Execution to 9 October 2006 cited by AREU Nov 2006.

²² Grunewald, Pascal et al (LRRD) 2006: p.36.

Whilst the capacity to absorb aid is estimated to be substantial in countries transitioning from conflict, this is usually only after some years 'post-conflict'.²³ In Afghanistan, the country still suffers under the scourge of insecurity and fighting (particularly across southern and eastern parts of the country), and aid absorption remains challenging. As in many post conflict situations, when the government systems are often too weak to absorb resources directly, a donor trust fund is established as a mechanism for receipt of aid. In Afghanistan, two central trust funds have been established: the Afghanistan Reconstruction Trust Fund (ARTF) and the Counter-Narcotics Trust Fund (CNTF).

Agencies recognise that the strengthening of government administrative capacity is ultimately critical for the sustainability of reconstruction efforts, and increasing both government and absorption capacity. However, in the short / medium term, delays within the government are stalling the development process. This is diminishing the general capacity of implementing agencies / NGOs (e.g. as programmes close / staff are laid off before new funding can be secured), jeopardising the reputation of national programmes, frustrating local communities and increasing insecurity through unmet expectations.

2.1 Limited capacity to turn resources into programmes

There are varying degrees of capacity amongst the Afghan Ministries. Whilst the Ministry of Rural Rehabilitation and Development (MRRD) and Ministry of Public Health (MoPH) have formulated dynamic National Priority Programmes (NPPs) with the establishment of the National Solidarity Programme (NSP) and the Basic Package Health Service (BPHS) respectively, other key ministries have been beset by capacity constraints, outmoded skills and unrealistic staff expectations. Competition for limited resources between the ministries has provoked jealousy, threatened the current ongoing programmes and inhibited sharing of information / lessons learnt.

2.2 Delays within and between ministries

In 2006, the Counter Narcotics Trust Fund (CNTF) was conceived as a means of providing funding to support the efforts of the Afghan Government to meet the National Drug Control Strategy (NDCS). The Trust Fund builds on the NDCS and has eight pillars for intervention namely, Alternative Livelihoods, Building Institutions, Public Awareness, Law Enforcement, criminal Justice, Eradication, Drug demand Reduction and Treatment of Drug addicts, and International and Regional Cooperation. Other general criteria for consideration include the geographical location, absorption capacity of the line ministries / agencies and whether CN is mainstreamed in the project.²⁴ Administered by UNDP, currently this Fund remains the only government source of funding for wider 'livelihoods' related projects accessible to NGOs.

The UNDP has highlighted risks that may hamper the potential success of the CNTF including the low capacity within the Afghan structures, which may impact on the delivery of the CNTF and the individual projects; and the changing and unpredictable security situation, which may affect both location of projects and their implementation.²⁵ Fears of administrative delays in this process appear to be well-founded as a number of NGOs have experienced protracted and untransparent approval procedures before proposals could even be considered for final assessment by the Management Board. Approval delays result in funding gaps for critical service delivery, as well as loss in staff and continuity in programming, frustrating local communities.

As well as limited capacity, line ministries also suffer from unrealistic expectations of their role in service delivery. Another shortfall of the CNTF is the need to go through a single ministry, precluding projects of an integrated community development nature.

2.3 Delays by donors and policy fluctuations

Poor management, financing delays by donors and policy fluctuations of national programmes are creating serious bottlenecks and cash flow problems. In particular, the delays by donors in financing national programmes have been shown to have both dire and far-reaching consequences. The recent sobering experience of NGOs - where insufficient liquidity (partially caused by inadequate donor pledging) brought

²³ Collier and Hoeffler 2003: p.9.

²⁴ CNTF Fact sheet, UNDP January 2006.

²⁵ CNTF Fact sheet, UNDP January 2006

significant implementation delays to the NSP - has demonstrated the multiple drastic repercussions of such stalling in practice: both on the *stakeholders* (the Ministry concerned, the NGO Implementing Partner, and the community); and on the *security environment*. Some of these impacts cited by NSP Facilitating Partners (FPs) are described in Box 1. Such difficulties faced also threatened the continuation of NGO participation in the programme.²⁶

Impact on the Government of Afghanistan

NSP is widely recognized as MRRD's flagship programme. Unfortunately, severe cash flow delays has resulted in some communities citing NSP as an example of how the government fails to deliver on their promises. Full NSP coverage across Afghanistan in order to meet ANDS targets is also threatened because of inadequate resourcing.

Impact on Communities

Delays in block grant disbursements risked increasing the total cost of the project for the communities. For example, prices of materials and labour increase on a monthly basis; and considerable gaps were posed between the costs at the date of proposal submission and date of block grant receipt. The overall faith of mobilized communities in the entire NSP process was also strained due to such delays. Disruption to the implementation time period further jeopardised communities being able to complete their projects within the allocated time frame.

