

Evaluation of DFID's Country Programmes: Afghanistan 2002-2007

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Context

S1. This report is an evaluation of DFID's programme in Afghanistan from 2002 to December 2007, updated with information for 2008.

S2. Afghanistan is one of the poorest countries in the world, and is off-track on progress towards all the Millennium Development Goals. Since the foreign intervention to replace the Taliban in 2001, there have been some marked improvements in health and education. By 2008, protracted conflict in many areas, global price rises in wheat, and periodic drought meant that periods of extended emergency could be anticipated.

S3. Economic growth has settled at around 10% per annum and foreign debts have been cancelled. Domestic revenues are only about 8% of Gross Domestic Product (GDP); in 2007 illicit opium comprised 47% of GDP. There is visible economic activity and improvement of infrastructure in many parts of the country, yet persistent unemployment and high levels of corruption remain.

S4. The December 2001 Bonn Agreement saw a collective determination by donors to lend maximum support to the new interim government. Within three years, there were successful presidential and parliamentary elections – supported by DFID – with a high turnout.

S5. The 2006 London Conference launched the Afghanistan Compact; this and the Interim Afghanistan National Development Strategy (I-ANDS) lay out the framework for international engagement with Afghanistan until 2011.

UK and DFID in Afghanistan

S6. The UK is one of 36 nations involved in Afghanistan since 2001. Its efforts are coordinated by the Foreign and Commonwealth Office (FCO), DFID and the Ministry of Defence (MoD). The UK is the third largest development assistance donor to Afghanistan, with just over £100 million per year since 2004/5. The majority of funding has been through central government, notably the Afghan Reconstruction Trust Fund (ARTF), which by early 2008 accounted for 46% of DFID's Afghanistan budget.

S7. DFID's assistance since setting up the office in Afghanistan can be traced through four phases: 2001–2003 essentially limited humanitarian effort; 2003–2005 the Transitional Country Assistance Programme (TCAP) to cover the duration of the Transitional Administration in Afghanistan; 2005–2006, following national elections, the Interim Strategy for Afghanistan 2005/6, a three-pillar programme – state building, economic management and aid effectiveness, and livelihoods; and 2006–2008 commitment to the ten-year Development Partnership Arrangement (DPA), and continuation of the 2005/6 Interim Strategy for Afghanistan coupled with emphasis on supporting the UK's increasing focus on Helmand province.

Relevance

S8. DFID placed a strong emphasis from the outset on **management of the economy**. The aim was to create a strong public finance system to implement the National Development Framework and enable the government of Afghanistan to lead the coordination of development activities. The quality of technical assistance (TA) has been high,

but there are drawbacks in terms of scope and sustainable results.

S9. DFID's **state-building** strategy has had a strong focus on TA and capacity development of formal institutions. Drawing on its long-standing experience in public administration reform (PAR), DFID has helped achieve initial results in civil service reform. Until recently, relatively little attention was given to developing a political economy and conflict analysis to underpin the strategic choices made. DFID has given little attention to accountability issues and the demand side of governance, including the monitoring and advocacy role of civil society and other accountability mechanisms.

S10. The UK division of labour in Afghanistan, in particular the FCO lead on **rule of law and justice** issues, led to a marginalisation of DFID's role on governance, an area in which it has a comparative advantage and experience from other fragile states. DFID is now giving renewed attention to the rule of law and justice sector as well as to sub-national governance.

S11. The early engagement through the ARTF was directly relevant to needs expressed by the Interim Government at that time, and DFID's flexibility and responsiveness were appreciated by government and other donors alike. DFID conformed well to some of the central tenets of its fragile states policy including long-term engagement, support to donor coordination and the use of innovative aid instruments, although less well in areas such as prioritising governance reforms that will address the causes of fragility.

S12. The **balance of risks** within DFID's Afghanistan portfolio has moved from low-medium risk in 2004/5 to medium-high risk in 2006/7. The risk inflation has been driven by the security situation in Afghanistan and the difficulty associated with delivering a well-performing programme given current capacity constraints in Afghanistan.

S13. Given the fragmented and uncoordinated nature of international aid to Afghanistan, the DPA signed in 2006, was both timely and appropriate. However, although specified in the DPA, DFID and the Afghan government do not have a system in place for mutual review and assessment of the commitments.

