

One of the pillars of ACBAR's strategy 2013-2016 is the '**Aid effectiveness**':

- To follow donor funds *on* and *off* budget
- To ensure a transparent implementation of the TMAF
- To monitor an effective implementation of ARTF and all GoA projects

The 29th January 2014, in Kabul, one JCMB meeting will take place, later 2014 London II will be organized, and ACBAR is presenting a briefing and some recommendations.

Agency Coordinating Body for Afghan Relief & Development

ACBAR was created in August 1988 and has been providing the framework within which NGOs and civil society, the Afghan Government, the UN and bilateral donors can exchange information, share expertise and establish guidelines for a more coordinated, efficient and effective use of resources providing humanitarian and development assistance to the Afghan people. ACBAR's activities have focused heavily on information sharing with its members and to the aid community in general; coordination of activities at the national and regional levels and advocacy on a variety of humanitarian and development issues.

Afghanistan and building a state

Afghanistan has embarked upon a challenging process of state-building and has witnessed many achievements in diverse sectors including agriculture, education, health, governance and infrastructure. However the positive impact of these achievements is put at risk by the threat of deteriorating security conditions, a complex and enormous humanitarian situation and the possible reduction in international aid. The hand-over of security responsibility to the Afghan National Security Forces (ANSF) has impacted the operating environment of Non

Governmental Organizations (NGOs¹) and Civil Society Organizations (CSOs²). The ongoing security deterioration in the country has negative consequences for the Afghan population's access to basic services and ability to exercise their rights, particularly for the most vulnerable such as women, children, IDPs or people with disabilities.

New aid context: impact of transition process on NGOs; better coordination of aid is needed

The New Deal Framework for Engagement in Fragile States and, specifically for Afghanistan, the Tokyo Mutual Accountability Framework (TMAF), secured total pledges of \$US 4b/year of development aid from the international community from 2012 through 2015. This indicated a short-term period of funding stability and predictability.

NGOs operate in a context of transition and under the new Aid Management Policy (AMP). The transition will entail a gradual decrease in the volume of aid in and beyond 2014, which, combined with the departure of international forces, will likely cause a major economic downturn.

At the international level, declining aid is partly caused by Afghanistan's position in the competing domestic and international priorities of donors and by the persistence of the global financial crisis. At the national level, the withdrawal of international military forces and a reduction in local spending may increase overall levels of insecurity. By 2020, all combined government operation and maintenance costs are projected to be twice the size of domestic revenues.

Afghanistan will thus face increasing budgetary constraints over the coming years and have to reprioritize and rethink its strategies. Furthermore, the implementation of the AMP

¹ NGOs: Non Governmental Organization (register to Minister of Economy, following the Humanitarian principals)

² CSOs: Civil Society Organization (NGO or Organization register to Ministry of Justice or community group)

also brings many changes in the aid context in which NGOs/CSOs will operate. The AMP supports the implementation of the New Deal, which focuses on making use of government structures, and a move towards government-owned and led development and humanitarian initiatives.

The result is pressure to put more aid directly through Government structures which is therefore 'on budget'. As the transition continues the aim is to align 80% of development assistance towards supporting the implementation of the National Priority Programs (NPPs) with a target of 50% going on budget. Currently, the NPPs embrace the majority of development activities of most NGOs/CSOs.

Humanitarian aid is excluded from the AMP and therefore off budget³. But as the New Deal progresses, it is likely that the Afghan Government will seek to have greater control over humanitarian assistance. Clearly, this further adds pressure on NGOs/CSOs to align themselves with the government and raises numerous questions about the Government's budget execution rate and absorptive capacity. There will remain a need for independent funding for humanitarian activities, as it is essential to maintain the neutrality of humanitarian actors.

Afghanistan is vulnerable to external shocks and internal conflicts

Poor governance and lack of state capabilities pose a threat to global security and development. Effective international partnerships are necessary to pull Afghans out of low-development– high-conflict traps.

There are two interrelated reasons for the growing concern about fragile states:

- Security and development.