Impact on FPs

NGOs, acting as NSP Facilitating Partners, had to utilize bridge funding to allow for the continuation of programme implementation. Many FPs felt compelled to pre-finance the NSP implementation by using internal resources, borrowing from their headquarters or in some cases, even borrowing from banks. Significant delays in disbursements also threatened the relationship between FPs and communities, putting FP staff at risk. Delays further interrupted project cycles, and many construction projects risked having to delay project implementation until the following season, increasing the security risk.

Box 1: Impact of delayed financing of NSP cited by NSP Facilitating Partners.²⁷

III Unbalanced state building

Most bilateral and multilateral donor funding is now channelled predominantly through the Government of Afghanistan for national priority programmes (NPP) of the government. These programmes were designed to 'accelerate Afghanistan from a position of recovery and rehabilitation to that of sustainable development' (GOA 2004). Core programmes currently include the National Solidarity Programme (NSP), the Micro-Finance Investment Support Facility for Afghanistan (MISFA), the National Emergency Employment Programme (NEEP), and the Basic Package Health Services (BPHS), with NGOs as key implementing partners.

While in general there have been some great achievements from these programmes,²⁸ somewhat misleadingly, NPPs have been increasingly labelled as 'alternative livelihoods' (AL) programmes. These programmes may support AL in part (the NSP may create some employment opportunities as well as building the social contract between the community and the state, the NEEP may be rehabilitating infrastructure and generating employment opportunities), but alone they are not the complete solution.²⁹ Often these programmes are also not implemented in the same communities or the same districts, resulting in uneven coverage.³⁰ And programmes to support agriculture and irrigation – core to livelihoods in

²⁶ Delayed and unpaid contracts forced Ockenden International to withdraw from further NSP implementation in Nimroz. Ockenden September 2006.

²⁷ Derived from the Addendum to Briefing Note: On the Implications of Deficits and Delays to NSP roll-out, Facilitating Partner Representative Group Note. Aug 1 2006.

²⁸ NSP, for example has seen the completion of more than 4,500 rural infrastructure projects (with a further 10,000 projects in process). Briefing Note 'Implications of deficits and delays to NSP roll-out', MRRD and NSP Facilitating Partners June 2006

²⁹ Mansfield and Pain 2005: p. 8, 9.

³⁰ Mansfield and Pain 2005: p. 8.

Afghanistan - are often absent.³¹ A 'uni sectoral' approach cannot be expected to meet the multi development needs of a community; instead a broad based and multi sectoral effort is required over a number of years.

Current support by donors through NPPs thus does not meet wider 'livelihoods' needs; it also does little to promote the growth of a strong civil society. It is also worth mentioning that, since some NGOs have become so closely associated with predominantly government programmes (and have little independence), they are now considered legitimate targets by the insurgency.³²

3.1 Inadequate resources for service delivery

A priority for post conflict states is to have a functioning state that is able to coordinate, manage and / or finance equitable sustainable service delivery. Whilst the government subcontracts NGOs to provide health services (through delivery of the BPHS but financing and regulating functions remain with the MoPH), and some major donors such as USAID support education, other key livelihood services such as agriculture and livestock services receive no direct broad funding through bilateral donors or government programmes.

Although the global trend is to move away from direct service provision by NGOs, pragmatic transitional strategies need to be utilised in Afghanistan to bridge the potential gap in key service provision, especially when the context remains precariously fragile. In Afghanistan, historic service delivery expertise also lies with NGOs and today they represent a valuable resource³³. It is recognised that 'parallel structures' inhibit capacity building and do not reinforce the State's legitimacy (but on the contrary undermine it)³⁴. A broader and more innovative response may be necessary in Afghanistan with a plan set for the evolution of service provision providers depending on the specific context. Delivery of services to the poor is particularly critical to meet immediate needs. It is appreciated that the financial sustainability of service provision is crucial in the long term and where possible non-government / private providers should be encouraged to partner or coordinate with the relevant government departments. NGO links with the blossoming private sector also need further support. Examples have been proposed for the community provision of basic agricultural services in Afghanistan³⁵ which could follow on from services that NGOs have traditionally directly delivered (using Community Development Councils (CDCs) and farmers' groups / associations). Where possible it is clear that current service providers need to be identified, and a comprehensive picture gained of how and where they are operating. Plans for scaling up service provision can then be built around this. Where appropriate NGOs and the formation of community based organisations can be supported, and both these groups and for-profit private providers can be linked to government regulation (and in the case of private providers oriented towards the poor).