S14. In 2006/7 DFID spent around £16m of its £102m Afghanistan budget in **Helmand**. Much of this was through national programme expenditure. DFID contributes to the UK's Helmand strategy both through its contributions to tri-departmental mechanisms, and through its bilateral programme. DFID has provided 90% of Stabilisation Unit funding and development advisors attached to a number of Provincial Reconstruction Teams (PRTs).

S15. Much effort has been put into working relationships between the MoD, FCO and DFID in Kabul and Helmand and these were generally reported as positive and constructive. A great deal of effort was expended on cross-Whitehall discussions to explain the rationale, objectives and ways of working of each department to the others.

Effectiveness and Efficiency

S16. Staffing of the DFID office in Kabul was limited prior to 2006. Since then ratios have improved but staff pressure to deliver on HMG priorities has been immense. Security constraints have limited engagement with local and provincial government restricting data gathering and personal knowledge of projects.

S17. **Performance management**, in DFID, is based on the scores given to projects at purpose and output levels. DFID has ensured that thorough independent reviews are carried out for all the large projects in its portfolio, particularly where there have been indications of poor performance. Impact assessment has been difficult, partly due to the weaknesses in project-level results frameworks, but also due to the inherent difficulties of measuring impact in an insecure environment.

S18. From 2001 to mid-2006, 74% of DFID Afghanistan projects over £1 million were scored “completely” or “largely” successful. Smaller projects performed better than the larger more complex government-run National Solidarity Programme (NSP), National Emergency Employment Programme and the National Rural Access Programme, but even these have shown solid improvement over the past 12-24 months.

S19. Projects under **economic management** have performed relatively well, notably DFID’s timely and effective inputs into the ARTE. A number of projects, including the NSP, the Microfinance Investment Support Facility and the Helmand Agriculture and Rural Development Programme would not have been able to get off the ground without DFID’s support. Combining core project funding with the use of TA has enabled DFID to maintain flexibility while also providing information to support and influence multilateral agencies.

S20. DFID’s assistance to revenue-raising through taxation has been effective and efficient, but DFID did not articulate the strategic challenge of how to foster a “social contract”.

S21. Within the **state building** portfolio, the consequences of under-staffing have been apparent. Only 25% of projects achieved high score rates (scores of 1 or 2 in output to purpose reviews) from 2002 to 2006. This was skewed by the Afghanistan Stabilisation Programme (ASP) and Strengthening Counter Narcotics in Afghanistan Project (SCNIAP), the two largest but also worst performing programmes. DFID took appropriate steps to end its support to both ASP and SCNIAP.

S22. Different choices within given resources could have been made. For example, greater priority could have been given earlier to security and justice work, given that the rule of law sector was consistently highlighted as one of the most critical areas for addressing state fragility, and where progress was sorely lacking.

S23. Some **cross-cutting issues** have received relatively little attention in the DFID portfolio. Despite some impressive outputs in the above projects – and notwithstanding the strong gender focus in DFID’s support for elections – the overall integration of gender, human rights and social exclusion issues has been weak throughout the portfolio. There is no mention of gender issues or women’s rights in the TCAP or Interim Strategy, despite the government’s own stated commitments in this area. DFID has, however, made efforts to integrate cross-cutting issues into the ANDS by placing a staff member in the ANDS secretariat since 2006 with this specific brief.

Impact and sustainability

S24. DFID is keenly aware of the difficulties of assessing and demonstrating impact in the Afghan context. The lack of good national or provincial data and security constraints on access to beneficiaries (for DFID staff and partners) impedes the measurement of progress or decision making. DFID’s practice of putting its aid funds through common systems adds to the usual problems of attribution in development aid.

S25. Progress has been made in building up a more professional, merit-based civil service with DFID support. Early financial and capacity support to ARTF has been exemplary, demonstrating good practice in relation to the Paris Declaration and principles of aid effectiveness in fragile states.

S26. DFID has an extremely good track record on **aid effectiveness** issues in Afghanistan. Pledges have translated to disbursements very quickly, and DFID has provided procurement capacity to facilitate rapid and transparent utilisation of donor resources. Rapid, high-quality, early TA to the telecoms sector contributed to high levels of investment and mobile phone usage.