Reducing this risk requires the stabilization and development of fragile states. But how to do this was problematic: a reason for fragile states' neglect was that foreign aid was believed to be less effective in states where good governance was lacking.

Hence fragile states were not seen as having sufficient capacity to absorb and use foreign aid, and it was thought that such aid would be wasted.

Basically the global community faced a catch-22 situation: without capacity, legitimacy and authority, fragile states could not absorb and use international financial assistance; but without this, they may remain stuck in a development trap making further assistance and incorporation into the global economy even more difficult.

Afghanistan is vulnerable to chronic needs

The commitments made in Tokyo and under the AMP do not address chronic humanitarian needs – notably conflict-related population displacement highlighted as a priority need in this report.

Afghanistan context in 2014

After more than three decades of violent conflict, Afghans are longing for peace. With the current international military mission coming to an end by 2014, the context for peace talks should be changing. However, development achievements are in real danger if resources were to decrease and if peace negotiations are excluding Afghan civil society. The reconciliation context is complex and Afghanistan may be defined as in a state of ongoing civil war;

- Civilians⁴ are faring worse, reflecting a reversal in last year's trend of fewer civilian casualties. Comparing the first half of 2013 with the first half of 2012, a fifth more

³ Off budget: Out of Afghan governmental budget.

⁴ Mid-year Report on protection of civilians in Armed conflict UNAMA 2013 6 months reports

civilians were killed or injured in the fighting.

- Comparing 2013 with 2011, the most violent year since the current phase of the Afghan war started, more civilians have been injured and almost as many have been killed.
- The Afghan National Security Forces (ANSF) are under-reporting civilian casualties they are causing.
- There is widespread and significant displacement amongst the Afghan population. It is caused mainly by conflict and natural disasters to a certain extent.
- Afghanistan had over 630,000 conflict-induced Internally Displaced People (IDPs)⁵ by the end of 2013, with over 10,000 new IDPs profiled each month. Almost half of the current IDPs have been displaced since 2011.
- Refugee returns are at an all-time low since the beginning of the voluntary repatriation programme in 2002, with only 38,000 refugees returning in 2013. 2.49 million⁶ Afghan refugees remain registered in Iran (840,000) and Pakistan (1.65 million).
- War wounded casualties are also on the rise in different parts of the country, the increase in Helmand (South) even reaching 110% compared to 2011⁷.
- Humanitarian space is shrinking, as space is contested by all stakeholders GoA, AOGs and criminals.
- Violence inflicted on health workers, hospitals, clinics, ambulances, and patients continues. 2013 was a particularly challenging year with NGO health care projects and staff directly impacted in 111 security incidents.
- 74 percent⁸ of the world's illicit opium production came from Afghanistan, making it the world leader for 2012, SIGAR

expressed concern of the possibility of a "Narco-state". More than 700,000 Afghans have no access to drug treatments.

Immediate Impact & Effects Observed of this context

Afghanistan ranks 175th out of 187 countries in the 2013 Human Development Index. In the European Commission's Global Needs Assessment's vulnerability index, Afghanistan ranks as Index 3 and under the crisis index as Index 3. ECHO's Integrated Analysis Framework for 2013-14 identified high humanitarian needs in Afghanistan. The vulnerability of the population affected by the crisis is very high.

- a. An increase in insecurity and criminality has led many NGOs as well as donors and UN to review their 'modus operandi' and operational set-up.
- b. GoA lost access or control of more than 60% of the country the last decade.
- c. Although humanitarian NGOs have started to refocus on emergencies and build some capacity to deploy rapidly, there is a tendency for NGOs not to move from areas where they are well established and accepted. It is therefore not always easy to scale up humanitarian interventions in areas of greatest need, not to mention the most insecure areas of the country. NGOs often work with local implementing partners; but then sufficient training and supervision will have to be in place and eventually provided in order to ensure the respect of humanitarian principles and standards. Coordination and support services constitute a pre-condition for effective and secure humanitarian work in Afghanistan.
- d. There is a lack of coordination and capacity for development responses. In terms of participation in influencing development policy and the resultant coordination mechanisms, the donor community in Afghanistan could do more, given their

⁵ UNHCR October 2013 report

⁶ UNHCR 2012

⁷ Emergency NGO August 2013

⁸ The UNODC's 2013 World Drug Report

presence, operational capacities, and proximity to GoA. Donors need to harness the potential power of NGO/CSO capacities and presence to strengthen collective voices in global and country-level policy, strategy setting and prioritization.