3.2 Lack of support for civil society development

Civil society development and support, including to the media is receiving little assistance. Yet a strong Afghan civil society partnership role is essential both for long term development and for sustaining the fragile democratic system established by the Bonn process. Despite welcome initiatives such as the Afghan government's decision to include civil society perspectives in the development of economic policy and setting of development priorities³⁶ which indicates at least recognition of the importance of their consultation, little assistance is given to promoting civil society growth per se. It will be of critical importance, for example, to have independent 'watchdog' groups to monitor the extent of government compliance with the Afghanistan Compact benchmarks, and to hold the government accountable (particularly on the issue of corruption which is now a leading public concern in Afghanistan). In the context of this emerging democracy, donors need to now deliberately support NGOs / CSOs in the

³¹ A lack of adequate funding to rebuild the 'vital' agricultural sector is seen by some to have assisted in farmers turning to poppy where "the best functioning extension programs for farmers are operated by opium traffickers" including access to improved seeds, fertilizer, cultivation and agricultural credit. (Rashid 2006).

³² BOAG Afghanistan Briefing September 2006.

³³ The Government of Afghanistan appreciates and recognises the expertise / capacity within NGOs, and would be keen to use NGOs more strategically to train its staff in the provinces (Discussion with Ministry of Agriculture, September 2006).

³⁴ World Bank (Chapter 8. Delivering Services to the Afghan people) 2006: p.65.

³⁵ Chipeta 2006: p.16.

³⁶ Through the Afghan National Development Strategy (ANDS), the Civil Society ANDS was created to increase and broaden civil society participation through consultation, research activities, capacity building and public education.

development of civil society to allow space for voices from civil society and to encourage the development of independent associations / organisations in the claiming of rights.³⁷

IV Unrealistic development transition plans

Many of the current and planned priority programmes of the Afghan government are based on building the capacity of community-level organizations to deliver services with interim facilitation and training provided by NGOs contracted for this purpose. The long-term goal of these programmes is to integrate the community organizations into district, provincial and national development programming. This capacity building will take years though, and donor support for these programmes is invariably short-term with inadequate exit strategies. There is also a lack of innovative thinking in terms of planning, coordination, collaboration and linkages between different aid and non-aid actors.

4.1 Inadequate follow-up and consolidation

Much of the investment into rural development made by donors in Afghanistan over the past five years is at risk because of inadequate follow-up and consolidation plans for both local government, and their civil society partners. Sufficient capacity building of both provincial and district government, and community level institutions takes much longer than the one-two years typically allotted by donor programmes. Initiatives for nation-wide assistance delivered through national priority programmes administered by the Government of Afghanistan are based on the assumption that sufficient capacity will be built within local government to continue the programmes once support for implementing partners (usually NGOs) has ceased. Yet the capacity of government institutions is by no means equal. At national level, some ministries have managed to cultivate strong staff and leadership, whilst other ministries suffer from weak managerial and technical capacity.³⁸ At provincial and district level, there has been very little capacity building of representatives in all departments, and funding for potential implementing partners is running out. There is also “little provincial authority over expenditure, slow disbursement of funds and poor absorption capacity”³⁹. Provincial level programmes of some essential ministries such as the Ministry of Agriculture and Irrigation are just getting started due to delays in agreement over master plans and other constraints. Unfortunately this delayed capacity building coincides with the probable continued decline of aid available to Afghanistan, which further jeopardizes the chances of their success and sustainability.

Meanwhile direct donor funded ‘livelihood’ programmes of two years cannot hope for sustainability of progress made, especially if no realistic exit plans are supported. Avoiding volatility and sharp drops in resources is critical in the delicate post conflict environment within Afghanistan.

4.2 Unrealistic expectations for civil society service provision

Civil society groups (usually community level councils/shuras or associations) expected to partner with local government to deliver essential services such as preventive health, education, training and infrastructure construction/maintenance are also not receiving the degree of support that will be needed for them to effectively carry out their roles in the future. Further, the very high degree of illiteracy and lack of educational facilities that has prevailed in Afghanistan for over two decades means that many of the timetables for turnover of implementing partner responsibilities to community groups are far too ambitious. It is widely recognized, for example, that the number of forms required from community groups for the flagship National Solidarity Programme, are unrealistically complicated for Community Development Councils to undertake on their own, yet there is no component⁴⁰ to cover literacy training that would make the eventual independent completion of these forms more feasible. Other important improvements such as gender mainstreaming (and accompanying capacity building of female council members) and re-

³⁷ Civil society groups need be supported to defend their rights. In a situation of ‘deteriorating rights’ in Afghanistan, Human Rights Watch has highlighted corruption, warlord abuses as well as violence against women as particularly concerning. AFP (November 10, 2006); and Foresti, Booth and O’Neil 2006: p.14. Evidence shows that the ‘claiming of rights’ also leads to achieving better development outcomes.

³⁸ Grunewald, Pascal et al (LRRD) 2006: p.14, 19. Some ministerial staff are often constrained by outdated skills and approaches.