S27. Corruption remains a fundamental challenge. DFID has contributed incremental improvements through, for example, the Tax Administration Reform Project, but the problem is

more profound. Justice institutions remain the least developed among formal oversight organisations.

S28. The **state building** portfolio may have focused too much on building technical capacity, primarily in Kabul, while downplaying issues of political legitimacy, especially at the local level. DFID's crucial support to the elections in 2004/5 contributed to the political transition process that was necessary to establish the core institutions of the state.

S29. **Public Administration Reform (PAR)** has been bolstered through the DFID-supported Second Public Administration Programme (SEPAP), and DFID has added significant technical value throughout. However, progress towards the objective of improving government capacity at central and local levels with strengthened links between them was limited. Improving government leadership on PAR with increased on-budget donor support has also proved elusive. The World Bank leads in this sector and has had relatively larger resources.

S30. There is evidence that the NSP, to which DFID has contributed substantial funding, has contributed to enhancing state legitimacy. To date, the programme had led to the election of over 15,000 Community Development Councils (CDCs), and the financing of over 17,000 projects. \$244 million has also been disbursed in grants to the communities. However, the governance dimension of CDCs is complex and NSP has not yet demonstrated its impact on local governance.

Lessons and Recommendations

S31. For DFID –Afghanistan:

- To reconsider whether **PAR** should be the central plank of DFID's state building programme, given World Bank lead in this sector.
- Give greater attention to **rule of law and justice**. Support to National Justice

Programme (NJP) has been very positive; DFID has a comparative advantage in relation to other donors. Traditional justice systems will need to be considered, though with caution in respect of human rights issues. DFID should draw on its experience in other fragile states. Options to gradually extend the reach of formal systems into communities should be considered.

- DFID should develop a clear strategic view on the **role of CDCs in sub-national governance**. This needs to be linked to the generation of policy regarding the development of provincial structures: the provincial and district assemblies and the role of line ministries.
- DFID has not fully explored the value of engaging more fully with Afghan **civil society**, including improved relationships with NGOs as intermediaries. More attention should be given to corruption and accountability mechanisms (including the role of NGOs and Civil Society Organisations in monitoring and advocacy).
- DFID (and other donors) have not fully used the accumulated expertise NGOs have in maximising farm-related income opportunities, employing a country-wide approach to reduce vulnerabilities to poverty and offering alternatives to narcotics production. DFID should place greater emphasis on the issue of investment in **agriculture**, including an integrated "value chain" approach to agriculture that addresses issues of land, water, credit management and labour.
- Assumptions around **gender and human rights**, and the corresponding dialogue with Afghans including Afghan women in leadership positions have not been fully explored. This is about ensuring effective

integration into future programmes, building on successful examples such as DFID's support to the elections.

- DFID should continue to use 2007 Development Assistance Committee (OECD DAC) Fragile States Principles to further donor dialogue around aid effectiveness issues and challenges in Afghanistan.
- The UK's **DPA** with Afghanistan requires a **mutual review** and assessment of the commitments. DFID should ensure that adequate monitoring and review processes are in place for the DPA in line with similar commitments elsewhere in the world.

S32. **For DFID Globally:**

- Understanding the **political economy and state building context** of fragile states requires early investment in robust analysis. DFID should ensure that programmes are framed within an early understanding of conflict dynamics, state legitimacy and political settlement in advance of more technocratic issues.
- The **devolution of DFID's offices** to country level has consequences and the right balance of staff between London and Afghanistan was not always met. There needs to be greater senior management realism regarding the scale of the challenge – and what DFID needs to deliver effectively – in a high-profile protracted conflict arena. In this regard, DFID should ensure consistent senior management engagement at Whitehall level, and ensure that staff ratios and skill mix between London and the country are sufficient.
- **Technical assistance** (TA) does not automatically equate to capacity

development, even if on-the-job training is included. The transition from multi-donor trust fund to general budget support requires longer-term capacity building. The creation of professional cadres needed by both the public and private sector should involve supporting further education and private professional training bodies in addition to civil service training on the job.