- e. Access and community acceptance Vs security. Assistance to populations in need in Afghanistan is made difficult by a lack of security in many parts of the country as well as by geography. Physical access is often difficult due to the mountainous nature and harsh climate of the country, where some provinces are cut off from the rest of the county for months during winter.
- f. Development and humanitarian access in Afghanistan is complex, and dependent upon the local context, with issues affecting access often varying from district to district. While some areas are clearly under government, criminal or Taliban control, in many areas there are different combinations of local powerbrokers making it difficult to understand the local power dynamics, meaning there is no single authority to deal with.
- g. A high level of local conflict, over land or family disputes also compounds the situation affecting access to communities.
- h. Afghanistan, Pakistan, South Sudan, and Somalia continued to rank among the most violent contexts for aid operations in 2012 according external evaluation.⁹

Indeed, Afghanistan leads in absolute number of attacks; in 2013, NGOs were impacted in 228 security incidents.

Over 25,000 security incidents (all actors involved) occurred in Afghanistan in 2013.

Understanding the context is crucial to NGOs as 30 aid workers have been killed and 73 have

been injured during the past 12 months in Afghanistan (2013).

Most NGOs rely on acceptance to ensure their security, the theory being that quality and transparent programs that respond to people's needs will lead to community acceptance of NGOs' presence. It is important to understand the local context to ensure that aid reaches the intended beneficiaries so as to avoid inadvertently increasing local conflicts.

Example of NON aid effectiveness:

New contracts for BPHS and EPHS implementers, should have been signed and funds received in December 2013 to avoid a gap in funding and health services. However, 80% of NGO implementers did not receive any funds as the '1393 afghan budget has not been approved by the parliament' quote MoPH and MoFIN responsible.

This situation could have been avoided, if ARTF had followed afghan rules and if the GoA had been informed about the process.

Afghan population will wait up to the vote from the parliament (February 2014) to receive quality services, although the EU already transferred the fund to ARTF.

⁹ This fourth edition of the Aid Worker Security Report; Humanitarian out comes ; October 2013

Conclusion

Afghanistan is clearly a fragile state; in some definitions, a failed state.

Donors need to transfer the capacity from overseas service providers to the GoA through consistent investments to increase capacity, absorptive capacity and budget execution rates (including training, key technical assistance inputs, sustained financial support and improved accountability mechanisms).

NGOs have to play a role in the entire process

To ensure that the New Deal (Compact) and its implementation are genuinely nationally owned, there must be clear space for civil society (at regional, national and international levels) and within regional authorities to genuinely participate. This participation and space should not be limited to consultations around the fragility assessment, or the role that civil society has played thus far in the High Level Task Force (HLTF) but should include space in coordination, programme design and implementation, monitoring, evaluation and evolution of the Compact.

Protecting the role of NGOs within the AMP

The drop in assistance levels and the subsequent requirement to align all activities with the NPPs for increased aid effectiveness and coordination may lead NGOs to redesign their activities within the NPP framework or to take the risk of activities not being endorsed. Donors need to protect the role and space of NGOs in Afghanistan.

Recognizing the importance of continued 'off budget' in parallel

During the time it will take for GoA to implement the new guidelines and implement on budget funding, the population will still have dire humanitarian and longer-term development needs – these calls for continued, parallel, off budget funding by donors.