³⁹ Grunewald, Pascal et al (LRRD) 2006: p.20.

⁴⁰ Some CDCs request literacy as a part of their block grant allocation investment, and some NSP Facilitating Partners offer literacy classes to complement NSP approaches, but these initiatives are undertaken inconsistently.

election/retraining of council members are just starting this year, however there are insufficient financial resources available to ensure that Facilitating Partners remain engaged with CDCs long enough to sustain these improvements. It also requires time for CDCs to learn to differentiate between *expressed needs* and *real needs*.⁴¹

4.3 Lack of consultation with CSOs

As plans are drawn up in Afghanistan, the process for the formulation of government policies and strategies for the different sectors has been varied but often with minimal consultations with civil society organisations - including NGOs - despite their long-standing involvement across many sectors.⁴² As further plans are reviewed and policies revised, key stakeholders should necessarily be involved, including NGOs, particularly where there is valuable expertise and experience to benefit from. As in other countries⁴³, NGOs and CSOs also feel scarcely consulted over key strategic national donor policies or operations at country level. This leaves NGOs very excluded from decision making in the country transition process, despite the many insights they could offer.

Timetable for Building Community Capacity

Successful citizens' participation programmes in post-conflict reconstruction contexts in other countries usually allow five years for capacity building of local representative institutions, yet ones in Afghanistan more typically have two year horizons, even though the level of human capital development is relatively so much lower and illiteracy so pervasive.

4.4 Disparate programmes / fragmented planning

At the provincial and district level, the often disparate programmes implemented by different donors do not make use of finite resources or coordination for meeting strategic development, or alternative livelihoods objectives, as promoted under the Paris Declaration⁴⁴. Whilst the National Area Based Development Programme (NABDP) aims to establish District Development Assemblies linking community representatives from Community Development Councils (CDCs), other actors at the district and provincial level often remain disconnected. The DFID funded Badakhshan Development Forum (BDF) is one example however of where key actors have come together. This consortium of four NGOs has endeavoured to identify different activities and enhance coordination, collaboration and lesson learning for both maximum development and counter-narcotics impact in the province. They have also proposed strategic linkages with other more challenging provinces such as Helmand. The Ghor NGO network group provides another example of NGOs seeking to work together and share information (mainly regarding security but with aspirations to collaborate on district planning).⁴⁵

V Inconsistent regional development

Certain regions are receiving far more commitment of donor resources than others, particularly those with high levels of insecurity and / or poppy cultivation. This approach creates the perception that increased violence or poppy, for example, will be rewarded by increased commitment in aid funding, triggering perverse incentives. Much of the aid committed to insecure areas cannot be effectively spent due to security constraints, or is being delivered in an unsustainable way through military forces. Meanwhile, sustained development in traditionally peaceful areas is threatened because of very limited government capacity and funding constraints.

⁴¹ Grunewald, Pascal et al (LRRD) 2006: p.23. Working with CDCs to make choices that are the "most relevant" and address "real needs" remains a real challenge. Analytical skills are required to produce development plans that address the root cause of underdevelopment.

⁴² Grunewald, Pascal et al (LRRD) 2006: p.18. The extent of involvement of NGOs has been particularly limited in the health sector, and in the early stages NGOs were fairly excluded altogether in the agricultural sector.

⁴³ Please refer to Action Aid and Care International 2006: p.6. which discusses NGO relations with donors in Africa.

⁴⁴ Paris Declaration 2005 on Aid Effectiveness cited in Foresti, Booth and O'Neil 2006: p.2. Donors' actions should be "harmonised, transparent and collectively effective".

⁴⁵ Ghor Network Group meeting July 2006.

5.1 International focus on the South and East creating perverse incentives

Several key donors have prioritised their development efforts in the southern and eastern provinces of Afghanistan where insecurity and opium poppy cultivation are high. Whilst some donors have focused their attention solely on those areas where opium poppy cultivation is most endemic, others have linked their development programmes to their political and military goals. In both cases, attaching assistance to these areas is likely to trigger perverse incentives. Such programmes create the false impression that the international community is primarily concerned to assist those provinces that are highly insecure, have high levels of poppy cultivation or where development assistance is linked to military priorities.

In most of the more insecure / poppy ridden areas absorption of aid however is fairly limited. Yet where projects have been successfully implemented in Helmand and Nangarhar in 2005, 'fast paced' programming - which initially showed a significant reduction in opium poppy cultivation - has been shown to negatively impact economic growth⁴⁶ and highlighted the need for both a comprehensive and long term approach. There are no 'quick fixes' in Afghanistan, particularly where the reduction of opium poppy is involved.