- DFID should do more to consolidate and deepen its understanding and experience of **private sector development** in the particular conditions of post-conflict economies.
- DFID's comparative advantage on **governance** issues within HMG has not been given sufficient recognition in Afghanistan. DFID should advocate its role on governance, and ensure that the division of labour agreed in future HMG strategies recognises governance as a central element of economic and social development.
- The **division of labour** agreed among donors in Afghanistan was driven largely by political bargaining among donor countries. As a result, the security and justice sector – arguably the most crucial sector – has performed badly. DFID should develop effective ways of communicating lessons learned at ministerial level and try to ensure that these lessons inform future engagement in other fragile states.
- The context of HMG's military and political engagement in Afghanistan made it particularly difficult to assess the relevance and appropriateness of DFID's strategic choices against the standard evaluation criteria for a development programme. DFID, with other government departments, should consider the most suitable way of evaluating DFID

programmes operating in such a context in future, including whether a **joint HMG evaluation framework** should be developed.

Management Response

S33. We welcome the report of the Country Programme Evaluation for the period from January 2002 to December 2007. The study was timed well to feed into the development of DFID Afghanistan's new Country Plan and has helped us learn a number of lessons.

S34. The report notes the challenging context in which the country programme has been delivered. Afghanistan is a conflict-affected, fragile state that is important geo-politically and remains one of the poorest countries in the world. Over the period, the programme has evolved from one of humanitarian response after the overthrow of the Taliban to an integrated, developmental approach as part of a broader HMG strategy both nationally as well as in Helmand.

S35. **The context has changed since the evaluation period** and it was not possible for the evaluation to take on board some important developments that have taken place both on the Afghan side and in terms of UK strategy. Towards the end of the evaluation period, in November 2007, HMG outlined a strategy for engagement, stabilisation and development to help Afghanistan remain a legitimate state. This strategy, and subsequent updates, has helped to transform cross-Whitehall working. Strong relations on the ground with other UK government departments (MoD, FCO) mean that we can deliver on this strategy through the three D's of defence, diplomacy and development.

S36. As noted in the report, in mid-2008, the Government of Afghanistan published the Afghanistan National Development Strategy (2008-2013). The two strategies together provide an important evolution in the context for DFID's country programme. In addition, ministries

highlighted as being unable to deliver now have new and more dynamic ministers, which should help in improving service delivery. Hence, a number of findings are less relevant and some recommendations are now of less value.

S37. The findings indicate that much of the programme has shown high degrees of relevance, effectiveness and efficiency, impact and sustainability, including in the areas of support to economic management, progress on a more merit-based, professional civil service and local impacts through livelihoods programmes. Also, that DFID behaviour in Afghanistan demonstrates good practice in relation to the Paris Declaration on Aid Effectiveness and principles of aid effectiveness in fragile states. We also note that the evaluation points to areas of the programme that performed less well.

S38. The report notes **DFID's strong emphasis on the management of the economy**, highlighting the high quality of technical assistance. While progress may have been slower than originally envisaged, it was clearly a prudent decision to extend the life of the ARTF. Together with the GoA and others, we feel that a longer term partnership is needed to maintain progress in a number of important areas supported by the ARTF. An independent evaluation of the ARTF published in August 2008 has highlighted its value, including in strengthening government systems: "The Monitoring Agent has helped put in place systems and instruments to strengthen Afghanistan's Public Financial Management (PFM)."¹ The financial controls built within the ARTF were based on a fiduciary risk assessment agreed with other donors. DFID finalised a Fiduciary Risk Assessment in 2008 to coincide with the preparation of a new country plan.

S39. The evaluation questions overall the **utility of technical assistance**. Yet, elsewhere, it notes that DFID's technical assistance made an important contribution to improvements in the

¹ ARTF External Evaluation, Scanteam, August 2008.

functioning of the Ministry of Finance. We agree that technical assistance must in part help build Afghan capacity. We believe that others have much to learn from how DFID has provided technical assistance and that it remains an important aid instrument in fragile states.

