



## Transforming Development Beyond Transition in Afghanistan: Aid Effectiveness Position Paper

“Aid can only be effective if commitments are sustained and if support to civil society is increased.” Ataulah Khan, Director, Human Rights Research and Advocacy Consortium (HRRAC)

### Overview

This paper is one of a series highlighting civil society actors' concerns in the lead up to the 2014 London Conference on the Tokyo Mutual Accountability Framework (TMAF). Other papers in the series focus on governance, service delivery and women's rights.

The aid context in Afghanistan is shaped by the New Deal Framework for Engagement in Fragile States, and the Tokyo Mutual Accountability Framework (TMAF) which establishes an approach based on mutual commitments by the government of Afghanistan and the international community to help the country reach its development and governance goals.<sup>1</sup> The international community pledged to improve aid effectiveness and to provide \$16bn in development assistance between 2012 and 2015. In return, the Afghan government committed to important economic and governance reforms and to promote human rights, especially women's rights. This paper assesses the challenges and progress specifically on aid effectiveness made against the TMAF commitments (2012) and the hard deliverables that were envisaged at the first Senior Officials' Meeting in July 2013.

### Progress since 2012

**Afghan government:** Regular dialogue has taken place between the government and the international community, which has been important to ensure progress in implementing the TMAF. The Afghan government has

been commended for its progress on budget transparency – up to 59 per cent in 2012.<sup>2</sup> General progress on the TMAF was partly due to agreed conditions and timelines, as well as the prioritization of hard deliverables.

**International commitments:** Donors are currently on target to meet their Tokyo pledges. Current financial data from the Afghan Ministry of Finance, and information provided by donors indicate that pledges are on track.<sup>3</sup> Furthermore, donors are increasingly using on-budget mechanisms for aid delivery, putting them on track to route 50 per cent of aid through the national budget. Based on data provided by donors, approximately 46 per cent of the 2012 disbursement was on-budget (through trust funds or other bilateral modalities). However, Ministry of Finance Treasury data suggests a lower level of on-budget aid in the country at 36 per cent.<sup>4</sup>

### Challenges

**Unpredictability of donor commitments and alignment with National Priority Programmes (NPPs):** Very few donors are able to forecast aid flows up to 2017 and beyond. Other donors are constrained by annual budgeting processes and are unable to provide indications of future aid allocations. This poses a problem to the approach adopted since 2010 by the Afghan government in implementing the Medium-Term Expenditure Framework. The World Bank has also outlined the importance of safeguarding development expenditures at a time when security spending is growing and austerity measures continue.<sup>5</sup> Many donors have made progress in aligning their development aid with the NPPs. However, different interpretations of the term 'alignment' mean the precise degree of alignment with NPPs is unclear.

*Process metrics and the 'blame game':* There is a risk that TMAF implementation can degenerate into a 'blame game', with the Afghan government and the international community accusing each other of falling short on their respective commitments. The Afghan government, for example, can be inclined to 'check the box' on benchmarks it has committed to – even when, they may have been only partly achieved – and then argue that the burden is on the international community to fulfil its funding pledges. International partners may reduce funding, or at least not strive to fulfil commitments that were considered 'stretch targets' at Tokyo.<sup>6</sup>

A United States Institute of Peace article cites recent developments in the Kabul Bank crisis to illustrate how focusing on process distracts from achieving important results. The Afghan government has argued that convictions in the crisis mean it is meeting its obligations, however

...[w]ithout formal money-laundering charges, the government is unable to initiate formal international procedures to seize the stolen assets already identified in other countries. Hence the opportunity for the Afghan state to recover hundreds of millions of dollars has been lost – an adverse outcome irrespective of whether TMAF benchmarks were met or not.<sup>7</sup>

*Aid conditionality and earmarking:* Aid conditionality enables the international community to limit discretionary spending by the Afghan government in circumstances where the latter is seen to have broken its commitments. Following interviews with various officials at the Ministry of Finance (MoF) and the Ministry of Rural Rehabilitation and Development (MRRD), earmarking and conditionality were unanimously cited as having a negative impact on budget execution. It is argued that easing restrictions and granting Afghan officials more autonomy on discretionary spending will increase the alignment of aid with Afghan priorities, systems and procedures and will also help enhance the government's accountability to its citizens and parliament for its development policies, strategies and performance.<sup>8</sup> Conditionality however can work to encourage the Afghan government to keep to its commitments. Donors who impose conditionality need to ensure that Afghans will not suffer as a result.