Fund CSOs directly and avoid confusion with mandates (UNAMA Vs CSOs Vs MoFin)

Donors should provide direct financial support for these CSO representatives to make their own meetings and recommendations. Space for civil society and regional representatives to meet before and after JCMB meetings, to feed into ongoing work between meetings and to be genuinely involved even while not at the table will be essential to ensuring their continued engagement and support for the New Deal process. It will also ensure better adherence to the principles and spirit of the New Deal, encouraging consensus around planning and implementation and ensuring that the compact is genuinely nationally owned without UN or GoA agendas.

The main challenges for Donors in Afghanistan

- To understand the global context (political, humanitarian, security and human) and link donor action development or security with this global context.
- To impose conditionality on donor funds Vs ARTF taking the lead and 'monitoring' all programs and co chairing with MoFIN monitoring of the impact.
- To follow up AMP and TMAF constraints link with internal politics of Country donor or their own agenda, and also linking with the decreasing of active monitoring Cf. World Bank lead (World Bank is the responsible for ARTF).

Aid should be given on multiyear contracts and on clear and applicable conditions.

Service delivery and humanitarian access

A key theme for the New Deal is the effort to boost the Government's legitimacy and credibility by enabling and supporting its ability to deliver services to its people. This puts a significant emphasis on the Compact making a material difference in the lives of communities, and requires the right programs to be implemented in the right places the right way. Failure to do so could well undermine the space

for humanitarian agencies to deliver humanitarian assistance to those who need it and according to internationally recognized humanitarian principles, including impartiality, neutrality and independence. These principles and the space for humanitarian actors to operate within must be respected and protected.

▪ **Monitoring & Results Mechanisms**

The AMP underlines the role of NGOs as critical in aid harmonization, and supporting monitoring and results mechanisms for aid effectiveness. This is an area for donors to support and protect NGOs by focusing attention of the Government on monitoring & evaluation, at a central level, but also as an independent process for NGOs – who need to remain independent and neutral from the government. As such, agreeing on the need for reinforced M&E and results-based mechanisms, while protecting the humanitarian space for NGOs to achieve their mandate outside of government influence, but with government coordination.

▪ **Constructive and accountable donor participation**

For Afghanistan to successfully transform the lives of ordinary Afghans under the New Deal, donors must stay actively engaged in the process. They should ensure that their considerable financial investments are effectively and transparently distributed and used and provide technical support as necessary.

The lead donor must ensure effective coordination between donors supporting or engaged in New Deal priorities and reach out to other donors to ensure effective coordination with those working outside of the New Deal framework.

Donors have a key role in championing space for civil society engagement in compact mechanisms, facilitating this engagement-particularly where the Government is resistant to this engagement.

- Transparency of Aid from the GoA Vs sanctions from the donor
- Real monitoring in the field for GoA activity/ projects
- Real conditionality of Aid from donors; Clear counterpart of the fund from the GoA ex; Training police but they have to start a real hierarchy and sanction system inside of the Police / ANA (Martial court)
- Security of sub contractor ; political engagement from donor and GoA
- Mapping of development activity can occur vs no safe area
- Quality; ex: health system with a real standard, actually MoPH is making a politic of savings fund.

Best practices for donors might be

- ECHO rules; no on budget and strict follow up / monitoring of all contracts.
- DIFID concept; huge, inclusive and real pre audit to make their own strategy and find the better partner, real coordination.

Best practices for NGOs might be

- Reaffirming political neutrality
- Negotiating access, with UN shifting from an operational to an advocacy role
- Relying on long-term acceptance strategies with communities
- Phasing out from partnerships with governmental counterparts
- Partnering with national NGOs
- Adapting security rules
- Adopting sounder HR policies

Donor engagements and state building

The terms state-building and fragile states have various meanings that reflect the assumptions of those who are making them, and which change as the lessons of contemporary state-building scenarios are taken into consideration. For many international agencies and national governments, the understanding of these concepts is still a 'work in progress'. Further confusion is created by the huge overlap in meaning of terms such as state building, peacemaking/peace-building, early recovery and stabilization.