S40. The evaluation questions the **impact of the ARTF on the government's legitimacy and ability to deliver**. This does not match with how the ARTF has helped the government deliver services, which a more recent survey shows is appreciated by Afghans². It has helped deliver tangible services that have changed the lives of ordinary Afghan families. Around 6 million children are now in school, over a third of them girls – a stark contrast to when it was illegal for girls to go to school. Yet, we also recognise that public opinion also raises concerns around the lack of jobs and income opportunities³. This has been taken on board in our new country plan.

S41. The evaluation notes that attention to **linking taxation with a 'social contract'** was not articulated. We agree that this is a critical element in building and securing a legitimate state and look to build that within implementation of the new country plan.

S42. The evaluation notes that the **DFID programme has evolved to have a greater focus on state-building**, as a central plank of strategy, and that DFID has increasingly brought its global experience and leadership in this area to bear. We agree that more work is needed to reach out further to provincial and district governments. DFID intends to support the roll-out of the Government of Afghanistan's sub-national governance policy. Also, new work is planned on linking informal and formal justice systems in order to enable improved functioning of the informal system. DFID Afghanistan is also intending to expand work on corruption alongside other government departments in the new country plan.

S43. We agree that more emphasis should now be given to **engagement with civil society on**

corruption and accountability. This is being taken forward in our new country plan. DFID has continued to strengthen its analysis of the political economy⁴.

S44. The evaluation is critical of a **shift from area-based development with non-government partners to work on national programmes**. Yet, the evaluation also points out that our area-based development focus in Helmand through national programmes with the Ministry of Reconstruction and Rural Development has been effective. We believe that government visibility is crucial, if it is to retain and build the confidence of its people.

S45. Building on our experiences, the new country plan will continue to work through national programmes and help ensure they work effectively at local levels and build constructive partnerships with local administrations and non-government partners. We will continue to build on the finding DFID's flexibility allowed a good mix of funding and use of technical assistance.

S46. The evaluation notes recent falls in increases in **poppy cultivation**. A new initiative to sustain reductions in poppy is now being developed by the Government of Afghanistan with DFID's support taking into account lessons from successful and unsuccessful efforts to date.

S47. The evaluation notes that there was little attention to **cross-cutting issues such as gender**. We now have a Gender Equality Action Plan that helps us address this weakness.

S48. **We agree there is a paucity of good, reliable data on Afghanistan** and welcome that, within these limitations, DFID's support is regarded as largely effective and efficient. The evaluation recognises that DFID has ensured that thorough independent reviews have been carried out on its

² Asia Foundation, 2008.

³ Ibid.

⁴ For example, Understanding Afghanistan study completed in 2008, including a Strategic Conflict Assessment.

programmes, while noting both the security constraints on doing this well in some areas. We agree that it is difficult to assess and demonstrate impact in the Afghan context, given the lack of good national and provincial data and security constraints. We are now working to address data paucity with the Government of Afghanistan and other partners. Internally we are improving logframes and a new Results team will further improve how we manage for impact and measurement of performance. We are also taking steps to improve monitoring of DFID funded programmes in Helmand.

S49. The evaluation notes that **working relationships between MoD, FCO and DFID in Kabul and Helmand** were generally positive and constructive, though with concerns about

DFID's initial engagement in Helmand. In 2008, DFID has strengthened its engagement in Helmand with a representative located in Helmand supported by a Helmand team. We have also transferred a deputy head position to London to strengthen our engagement across Whitehall on Afghanistan.

S50. The evaluation notes that **DFID has kept to its commitments**. We take on board the recommendation for mutual reviews with the Government of Afghanistan on progress of the 10-year Development Partnership Agreement. We are now well-placed to do this within the context of a new four-year Country Plan that will focus on state-building, growth and livelihoods, and Helmand, as part of a wider HMG strategy in support of Afghanistan.

DFID STATEMENT OF PURPOSE

DFID, the Department for International Development: leading the British Government's fight against world poverty. One in six people in the world today, around 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help tackle the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made.

DFID's work forms part of a global promise to:

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

Together, these form the United Nations' eight 'Millennium Development Goals', with a 2015 deadline. Each of these Goals has its own, measurable, targets.

DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of some £5.3 billion in 2006/07. Its headquarters are in London and East Kilbride, near Glasgow.

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