Afghanistan is a unique case where most donors have had troops stationed in particular regions or provinces and where typically, Provincial Reconstruction Teams (PRTs) coordinated some development activities. Aside from the widely documented problems associated with the militarization of aid in Afghanistan, donors are still inclined to earmark funds towards regions where their troops were stationed. For example, within the National Solidarity Programme (NSP), donors can still earmark bilateral funds to specific provinces, creating an overall imbalance within the programme. Such earmarking limits the capability

of the Afghan government to maintain regional balance in development. This also favours some sectors at the expense of others, constrains the ability of the Afghan government to meet TMAF commitments and impedes budget execution.

*Budget-tracking and accountability:* With donor funds being disbursed to various multilateral trust funds and then down to ministry level, it becomes exceedingly difficult for donors to track funds. Donors must sometimes raise questions over missing funds. The complexity of the process limits donors' ability to follow the money and assess budget execution rates in real time. Some ministries such as the MoF and the MRRD have computerised financial management systems including a risk management module that enables better administration, reduces leakage and encourages donors to release funds.

At the same time, the Afghan government has a role to play in being accountable for the funds it receives. The MRRD is perceived by many NGOs to have much broader accountability from the bottom-up as opposed to the Ministry of Education, which is very top-down. Undoubtedly, corruption remains an issue at all levels in Afghanistan and improved budget-tracking and reporting (and incentives for reporting leakage) can help to reduce the scope for corruption within government structures.

*Improving aid effectiveness for women and girls:* With a few exceptions, notably in education, international aid has not adequately prioritised and targeted Afghan women and girls, missing opportunities to consolidate and expand important progress. Many donors have tried to mainstream gender across their development efforts. This is important and should be strengthened - but alone is insufficient because of a lack of attention and dedicated resources to gender. It is also difficult to assess how effectively gender mainstreaming is implemented and what the impacts for women and girls are. Such challenges are exacerbated by a lack of gender-disaggregated targets and gender-disaggregated data to track aid spending and impacts.

*Ministerial capacity and budget execution:* Afghanistan's lower house (*Wolesi Jirga*) summoned 11 ministers for impeachment in 2013.<sup>9</sup> Their ministries had some of the lowest development budget execution rates in the previous year, according to the *Qatia* report (the Audited Annual Appropriation Statements of the Government) submitted to Parliament. The report reveals, for example, that the Ministry of Information and Culture spent only 12 per cent of its budget followed by the Ministry of Commerce (17 per cent). The media and civil society has blamed weak ministerial capacity and political will for low budget execution. The real effects of slow and low budget execution can be seen through the delayed payments to the NSP where communities have not received the funds for development projects – with delays of six to ten months in some cases. There have also been severe delays with payments to BPHS/EPHS (Basic Package of



Health Services/Essential Package of Hospital Services) providers. The challenge of putting an ever-increasing amount of aid on-budget is that communities may suffer unless processes are improved.

**Civil society exclusion:** The New Deal is premised on building more effective state-society relations, public dialogue and a shared vision of Afghanistan's future. It emphasizes inclusion and participation between government, international donors and civil society to provide a collective agenda agreed through mutual negotiation. It is reflective of a range of opinions and priorities, which civil society could then use as a basis for monitoring and advocacy. However, the TMAF frames a two-way agreement between government and donors, and predominantly excludes civil society. Limited space is provided through the TMAF Senior Officials' Meeting (held in July 2013) and the Joint Coordination and Monitoring Board (JCMB) process, co-chaired by the Afghan government and the United Nations Assistance Mission in Afghanistan (UNAMA), which includes civil society representation. Furthermore, the JCMB is not functioning well and hardly ever meets – prior to the January 2014 meeting, it had not met for one year.<sup>10</sup>

There is a need for genuine engagement between the Afghan government, the international community and Afghan civil society to move beyond dialogue as part of a 'box-ticking', tokenistic exercise. While there is a risk that some civil society voices will be censored or favoured, due to either government preference or sensitivity over criticising international donors, there must be a substantial role and platform for civil society to directly raise concerns around the TMAF. Backed by sustained, predictable support to enable effective, long term programming, Afghan civil society organisations (CSOs) have a critical role to play in aid harmonization, and in supporting monitoring and results mechanisms for aid effectiveness. This is while protecting the operating space for NGOs and CSOs to achieve their mandates independently, but with government coordination.

## Recommendations:

### The Afghan government and the international community should:

- Improve budget-tracking mechanisms so donors are better able to follow funds through multilateral trust funds to government ministries. Ministers must be directly accountable for the funds they receive and act to prevent corruption, and expose and punish incidents. Systems must be improved and participatory, for example using social audits and public tracking expenditure systems where appropriate
- Focus more on achieving better development outcomes for Afghans, rather than on heavy processes. The development of new indicators should not be a 'box-

ticking' exercise. New or amended indicators must be measurable and allow for civil society oversight.