A stable or resilient state is one that has political legitimacy, resulting from the capacity of a state to effectively perform key functions, including ensuring security for its citizens and enabling social welfare and a profitable market. Fragility arises from dysfunctional political processes that do not deliver equilibrium between the expectations of state and citizen (OECD 2008).

Fragile states have weak governance, policies and institutions (World Bank 2008) and are unable or unwilling to create the economic, social and political conditions in which the rights of the population can be realized. They include those states that are unable to secure their borders and in some cases to secure anywhere outside the largest towns, that have dysfunctional markets that do not attract foreign investment, and that cannot provide services to the majority of the population. They are faced with economic stagnation, extreme poverty and violent conflict (Rosser 2006). Fragile states with conflict are often referred to as having a complex emergency. A sixth of the world's population of 6.5 billion is estimated to live in fragile states (OECD 2009). The term failed state is also sometimes used to refer to a state that does not have a monopoly on the use of force and does not have the legitimacy to protect its borders, its citizens or itself (MOD 2009). But the states currently regarded as being fragile are economically weak and vulnerable from chronic conflict, recurrent natural hazards and extreme poverty from which they are unable to recover.

Aid Management Policy (AMP)

The objective of developing the Aid Management Policy is to provide clear policy statements and

action points on improving (a) coordination (b) management (c) mobilization, and (d) effectiveness of aid. A clear policy on development assistance will serve as a practical and useful tool to both Government of Afghanistan (GoA) and its development partners in achieving the country's development agenda as efficiently as possible. As well, it will provide clear direction for dialogue between the GoA and the donor-community and perhaps improve the volume and speed of aid delivery to Afghanistan. The Aid Policy applies to all forms of aid flowing into Afghanistan both Official Development Assistance, those off budget spending on defense and security, funds spent by the Provincial Reconstruction Teams (PRTs) and those spent by the non-governmental organizations (NGOs).

New Deal**How new deal appeared?**

The International Dialogue on Peace-Building and State-Building (IDPS) is an outflow of the Accra High-Level Forum on Aid Effectiveness (HLF3) held in September 2008. It aims to promote dialogue between fragile states and their international partners. The first IDPS was held in Dili, Timor-Leste in April 2010. Here, a group of 19 fragile states formed the g7+ in order to provide (i) a united global voice for fragile states; (ii) better partnerships and ownership in development co-operation; and (iii) policy advice. At the Fourth High-Level Forum on Aid Effectiveness (HLF4) in Busan, the 30th November 2011, the "New Deal on Fragile States" was presented.

The g7+ members are: Afghanistan, Burundi, Central African Republic, Chad, Côte d'Ivoire, The Democratic Republic of the Congo, Ethiopia, Guinea, Guinea Bissau, Haiti, Liberia, Nepal, Papua New Guinea, Sierra Leone, The Solomon Islands, Somalia, South Sudan, Timor-Leste and Togo.

Poor governance and lack of state capabilities in around 45 countries pose a threat to global security and development.

The involvement of the international community is required to help these states break out of their low development– high-conflict traps. Recent years have seen a number of notable initiatives, including a "New Deal on Fragile States" announced in November 2011 by the g7+ and their international partners.

Tokyo Mutual Accountability Framework (TMAF)
July 8th 2012

(Art 1) The Afghan Government and the International Community reaffirm their partnership in the economic growth and development of Afghanistan through a process of mutual accountability in achieving mutually decided goals as laid out in this document, hereafter the "Tokyo Framework". The International Community's ability to sustain support for Afghanistan depends upon the Afghan Government delivering on its commitments described in the Tokyo Framework. This document establishes an approach based on mutual commitments of the Afghan Government and the International Community to help Afghanistan achieve its development and governance goals based on the International Community's commitments in the Tokyo Framework. The Tokyo Framework establishes a mechanism to monitor and review commitments on a regular basis.