Outside of these areas, provinces frequently struggle to attract funding and often teeter on the edge of instability themselves. Some of these areas border the rogue southern provinces and are threatened constantly with insecurity, lawlessness and corruption. Increased assistance would strengthen the line of defence against these scourges and provide a buffer for the worrying spread of instability across the country.

5.2 Risks from premature withdrawal of development funds

Whilst both the majority of the national and international community recognise the importance of achieving a firm and committed development presence in the South of Afghanistan, it is clearly understood that the environment for long term development is not yet in place. The trend of withdrawing from 'more' stable areas - where development achievements are just beginning to bear fruit - to focus on such unstable target zones is at best a short-sighted strategy that seems likely to undermine confidence in both the Government of Afghanistan and the International Community. It may also more widely impact upon the enabling environment for both aid and private sector development, and adversely affect the security situation in those provinces.

VI Problematic development efforts through military forces

The cost effectiveness of aid delivered through military forces has not been assessed against costs of other development actors and sustained monitoring and evaluation has only recently started. To date information has often not been available, and records of activities have been poor because of short rotations for deployments. However, increasingly, there are reports of poor quality outcomes due to the lack of (experienced) oversight. Questions have also been raised over the sustainability of some PRT building projects in different parts of the country.⁴⁷ Military actors are not trained in development and their approaches are often undertaken with little community ownership or capacity to support community maintenance over time.⁴⁸ Further when military forces do 'quick impact projects', it can also seriously undermine and threaten the aid efforts of civilian agencies.⁴⁹ Too often quick impact is synonymous with short-term and ineffective assistance⁵⁰. These interventions can significantly damage the reputation of

⁴⁶ Mansfield and Pain 2005: p.7.

⁴⁷ As an example, a school built by military forces in Farah cost \$150,000. This is \$30,000 above the Ministry of Education guidelines for building a school – furthermore the new Minister Hanif Atmar has said that the approved cost of building a school should be significantly less than \$120,000.

⁴⁸ Widening their implementation options by sub-contracting work to NGOs is not always an option. Many NGOs' mandates preclude them from accepting support coming through military channels because it would jeopardise their preservation of neutral humanitarian operational space.

⁴⁹ ENNA and BAAG 2006.

⁵⁰ 'Development for security' idea is not effective when interventions are non-sustainable and piecemeal.

genuine aid agencies operating on the basis of community trust and acceptance; it can also threaten their neutrality⁵¹.

With a total of twenty-four Provincial Reconstruction Teams (PRTs) now operational across Afghanistan (and with more planned in the near future⁵²), the PRT phenomenon does not look to be a passing phase however and thus requires our attention. This section discusses in particular the 'reconstruction activities' of PRTs through health, education and livestock interventions.

6.1 Short-term assistance

Soldiers based in PRTs are often only in Afghanistan for between four to six months. In this time, they are expected to achieve 'results' – according to military standards - which include meeting 'development' indicators.

A core element of military activities in both health and livestock has been the treatment and vaccination drives by doctors in PRTs. Though these activities may be well intentioned, they often disrupt local, provincial and national development activities by longer-term actors such as the government and NGOs. They are also conducted with little coordination with local authorities. Further PRTs often want to give free vaccinations to livestock in their area of operations without soliciting community participation.⁵³ Repeated attempts have been made by PRTs to implement these activities – with adverse effects on the national strategy for livestock vaccinations. Evidence from NGOs implementing this national programme across the country, including Kabul, Laghman and Zabul, indicates that the free vaccinations undermine the partially privatised para-vet system that they are establishing with the Government of Afghanistan.⁵⁴

6.2 Questions over cost effectiveness / sustainability

The cost effectiveness of aid delivered through military forces has not been assessed against the costs of other development actors, and sustained monitoring and evaluation has only recently started. Reports have emerged however, on poor quality outcomes due to lack of (experienced) oversight, and questions have been raised over the sustainability of some PRT building projects.

Projects directly implemented, or sub-contracted from, PRTs are often more expensive than development activities implemented by NGOs. For example, two schools built through the CERP fund in Nawkeez, Zabul in 2005/6, cost \$122,382 for 8 classrooms, each.⁵⁵ This is \$15,298 per classroom, which is more than the government standard of \$9,000⁵⁶ and significantly more than what NGOs can build a school for.⁵⁷ For the \$244,764 spent on these two schools by the military, the Government or an NGO would have been able to build four schools. Further these costs do not include overheads (such as salaries, transport and administrative expenses), which for the military are much higher than those of either the government or NGOs.

Military actors are also not trained in development and their approaches are often undertaken with little community ownership or ability to support community maintenance over time which reduces their sustainability.

⁵¹ "People cannot tell the difference between aid workers and soldiers...and that challenges our neutrality and independence", Thomas Loreaux, Action Contre La Faim cited in AFP, 6 November 2006.