- Commit to the mainstreaming of gender and women's rights throughout the TMAF and resulting policies and programmes, with greater collation and use of gender-disaggregated targets and data. They should also commit to coordinated assessments and reporting of gendered targets and impacts as well as lessons learned to promote good practice
- Ensure that obligations under the New Deal are met by including civil society more thoroughly in oversight and monitoring of the TMAF. They should engage civil society by inviting representatives to the Head of Agencies meetings to integrate civil society's concerns and to ensure they are part of the process. They should recognise that JCMB processes are not working and should not rely on JCMB meetings to represent consultation with civil society. They should share more information to ensure civil society can effectively play an oversight role. The Afghan government should recognize their important role in creating a culture of accountability.

### The international community should:

- Meet aid commitments as outlined in the TMAF and sustain aid through to 2017 and beyond. As stipulated in the TMAF, the international community should ensure that near levels of aid over the past decade are channelled to Afghanistan beyond 2015 when the \$16bn pledge made at the Tokyo conference in 2012 comes to an end. Donors should be transparent, ensuring disbursements match pledges and that support meets the 50 per cent on budget and the 80 per cent alignment of aid. Funding needs for post-2017 will remain and while the quality of aid must be prioritized over quantity, there will still be a significant need to turn fragile improvements into sustainable progress.
- Improve support to tackle poor budget execution rates. Understand the challenges to the effective use of aid within individual ministries and the delays that the Ministry of Finance can cause, resulting from late budget approval and slow allocation, preventing budgets from being spent in a timely manner and reaching those Afghans in need. Donors must also provide timely disbursements. Donors should work with line ministries to increase capacity and resolve problems before commitments are missed. As donors seek to move to putting 50 per cent of aid on budget, they must ensure that ministries are able to spend the budget.
- Improve donor coordination and clearer conditionality. The international community must understand that lack of coordination has resulted in inconsistency between donors who are imposing conditionality. In general, next to increased coordination, it must define conditionality better so the expectations on the Afghan government

are clear and donors react proportionately. Thresholds for conditionality are likely to vary ministry by ministry. The international community must understand these constraints at different levels to impose conditionality when it is clear that commitments have been breached. It should develop clear processes to assess whether and when conditionality should be imposed and act transparently to hold the Afghan government to account for breaching its commitments.

## The Afghan government should:

- Increase ownership and responsibility across government. Given that to date the TMAF has been centred on the Ministry of Finance, the government must increase the sense of ownership across and within other ministries and from parliamentarians. This will also show the international community that across-the-board, the Afghan government is increasingly capable of using donor funds effectively and responsibly. Ministries need to work in parallel and reduce unnecessary bureaucracy, which slows processes down and prevents the timely delivery of services to the population. They must also ensure that they hire staff with the right skills and capacity.

## Endnotes

- 1 Government of Afghanistan (2012) *Strategy Paper: Towards Self-Reliance: Strategic Vision for the Transformation Decade*. Presented at the Tokyo Conference on 8 July 2012. Strategy to be implemented through 22 National Priority Programmes (NPPs).
- 2 Afghanistan moved from a score of 21 per cent in 2010 on the Open Budget Index to 59 per cent in 2012, exceeding the TMAF target. Available at: <http://www.afghanistan-un.org/2013/07/joint-statement-tokyo-mutual-accountability-framework-tmaf-senior-officials-meeting-kabul-afghanistan-3-july-2013/#sthash.ztnBc9iY.dpuf>
- 3 Government of Afghanistan (2013) Tokyo Mutual Accountability Framework. Senior Officials' Meeting Joint Report, July 2013.
- 4 Ibid.
- 5 O. Joya and F. Khan, (2014) Afghanistan economic update. Washington DC: World Bank Group. Available at <http://documents.worldbank.org/curated/en/2014/04/19425195/afghanistan-economic-update>
- 6 W. Byrd for USIP (2013) 'We Pretend to Work and They Pretend to Pay Us'. Travails of Mutual Accountability in Afghanistan.
- 7 Ibid.
- 8 Afghan Voice (2013) The implications of donor conditionalities on the Afghan Budget Process. Available at <http://www.afghanvoice.org.uk/avfm1/mypanel/pdfeng/Donor-conditionalities-paper-20130705-204625.pdf>
- 9 O. Ali and E. Qani (2013) Budget through, Impeachments pending: Wolesi Jirga Went into Winter Recess, AAN blog. Available at <http://aan-afghanistan.com/index.asp?id=3231>
- 10 Oxfam (2014) Afghanistan at a Crossroads, Available at <http://www.oxfam.org/en/policy/afghanistan-crossroads>

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Image: Young girls on their way to school in Bamiyan province

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