The National Solidarity Program (NSP):

NSP was conceived and launched by the Ministry of Finance and Ministry of Rural Rehabilitation and Development (MRRD) in 2003. The NSP is designed to strengthen community level governance and to improve the access of rural communities to social and productive infrastructure and services by channeling resources to democratically-elected Community Development Councils (CDCs). The NSP outsources project implementation to facilitating partners that mobilize communities to form CDCs and provide CDCs technical guidance for managing block grants and planning and implementing subprojects at the village level. NSP receives support from the World Bank's International Development Association (IDA), the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF), and bilateral donors.

Alignment:

As meaning external partners are aligned with National Priority Program (NPP) strategy and the underlying principles of all donor programs and projects are consistent with the NPPs stated approach. Alignment is fully achieved when donor funded projects and the NPPs have common, unified, and consistent objectives, plans, programs, projects, and deliverables

On-budget:

All inflow of resources or spending, program and project aid, is aligned with the plans of budgetary units, are captured in the budget documentation, are appropriated by the parliament and managed through the treasury system.

National Priority Programs (NPPs):

A set of 22 priority programs announced at the Kabul Conference (2010) representing a prioritized and focused approach to Afghanistan National Development Strategy (ANDS) implementation including specific deliverables and costing of programs.

The Afghanistan Reconstruction Trust Fund (ARTF)

ARTF was first established in back in 2002 with nearly 10 or 12 years' service on now receiving 6.7 billion USD so far from 33 Donors. ARTF is a largest single source of support for the government budget and it works only financing programs implemented by the Afghan government so all World Bank (WB) programs are on budget and flowing through the channel of Ministry of Finance and line Ministries are actually responsible for implementation of such projects. These projects are NSP; big basic education program equipment under MoEdu or Basic Health Package Services (BPHS) through MoPH.

For ARTF governance structure, WB has over all the steering committee consists of all 33 Donors and co-chaired by the Ministry of Finance and the World Bank administrator, they meet once a quarter and basically set policy/strategy for the usage of ARTF fund. In next step, beside having several other working groups which consist again of Ministry of Finance (MoFIN), the individual line Ministries as relevant particularly Donors, finally we have a management committee co-chaired by MoFIN and World Bank and consist of the some of the big aid development agencies such as UNDP, UNAMA, IDB and ADB.

On update to the ARTF framework when talk about allocation and what ARTF does, on annual basis we agree with Donors and government on financing

strategy that outline the different areas and we are 100% align with government priorities.

Due to Donors pressure WB currently moved away from process report to impact reporting for better response to donors that feed their requirements in a way they ask. They pooled together a result matrix that basically building indicators to all development projects.

National Transparency and Accountability Program (NTAP)

The NTAP is Afghanistan's second National Priority Program within the Governance development cluster.

Afghanistan, with the support of the international community has established NPPs to guide reconstruction assistance. The NTAP has failed to satisfactorily meet three "red lines" established by the international community. The red lines identified by State include unverified asset declarations by senior Afghan government officials, portions of the Access to Information Law draft that civil society finds problematic, and U.S. government concerns with amendments to the National Audit Law. USAID indicated that the NTAP may be considered at the next JCMB meeting scheduled for early 2014; however, the Afghan government is reportedly considering giving up on the NTAP.

What is Effective Aid?

Official aid is often criticized for not have contributed to economic growth and poverty reduction. This is of great concern given the role that aid is expected to play in achieving the Millennium Development Goals (MDGs).

In the context of Afghanistan, effective aid can also be defined as achieving the ultimate goal of significantly reducing poverty and achieving progress in social indicators such as infant mortality rate, maternal mortality rate, literacy rate, life expectancy rate, and percent of population with access to potable water and percent of population with access to electricity.

Effectiveness can also be viewed from other dimensions such as: (i) speed and quality of programme implementation, (ii) improvements in the Government's ability to formulate, prioritize and execute a credible budget that helps bring about welfare improvements to the Afghan people, (iii) the amount of aid spent in the Afghan economy thus spurring private sector development as opposed to being spent outside or repatriated by foreign contractors, (iv) bringing about improvements in the security situation, (v) reducing poppy cultivation and most importantly (vi) achieving the generic concepts of effective aid under the Paris Declaration.