⁵² Information from ISAF, accessed 10th October 2006 <http://www.nato.int/issues/afghanistan/graphics/e040628a.jpg>

⁵³ Grunewald, Pascal et al (LRRD) 2006: p.26.

⁵⁴ Based on information received from MADERA, Dutch Committee for Afghanistan and Mercy Corps during 2006.

⁵⁵ Based on financial reports of the CERP fund for financial year 2005/6.

⁵⁶ The Ministry of Education estimates a cost of \$9000 per classroom used in TISA (2004), *Securing Afghanistan's Future, Education, Technical Annex*, January 2004.

⁵⁷ Oxfam is building a 12 classroom school for \$60,000, in Daikundi, (i.e. \$7,500 per classroom) which indicates that costs vary across provinces. (Oxfam 2006).

VII Erosion of donor support for services delivered by NGOs

As current funding runs out for many of the essential services traditionally provided throughout the country by NGOs, there is now little support in the pipeline to continue 'frontline' work. This is due in large measure to the international community's emphasis on directing funding through the government, which was again endorsed by Kabul during the London conference to finalise the Afghanistan Compact (January 2006). The outcome will be a reduction in the development programmes that rural populations expect and depend on; there will also be fewer capable actors on the ground. A decline in NGOs would be a missed opportunity for Afghanistan. NGOs remain a massively underutilized resource that could assist cost-effectively in meeting basic needs, building up local service provision and providing support to civil society, especially during this critical period of transition. They also provide an 'enabling' environment for other actors. Yet their future is increasingly in question as they depend on insecure government contracts, support for their broader services erodes, and their staff face increasing insecurity.

7.1 Risk of disengagement with NGOs: loss of valuable partners

While NGOs recognise that the environment for development in Afghanistan has changed⁵⁸, and appreciate necessary donor shifts from working solely with NGOs to working with the government, the abruptness of change (and lack of consultation) means that the transition to a new role is proving to be more detrimental than it could have been. As 'livelihoods' programmes are closed this year⁵⁹, carefully built up capacity is being lost and with it "'valuable sources of knowledge'..."⁶⁰ NGOs recognise fully that "'they cannot rest on their laurels and have the same programmes as ten years ago'"⁶¹, but donors need to support them as they evolve, particularly if they wish them to facilitate the implementation of national programmes. With teams of qualified staff, country expertise, and strong relationships with communities, NGOs could also be powerful partners in building up the capacity of private or government providers to deliver key services still absent in rural areas, and assisting in the development of civil society. Instead, NGO capacity has been severely under utilized, and NGOs roles have been relegated to implementing short-term contracts inhibiting many of their core strengths, flexibility, strategic thinking and internal investment. Uncertain continuity of contracted relationships further threatens the long term engagement of NGOs.

7.2 Impact of 'livelihood' programme closures

This year - as described above - will see the closure of significant 'livelihoods' programmes across several provinces as the EC finalises its 'Consolidation Phase' programmes with several European NGOs, and DFID ends its support for livelihoods programme in Badakhshan. Except for funding offered for Helmand and the South, available future funding is limited, piecemeal and focused on regions with the greatest market potential, excluding more remote and needy areas. In addition to providing access to vital services and building up community capacity to lead their own development, NGOs provide an 'enabling environment' for other actors to work, including aid and non-aid organisations. The closure of significant livelihoods programmes in poor and strategically sensitive provinces (such as Ghor) will impact communities, other agencies and government alike, further shrinking the operational humanitarian space and potentially increasing local insecurity. Meanwhile, declining levels of engagement may also have a serious impact on the levels of opium cultivation. Some farmers have already threatened to increase opium cultivation next year should programmes discontinue.⁶²

7.3 Particular difficulties of British NGOs

Whilst many bilateral donors now channel the bulk of their funding through the Government of Afghanistan (e.g. DFID), some bilateral donors have still reserved a portion of funding for NGOs (usually

⁵⁸ For example, in 2002, large donors such as the EU directly channelled 40 percent of its funds through NGOs; in 2004 this had been reduced to less than 10 percent. ICG 2005: p. 10.

⁵⁹ For example, the Badakhshan Development Forum member, Afghanaid, will significantly scale back 'livelihoods' assistance in Badakhshan towards the end of 2006 / beginning of 2007 due to discontinued DFID funding (whilst other members re-juggle funds from outside of Afghanistan). Meanwhile, EC support to livelihoods (including livestock / agriculture) will be coming to an end in December 2006 reducing assistance in fragile areas such as Ghor. This will impact Ockenden and MADERA amongst others. Whilst ECHO funding is still available, this will not allow NGOs to support longer development interventions (ECHO partners' meeting 21 November 2006).

⁶⁰ NGO representative cited in ICG 2005:p.10.

⁶¹ NGO representative cited in ICG 2005 p.10.

⁶² Farmer from Baharak district, Badakhshan (Afghanaid May 2006).

their own national NGOs) to do programmes that complement efforts of the Government. These NGO funding strands permit more flexible responses to needs as they arise. Such donors support the partnership role that their national NGOs play in achieving a balanced development programme, and place importance on sustaining this role. The absence of such a policy by the British government⁶³ is putting additional pressures on British NGOs at a particularly difficult time. Whether British NGOs will be able to maintain their current level of operations in Afghanistan is now questionable.

7.4 Transparency / cost effectiveness

NGOs have faced a barrage of criticism in Afghanistan (and beyond) regarding transparency towards cost effectiveness.⁶⁴ Recently, in Afghanistan however, they have made concerted efforts to be more transparent and open with their financial statements and reports (particularly as many businesses had registered as NGOs under the Taliban). Under the ACBAR NGO Code of Conduct, it is now obligatory to submit all audited accounts to ACBAR upon registration and update these as / when appropriate. However, as NGOs suffer under reduced overhead allocations⁶⁵, they recognise that more could be done to demonstrate agency cost effectiveness through critical analysis of costs and benefits, and this is being discussed. Meanwhile it is worth acknowledging that INGOs bring into Afghanistan substantial private funding (average 24 percent of total budgets) and there is a “strong indication...[that this funding]... more than offsets the aggregate charges against donor funding and represents a net gain for the people of Afghanistan”.⁶⁶

Conclusions and ways forward

As Afghanistan struggles to stand on its own feet, the fragile democratic system is weighed down by a lack of visible economic progress, persistent unemployment, corruption, and rights abuses. The country is at a dangerous cross roads. Frustration levels are rising and the expectations of the Afghan people remain unmet. This is in a context of extreme poverty, low capacity, deteriorating security and increasing illicit activities. This paper aimed to highlight those aspects of the aid effort that require renewed attention. Whilst the state building agenda is critical, this paper argued that a more flexible, innovative and pragmatic response to Afghanistan’s current situation is now imperative for the sustainability of progress made to date, and to build on these efforts. This response should recognise the importance of ‘balanced, inclusive and broad based development’ and ‘meeting immediate needs’. Utilization of ‘expertise on the ground’ to expedite development efforts and to facilitate the expansion of civil society also requires due consideration.

Firstly, the issue of *inadequate funding levels* in Afghanistan was discussed. Currently, Afghanistan receives a lower proportion of aid per capita than other post conflict nations; it also suffers from donor fatigue and unmet pledges. Yet the extreme poverty of the country and needs remain high. Core development funds are currently channelled through the Government of Afghanistan’s National Priority Programmes with NGOs as key implementing partners. These contracts are often short with inadequate / insecure funding. Meanwhile, support for many essential services beyond the remit of the national programmes (particularly those related to livelihoods) remains elusive.

Closely linked with aid levels, the issue of *absorption and government capacity* was shown to be further stalling the development process. There is limited capacity within ministries to turn resources into activities on the ground. Delays within and between ministries are further inhibiting the approval of vital contracts. And donor financing delays and policy fluctuations are creating serious bottlenecks. The implications of these problems for all stakeholders are extensive and considerable: NGOs are suffering backlashes in communities as expectations are not met / there are gaps in service delivery. They are also forced to pre-finance operations diminishing NGO enthusiasm for the programme. Further national programmes are being jeopardised, communities are left frustrated and security is threatened.

⁶³ Except for small amounts available through the Civil Society Challenge Fund

⁶⁴ Former Minister of Finance in Afghanistan, Ashraf Ghani declared it “shocking that NGOs did not declare their budgets, compare their cost effectiveness with alternatives or report properly to the government” cited in Pounds 2006: p.3. This is also surfacing globally and NGOs are being put under pressure to standardise cost effectiveness measures.

⁶⁵ Grunewald, Pascal et al (LRRD) 2006: p.37.

⁶⁶ Pounds 2006: p.19. This would require further study to prove categorically however.

Thirdly, this discussion highlighted the risk of *unbalanced state building* efforts. A dependence on National Priority Programmes is leading to an absence in ‘livelihoods’ services and limited support for the development of civil society. Whilst the global trend is to move away from NGO service provision, Afghanistan needs to consider its own unique position to meet basic needs. NGOs can be utilised more strategically to build up both community and private service provision with linkages to the government. Meanwhile, civil society development is severely under-funded. At a time when human rights abuses are widespread and the democratic process still young, substantial support is needed to strengthen the people’s voice.

The *unrealistic nature of development transition plans* was also raised as a concern. There is little consolidation of rural development initiatives. Experience elsewhere across the developing world indicates that provincial and district government, and local community institutions take longer than one-two years to act independently and to be sustainable. Yet inadequate exit strategies are the norm in Afghanistan and sharp falls in resources are endangering the environment for all concerned. Civil society service providers are often expected to deliver essential services, yet they have both little capacity and few resources. Meanwhile, planning and consultations with NGOs remain minimal both at a sectoral and national ‘home country’ level. This is a missed opportunity for Afghanistan to benefit from both technical and in-country expertise. Finally, a lack of cohesion between donor programmes at the provincial and district level is limiting joint planning and coordination.

The *inconsistency of regional development* initiatives was highlighted as another worry. Efforts focus unevenly on opium poppy intensive areas or highly insecure areas, and this is creating perverse incentives. There are also absorption constraints. Meanwhile other provinces - which are often teetering on the edge of instability, or which conversely have shown great potential - are ignored, frustrating both the local government and communities alike. Broad based development is critical for balanced development. It is also critical to demonstrate both the international community, and Government of Afghanistan’s commitment to all parts of the country.

Penultimately, development *efforts by the military* were reviewed. On the one hand, their cost effectiveness, sustainability and approaches were questioned. Military personnel are not trained in the methods of development and do not appreciate the importance of community ownership or the risks of handouts, in terms of creating dependency. Yet on the other hand, and perhaps more seriously, military humanitarian interventions can both undermine and threaten aid efforts particularly when the neutral status of aid agencies is confused.

Finally, this paper argued that there has been a detrimental *erosion of donor support for NGO* services. Whilst NGOs have recognised their changing roles in service delivery, key services still remain absent across the country and communities underserved. NGOs, as key development partners, with valuable sources of knowledge, are a critical cost-effective resource for the international community and the Government of Afghanistan to meet both the gaps in service provision (whilst facilitating the development of local providers), as well as to build up civil society. They currently remain massively underutilized and are relegated to implementing short-term contracts with little funding and diversity. A decline of NGO presence from the provinces warrants serious attention. A key indirect benefit of their work is the creation of an enabling environment for other actors. Meanwhile NGOs remain increasingly vulnerable in Afghanistan as they depend on insecure government contracts, support for their broader services erodes and they face increasing insecurity (shrinking the available humanitarian space).

Recommendations

1. Appropriate levels of aid and honouring of pledges: Aid levels should be appropriate to meet the development requirements and needs of Afghanistan, particularly if tangible levels of change are to be achieved. Where pledges are made, donors need to ensure that these are honoured in a timely manner.

2. Redouble support for capacity building of government: Government ministries need comprehensive support to increase their administrative and management capacity to turn resources into programmes, process proposals and to jointly interact.

3. Review transition plans: Unmet needs across the country remain high and civil society participation in public affairs is still extremely low. Donors need to ensure that sufficient resources are allocated to programmes that meet immediate needs as well as civil society strengthening, and that adequate time schedules are drawn up. CSOs / NGOs should be consulted in policy making and strategies at national / local level. Donors should include their national NGOs in dialogue and country strategy formulation.

4. Balanced, inclusive and broad based development: Development efforts should be balanced across the country and not skewed towards high poppy growing areas or those with insecurity in order to gain the wider support of the Afghan people. Humanitarian actors should conduct community-level interventions. Donor support for national programmes should respect principles of geographic equity and the earmarking of aid to specific provinces and linked to military agendas should be discouraged.

5. Utilize NGOs as a key resource: NGOs are a valuable cost-effective resource with technical and in-country expertise, and can be utilized to meet the gap in service provision whilst at the same time building up community / local providers with government coordination. NGOs should also be used to help strengthen Afghanistan's growing civil society.

6. Partnerships for development: Despite differing principles and approaches, to increase effectiveness at national, provincial and district level, donors need to support aid actors (international and local), private sector and government to work together more deliberately, for joint planning, to share information⁶⁷, and to create partnerships where appropriate. *Networks and forums* at provincial and district level should be encouraged to enhance coordination, collaboration and lesson learning. A culture of *strategic relationships* with key development actors in country needs also to be fostered to sustain long-term development progress and to maximise different strengths. For example, NGO / private sector linkages at provincial / district level should be supported with connections to the government where appropriate. NGOs often have strong community mobilisation skills (with high levels of trust of communities) and access to remote areas, and technical expertise in specific sectors. NGOs should not be perceived as a threat to the private sector but rather an opportunity for businesses to reach rural communities / producers and have access to remote markets. In terms of input distribution and service provision, actors should jointly develop sustainable interventions that do not jeopardise nascent markets or create dependency, and instead facilitate the community's sense of involvement and ownership.

⁶⁷ The sharing of information between NGOs and military should be re-explored carefully. Joint NGO-military activities however as suggested by Karp would not be appropriate (Karp 2006: p.6).

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